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Deutsche Factoring Bank GmbH & Co. KG
Bremen/Germany
“Testatsexemplar”

Management report
and annual financial statements
for the financial year
from 1 January to 31 December 2025
and the Independent Auditor’s Report thereon

TRANSLATION
– German version prevails –

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General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)

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Management report 2025

1. General information about the Bank

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

With over 50 years of experience, we are a competent financing and service partner for small and medium-sized enterprises. SMEs in particular benefit from our high degree of expertise in providing customised solutions for all aspects of receivables management, financing and default protection. With our modular service packages, we support customers from nearly 70 industries in Germany and abroad.

The successful and partnership-based collaboration with Savings Banks is our main source of new business. Consistently intensifying this cooperation is one of our top priorities, which we ambitiously pursue in various projects and committees. As a credit institution in accordance with the German Banking Act (KWG), Deutsche Factoring Bank is subject to supervision by the German Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank. Our general partner is Deutsche Factoring GmbH, Bremen. The limited partners of Deutsche Factoring Bank and the shareholders of Deutsche Factoring GmbH are:

- Deutsche Sparkassen Leasing AG & Co. KG (Deutsche Leasing), which has its registered office in Bad Homburg v. d. Höhe and holds 53.0%,
- Freie Sparkassen Beteiligungsgesellschaft mbH, which has its registered office in Bremen and holds 35.0%,
- BSK 1818 AG (formerly: “Landesbank Berlin AG”), which has its registered office in Berlin and holds 12.0%.

2. Development of the factoring market[1]

In its annual report, the German Factoring Association describes the macroeconomic and geopolitical situation in 2025 as remaining challenging, both nationally and internationally. Nevertheless, the members of the German Factoring Association were able to increase their revenue to bEUR 423.5 (up 6.2% compared to 2024). Factoring thus once again fulfilled its role as a stabilising force in corporate finance and an important source of support in times of crisis; in 2025 (unlike in 2024), this was particularly evident in the domestic market, with domestic factoring growing by just under 14%.

The very modest growth in Germany’s gross domestic product (GDP) makes the growth in factoring all the more remarkable. The same applies to the factoring ratio, which has now risen to 9.5% (2024: 9.3%). However, when compared to the factoring ratios of other countries, the German factoring ratio still shows potential for growth: countries such as Belgium, Spain, Portugal and the Netherlands recorded factoring ratios of between almost 14% and over 22% in 2024.

2025 was a turbulent year for Germany, but also for the rest of the world. The outlook for 2026 is only cautiously positive: the German economy is struggling to get back on track. The energy price shock, initially caused by the war in Ukraine and now exacerbated many times over by the war in Iran, has so far prevented a

1 Source: annual report 2025 (as at April 2026) of the German factoring association

genuine recovery. The fact that the factoring industry recorded revenue growth in 2025, de

spite another economically and geopolitically challenging year, was primarily attributable to domestic factoring. It remains to be seen whether this potential, resulting primarily from domestic growth, will be realised again in 2026 – particularly given rising prices – not least due to increasingly cautious consumer behaviour across all sectors.

3. Economic report[2]

Following two years of recession, the German economy recorded slight growth of 0.4% (change in seasonally and calendar-adjusted GDP) in 2025. This development is attributable to the global crises that have persisted since previous years, such as Russia's war of aggression against Ukraine, the Gaza conflict and the trade dispute with the US that came to a head in 2025, all of which have placed a massive strain on German exports. Thus, unlike in the past, it is domestic economic drivers rather than the usually strong foreign trade that have led to a positive effect on economic development in Germany. In particular, the debt-financed special funds for infrastructure and climate neutrality as well as for defence, which were decided upon following the formation of the German federal government in early 2025, are drivers of growth; at the same time, their impact is proving slower than anticipated. While fiscal measures are supporting the economy, industry in particular remains under pressure: as production capacities are not being fully utilised, unit production costs are rising, thereby reducing competitiveness. At the same time, high energy and labour costs, as well as demographic change and a shortage of skilled workers, are placing further strain on businesses. In the manufacturing sector – particularly in mechanical engineering and the automotive industry – gross value added rose by 0.4% compared to 2024. The construction sector saw a slight increase of 0.1% compared to the prior year. The services sector as a whole grew by +1.2%, while the individual sub-sectors developed differently. Private consumption rose by 1.9% compared to the prior year, boosted by high collective wage agreements in previous years and inflation remaining at the prior year's level. Government consumption expenditure (particularly social benefits in kind provided by the state) also rose in 2025; there was an increase of 1.3% compared to the prior year. The consumer price index rose by 1.8% in December 2025 compared to the same month last year.

The number of people in employment rose to 47.5 million, the highest level on record.

Unlike in previous years, interest rates remained stable throughout 2025.

According to the German Federal Statistical Office, the number of corporate insolvencies rose by +10.3% in 2025 compared to the prior year. This marks the fourth consecutive year of rising insolvencies.

4. Performance of Deutsche Factoring Bank in the financial year 2025

Deutsche Factoring Bank has many years of expertise in factoring and receivables management and sees itself as a provider of financing for small and medium-sized enterprises. Its product offering is aimed at a broad spectrum of customers, ranging from commercial clients to large SMEs, and therefore addresses the key SME customer segments of the Savings Banks Finance Group. The business performance of Deutsche Factoring Bank is highly dependent on national and international economic conditions. The domestic economy, which did not

2 Sources: publications by the German Federal Statistical Office, the DIW (German Institute for Economic Research), the German Council of Economic Experts and the ifo Institute

pick up until the second half of 2025, combined with the significant pressure on the export sector and the continuing impact of the conflicts in Ukraine and the Gaza Strip, had a significant impact on German SMEs and, consequently, directly on the business of Deutsche Factoring Bank. We were able to overcome these challenges thanks to our in-depth market knowledge, our robust risk management framework and the commitment of our employees. Once again, Deutsche Factoring Bank has proved itself to be a dependable financing partner.

The annual target for factoring revenue[3] was missed by bEUR 6.2, coming in at bEUR 16.7; this was primarily due to economic conditions. Owing to lower revenue and interest rates that were below the planned level, both net interest income and net fee income were significantly below target. From the management perspective, the operating result before risk provisions was also significantly below target at mEUR 4.8, which is attributable in particular to income falling well short of plan; thanks to active cost management, total personnel and administrative expenses were kept below plan at mEUR 1.1. Risk costs for management purposes, at mEUR 1.2, were below plan and demonstrate – despite an adverse macroeconomic environment – the level-headed approach taken by Deutsche Factoring Bank within the framework of its internal risk management system. Our net profit for the year after taxes amounts to mEUR 4.2, which is just under mEUR 17 below plan.

A year-over-year decline in revenue was observed in both the domestic and export markets, with both falling by around 11% compared to the prior year. By contrast, the import business saw revenue rise by just under 12% compared to the prior year.

Revenue development can be broken down by business type as follows:

in mEUR	2025	in %	2024
Domestic business	11,750	-11.0	13,200
Export factoring	3,482	-11.4	3,929
Import factoring	1,436	11.8	1,284

In the reporting year, the share of international business[4] increased slightly to 29.5% compared to the prior year (28.3%).

The import business is based on the sustainable collaboration with our foreign factor partners, most of which are 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.

In June 2025, Deutsche Factoring Bank was presented with the Annual Award for Excellence 2025 in recognition of its outstanding service as an import factor. This annual award is based on a wide range of evaluation criteria, including rapid decision-making, processing quality, risk appetite, problem-solving skills and the number of international factor partners cooperating with a company. Deutsche Factoring Bank continues to see itself as one of the quality leaders in the factoring industry and strives to maintain its position among the top factoring companies in a global market environment that remains difficult. In view of the challenging global economic situation, Deutsche Factoring Bank once again generated a high import revenue of bEUR 1.4 in 2025 and, according to FCI revenue statistics, remains one of the world's leading import factors in terms of revenue.

3 Factoring revenue refers to the volume of receivables (in EUR) tendered to DFB by factoring customers.

4 DFB defines international business as business activities relating to foreign countries, i.e. import and export factoring.

Deutsche Factoring Bank offers its services to corporate customers of Savings Banks and is the factoring centre of excellence within Deutsche Leasing Group. This claim is backed up by numerous support measures in the sales process of Savings Banks. Since mid-2023, DFB has been working closely with Deutsche Leasing's Central Savings Bank Support (CSBS) unit. The goal is to establish the Deutsche Leasing Group's entire service portfolio through central strategic discussions with Savings Banks. The CSBS supports Deutsche Factoring Bank in its challenges and initiatives towards Savings Banks.

In addition, targeted marketing campaigns in the commercial and corporate customer business promote joint sales activities within the Savings Banks Finance Group's new and existing customer business.

In the past financial year, our cooperation with Savings Banks reached a very high level in terms of the number of new contracts, with 97% of new contracts being brokered by Savings Banks. This corresponds to 99% of the total volume of new business.

As in the prior year, non-recourse factoring accounted for 100.0% of our revenue.

Deutsche Factoring Bank processed 5.9 million invoices and outstanding items in 2025.

Our industry and credit risks remain broadly diversified (see also the risk report below). As at 31 December 2025, Deutsche Factoring Bank granted debtor limits of bEUR 6.9 (prior year: bEUR 7.6) for its customers' debtors. The limit utilisation was 20.2% (prior year: 19.2%).

The receivables acquired by the Bank in 2025 have an average maturity of 36 days (prior year: 37 days).

Deutsche Factoring Bank has its headquarters in Bremen and another location in Ratingen. Its decentralised sales structure includes sales offices in Bad Homburg v. d. Höhe, Berlin, Hamburg, Leipzig, Mainz, Münster, Munich, Nuremberg and Stuttgart.

As at 31 December 2025, Deutsche Factoring Bank had 323 employees (including the managing directors), 165 of whom were men and 158 women. This number includes 52 part-time employees, 7 apprentices and 5 employees on parental leave. Most of our apprentices were training to become office management assistants.

5. Internal management system

Deutsche Factoring Bank has a business and risk strategy in place that defines budget targets as well as strategic and medium-term business objectives based on selected performance indicators.

Financial and non-financial performance indicators:

The Company's financial development is continuously monitored using various indicators and control parameters. Management considers the factoring volume (receivables tendered), net profit after taxes, risk costs for management purposes (the cost of trade credit insurance is included in net fee income) and the cost-income ratio – the ratio between the expenses required for business operations (personnel expenses and other administrative expenses) and income from operating activities (net interest income and net fee income) – to be the key financial performance indicators for managing the Bank.

Deutsche Factoring Bank also remains committed to its strategic goal of maintaining a high level of customer satisfaction and customer orientation, which are its key non-financial performance indicators. Customer satisfaction and orientation are assessed using measures such as customer and partner surveys, as well as a central feedback process.

In addition, a number of other financial and non-financial performance indicators are determined and monitored, which, however, are less relevant for managing the Company. The particularly high level of expertise and performance of our employees is an aspect we would like to emphasise. In the past financial year, employee turnover remained flat and additional qualified staff were recruited at both locations.

Our key financial performance indicators developed as follows:

	Actual 2025	Prior year 2024
Factoring volume (bEUR)	16.7	18.4
Net profit after taxes (kEUR)	4,171	12,616
Risk costs (kEUR) for management purposes	1,160	2,577
Cost-income ratio (%) for management purposes	86.7	65.8

6. Financial performance

Net interest and fee income amounted to mEUR 46.9. This figure is below the prior year's level due to the lower revenue.

Personnel expenses rose by 10.7% to mEUR 28.0 in the reporting year, primarily due to collective wage adjustments and a slight increase in the workforce. Other administrative expenses fell by 10.1% to mEUR 9.7, partly due to active cost management and lower project expenses.

General administrative expenses increased by a total of mEUR 1.7 to mEUR 37.7. The cost-income ratio for management purposes deteriorated by 20.9 percentage points to 86.7% compared to the prior year, due to lower-than-expected revenue. Our highly ambitious target of just under 56% could not be achieved.

Earnings before risk provisions and income taxes decreased to mEUR 8.9 (prior year: mEUR 20.4) due to the decline in gross profit.

Risk costs for accounting purposes, i.e. write-downs of receivables, transfers to risk provisions for debtors and factoring customers as well as credit insurance expenses, decreased by mEUR 1.5 to mEUR 4.7 year-over-year.

At mEUR 4.2, our net profit for 2025 after municipal trade tax was significantly below target and the prior year (prior year: mEUR 12.6). The return on assets in accordance with Section 26a (1) sentence 4 KWG as the ratio between net profit for the year and total assets amounted to 0.3% (prior year: 0.8%).

Against the background of the current economic situation, Management considers the financial performance for 2025 to be just about satisfactory.

7. Assets, liabilities and liquidity position

The balance sheet of Deutsche Factoring Bank is characterised by purchased receivables and the corresponding funding.

Assets are dominated by loans and advances to customers, which account for 97.6% (prior year: 98.0%) of total assets (bEUR 1.4). Most of these assets have variable interest rates and almost all are due within three months. Risks associated with receivables are largely covered by our own credit insurance or by the credit insurance of our factoring customers (see also the risk report below).

Deutsche Factoring Bank had sufficient funding resources at its disposal at all times. Funding is primarily available in the form of term deposits with banks and intragroup credit lines, most of which have a maturity of up to three months. In addition, there are blocked and settlement accounts of our factoring customers.

Liabilities to banks decreased by 7.7% and amounted to mEUR 641.8. With a share of

46.7% in total liabilities (prior year: 46.7%), they remained the most significant liability item.

Liabilities to customers decreased by 2.7% to mEUR 387.7. This represents 28.2% of total assets (prior year: 26.8%). The decrease in liabilities to banks and customers (reflecting intragroup funding) is due to the decline in financed receivables in the customer business.

Our equity ratio for accounting purposes fell to 19.6% (prior year: 21.4%) compared to the prior year, due to a repayment of mEUR 40.0 from capital reserves to the partners and a decline in total assets.

Given its continuing adequate equity base, Deutsche Factoring Bank decided against reinforcing its equity base through proportional retention of profits to ensure adequate economic foundations for its growth objectives and to cover possible unexpected risks in the reporting year.

Own funds and liquidity requirements were met and solvency was maintained at all times.

The assets, liabilities and liquidity position of Deutsche Factoring Bank remain in good order.

8. Risk report

Deutsche Factoring Bank provides factoring services in accordance with Section 1 (1a) sentence 2 no. 9 KWG and, as a credit institution within the meaning of the KWG, is subject to the requirements of the KWG.

In accordance with Section 25a (1) KWG, the managing directors are responsible for the Institution's proper business organisation. Management has established a risk management system to identify at an early stage any developments that could endanger the existence of Deutsche Factoring Bank as a going concern. New supervisory requirements are taken into account in the further development of this system. To ensure that all material risks in particular are managed effectively, the risk management function of Deutsche Factoring Bank is responsible for identifying, analysing, systematising, quantifying and communicating risks.

These activities are governed by a sustainable business strategy and corresponding risk and IT strategies, which have been discussed with the Supervisory Board.

The strategy process in place provides for an annual review of our strategies and comprises the process steps of assessment, adjustment, planning and implementation. In addition, strategy controlling has been implemented.

Our risk management is essentially based on the internal audit function and an internal control mechanism with an internal control system. Organisational and operational rules with clearly defined areas of responsibility provide the necessary framework.

Risk management follows defined and binding principles, and we continuously monitor compliance with them. This monitoring takes place permanently at the individual transaction level in accordance with specified rules and at least quarterly on an aggregated basis as part of our risk reporting.

We have established functions for risk control, information security, anti-money laundering/ central institution, data protection and compliance, as well as central outsourcing management and contingency management, all of which form an integral part of our risk management system. The effectiveness of Deutsche Factoring Bank's risk management system and this system's compliance with supervisory requirements are reviewed regularly by our internal audit function.

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

- counterparty credit risks
- liquidity risks
- operational risks
- market risks
- other risks

In addition, risk concentrations are examined and documented as part of the risk inventory and quarterly risk reports.

Counterparty credit risks

Deutsche Factoring Bank distinguishes between creditworthiness risks, dilution risks and country risks when assessing significant counterparty credit risks.

To ensure effective risk management, creditworthiness risks arising from customer relationships and dilution risks are considered together. A loss occurs if both the creditworthiness of a factoring customer and the legal validity of the purchased receivables are not (entirely) given. The risk of fraud by factoring customers is generally included in customer and dilution risk.

Our factoring customers are classified into risk categories based on the Savings Bank Standard Rating and a proprietary legal validity rating, which takes into account both specific risk factors of the factoring customers and the factorability of the receivables intended for factoring. Cooperation with a factoring customer can generally only be initiated or continued if certain minimum requirements regarding the outcome of the risk classification procedure are met. Both creditworthiness (e.g. based on annual financial statements, interim figures, credit reports) and factorability (e.g. based on the monitoring of payment behaviour, sample-based balance confirmations and external audits) are tracked on an ongoing basis. The customer and dilution risk is limited by defining and agreeing financing and factoring limits.

Our customer loan management is conceptually divided into the stages of normal management, intensified management and recovery and resolution management. Non-performing customer engagements are transferred to the recovery and resolution unit. Our risk early recognition system plays a key role in monitoring customer and dilution risks. Defined indicators relating to creditworthiness and legal validity are automatically determined, compared with thresholds and addressed as required.

Concentration risks are monitored and managed at factoring customer and industry level. We classify our customers by industry based on the Deutsche Bundesbank's economic activity classification (WZ 2008). For this purpose, structural limitations are applied to the factoring limits. We also monitor customer risks with regard to ESG risks. As at 31 December 2025, all concentration requirements were met.

Creditworthiness risk in relation to debtors refers to the risk that a debtor does not meet its contractually agreed obligations towards the seller of the receivable and is unable to settle the receivable sold to Deutsche Factoring Bank (e.g. in the event of insolvency).

Creditworthiness risks for debtors are generally assessed using a proprietary internal scoring procedure that analyses defined internal and external risk parameters and is adjusted for foreign debtors by means of a country rating. Debtor risks are limited by setting debtor limits. To reduce debtor risks, trade credit insurance has been taken out for material and selected debtor risks. In addition, concentrations and ESG risks relating to debtors are monitored and managed. Our risk early recognition procedure is another key component of risk management. In addition to qualitative criteria, it takes into account payment behaviour and the results of the high-frequency scoring process.

Deutsche Factoring Bank and its factoring customers regularly send out written reminders for overdue receivables.

Counterparty risks other than those relating to customers and debtors exist in relation to factor partners and insurance companies. These are also taken into account in the creditworthiness and dilution risk management systems. Creditworthiness risks of other counterparties are less significant and are considered separately.

Country risk is measured by analysing the exposure per country. With a share of 70.0% (prior year: 64.2%), the focus remains on Germany. The share attributable to the European Union (EU) excluding Germany decreased by 5.0 percentage points to 21.0% compared to the prior year. The share of non-EU countries decreased by 0.8 percentage points to 9.0%.

The Company recognises appropriate risk provisions for any losses that may result from customer relationships. In addition, any losses that may arise from non-payment by debtors are taken into account by making appropriate value adjustments for defaulted debtors and debtors with a significant proportion of overdue receivables.

As at 31 December 2025, individual value adjustments amounted to mEUR 26.7. The figure for the prior year, at mEUR 26.1, was mEUR 0.6 lower. The share of customer-related individual value adjustments in the total amount of individual value adjustments increased from 53.5% to 60.2%. Individual value adjustments for debtors decreased by mEUR 1.5 to mEUR 10.6.

In respect of general value adjustments, the requirements of IDW AcP BFA 7 are taken into account. General value adjustments and provisions in accordance with IDW AcP BFA 7 amounted to mEUR 1.1. In the prior year, general value adjustments and corresponding provisions of mEUR 1.3 were recognised.

Liquidity risks

For Deutsche Factoring Bank, liquidity risk refers to the risk of not being able to meet current and future payment obligations, or only being able to do so at increased costs.

Funding spread risks result from sustained price changes in funding terms. These risks are limited by Management and taken into account in the calculation of internal capital adequacy.

Insolvency risk is the risk that DFB cannot meet its obligations due to a lack of available liquidity. Insolvency risk is managed through structural financing requirements aimed at keeping liquidity risk low, as well as procedures designed to identify and manage potential liquidity risks as early as possible. In addition, the liquidity contingency plan of Deutsche Factoring Bank sets out measures for securing liquidity.

Within the framework of a cross-risk type stress testing programme, Deutsche Factoring Bank conducts liquidity stress tests (BTR 3.1 number 8 MaRisk) and determines survival horizons for various stress scenarios (including a climate stress scenario).

To ensure liquidity, Deutsche Factoring Bank cooperates with diverse funding partners. Some of these are Savings Banks, which work closely with Deutsche Factoring Bank for market exploitation and provide a stable source of funding. Our equity partners and regional public-sector banks (Landesbanken) have also provided us with funding lines.

Concentration risks are managed by setting limits for our funding partners. Utilisation and changes in the funding lines granted are monitored on a daily basis using a traffic light system, enabling us to identify any emerging liquidity bottlenecks at an early stage. To meet short-term and unforeseeable liquidity requirements, Deutsche Factoring Bank generally only utilises 75% of the committed liquidity lines.

Our liquidity management and planning are based on three instruments, which differ mainly in terms of their maturity and, accordingly, their level of detail. These three instruments are described below.

5-year financial planning

Our 5-year liquidity planning is an integral part of our strategic capital planning and is therefore based on our defined business strategy. This planning forms the basis for the strategic acquisition of new credit lines and other financing measures over the next five years.

12-month liquidity comparison

Cash inflows and outflows are compared on a business day basis. This also takes seasonal factors into account. The overview covers a rolling period of one year and is based on conservative assumptions (the lowest cash inflows and highest cash outflows of the respective business day over the past few years are assumed).

Daily calculation of the theoretical liquidity coverage ratio (LCR)

The Bank is exempt from the cap on inflows in accordance with Art. 33 (3) in conjunction with (5) Delegated Regulation (EU) 2015/61. Due to the complete exemption of inflows from this cap, liquidity inflows exceed liquidity outflows; however, they are capped at 100% of outflows. This results in a net liquidity outflow of zero. For this reason, a value of 999999 is reported in accordance with Annex XXV, Part 5 Implementing Regulation (EU) 2021/451. However, a theoretical LCR is calculated for internal management purposes. This calculation compares the expected liquidity inflows with the liquidity outflows for the next 30 days. The mandatory internal minimum value for the theoretical LCR of 100% has been met at all times. As at the reporting date of 31 December 2025, the (theoretical) LCR was 137.0% (prior year: 132.1%).

Operational risks

Deutsche Factoring Bank classifies the risk of losses caused by the inappropriateness or failure of internal procedures or processes, people and systems, or by external influences, as operational risk. Operational risks are mainly prevented by the written organisational guidelines of Deutsche Factoring Bank and an effective and continuously updated internal control system.

Operational risks are reviewed and assessed as part of the annual risk assessment and classified into the categories of infrastructure (e.g. IT risks), employees (e.g. processing errors), internal procedures (e.g. inadequate organisational and operational structure) and external influences (e.g. criminal acts). In addition, significant damage events are analysed and recorded in a damage event database.

Our internal audit function, our compliance officer, our information security officer and our anti-money laundering officer all work to ensure compliance with the relevant laws, regulations and guidelines, helping to reduce operational risks.

The task of the information security officer continues to be the monitoring of compliance with supervisory requirements for IT security. Various security standards have been specified for data protection in server and network operations and for the access protection that we have implemented. Contingency plans are in place for selected business processes.

Market risks

Market risk generally describes the risk of incurring losses due to changes in market parameters (e.g. interest rates or exchange rates).

DFB only takes on market risks in connection with factoring and the associated funding. No own investments are made. Therefore, the

market risk of DFB is limited to interest rate and currency risks.

Currency risk refers to the risk of losses arising from foreign currency positions due to exchange rate fluctuations. Most of the receivables purchased in foreign currencies are funded in matching currencies. Currency risk is therefore of minor importance. To ensure that this is always the case, open foreign currency positions are monitored regularly.

Interest rate risk refers to the risk of losses on open interest rate positions due to changes in the yield curve. The receivables financed under factoring agreements have relatively short fixed-interest periods. Interest rate risks are therefore significantly reduced by similarly short funding periods. The risk is quantified and monitored on a quarterly basis using a net present value and income-oriented approach.

Other risks

Among other risks, Deutsche Factoring Bank monitors business risk in particular.

Business risks reflect the potential negative deviation of operating results from expected values due to unexpected changes in business volume, income or costs. This also includes sales risk.

Sales risk and income risk result in particular from deteriorating market conditions, changes in competitive position, customer behaviour or technological progress. Cost risk results predominantly from internal factors but also from changes in external conditions. Business risk comprises only unexpected losses that are not already included in other risk types. It is taken into account in the risk management process.

Balanced and forward-looking planning of income and costs, regular target-actual comparisons and sound pre- and post-calculation form the basis for the operational mitigation of business risk. Our business plans for the respective financial year and for medium-term planning are reviewed regularly. For the current financial year, monthly target-actual comparisons are made, which allow us to react quickly and flexibly (e.g. through sales measures or cost initiatives) to changing environmental conditions.

Internal capital adequacy

Deutsche Factoring Bank has a model for managing and monitoring its internal capital adequacy that takes into account both the economic and the normative perspective in accordance with AT 4.1 number 2 MaRisk in conjunction with the BaFin guideline “Supervisory assessment of bank-internal capital adequacy concepts and their integration into the overall performance and risk management processes”.

The risk management steering approaches of the economic and normative perspective are centrally embedded in our performance and risk management. The level of conservatism of risk assessment under the economic perspective is based on a confidence level of 99.9% and a risk horizon of one year. With this approach, Deutsche Factoring Bank aims to ensure the long-term continuation of business activities on the basis of the Institution’s own economic substance and profitability as well as to protect creditors from losses.

As at 31 December 2025, the total risk limit for the individual risk types of mEUR 170 (prior year: mEUR 202) was utilised at mEUR 90.8 (prior year: mEUR 102.8). Furthermore, internal capital adequacy was maintained throughout 2025.

For management purposes, Deutsche Factoring Bank includes all material risks that can be usefully limited by risk coverage capital (RCC) in its internal capital adequacy calculation.

A risk category is defined as material if it exceeds 1% of the eligible risk coverage potential under the economic perspective. The risk cov-

erage potential is calculated based on net present value approximation. Expected earnings are not taken into account under the economic perspective. A risk category is also considered material if, under the normative perspective, it could trigger a negative deviation of the CET1 ratio of 0.15 percentage points compared to the capital planning or lead to an income deviation of mEUR 1 from a liquidity perspective. A risk type is classified as material if a risk category assigned to it is material.

Material risks are managed and limited using risk limits. Within internal capital adequacy (economic perspective), Management sets risk limits for material risks at the risk type level. Other risks are not subject to a risk-type-specific limit in the economic perspective due to their nature.

Utilisation of the material risk types as at 31 December 2025 was as follows:

Risk type	Limit utilisation	Risk capital requirement in mEUR
Counterparty credit risks (including add-on for counterparty risks, among other things)	51%	60.9
Liquidity risks	53%	6.4
Operational risks	59%	10.0
Market risks	45%	9.5

Counterparty credit risks are assessed using a credit portfolio model that takes into account the risk types classified as material, i.e. creditworthiness risks including country risks and dilution risks, as well as certain counterparty risks. The credit portfolio model is based on a Merton model that uses Monte Carlo simulation to determine loss distribution. Counterparty risks not included are determined separately and added to the result of the credit portfolio model to complete the valuation.

Market risks in the form of interest rate risks based on a net present value approach are assessed using a scenario-based model to determine interest rate risks in the banking book. The model covers a wide scenario scope for the calculation based on supervisory interest rate scenarios and volatility assumptions. When generating the scenarios, the desired level of conservatism is taken into account.

Operational risks are assessed using a bank-wide risk assessment process. This involves quantifying the frequency of occurrence and the extent of losses within various risk subcategories and aggregating them into a risk value.

Liquidity risks in the form of the funding spread risk are simulated by applying interest rate premiums to funding resources.

Business risk, as a key component of other risks, is calculated using a value-at-risk approach based on the variance-covariance method.

Internal capital adequacy was maintained throughout, even taking into account all supervisory requirements under the normative perspective.

The supervisory evaluation of adequate own funds is based on the ratio of own funds to risk-weighted assets in accordance with the credit risk standardised approach (CRSA) and the standardised approach for operational risks. The capital ratios as at 31 December 2025 (before appropriation of net profit) were as follows:

- CET1 capital ratio 19.7% (prior year: 19.8%)
- total capital ratio 23.3% (prior year: 23.6%)

Risk reporting

For the purpose of risk reporting, fixed communication channels and information recipients have been designated. The data relevant for risk management is prepared and consolidated by our risk control function for internal reporting purposes.

Information on all risk types is primarily provided in our quarterly risk report or, in the event of significant changes, on an ad hoc basis. Our quarterly reports contain all essential information about the risk position of Deutsche Factoring Bank, including information on internal capital adequacy, the overall risk profile, limit utilisation and stress tests, as well as a detailed presentation of the main limitable risk types.

All limit-relevant changes are also presented in the quarterly risk report of Deutsche Factoring Bank.

At the end of each quarter, the risk report and our report on business development are used to inform the members of the Supervisory Board in writing about the risk situation and economic development of Deutsche Factoring Bank. Management also informs the members of the Supervisory Board immediately of any significant events, such as major insolvencies and important market changes.

Summary

The risk management system and the risk management and control processes established by Deutsche Factoring Bank ensure that the risks resulting from its factoring business are monitored and managed.

Deutsche Factoring Bank is currently not aware of any risks endangering its existence as a going concern.

9. Report on expected developments

Economic environment

In the second half of 2025, following several years of economic stagnation, the first signs of improvement in GDP were evident. Nevertheless, Germany is lagging behind other European industrialised nations. GDP growth of between 0.8% and 1.0% is expected for 2026, with approximately one-third of this attributable to the calendar effect caused by public holidays falling on weekends. The global economy cannot provide sustainable support for the domestic economy; further new flashpoints, such as the conflict between the US, Israel and Iran, continue to cloud the outlook. The impetus is expected to come from government investment under the special funds, which is likely to be felt primarily in the construction sector. Due to uncertain employment and future prospects, only a slight increase in private consumption is anticipated.[5]

Forecast business performance of Deutsche Factoring Bank

With the aim of reducing complexity and in order to align with its parent company Deutsche Leasing, Deutsche Factoring Bank is changing its financial year to one that differs from the calendar year. The period from 1 January 2026 to 30 September 2026 constitutes a short year, meaning that the financial year will subsequently cover the period from 1 October to 30 September of the following year. The plan adopted in the autumn therefore relates to the short year from 1 January to 30 September 2026.

Despite the decline in revenue in the past financial year, which was primarily due to economic factors, Deutsche Factoring Bank anticipates a revenue volume of bEUR 14.9 in its plan

5 ifo Economic Forecast 2026, economic forecast by the German Economic Institute for 2026

for the financial year 2026, based on the continuing demand for factoring as a financing instrument.

Partly as a result of the net profit for 2025, Deutsche Factoring Bank will press ahead with further intensifying its collaboration with Savings Banks, its sales cooperation with Deutsche Leasing – particularly in the SME segment – as well as with brokers and financial intermediaries. Numerous sales measures have been introduced to achieve a sustainable improvement in the earnings situation.

For SMEs, factoring remains an attractive additional source of financing due to its flexibility and represents an excellent alternative to traditional financing instruments.

Deutsche Factoring Bank focuses on maintaining a healthy balance of risk and profitability, which it sees as the basis for reliable business development.

In 2026, Deutsche Factoring Bank will continue to invest in the ongoing training and development of its employees. This includes providing a wide range of opportunities for further training and systematically expanding long-term personnel development.

The projected risk costs for management purposes will also change to mEUR 2.7 in light of economic developments.

Against the background of the forecast improvement in financial performance and the ongoing digitalisation of business processes, we expect positive effects on our cost-income ratio, which is forecast to improve to 72.5% compared to the actual figure for the reporting year.

In the approved plan for the financial year 2026, Management anticipates a net profit after taxes of mEUR 6.1. The expected results will continue to enable us to meet supervisory capital requirements.

Given the volatile geopolitical developments, risks currently stem primarily from flaring or ongoing hostilities and armed conflicts. Equally significant, however, are escalating trade conflicts driven by global politics and the impact of protectionism on global trade. All these risks affect the global economic environment, either on their own or in combination with other economic conditions, such as decarbonisation. For Deutsche Factoring Bank, the impact on the German economy, as its target customer market, is particularly relevant to business development. Deutsche Factoring Bank generally responds to such risk situations through ad hoc analyses and stress tests based on robust economic studies from external sources.

Currently, the war against Iran stands out among armed conflicts. In the geographical region of the Middle East, Deutsche Factoring Bank has only insignificant direct debtor exposures. In this respect, the indirect risks arising from second-round effects are the primary concern for Deutsche Factoring Bank. In particular, the impact on the German economy of energy prices that have risen sharply once again and may continue to rise, as well as emerging supply chain bottlenecks – e.g. due to the blockade of shipping routes or the US government's customs policy – may materialise in terms of revenue and future risk costs across the customer portfolio. Although no independent, reliable studies on the current situation are yet available, no threat to Deutsche Factoring Bank's existence as a going concern is anticipated based on the findings of past analyses. For instance, energy dependence was examined at the end of 2022 on the basis of a study by the Deutsche Bundesbank, and the impact of tariff policy was analysed in early 2025 in a scenario developed by the German Savings Banks Association (DSGV, see below).

However, in addition to the effects of global armed conflicts, the increasing trade conflicts stemming from the protectionist tariff policy of the US Trump administration must also be

identified as a current risk. In a portfolio analysis conducted in early 2025 based on a correspondingly severe crisis scenario compiled by the DSGV, Deutsche Factoring Bank examined the potential implications. Here too, direct US exposure is of very minor significance, and the loss of these direct trade contacts by Deutsche Factoring Bank's customers would have no significant impact on Deutsche Factoring Bank. The simulated effects on individual sectors and the GDP of the German economy as a whole – in some cases as second-round effects – would, however, have a significant impact on factoring revenue and, consequently, on Deutsche Factoring Bank's earnings. Planning targets would be missed and the pursued growth trajectory could not be maintained without further extensive measures. However, due to the short-term nature of factoring transactions, any drop in revenue will inevitably lead to a reduction in the receivables portfolio and, consequently, to an easing of the risk situation in terms of internal capital adequacy. Ultimately, no risk situation threatening Deutsche Factoring Bank's existence as a going concern could be identified in the scenario examined.

However, scenario analyses cannot cover the full range of possible future developments. They do, however, form a key supplement to Deutsche Factoring Bank's standard stress testing programme, enabling a robust assessment of potential developments. The comprehensive stress testing programme is designed to enable the Management of Deutsche Factoring Bank, in addition to the established control mechanisms, to respond appropriately even to unexpected risk situations.

10. Expression of thanks

Management would like to express its sincere thanks and appreciation to the employees of Deutsche Factoring Bank, whose personal commitment has made our success possible and who have worked with great trust and dedication to further develop our organisation.

The managing directors would also like to thank the members of the Supervisory Board for their trust, continuous dialogue and intensive advice, as well as their support in the strategic development of the Company.

In addition, we would like to express our sincere thanks to our business partners, the cooperating members of the Savings Banks Finance Group and especially our customers for the successful and partnership-based collaboration, as well as for the trust they place in us every day.

Bremen, 5 May 2026

Deutsche Factoring Bank GmbH & Co. KG

represented by

Deutsche Factoring GmbH

Christian Eymery

Susanne Gögel

Balance sheet as at 31 December 2025 of
Deutsche Factoring Bank GmbH & Co. KG, Bremen

Assets		31 Dec. 2025	31 Dec. 2024
	EUR	EUR	kEUR
1. Cash reserves			
Cash-in-hand	1,396.00	1,396.00	1
2. Loans and advances to banks			
a) payable on demand	26,938,419.15		23,511
b) other loans and advances	304,378.28	27,242,797.43	307
3. Loans and advances to customers		1,341,874,223.42	1,458,190
4. Investments		2,700.64	3
5. Intangible assets			
a) internally generated industrial and similar rights and assets	636,173.82		1,223
b) purchased concessions, industrial and similar rights and assets as well as licences in such rights and assets	631,010.52		371
c) goodwill	0.00		0
d) prepayments	33,250.00	1,300,434.34	398
6. Property, plant and equipment		1,173,511.52	1,110
7. Other assets		1,732,304.61	1,924
8. Prepaid expenses		1,032,575.13	1,041
9. Excess of plan assets over pension liability		0.00	0
Total assets		**1,374,359,943.09**	**1,488,080**

Liabilities		31 Dec. 2025	31 Dec. 2024
	EUR	EUR	kEUR
1. Liabilities to banks			
a) payable on demand	126,317,372.47		108,495
b) with agreed maturities or periods of notice	515,514,368.33	641,831,740.80	586,848
2. Liabilities to customers			
Other liabilities			
a) payable on demand	103,333,133.85		113,866
b) with agreed maturities or periods of notice	284,399,173.80	387,732,307.65	284,541
3. Other liabilities		3,446,856.22	3,915
4. Deferred income		202,347.04	195
5. Provisions			
a) provisions for pensions and similar obligations after offsetting against plan assets	157,413.39		162
b) tax provisions	0.00		0
c) other provisions	5,629,121.26	5,786,534.65	6,254
6. Subordinated liabilities		65,472,484.73	65,472
7. Equity			
a) subscribed capital	6,435,874.51		6,436
b) capital reserves	24,696,360.28		64,696
c) revenue reserves			
cd) other revenue reserves	234,584,070.39		234,584
d) distributable profit	4,171,366.82	269,887,672.00	12,616
Total liabilities		**1,374,359,943.09**	**1,488,080**
1. Other obligations			
of which irrevocable lending commitments		2,500,000.00	6,790

Income statement for the period from 1 January to 31 December 2025 of

Deutsche Factoring Bank GmbH & Co. KG, Bremen

Expenses			2025 EUR	2024 kEUR
1. Interest expenses			20,036,531.43	32,181
of which negative interest received in EUR: 0.00 (prior year: kEUR 0)				
2. Commission expenses			3,322,219.91	3,600
3. General administrative expenses				
a) personnel expenses				
aa) wages and salaries	23,102,963.73			20,944
ab) social security, post-employment and other employee benefit costs	4,929,604.28	28,032,568.01		4,373
of which post-employment benefit costs in EUR: 774,543.00 (prior year: kEUR 713)				
b) other administrative expenses		9,657,775.85	37,690,343.86	10,738
4. Amortisation, depreciation, write-downs and value adjustments of intangible assets and property, plant and equipment			1,460,485.57	1,289
5. Other operating expenses			643,467.01	886
6. Write-downs and value adjustments of receivables and specific securities as well as transfers to loan loss provisions			4,684,548.57	6,175
7. Income taxes			5,862.99	1,560
8. Other taxes not reported in item 5			61,503.21	55
9. Profit for the year			4,171,366.82	12,616
Total expenses			**72,076,329.37**	**94,418**
1. Profit for the year			4,171,366.82	12,616
2. Transfers to other revenue reserves			0.00	0
3. Distributable profit/accumulated loss			4,171,366.82	12,616

Income	2025 EUR	2024 kEUR
1. Interest income from lending and money market transactions	66,902,317.65	90,420
2. Commission income	3,351,544.24	3,489
3. Other operating income	1,822,467.48	508
Total income	**72,076,329.37**	**94,418**

Deutsche Factoring

Notes to the financial statements 2025

1. GENERAL INFORMATION

As a credit institution, Deutsche Factoring Bank GmbH & Co. KG (Deutsche Factoring Bank) has prepared its annual financial statements for the financial year ended 31 December 2025 in accordance with the requirements of German commercial law (Sections 242 et seq. German Commercial Code (HGB)), the supplementary requirements for credit institutions, financial services institutions, securities institutions, payment institutions and e-money institutions (Sections 340 et seq. HGB) and the provisions of the German Regulation on the Accounting of Banks, Financial Services Institutions and Securities Institutions (RechKredV).

Deutsche Factoring Bank has its registered office in Bremen and is registered in the commercial register of the Bremen register court under HRA 15633.

The balance sheet is prepared in accordance with Form 1 pursuant to the RechKredV. The income statement is prepared in accordance with Form 2 pursuant to the RechKredV.

In addition to the annual financial statements – consisting of the balance sheet, the income statement and the notes to the financial statements – the Company prepares a management report in accordance with Section 289 HGB. Information that may be disclosed either in the balance sheet, the income statement or in the notes to the financial statements is disclosed in the notes to the financial statements.

2. GENERAL ACCOUNTING AND VALUATION POLICIES

Cash reserves, loans and advances to banks and loans and advances to customers are recognised at nominal value. All identifiable risks in the lending business are accounted for by making appropriate individual value adjustments.

The accounting and valuation policies remained unchanged from the prior year.

Customer risks are accounted for by making individual value adjustments that take into account our assessment of legal validity based on previous cooperation. In cases of fraud and in advanced stages of settlement, the entire receivables portfolio is used to determine the amount of the value adjustment, as the legal validity of the receivables portfolio is doubtful.

Debtor risks are accounted for by making individual value adjustments for all receivables from insolvent debtors and debtors with sustained overdue receivables of a significant amount that are not attributable to dilution. Any trade credit insurance and options for recovering domestic VAT are taken into account.

The latent credit risk (including the risk that receivables may not have legal validity) is accounted for by making general value adjustments. The valuation is performed using an IDW AcP BFA 7-compliant method based on an estimate of the lifetime expected credit loss for the entire basis of calculation. The calculation includes current information and future expectations regarding the risk situation. Creditworthiness premiums are not taken into account. The expected loss from foreseeable loan defaults is essentially determined using three

components: one component transforms the default probabilities from internal risk management into best-estimate point-in-time default probabilities adjusted to the residual maturity. Another component assigns adequate loss rates, taking into account any loss-reducing measures. Different exposure-at-default (EAD) models are used to calculate the EAD for debtors and debtor limits as well as for factoring limits. While regulatory F-IRB values continue to be used for loss rates for debtors, internal procedures were used for the first time in the financial year to determine the loss rate for factoring limits. A cumulative risk provision is formed from the combination of the two loss estimates. Contingent liabilities arising from open limits or irrevocable loan commitments are covered by corresponding risk provisions.

Investments are measured at cost. Write-downs are made in the case of impairment that is expected to be permanent.

Purchased intangible assets and property, plant and equipment are measured at cost and amortised or depreciated on a straight-line basis, except for purchased works of art.

The option under Section 248 (2) HGB to recognise internally generated intangible assets is exercised. In accordance with Section 253 (1) sentence 1 in conjunction with Section 255 (2a) and Section 255 (2) HGB, these assets are measured at cost and amortised on a straight-line basis.

Other assets are recognised at nominal value.

Liabilities are recognised at the settlement amount.

Pension provisions are recognised at the necessary settlement amount. The calculation is based on the 2018 G mortality tables by Klaus Heubeck. The valuation is based on the projected unit credit method.

The discount rate used for the valuation was 2.06% as at 31 December 2025 (the average for the past 10 years and a residual maturity of 15 years). Future pension increases of 0.5%, 1.0% and 1.5% p.a. were assumed. Employee turnover probabilities were not taken into account. The trend of pension expectancies was estimated. The difference between the pension provision calculated using the average market interest rate for the past ten years and that for the past seven years was kEUR -4 (prior year: kEUR -2).

The mandatory offsetting of plan assets against the corresponding pension obligations resulted in a pension provision to be recognised as at 31 December 2025.

Provisions are recognised at the settlement amount necessary according to sound business judgement. All identifiable risks and uncertain obligations are taken into account. Provisions with a residual maturity of more than one year are discounted.

Foreign-currency assets and liabilities and expenses and income from our factoring business are translated into euros in compliance with Section 256a HGB in conjunction with Section 340h HGB and are recognised as loans and advances or liabilities to customers in accordance with the contractual agreements with our factoring customers. In the income statement, the net currency translation gain of kEUR 768 (prior year: kEUR -175) was reported in other operating income.

The offsetting option under Section 340f (3) HGB regarding the income statement and the recognition option under Section 274 (1) sentence 2 HGB regarding the balance sheet are exercised.

Deferred tax assets are not recognised.

3. NOTES TO THE BALANCE SHEET[1]

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

Other loans and advances to banks	31 Dec. 2025 kEUR	31 Dec. 2024 kEUR
up to 3 months	292	290
more than 3 months to 1 year	12	17

Loans and advances to customers	31 Dec. 2025 kEUR	31 Dec. 2024 kEUR
up to 3 months	1,333,541	1,449,245
more than 3 months to 1 year	8,323	8,946
more than 1 year to 5 years	10	0

Liabilities to banks with agreed maturities or periods of notice	31 Dec. 2025 kEUR	31 Dec. 2024 kEUR
up to 3 months	515,514	586,848
more than 3 months to 1 year	0	0

Other liabilities to customers with agreed maturities or periods of notice	31 Dec. 2025 kEUR	31 Dec. 2024 kEUR
up to 3 months	282,328	281,998
more than 3 months to 1 year	2,023	2,543
more than 1 year to 5 years	47	0

[1] Differences of +/- 1 unit may arise due to the use of rounded figures.

3.2. Balance sheet items relating to long-term investees and investors (Section 3 RechKredV)

	31 Dec. 2025 kEUR	31 Dec. 2024 kEUR
Loans and advances to banks	2	7
of which to partners	0	0
Liabilities to banks	123,204	151,852
of which to partners	20,051	0
Subordinated liabilities	26,372	26,372
of which to partners	4,058	4,058

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

	31 Dec. 2025 kEUR	31 Dec. 2024 kEUR
Loans and advances to customers	0	47
of which to partners	0	47
Liabilities to customers	160	159
of which to partners	160	159
Other liabilities	0	0
of which to partners	0	0
Subordinated liabilities	39,100	39,100
of which to partners	39,100	39,100

Loans and advances to customers are non-securitised and mainly include receivables purchased from factoring customers.

3.4. Disclosure of foreign currency items

	31 Dec. 2025 kEUR	31 Dec. 2024 kEUR
Total foreign currency assets	42,150	62,057
Total foreign currency liabilities	41,236	60,614

3.5. Fixed assets

The statement of movements in fixed assets is enclosed as Appendix 1. Property, plant and equipment are used entirely within the scope of our own activities.

3.6. Other assets

Other assets mainly include receivables from the tax authority and security deposits.

3.7. Other liabilities

Other liabilities mainly include liabilities from intermediary fees, as well as VAT and wage tax.

3.8. Deferred income

Deferred income includes deferred factoring fees and deferred employee contributions for company vehicles.

3.9. Pension provision

Our reinsurance policies serve exclusively to fulfil our obligations from pension provisions and are not accessible to other creditors. In accordance with Section 246 (2) sentence 2 HGB, these policies are offset against the underlying obligations. The fair values of the plan assets correspond to the actuarial reserve evidenced by the insurer and therefore to the cost of kEUR 1,720. In accordance with Section 246 (2) sentence 2 HGB, the excess of the pension obligation over the corresponding fair value of the plan assets of kEUR 157 is recognised. Interest expenses and interest income were offset. The transfer expense, including the expense from changes in interest rates, amounted to kEUR 101 (prior year: kEUR 103) and is reported in personnel expenses. The option under Section 253 (2) HGB is exercised.

3.10. Other provisions

Other provisions mainly include provisions for personnel costs, loan loss provisions, outstanding invoices, fee refunds and archiving costs. Loan loss provisions were recognised for latent credit risks from contingent liabilities arising from open limits or irrevocable loan commitments in accordance with the requirements of IDW AcP BFA 7. In addition, further loan loss provisions were recognised on a case-by-case basis, including to cover legal disputes.

3.11. Subordinated liabilities

The conditions of subordination correspond to the requirements of Art. 63 Regulation (EU) No 575/2013 and are fulfilled in the amount of kEUR 64,000 (prior year: kEUR 64,000). Conversion into capital or another form of debt is not intended. There is no early call option for creditors.

Subordinated liabilities can be broken down as follows:

Amount in kEUR	Interest rate in % p.a.	Due on
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 July 2029
8,750	4.05	9 July 2029
3,000	4.05	9 July 2029
15,000	5.27	31 March 2032
10,000	5.27	31 March 2032

The creditors are two banks and one financial services institution.

Interest expenses of kEUR 2,946 (prior year: kEUR 3,131) were incurred for the liabilities reported in this item.

3.12. Equity

The Supervisory Board will propose to the partners' meeting on 17 June 2026 that our net profit for 2025 of kEUR 4,171 be distributed to the partners.

4. NOTES TO THE INCOME STATEMENT

4.1. Interest income

Interest income includes interest-like factoring fees and interest income at a ratio of 42% to 58% (prior year: 35% to 65%). The customers of Deutsche Factoring Bank are almost exclusively based in Germany, with some having foreign subsidiaries. In accordance with Section 246 (2) sentence 2 HGB, interest expenses for liabilities relating to post-employment benefit obligations of kEUR 34 (prior year: kEUR 31) were offset against interest income on plan assets of kEUR 49 (prior year: kEUR 45).

4.2. Interest expenses

Interest expenses are mainly attributable to the funding of our customer business. The interest expense amounted to kEUR 20,037 in the financial year (prior year: kEUR 32,181).

4.3. Commission income

Commission income for the financial year amounted to kEUR 3,352 (prior year: kEUR 3,489), including limit fees received and costs passed on to the customers of Deutsche Factoring Bank, most of which are based in Germany. A small amount is attributable to foreign subsidiaries of our domestic customers.

4.4. Other operating income

Other operating income mainly includes income from the reversal of pension provisions of kEUR 144 (prior year: kEUR 142), the reversal of other provisions of kEUR 589 (prior year: kEUR 82) and income relating to other periods of kEUR 317 (prior year: kEUR 254).

4.5. Other administrative expenses

Other administrative expenses mainly comprise consulting fees, IT costs, office and building costs, vehicle fleet expenses, legal costs and telecommunications expenses.

4.6. Income taxes

All income taxes reduce our net profit for the year.

5. OTHER DISCLOSURES

5.1. Irrevocable loan commitments

Irrevocable loan commitments amounted to kEUR 2,500 (prior year: kEUR 6,790). The commitments are special credit facilities not utilised by customers. The probability of utilisation depends on the individual customer.

5.2. Other financial obligations

Financial obligations from service level agreements and the like amounted to kEUR 10,163. This amount includes kEUR 1,640 from obligations to affiliated companies. Our financial obligations can be broken down by residual contractual maturity as follows:

Due in	Amount in kEUR	Of which to affiliated companies
≤ 1 year	2,628	569
> 1 and ≤ 5 years	1,331	1,071
> 5 years	6,204	0

5.3. Loss-free valuation of the interest rate portfolio

The loss-free valuation of our interest rate portfolio is based on the present value method. This means that the expected cash flows from factoring agreements are discounted using an ESTR yield curve, taking into account risk and administrative costs as well as a liquidity premium.

As at the balance sheet date, this calculation resulted in an overall surplus. It was therefore not necessary to recognise a provision for onerous contracts.

5.4. Deferred taxes

Differences between the amounts recognised in the financial statements and in the tax base resulted in deferred tax assets and liabilities. The differences are mainly due to the recognition of goodwill in the supplementary partner tax accounts, the recognition of internally generated intangible assets in the financial statements and the amounts recognised for pension provisions and other provisions. Deferred tax assets significantly exceed deferred tax liabilities. In accordance with the option under Section 274 (1) sentence 2 HGB, net deferred tax assets are not recognised. Deferred taxes are calculated based on a tax rate of currently 15.52%.

5.5. Internally generated intangible assets

The total amount within the meaning of Section 268 (8) HGB is kEUR 636 and comprises internally generated intangible assets included in fixed assets. In accordance with Section 268 (8) HGB, our profits may be distributed because the available reserves significantly exceed the amount recognised for internally generated intangible assets.

5.6. Management Board

The Company is managed by the general partner Deutsche Factoring GmbH, Bremen, which has a subscribed capital of kEUR 60 (prior year: kEUR 60) and is represented by its managing directors:

Christian Eymery, Bremen (spokesman).
Front Office II
(from 19 July 2025: Front Office).

Susanne Gögel, Bremen.
Back Office.

Fedor Krüger, Stuhr (until 18 July 2025).
Front Office I.

The managing directors work for the Company on a full-time basis. In accordance with Sec. 286 (4) HGB, the remuneration paid to the managing directors is not disclosed.

The provision for pension obligations after offsetting against plan assets takes into account benefits for former managing directors and their surviving dependants, which amounted to kEUR 64 (prior year: kEUR 63).

5.7. Employees

The annual average number of employees can be broken down as follows:

	2025	2024
Female employees	143	139
of whom employed part-time	37	34
Male employees	161	155
of whom employed part-time	12	12

All employees are salaried employees of Deutsche Factoring Bank.

5.8. Total auditor's fee

The auditor charged a total fee of kEUR 336 for audit services in the financial year 2025.

5.9. Supervisory Board

The Supervisory Board consists of:

Kai Ostermann, Chairman

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

Dr Harald Vogelsang, Deputy Chairman

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

David Gerstner (from 1 December 2025)

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

Stefan Grunwald

Chairman of the Management Board
Stadt-Sparkasse Solingen
Anstalt des öffentlichen Rechts, Solingen

Michael Maaß

Divisional Director
Hamburger Sparkasse AG, Hamburg

Dr Tim Nesemann

Chairman of the Management Board
Die Sparkasse Bremen AG, Bremen

Olaf Schulz

Member of the Management Board
BSK 1818 AG (formerly: Landesbank Berlin AG), Berlin

Markus Hans Strehle

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

Rainer Weis (until 30 November 2025)

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

Remuneration of the Supervisory Board

The remuneration paid to the members of the Supervisory Board amounted to kEUR 151 (prior year: kEUR 151).

5.10. 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 2025. The consolidated financial statements are published in the Company Register. They represent the only scope of consolidation in which Deutsche Factoring Bank is included.

5.11. Report on post-balance sheet date events

There were no significant events after the balance sheet date that would have affected our financial statements as at 31 December 2025.

Bremen, 5 May 2026

Deutsche Factoring Bank GmbH & Co. KG,

represented by

Deutsche Factoring GmbH

Christian Eymery

Susanne Gögel

APPENDIX 1:

Movements in fixed assets (all amounts in kEUR)[2]

	Acquisition/ production cost	Changes		Amortisation, depreciation and write-downs (including disposals)	Net book value	Amortisation, depreciation and write-downs of the financial year
	1 Jan. 2025	Additions	Disposals	Accumulated	31 Dec. 2025	
Intangible assets						
Internally generated industrial and similar rights and assets	2,936	0	0	2,300	636	587
Purchased concessions, industrial and similar rights and assets as well as licences in such rights and assets	3,462	772	515	3,087	631	512
Prepayments	398	35	399	0	33	0
	6,796	**807**	**914**	**5,387**	**1,300**	**1,099**
Property, plant and equipment						
Leasehold improvements	55	0	0	29	26	7
Operating and office equipment	3,517	446	863	1,952	1,148	354
	3,572	**446**	**863**	**1,981**	**1,174**	**361**
Financial assets						
Investments	3	0	0	0	3	0
Total	**10,371**	**1,253**	**1,777**	**7,368**	**2,477**	**1,460**

[2] Differences of +/- 1 unit may arise due to the use of rounded figures.

INDEPENDENT AUDITOR'S REPORT

To Deutsche Factoring Bank GmbH & Co. KG, Bremen/Germany

Audit Opinions

We have audited the annual financial statements of Deutsche Factoring Bank GmbH & Co. KG, Bremen/Germany, which comprise the balance sheet as at 31 December 2025, and the income statement for the financial year from 1 January to 31 December 2025, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Deutsche Factoring Bank GmbH & Co. KG, Bremen/Germany, for the financial year from 1 January to 31 December 2025.

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 and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2025 and of its financial performance for the financial year from 1 January to 31 December 2025 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 German Commercial Code (HGB), 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 Audit Opinions

We conducted our audit of the annual financial statements and of the management report 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). 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

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

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, 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, the executive directors are 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 (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are 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, the executive directors are 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, the executive directors are 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 audit 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 audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures 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 audit opinion on the effectiveness of internal control or these arrangements and measures of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- conclude on the appropriateness of the executive directors' 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 audit 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 the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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 audit 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/Germany, 6 May 2026

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
Prof. Dr Marijan Nemet
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Dr Sascha Schmitz
Wirtschaftsprüfer
(German Public Auditor)

[Translator's notes are in square brackets]

General Engagement Terms

for
Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2024

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (Wirtschaftsprüferinnen/Wirtschaftsprüfer) or German Public Audit Firms (Wirtschaftsprüfungsgesellschaften) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing (Textform) or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties. A German Public Auditor is also entitled to invoke objections (Einwendungen) and defences (Einreden) arising from the contractual relationship with the engaging party to third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (Grundsätze ordnungsmäßiger Berufsausübung). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (betriebswirtschaftliche Prüfungen), the consideration of foreign law requires an express agreement in writing (Textform).

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information submitted as well as the explanations and statements provided in statement as drafted by the German Public Auditor or in a legally accepted written form (gesetzliche Schriftform) or any other form determined by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in a legally accepted written form (gesetzliche Schriftform) or in writing (Textform) as part of the work in executing the engagement, only that presentation is authoritative. Draft of such presentations are non-binding. Except as otherwise provided for by law or contractually agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing (Textform). Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of, a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's consent be issued in writing (Textform), unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for subsequent performance (Nacherfüllung) in writing (Textform) without delay. Claims for subsequent performance pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: Handelsgesetzbuch], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: Wirtschaftsprüferordnung], § 203 StGB [German Criminal Code: Strafgesetzbuch]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, claims for damages due to negligence arising out of the contractual relationship between the

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engaging party and the German Public Auditor, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: Produkthaftungsgesetz], are limited to € 4 million pursuant to § 54 a Abs. 1 Number 2 WPO. This applies equally to claims against the German Public Auditor made by third parties arising from, or in connection with, the contractual relationship.

(3) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(4) The maximum amount under paragraph 2 relates to an individual case of damages. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million.

(5) A claim for damages expires if a suit is not filed within six months subsequent to the written statement (Textform) of refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

(6) § 323 HGB remains unaffected by the rules in paragraphs 2 to 5.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report (Bestätigungsvermerk), he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's consent, issued in a legally accepted written form (gesetzliche Schriftform), and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any material errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing (Textform), ongoing tax advice encompasses the following work during the contract period:

a) preparation and electronic transmission of annual tax returns, including financial statements for tax purposes in electronic format, for income tax, corporate tax and business tax, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
b) examination of tax assessments in relation to the taxes referred to in (a)
c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing (Textform).

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (Steuerberatungsvergütungsverordnung) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (Textform).

(6) Work relating to special individual issues for income tax, corporate tax, business tax and valuation assessments for property units as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax and real estate sales tax;
b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (Textform) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (Verbraucherschlichtungsstelle) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (Verbraucherstreitbeilegungsgesetz).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

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