

GRENKELEASING®



KEY FIGURES	2
LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS	3
THE GRENKELEASING AG SHARE	4
Development of the Share Price and Daily Turnover	5
Directors' Holdings	6
Shareholder Structure	6
GRENKE GROUP GROWTH STRATEGY	7
Expansion in Europe	9
GRENKE Group Locations in Europe	10
INTERIM MANAGEMENT REPORT	11
Economic Environment	11
Report on the Results of Operations	11
Report on the Financial Position and Net Assets	13
Report on Forecasts and the Outlook for the Group	14
INTERIM FINANCIAL STATEMENTS	17
SELECTED EXPLANATORY NOTES	26
THE BOARD OF DIRECTORS OF GRENKELEASING AG	38
THE SUPERVISORY BOARD OF GRENKELEASING AG	39
OVERVIEW OF THE GROUP	40
THE GRENKELEASING FRANCHISE SYSTEM	41
GLOSSARY	42
CALENDAR OF EVENTS 2010 AND CONTACT	47

KEY FIGURES

	Jan. 1, 2009 to Sept. 30, 2009	Change in %	Jan. 1, 2008 to Sept. 30, 2008	Units
Key figures of GRENKE Group including franchise partners				
New business of GRENKE Group	345,830	-20.3	433,848	EURk
- of which: Germany	178,552	-22.2	229,542	EURk
- of which: International	167,278	-18.1	204,306	EURk
New business of franchise partners (Factoring consolidated in the GRENKELEASING AG Group from Q3 2009)	30,740	-51.1	62,838	EURk
Factoring business (Germany)	36,758	-7.7	39,826	EURk
Deposits GRENKE BANK	107,870	n.a.	0	EURk
Key figures of GRENKE Group leasing business excluding factoring / bank				
New business GRENKE Group leasing business	309,072	-21.6	394,022	EURk
Contribution margin 2 of new business	59,868	0.5	59,557	EURk
Number of new contracts	43,093	-15.4	50,961	Units
Share of IT products in the lease portfolio	85	1.2	84	percent
Share of corporate customers in the lease portfolio	100	0.0	100	percent
Mean acquisition value	7.2	-6.5	7.7	EURk
Mean term of contract	45	-2.2	46	Months
Volume of leased assets	1,686	2.7	1,641	EURm
Number of current contracts	222,752	2.8	216,594	Units
GRENKELEASING AG Group, consolidated figures				
Net interest income	54,016	6.2	50,842	EURk
Settlement of claims and risk provisioning	22,277	52.2	14,640	EURk
Profit from insurance business	14,684	0.4	14,625	EURk
Profit from new business	17,037	-7.4	18,398	EURk
Profit from disposals (income exceeding the calculated residual value)	1,322	-28.9	1,862	EURk
Result from currency translation difference	337	-136.4	-926	EURk
Other operating income	2,557	208.1	830	EURk
Costs of new contracts	9,721	-13.8	11,279	EURk
Costs of current contracts	4,311	12.3	3,840	EURk
Project costs and basic distribution costs	13,762	28.9	10,673	EURk
Management costs	8,378	1.1	8,283	EURk
Costs of the bank	2,045	n.a.	0	EURk
Other costs	1,611	-0.2	1,615	EURk
EBIT (Earnings before interest and taxes)	27,654	-21.7	35,301	EURk
Other interest result	-50	-412.5	16	EURk
Income / expenses from market valuation of financial instruments	-251	n.a.	0	EURk
EBT (Earnings before taxes)	27,353	-22.6	35,317	EURk
Net profit for the period	19,560	-21.6	24,947	EURk
Earnings per share	1.43	-21.4	1.82	EUR
Dividend	0.60	0.0	0.60	EUR
Embedded value of the lease portfolio (incl. equity before taxes)				
	365	6.4	343	EURm
Embedded value of the lease portfolio (incl. equity after taxes)				
	334	6.4	314	EURm
Cost / income ratio	59.1	16.1	50.9	percent
Return on equity (ROE) after taxes	10.1	-26.3	13.7	percent
Average number of employees	504	3.7	485	persons

Explanation of ratios on page 42 et seq.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

Dear shareholders,
dear ladies and gentlemen,

the GRENKE Group not only emerged stronger from the acid test of the banking crisis and global recession, it successfully broke new ground with GRENKE BANK AG in the spring. In view of the crisis, we changed our business policy at an early stage to securing liquidity, strengthening the balance sheet and ensuring the profitability of new business. This resulted in an expanded contribution margin 2 (CM2) for the GRENKE Group including franchise partners in the first nine months of 2009 – despite the purposely restrictive and therefore declining new business.

The CM2 margin in Group's leasing business is 19.0 percent in the reporting quarter and 19.4 percent in the nine-month period, up by 3.7 percentage points and 4.3 percentage points respectively over the prior-year periods. We accept that the margin in the third quarter was down slightly from the second quarter margin, because we intend to return to our growth path again soon. Accordingly, new business of the GRENKE Group rose approximately 7 percent from the second quarter to the third. Our conversion rate from inquiries to agreements also increased in the third quarter. We are generating growth via more attractive pricing alone; we have not changed anything in terms of our restrictive handling of risk.

Increased contribution margins also continue to have a positive effect on the GRENKELEASING AG Group's net interest income. Including the contribution of GRENKE BANK AG, this figure increased by 6.2 percent to EUR 54.0 million after the first nine months. However, claims have increased more quickly due to the deep recession, causing net interest income after settlement of claims and risk provisioning to decrease by 12.3 percent to EUR 31.7 million. The other earnings items developed as expected as a result of scaled-down new business and the recession, which led – also impacted by the settlement of claims – to a decrease in the net profit for the period after nine months to EUR 19.6 million (previous year: EUR 24.9 million).

Compared with the previous year, the GRENKELEASING AG Group's balance sheet continues to reflect the first-time consolidation of GRENKE BANK. This is especially apparent in the deposits business, which increased in the third quarter alone by EUR 31.0 million to EUR 107.9 million. Equity increased by 4.3 percent over the end of fiscal year 2008 to EUR 257.0 million, while the equity ratio increased to 17.7 percent in the first nine months after 16.9 percent.

Our diversified refinancing basis proved to be a significant advantage in the financial crisis. We were able to use all the components of our financing portfolio and further grow our refinancing base. Recently we placed a EUR 100 million bond in August under conditions that were very favourable to us. The fact that the bond was more than twice oversubscribed shows that GRENKELEASING is also attractive to investors. As at the end of the third quarter, GRENKELEASING AG Group has a total reserve of EUR 378 million alone from the unutilised refinancing lines of its asset-backed commercial paper programme and unused lines in its revolving credit facilities. This is in addition to the deposits at GRENKE BANK and strong liquidity of around EUR 100 million after the bond issue. We are therefore well equipped to increase new business volume further in the short term. Overall we continue to anticipate earnings after taxes in the region of EUR 25 to 28 million for fiscal year 2009.

Baden-Baden, October 2009



Wolfgang Grenke
Chairman of the Board of Directors

THE GRENKELEASING AG SHARE

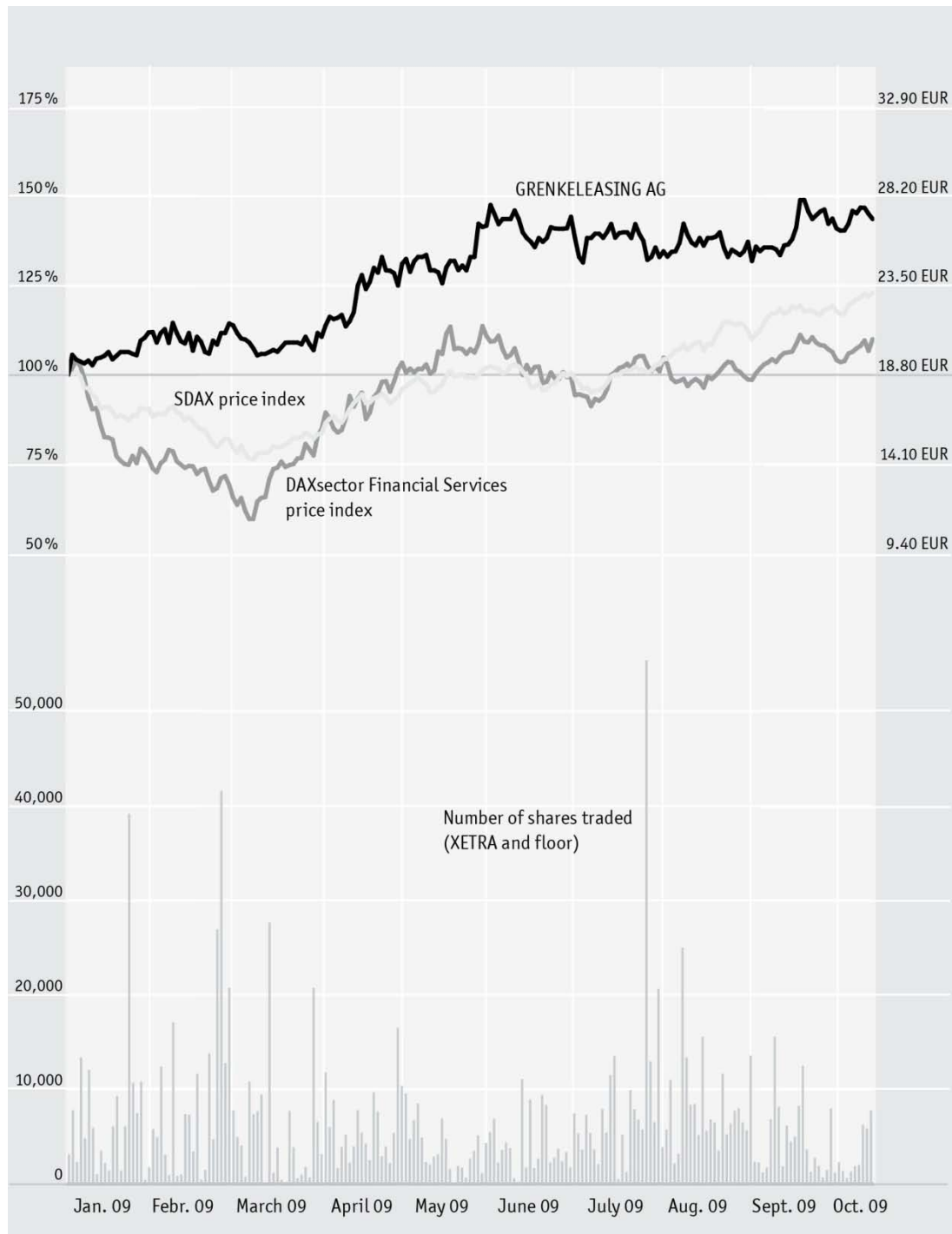
The GRENKELEASING AG share rose significantly in the first nine months of fiscal year 2009. The share started the year at EUR 18.80 on Xetra and has moved upwards almost constantly since. It was quoted at EUR 27.02 (+43.7 percent) at the end of the third quarter on 30 September. The price increase over this time period is also significantly above the share's benchmark indices: The SDAX index has increased by 19.3 percent since the beginning of the year, while the index of German financial securities in the Prime Standard (DAX sector Financial Services) increased by only 6.4 percent.

The GRENKELEASING AG share did not fall below its price of the beginning of the year at any point, nor was it part of the sharp market downturn in the first quarter. In contrast to this, both SDAX and DAX sector Financial Services experienced significant decreases. Together with a dividend payment of EUR 0.60, shareholders generated a nine-month return of approximately 47 percent. In October, the share price moved sideways near its last price level with a slight upward trend.

Overall, this means that the GRENKELEASING AG share has hardly felt the impact of the global financial market crisis on the capital markets and the ongoing positive company-specific factors have clearly dominated. The stock market is rewarding the robustness and the success of the GRENKE Group's business model, especially in the crisis. This was again demonstrated by the fact that the Company's contribution margin of new business remained positive in third quarter of the fiscal year.

Following our report on new business for the third quarter, analysts retained their predominantly positive estimates: In mid-October 2009, Reuters Consensus Estimates had four (five at the half-year point) Buy/Overweight recommendations and four (three as at the half-year point) Hold recommendations for the GRENKELEASING AG share. This compared to just one Underweight and two Sell recommendations (no change from the half-year). On average, the analysts set their price target at EUR 25.68, following EUR 26.74 at the end of the first half and EUR 22.88 at the end of the first quarter.

DEVELOPMENT OF THE SHARE PRICE AND DAILY TURNOVER

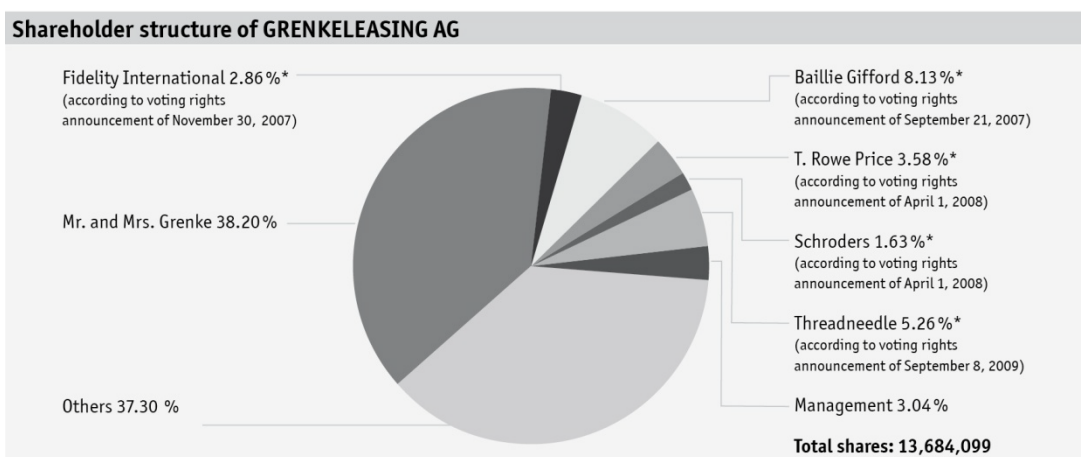


DIRECTORS' HOLDINGS

Shares held by managing board members					
	Wolfgang Grenke	Thomas Konprecht	Mark Kindermann	Michael Kostrewa	Dr. Uwe Hack
	Units	Units	Units	Units	Units
Status as per Sept. 30, 2009	4,916,619	330,730	52,053	27,500	5,000

Shares held by supervisory board members			
	Prof. Dr. Ernst-Moritz Lipp	Dieter Münch	Erwin Staudt
	Units	Units	Units
Status as per Sept. 30, 2009	21,000	75	1,000

SHAREHOLDER STRUCTURE



* Release according to Article 26, Section 1 of the WpHG (the German Securities Trading Act)
 As per: September 30, 2009

GRENKE GROUP GROWTH STRATEGY

In the acid test of the financial market crisis and recession, GRENKELEASING's business model proved it is crisis-resistant. Its flexibility allows the Company to find fast and adaptable solutions to each change on the market, both on the customer and refinancing side. We based our new business in the first half of fiscal year 2009 squarely on the criteria of profitability in order to place strict limits on risk. Market conditions have relaxed again noticeably, so over the course of the third quarter we focussed more intensively on driving growth – but without ignoring our strict consideration of risks.

Limiting risk in the first half of the year centred on existing business as well as on possibilities for expansion through new locations in our international markets. However, in the meantime we again realise both of the Group's strategic development paths with our current increased refocus on driving growth. For instance, we aim to take up our growth strategy again in fiscal year 2010 by adding new franchise partners and through cell divisions in international markets.

An important key component of our business model remains its ability to generate stable income even in times of highly volatile market conditions. This is reflected in the development of the CM2 in the current fiscal year. The stringent system for measuring the inherent risks of lease contracts that we have successfully developed over many years has therefore proven itself in an impressive way, especially in terms of securing sufficient risk cover in our pricing model. In addition, the business model and risk management did not have to be adapted to the new legal requirements for leasing companies laid down in the German Banking Act [*Kreditwesengesetz* (KWG)] and the German Minimum Requirements for Risk Management [*Mindestanforderungen an das Risikomanagement* (MaRisk)]. The transition to this new reporting and regulatory environment was seamless.

Not least of all, the most important result of our comprehensive system for risk measurement, also from the point of view of our shareholders, is that it generates a consistently high return on equity together with a strong equity base. This success is reflected in the capital market in the form of a consistently high rating and therefore the opportunity to exploit an extremely wide range of refinancing alternatives in a timely and reliable way.

With the acquisition of the private bank Hesse Newman & Co. AG in the first quarter, we significantly broadened our operating range on the capital market side and our customer side. Under the new name GRENKE BANK AG, our goal is to consolidate further its recognised strong position in the deposit business in a targeted fashion. Strong growth in deposits in the current year indicates that we are on a successful path here. In the future, GRENKE BANK will offer our small and medium-sized corporate customers a growing range of specialised banking and financial services products that should cover their typical needs as comprehensively as possible. Here, we are focussing on products for indirect sale or to which there is direct access on the Internet. Not least of all, this business expands our refinancing alternatives with an additional instrument which possesses a high level of stability and security, together with good growth opportunities.

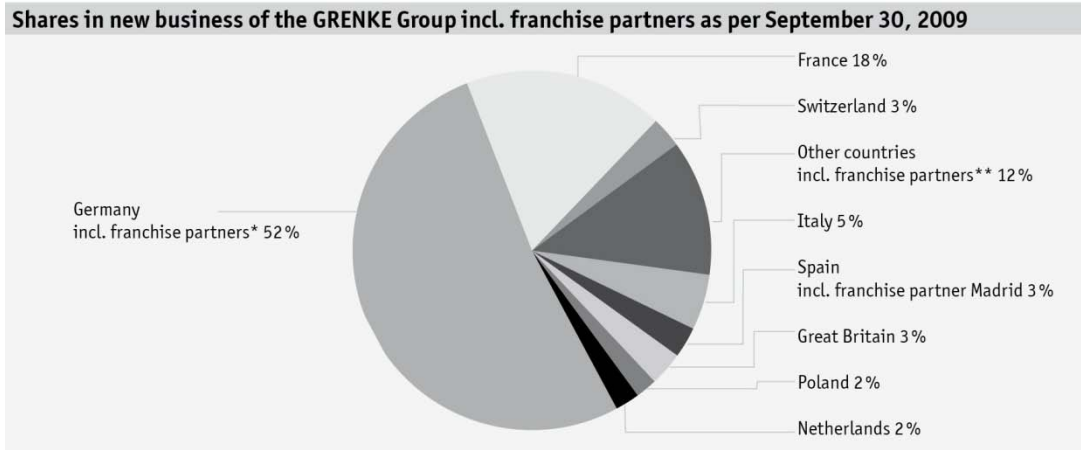
At present, we have more than 220,000 current contracts at the GRENKE Group including franchise partners. These provide us with effective, low-cost access to a large number of small and medium-sized corporate customers in Europe and thus significant sales potential which would not be economically possible for competitors without this access. We currently support this customer base particularly through a continually growing network of more than 14,000 specialist reseller partners, including over 7,000 in our international markets. The specialist reseller partners are dealt with directly by our decentralised sales or through our franchise partners.

We are also tapping a new market with our additional small-ticket factoring product. In this area, we offer our customers the opportunity of factoring smaller amounts as well. Other financial service providers do not usually have such services for cost reasons. With small-ticket factoring, we are further developing our business model in small-ticket IT leasing in an organic way.

As a general rule, we offer notification factoring: we take care of the entire receivables management, including the collection of receivables and any dunning letters to debtors. For small companies comprising our main target group, this is a significant additional service which relieves them of a substantial administrative burden. For us, notification factoring, as opposed to non-notification factoring, also means additional security against counterparty risk as debtors will only be discharged in respect to their payment obligations if they pay directly to us.

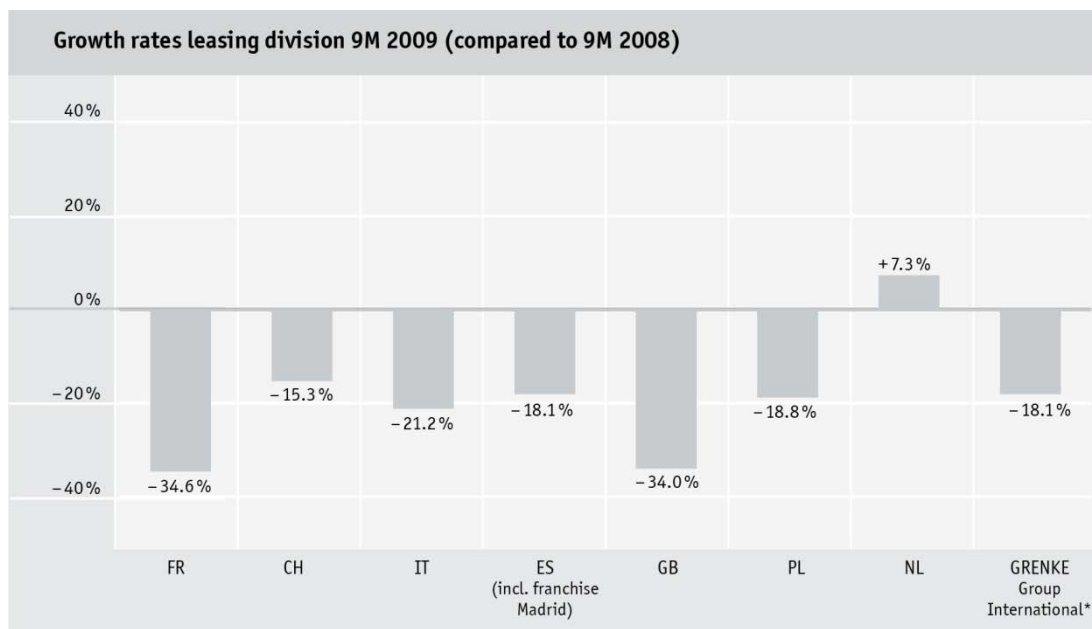
In Germany, factoring is still less common than in the rest of Europe, but is increasing significantly and is steadily developing into the third pillar of debt financing by companies in addition to bank loans and leasing. The general trend toward the use of factoring will be supported by the financial markets crisis as the banks will once again be much more restrictive in their lending. GRENKELEASING AG assumed these activities in the third quarter, which had previously been managed by a franchise partner. GRENKEFACTORING GmbH thus became a Group company. Business performance is described in the segment report.

EXPANSION IN EUROPE



* Carleasing

** Austria, Belgium, Czech Republic, Denmark, Finland, Hungary, Ireland, Norway, Portugal, Romania, Slovakia, Sweden



* incl. franchise partners

GRENKE GROUP LOCATIONS IN EUROPE



INTERIM MANAGEMENT REPORT

ECONOMIC ENVIRONMENT

Global sentiment and situation improved significantly in the summer months. Most industrialised countries recorded positive albeit low growth rates in the second and third quarters. This means most observers believe that the recession has now ended after the sharp economic downturn in the first quarter of 2009. However, the initial indications of a slow economic recovery are still flawed in that the recovery is not yet self-supporting in the majority of cases while also being supported almost exclusively by massive government aid programmes. For this reason, key sectors such as the automotive and industrial engineering industries especially in Germany are moving at an extremely low level.

Nonetheless, governments and institutions have raised their forecasts for the current and especially the coming year 2010. The German Federal Government and economic research institutes now expect a decline in German gross domestic product (GDP) in the current year of "only" 5.0 percent, following fears in spring of a collapse exceeding 6 percent. However, these feelings of optimism remain muted. For example, although the German Federal Government considers the German economy to be on the "road to recovery", autumn reports from economic institutes spoke of just a "gradual recovery" and increasing national debt. In addition, the main risk factors remain increasing unemployment and increasing company insolvencies.

REPORT ON THE RESULTS OF OPERATIONS

At the current time, we aim to expand our net interest income by increasing our CM2 margins, thus partially offsetting the impact from increasing claims in the current recession. Correspondingly, we achieved a significant increase in net interest income in the nine-month period as a result of higher interest income and a smaller increase in refinancing expenses. The increase, albeit a somewhat weaker one, also continued in the third quarter. As interest income in the reporting quarter was largely stable, our favourable refinancing through the bank's customer deposits and the low interest level due to declining spreads were key factors contributing to these results.

In a recession like the current one, in which general economic growth rates plunge drastically in a very short space of time, the readjustment of the margins does not take effect quickly enough to completely offset the increase in claims in the short term. As a result, we suffered a 12.3 percent year-on-year decline in net interest income after settlement of claims and risk provisioning to EUR 31.7 million in the nine-month period and a decline of 22.8 percent in the third quarter to EUR 9.7 million. Even though this – for the current economic period typical – increase in claims is extremely unsatisfactory, our current loss rate of 1.8 percent is still very close to our long-term average default rate of 1.5 percent. To date, it has also not exceeded the high point of the last recession.

In addition, the diversification of our source of income has proved successful. Taken together, contributions from the insurance business, new business and disposals lessened the decrease in operating income overall, i.e. after settlement of claims to 8.9 percent in the nine-month period and to 13.7 percent in the third quarter of 2009. All in all, the Group generated operating income of EUR 64.8 million in the nine-month period (EUR 71.1 million in the previous year's period) and EUR 20.6 million in the reporting quarter (EUR 23.9 million in the third quarter of 2008).

Effective 12 February of the reporting year, GRENKELEASING AG acquired all the shares in the Hamburg-based private bank Hesse Newman & Co. AG (now "GRENKE BANK AG"). GRENKELEASING AG also acquired all the shares in GRENKEFACTORING GmbH, which had previously been operating as a franchise partner, on 19 August of the reporting year. The two companies did not make significant contributions to operating income as a whole or to the individual earnings items in the nine-month period.

However, both companies are currently still in the red in terms of profit before taxes. Since being acquired, GRENKE BANK AG has negatively impacted pre-tax profit by EUR 1.0 million. However, the company already significantly reduced its losses from EUR 0.4 million in the second quarter to EUR 0.2 million in the third quarter of 2009. Pre-tax losses of EUR 0.2 million were attributable to GRENKEFACTORING GmbH in the third quarter.

Adjusted for the impact of these two companies, operating costs were reduced in third quarter of 2009 as compared with the second quarter. The positive effects that we generate on the cost side when we decrease the speed of our growth and temporarily suspend cell division are clearly apparent here.

Overall, there was thus a year-on-year decrease in profit before taxes from EUR 35.3 million to EUR 27.4 million for the 2009 nine-month period, and a year-on-year decrease from EUR 12.2 million to EUR 8.7 million for the third quarter. Net profit for the period fell year-on-year from EUR 24.9 million to EUR 19.6 million for the nine-month period, and from EUR 8.6 million to EUR 6.5 million for the reporting quarter.

Report on the Development of the Segments

The Group divides its activities into the following segments: Leasing Business, Banking Business and Factoring Business. All activities which were managed by GRENKELEASING AG and its subsidiaries prior to the takeover of GRENKE BANK AG and GRENKEFACTORING GmbH now form part of the Leasing business. In managing the Leasing business, the Group is aligned essentially to the individual regions/countries. The Leasing Business segment is thus a grouping of several reportable regional segments divided into Germany, France, Italy, Switzerland and Other Countries. Banking Business consists of the activities of GRENKE BANK AG, while the Factoring segment contains the activities of GRENKEFACTORING GmbH.

With operating segment income of EUR 63.9 million following EUR 71.1 million in the previous year, and a segment result of EUR 28.9 million following EUR 35.3 million, the Leasing Business segment generated the majority of the GRENKELEASING AG Group's income and results in the first nine months of 2009. Banking Business and Factoring Business are still relatively small units within the Group. Comments on the Group's results performance which were shown in the previous chapter (Report on the Results of Operations) relate in a similar way to the reportable Leasing Business segments.

Increasing claims have been recorded in all regional markets of the Leasing Business and impact its overall result. Even in Germany, where the corresponding segment result still solidified at a high level in the first half of the year against the background of a relatively robust labour market, there is a noticeable decline in the results and the margin after the first nine months. In contrast, our extremely high level of new business in Italy in the past is now reflected in the corresponding segment figures. In the first nine months of 2009, income increased year-on-year from EUR 2.7 million to EUR 3.9 million, while the margin grew from 26.2 percent in the prior-year period to 39.2 percent currently.

The operating segment income from the Banking Business amounted to EUR 0.9 million since the initial consolidation of GRENKE BANK, while the segment result was EUR -1.0 million. This figure of EUR -0.2 million is a significant improvement on the previous quarter result of EUR -0.4 million. As expected, the quite recently established Factoring Business is not yet profitable. Since the initial consolidation of GRENKEFACTORING GmbH, the segment result amounted to EUR -0.2 million.

We will expand business in this segment in a risk-conscious way and gradually grow it in the coming years to a size that allows costs to be covered as well as an attractive margin. As at 30 September 2009, factoring business totalled EUR 36.8 million, while at the time of initial consolidation the fair value of the receivables was EUR 2.6 million, remaining at this level as at the reporting date. This means the takeover of this former franchise business does not significantly change the Group's risk position as a whole.

Due to the challenging nature and various imponderables of 2009, we managed new business in the Leasing Business segment in a very differentiated manner. Overall, in the first nine months of the year we scaled back new business in a targeted manner by 25.0 percent to EUR 278.3 million. At the same time, we grew the CM2 margin from 15.1 percent in the previous year to 19.6 percent currently.

Following restrictive management at the beginning of the year, we began steering the entire Group towards growth in the reporting quarter. Against the background of the ongoing recessive development of the economy as a whole, we are also continuing to focus on limiting risk. Accordingly, we again generated a CM2 margin of 19.6 percent in the third quarter.

Third-quarter new business increased significantly in the following markets in particular: our largest international market France (+14.3 percent as compared with the prior quarter), Italy (+3.7 percent), Poland (+14.4 percent), the Netherlands (+14.8 percent), Switzerland (+16.0 percent), and the United Kingdom (+52.3 percent). Overall, the decline in new business in the Leasing Business segment in the third quarter fell slightly as compared with the first half to -23.1 percent. This trend is expected to continue in the fourth quarter.

REPORT ON THE FINANCIAL POSITION AND NET ASSETS

In examining the development of the GRENKELEASING AG Group's balance sheet, the changes resulting from the first-time consolidation of GRENKE BANK must be taken into account. In particular, the Group is now reporting substantial deposits business. We are rapidly and rigorously developing this into a key pillar of refinancing. Thus we increased short-term and long-term deposits by EUR 31.0 million to EUR 107.9 million in the reporting quarter.

In addition, we placed a four-year bond of EUR 100 million and concluded a fourth ABS programme with a volume of EUR 150 million. Thus we again fully utilised all the components of our financing portfolio for the first time since the financial crisis began. As at the reporting date, the Group had a strong level of liquid funds totalling EUR 99.3 million, as compared with EUR 77.0 million as at the end of fiscal year 2008.

As total assets remained virtually unchanged in the nine-month period, the equity ratio continued to improve to an extremely comfortable 17.7 percent after 16.9 percent as at the end of fiscal year 2008. Leasing receivables decreased slightly due to the expiration of earlier agreements and scaled-down new business.

We experienced major inflows of refinancing funds in the first nine months of the current fiscal year. This was offset by high repayments, especially in the second quarter, for the scheduled repayment of two bonds with a volume amounting to EUR 125 million. Overall, our cash flow reflects our strict management of funding requirements in line with actually required refinancing.

After adjusting net profit for non-cash items and changes in lease receivables, the Group generated EUR 13.4 million of cash (EUR 57.8 million in the previous year) in the first nine months of the year. Loans to franchisees increased by EUR 10.9 million after EUR 13.1 million in the previous year. After the repeated increase of other assets, as has been reported several times, they have now decreased by EUR 19.0 million, contributing to an inflow of funds from the change in other assets and liabilities of EUR 3.3 million, while there were cash outflows of EUR 23.1 million last year. Net cash flow from operating activities was therefore EUR 5.8 million after EUR 21.6 million in the previous year. After taxes and interest, this figure was EUR 5.2 million (previous year: EUR 16.4 million).

Cash flow from investing activities amounted to EUR 31.4 million in net terms, primarily due to the cash inflow from the acquisition of GRENKE BANK in the first quarter of 2009, as well as low payments for the acquisition of equipment. The acquisition of the factoring business also generated a (low) cash inflow of EUR 0.3 million. In the previous year, there had been an overall outflow of EUR 8.6 million, particularly as a result of the acquisition of the two former franchise companies in the United Kingdom and Poland in the first quarter of 2008.

Cash flow from financing activities in the amount of EUR -11.5 million in the nine-month period as compared with EUR -8.7 million in the first nine months of 2008 results primarily from dividend payments and a reduction in bank liabilities by EUR 3.3 million in the reporting period. Total cash flow increased to EUR 25.1 million in the first months (previous year: EUR -0.9 million).

REPORT ON FORECASTS AND THE OUTLOOK FOR THE GROUP

Opportunities and Risks

The following opportunities and risks report relates to both the Group and the segments. The risks affecting the GRENKELEASING AG Group which were described in the 2008 Annual Report are still relevant. No additional risks have emerged which relate to this group of risks.

The takeover of the private bank Hesse Newman & Co. AG (renamed GRENKE BANK AG effective 7 May 2009) in the first quarter of 2009 (effective 12 February) results in additional risks but also opportunities for the GRENKELEASING AG Group from the traditional banking business which is GRENKE BANK's focus. The risks chiefly relate to risk provisioning for the portfolio of loans and advances and punctual repayment of liabilities from deposits business. However, this also provides the GRENKELEASING AG Group with opportunities on the refinancing side, which are among the most important aspects of the rationale for the acquisition. The factoring activities acquired in the third quarter of 2009 which had previously been managed by a franchise partner within the Group have not yet had a significant impact on the Group's risk profile. As most of these activities pertain to small-ticket factoring with comparatively small individual amounts mainly in the form of notification factoring, this business's risk is limited in an efficient way.

As already stated in the report on the second quarter, the assumption of leasing companies into the scope of the German Banking Act [*Kreditwesengesetz* (KWG)] and Deutsche Bundesbank's and BaFin's Minimum Requirements for Risk Management [*Mindestanforderungen an das Risikomanagement* (MaRisk)] has consequences for the GRENKELEASING AG Group with regard to restructuring its accounting and preparing the annual financial statements and the audit of the annual financial statements, which must satisfy the reporting obligations required by the KWG and MaRisk.

These restructuring measures were carried out in line with the requirements and they will be implemented in regard to the 2009 Annual Financial Statements. We also fulfil additional reporting obligations as part of the requirements already formulated by Deutsche Bundesbank and BaFin. However, matters are still under discussion in this area. As described in detail in the 2008 Annual Report, the GRENKELEASING AG Group has a fully developed, well-proven internal risk management and control system and has developed transparent and clearly documented regulations for managing, monitoring and controlling risks. As such, the Group already fulfilled many of the requirements of MaRisk, meaning that no major changes to the risk management and control system have been made so far. The individual risk classes are differentiated based on:

- ▶ market risks (interest rate risks, currency risks)
- ▶ counterparty risks (credit risks, forced sale risks)
- ▶ liquidity risks (payment obligations, refinancing)
- ▶ operational risks (qualification at all levels, organisational/operating, technical risks including IT risks) and
- ▶ legal risks (particularly contractual risks).

The risk of a decline in investments by our target customers due to the global recession and a corresponding fall in demand for leasing finance did not materialise during the first three quarters of the fiscal year – in fact, lease applications continued to increase. Regardless of this, we are still experiencing increasing claims, in particular relating to insolvencies. This reflects the increase in the loss rate from an admittedly low starting point of 1.2 percent to 1.7 percent in the first half and 1.8 percent in the nine-month period.

However, these figures still fluctuate very close to our long-term average default rate of 1.5 percent. As we exercised restrictive management regarding new business in the first half of the year, the average expected future default rate was reduced.

Admittedly, the financial market crisis led to general marked restraint among market players in providing refinancing funds. However, the considerably increased refinancing volume in the current fiscal year as against the comparable prior-year period did not present any significant problems. We also took advantage of our opportunities by utilising different forms of financing. For example, our main concentration in the first half of the year continued to be issuing promissory note loans.

However, our three-year bond with a volume of EUR 100 million and a coupon of 6.125 percent was oversubscribed more than twice and successfully placed at the lower end of its price range in August 2009. This underlined the fact that GRENKELEASING AG also has placement power on the credit market. In the first three quarters of 2009, a total of EUR 270 million (EUR 170 million in the first half) was either placed on the market by the Group for the first time or obtained by extending the duration of existing loans. This was offset by bond repayments in the first half of 2009 from our debt issuance programme (DIP) in the amount of EUR 125 million, which were made largely out of own funds.

An asset-backed commercial paper programme (ABCP) with Landesbank Baden-Württemberg amounting to EUR 150 million was launched in July of 2009 and utilised for the first time after the reporting date. This new ABCP programme extends our range to four programmes with different banks. There is a total refinancing reserve of EUR 378 million as at the reporting date from the unutilised refinancing lines from the asset backed commercial paper programme (ABCP) of EUR 278 million (42 percent of the total volume) existing as at the end of the quarter on 30 September as well as from unutilised lines from existing revolving credit facilities. Further available refinancing possibilities from traditional banking business since the acquisition and integration of GRENKE BANK AG are not yet included here.

As before, the risk of increasing interest rates continues to be of significance to the results performance. In particular, in view of the extreme global increase in liquidity we are expecting a more favourable economic development to be accompanied by increased inflation, leading to a rise in interest rates. With regard to refinancing lease receivables, the Group is subject to interest rate risks only to a limited extent, since the refinancing – if subject to a floating rate – is hedged using derivatives. Despite the financial market crisis, the necessary instruments were and are available at appropriate prices from suitable partners. However, in new business risks due to changes in interest rates and spreads can arise. The time lag with which we pass on interest rate changes to customers therefore has a temporary impact on profitability of new business.

So far, we successfully passed on the overall increase in refinancing costs of our new business resulting from the expansion of the interest rate spread on capital markets, even though the spreads have now narrowed significantly again. As it was possible to pass on these costs and due primarily to the decidedly risk-oriented price policy, especially in the first half of the year, we increased our CM2 margin in new leasing business in the Group by 4.5 percentage points in the first three quarters of 2009 to 19.6 percent, after 15.1 percent in the prior-year period.

The market change which had already been observable for some time continued in the reporting quarter – whereby banks tended to move away from leasing business in order to reduce their equity requirements. This works very much in our favour. Because interest rates are being held at a very low level due to the high levels of liquidity being provided by central banks worldwide and because interest rate spreads have again narrowed significantly, the fundamental interest rate sensitivity risk in our business model has recently declined noticeably.

Currency risks tend to arise from refinancing our subsidiaries and franchise partners outside the euro zone. Where economically appropriate, we hedge these using derivatives. The financial products necessary to our business are still available with sufficient liquidity from suitable contractual partners. It must be taken into account that the contractually agreed payment schedule of a lease

contract and the cash flow of a lease portfolio are hedged using derivatives. However, with current new business volume of EUR 39 million in the first nine months of 2009, in times of above-average currency volatility slight variations such as early repayments or cancellations and delays in instalments, for example as a result of unfavourable bank processing periods, may accumulate negatively across the whole portfolio. This can result in an observable negative impact on results, particularly on a quarterly basis.

Anticipated Development of Business

Over the course of fiscal year 2009, we adapted our management processes to the changed economic conditions: By increasing our CM2 rate and limiting risks in new business, we took account of the economic decline in the current year and the only hesitant recovery expected in the future. Our substantial additional refinancing volume not only gives us scope for future growth, but at the same time expands the range of instruments available to us in the form of the highly attractive component of bank deposits. We thus have access to a form of refinancing largely independent of the state of the capital markets, one which can be closely controlled in line with the development of new business via the interest rate we offer on deposits.

On the whole, we have strengthened our strategic position and increased our competitive strength so that we can now turn towards further expanding the Group in 2010. Going forward, we can grow at full speed, limited only by our own premises for the CM2 margin and limiting risk in our receivables portfolio.

We expect no major changes in business development in the remaining months of the current fiscal year as compared with the first nine months. Against the background of sharp decline in the European gross national product in 2009, claims will continue to have a significant negative impact. This is true even despite the recent economic recovery, because insolvencies usually do not peak until the end of a recession. The increased contribution margins from new business partially offset this trend. At the same time, there has been a smaller increase in operating costs because we have temporarily slowed our expansion in Europe in the current fiscal year.

Overall, we anticipate development in line with our previous expectations and thus earnings after taxes in the region of EUR 25 to EUR 28 million.

CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO SEPTEMBER 30, 2009

EURk	3-month report		9-month report	
	July 1, 2009 to Sept. 30, 2009	July 1, 2008 to Sept. 30, 2008	Jan. 1, 2009 to Sept. 30, 2009	Jan. 1, 2008 to Sept. 30, 2008
Interest and other income from financing business	27,982	28,256	85,907	81,669
Expenses from interest on refinancing and on deposit business	10,112	11,080	31,891	30,828
Net interest income	17,870	17,176	54,016	50,841
Settlement of claims and risk provision	8,169	4,614	22,277	14,640
Net interest income after settlement of claims and risk provision	9,701	12,562	31,739	36,202
Profit from insurance business	5,065	5,027	14,684	14,625
Profit from new business	5,405	6,135	17,037	18,398
Profit from disposal	462	187	1,322	1,862
Income from operating business	20,633	23,911	64,782	71,087
Personnel expenses	7,098	7,049	21,958	20,253
Depreciation	708	538	2,187	2,050
Selling and administration expenses (excl. personnel expenses)	5,110	4,012	14,691	12,510
Other operating expenses	333	488	1,186	1,803
Other operating income	1,170	413	2,894	831
Profit / loss from operating business	8,554	12,237	27,654	35,301
Expenses / income from the fair value measurement	-29	0	-251	0
Other interest income	492	176	966	585
Other interest expenses	296	177	1,016	569
Earnings before taxes (EBT)	8,721	12,236	27,353	35,317
Income taxes	-1,986	3,368	13,921	10,662
Deferred taxes	4,257	261	-6,128	-292
Net profit for the period	6,450	8,607	19,560	24,947
Earnings per share (basic) in EUR	0.47	0.63	1.43	1.82
Earnings per share (diluted) in EUR	0.47	0.63	1.43	1.82
Average shares outstanding (basic)	13,684,099	13,684,099	13,684,099	13,684,099
Average shares outstanding (diluted)	13,684,099	13,684,099	13,684,099	13,684,099

STATEMENT OF COMPREHENSIVE INCOME FROM JANUARY 1 TO SEPTEMBER 30, 2009

EURk	3-month report		9-month report	
	July 1, 2009 to Sept. 30, 2009	July 1, 2008 to Sept. 30, 2008	Jan. 1, 2009 to Sept. 30, 2009	Jan. 1, 2008 to Sept. 30, 2008
Net profit for the period	6,450	8,607	19,560	24,947
Allocation / reduction of the hedging reserve	282	-1,429	-798	-339
Allocation / reduction of the reserve for actuarial profits and losses	22	0	-16	-55
Currency translation adjustment	806	42	57	1,201
Other comprehensive income (net of tax)	1,110	-1,387	-757	807
Total comprehensive income	7,560	7,220	18,803	25,754

CONSOLIDATED BALANCE SHEET AS PER SEPTEMBER 30, 2009

EURk	Sept. 30, 2009	Dec. 31, 2008
Assets		
Current Assets		
Cash	99,311	77,012
Financial instruments with positive market value (short term portion)	2,254	3,655
Lease receivables	451,252	438,868
Other current financial assets	65,495	32,047
Trade receivables	7,163	5,955
Lease assets for sale	13,845	12,151
Tax receivables	845	5,211
Other current assets	14,633	18,949
Total current assets	654,798	593,848
Non-current assets		
Lease receivables	658,270	704,350
Financial instruments with positive market value (long term portion)	1,476	3,438
Other non-current financial assets	74,006	89,360
Property, plant and equipment	36,410	35,714
Goodwill	10,984	8,239
Other intangible assets	2,475	2,296
Deferred tax assets	15,833	17,442
Other non-current assets	300	710
Total non-current assets	799,754	861,549
Total assets	1,454,552	1,455,397

CONSOLIDATED BALANCE SHEET AS PER SEPTEMBER 30, 2009

EURk	Sept. 30, 2009	Dec. 31, 2008
Liabilities and equity		
Liabilities		
Current liabilities		
Refinancing liabilities	215,524	441,847
Liabilities from deposit business	78,159	0
Short-term debt	2,201	4,692
Financial instruments with negative market value (short term portion)	6,028	4,350
Trade payables	5,869	8,466
Tax liabilities	12,093	3,101
Deferred liabilities	3,116	2,310
Other current liabilities	7,160	5,465
Deferred lease payments	61,571	70,217
Total current liabilities	391,721	540,448
Non-current liabilities		
Refinancing Liabilities	727,024	609,218
Liabilities from deposit business	29,771	0
Long term debt	6,499	7,819
Financial instruments with negative market value (long term portion)	1,147	1,084
Deferred tax liabilities	39,486	47,768
Pensions	1,350	90
Other non-current liabilities	547	2,556
Total non-current liabilities	805,824	668,535
Equity		
Capital stock	17,491	17,491
Capital reserve	60,166	60,166
Retained earnings	84,985	5,317
Other components of equity	-4,913	-4,156
Balance sheet profit	99,278	167,596
Total equity	257,007	246,414
Total liabilities and equity	1,454,552	1,455,397

CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO SEPTEMBER 30, 2009

EURk	Jan. 1, 2009 to Sept. 30, 2009	Jan. 1, 2008 to Sept. 30, 2008
Earnings before taxes	27,353	35,317
Non-cash items contained in net profit for the period and reconciliation to cash flow from operating activities		
+ / - Amortisation / depreciation	2,187	2,050
- / + Profit / loss from the disposals of equipment and intangible assets	8	63
- / + Investment income	50	-16
- / + Non-cash changes in equity	-935	803
+ / - Increase / decrease in other provisions	-302	641
- Additions of lease receivables	-304,645	-392,494
+ Payments by lessees	352,235	333,089
+ Disposals / reclassifications of lease receivables at residual carrying values	81,697	69,907
- Interest and other income from financing business	-85,907	-81,669
- Increase in other receivables from lessees	-8,649	-3,833
+ / - Currency translation differences	-1,036	-1,105
= <i>Change in lease receivables</i>	<i>33,695</i>	<i>-76,105</i>
+ Additions of liabilities from refinancing	956,264	840,435
- Payment of annuities to refinancers	-209,603	-176,331
- Disposal of liabilities from refinancing	-886,188	-601,095
+ Expenses from interest on refinancing and on deposit business	31,833	30,720
+ / - Currency translation differences	-823	1,299
= <i>Change in refinancing liabilities</i>	<i>-108,517</i>	<i>95,028</i>
+ Change in liabilities from deposit business	59,892	0
- Change in loans to franchisees	-10,903	-13,073
Changes in other assets / liabilities		
- / + Increase / decrease in other assets	18,967	-24,034
+ / - Increase / decrease in deferred lease payments	-8,646	7,827
+ / - Increase / decrease in other liabilities incl. pensions	-7,006	-6,932
= Cash flow from operating activities	5,843	21,569

Continued on next page

**CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO SEPTEMBER 30, 2009
 CONTINUED**

EURk	Jan. 1, 2009 to Sept. 30, 2009	Jan. 1, 2008 to Sept. 30, 2008
- / + Taxes paid / received	-564	-5,155
- Interest paid	-1,016	-569
+ Interest received	966	585
= Net cash flow from operating activities	5,229	16,430
- Purchase of equipment and intangible assets	-819	-1,409
+ / - Acquisition of subsidiaries (net of cash acquired)	32,139	-7,544
+ Proceeds from sale of equipment and intangible assets	111	315
= Cash flow from investing activities	31,431	-8,638
+ / - Raising / repayment of bank liabilities	-3,306	-521
- Dividend payment	-8,210	-8,210
= Cash flow from financing activities	-11,516	-8,731
Cash funds at the beginning of the period		
Cash on hand and balances with banks	77,012	53,395
- Bank liabilities from overdrafts	-3,593	-4,604
= Cash and cash equivalents at the beginning of the period	73,419	48,791
+ / - Change due to currency translation	-153	-72
= Cash funds after currency translation	73,266	48,719
Cash funds at the end of the period		
Cash on hand and balances with banks	99,311	54,623
- Bank liabilities from overdrafts	-901	-6,843
= Cash and cash equivalents at the end of the period	98,410	47,780
Change in cash and cash equivalents during the period (=Total cash flows)	25,144	-939
Net cash flow from operating activities	5,229	16,430
+ Cash flow from investing activities	31,431	-8,638
+ Cash flow from financing activities	-11,516	-8,731
= Total cash flow	25,144	-939

STATEMENTS OF CHANGES IN CONSOLIDATED EQUITY

EURk	Capital stock	Capital reserve	Retained earnings	Hedging reserve	Reserve for actuarial profits and losses	Currency translation	Total equity
Equity as per Jan. 1, 2008	17,491	60,166	147,980	1,200	-62	-608	226,167
Total comprehensive income			24,947	-339	-55	1,201	25,754
Dividend in 2008 for 2007			-8,210				-8,210
Equity as per June 30, 2008	17,491	60,166	164,717	861	-117	593	243,711
Equity as per Jan. 1, 2009	17,491	60,166	172,913	-3,379	-66	-711	246,414
Total comprehensive income			19,560	-798	-16	57	18,803
Dividend in 2009 for 2008			-8,210				-8,210
Equity as per June 30, 2009	17,491	60,166	184,263	-4,177	-82	-654	257,007

The Group divides its activities into the Leasing, Bank and Factoring segment. All activities which were managed by GRENKELEASING AG and its subsidiaries previous to the takeover of GRENKE BANK AG and GRENKEFACTORING GmbH are now part of the Leasing business. In managing the Leasing business, the Group is essentially aligned to the individual regions/countries. The Leasing segment is thus a grouping of several operating segments which are defined by the countries/group of countries Germany, France, Italy, Switzerland and Other Regions and which together make up the Leasing reportable segment. The Banking business consists of the activities of GRENKE BANK AG. The Factoring business consists of the activities of GRENKEFACTORING GmbH.

[illegible]

The segment information was calculated as follows:

- ▶ The operating segment revenues consist of net interest income after settlement of claims and risk provisioning, profit from insurance business, profit from new business and the segments' realisation surplus.
- ▶ The segment result is calculated as an operating result before taxes.
- ▶ Segment assets are operating assets excluding tax assets.

SELECTED EXPLANATORY NOTES

ACCOUNTING POLICY

The interim reporting of GRENKELEASING AG (hereafter referred to as "Company") as at September 30, 2009 meets the requirements of the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB) and assumed by the EU, as did the consolidated financial statements of December 31, 2008.

The regulations of IAS 34 on interim reporting were applied accordingly. All interim financial statements of the companies included in GRENKELEASING AG's consolidated financial statements have been prepared using uniform accounting policies.

Because interim reporting is based on the consolidated financial statements, information on this can be found in the accounting and consolidation policies as described in detail in the notes to the consolidated financial statements of December 31, 2008.

The accounting policies used are the same as those used in the previous year. Exceptions resulting from the application of new standards/changes in disclosures due to acquisition are described below.

CHANGES IN DISCLOSURES

The format of the balance sheet and of the income statement was adjusted in the first quarter of 2009 mainly due to the acquisitions of GRENKE BANK AG (previously "Hesse Newman & Co. AG") and of GRENKEFACTORING GmbH in the third quarter and in order to improve clarity and informational content. Some items were reclassified/introduced for the first time. Wherever the figures for the previous year were affected, these were adjusted accordingly.

The following adjustments were made in the income statement. The figures for the previous year were not altered for any of the items concerned, since generally the adjustments involved clarifications of terms.

- ▶ The "Interest and other income from financing business" item replaces the previous term "Interest income from leasing business". Alongside interest income from leasing, interest income from the lending business of the acquired bank was also included here as well as fees from the factoring business.
- ▶ "Interest expense from refinancing the lease business" was renamed "Expense from interest on refinancing and on deposit business".
- ▶ "Net interest income" includes the entire Group net interest income and the previous "Net interest income from leasing business".
- ▶ "Settlement of claims" was renamed "Settlement of claims and risk provisioning" and includes settlement of claims from leasing and factoring business and risk provisioning for the portfolio of loans and advances in banking activities.

The following changes appear in the balance sheet:

- ▶ "Cash" includes all cash assets, cash in accounts at central banks and all cash in bank accounts. This does not affect the figures for the previous year.
- ▶ Loans and advances to customers and receivables from the factoring business are included under other financial assets.
- ▶ Both "Financial instruments with a positive market value" on the assets side and "Financial instruments with a negative market value" on the liabilities side are divided into current and non-current categories. The figures for the previous year were adjusted accordingly.

- ▶ "Liabilities from deposit business" was introduced for the first time. This item consists of liabilities due to customers from GRENKE BANK AG deposit business. The figure for the previous year is thus zero.
- ▶ "Pensions" are now shown in a separate line and are eliminated accordingly from "Other non-current liabilities". The figure for the previous year was adjusted accordingly to show pensions at EUR 1,350k.

MANDATORY NEW ACCOUNTING STANDARDS

In recent years, the IASB has published various different amendments of IFRSs and new IFRSs as well as International Financial Reporting Interpretations Committee interpretations (IFRICs). The following section describes those of the provisions mandatory as of January 1, 2009 which are relevant or potentially relevant to GRENKELEASING, as well as their effects on the consolidated financial statements. Changes in the IFRS not explicitly mentioned here are not relevant to the Company's financial statements. However, this does not have any effect on accounting.

- ▶ IAS 1 "Presentation of financial statements" was published in September 2007 and is operative for the first time for the reporting period beginning on or after January 1, 2009. The new version of the standard includes significant changes in the presentation and reporting of financial information in financial statements. From now on, only transactions relating to equity holders acting in their capacity as equity holders are to be reported in the statement of changes in equity. Other changes in equity are to be shown in an "Overall statement of total income".
- ▶ IFRS 8 "Operating segments" was published in November 2006 and is operative for the first time for fiscal years beginning on or after January 1, 2009, replacing IAS 14 "Segment reporting". IFRS 8 requires reporting on financial and descriptive information relating to companies' reportable segments. Reportable operating segments are components of a company or groupings of operating segments in line with certain criteria. In particular, for these segments financial information must be available which is reviewed on a regular basis by the company's highest management committee in order to measure and evaluate business success. The financial information should be reported on the basis of internal management, since IFRS 8 follows the so-called "management approach".
- ▶ The amendments to IAS 32 "Financial instruments: Presentation" and IAS 1 "Presentation of financial statements" were issued on February 14, 2008 and become effective for fiscal years beginning on or after January 1, 2009. This did not result in any changes in the financial statements.
- ▶ On May 22, 2008, the IASB published changes to existing standards for the first time as part of an annual procedure ("Improvements to IFRS 2008"). The primary aim of the collective standard is to remedy inconsistencies and to clarify formulations. The changes are mandatory for fiscal years beginning on or after January 1, 2009. The following section describes only those standards which affect the financial statements. Specifically, the following standards are affected. Unless explicitly stated, the Group does not expect any effects as a result of the relevant application:
 - IAS 1 "Presentation of financial statements": In accordance with IAS 39 "Financial instruments: recognition and measurement", assets and liabilities which are classified as held for trading are not automatically classified as current in the balance sheet. As a result, derivatives are recognised under non-current financial instruments in the balance sheet.
 - IAS 36 "Impairment of assets": Where the "fair value less costs to sell" is calculated based on a discounted cash flow model, additional disclosures on the discount rate are required in line with obligatory disclosures when a discounted cash flow model is used in determining the "value in use". This change does not have a direct effect on consolidated financial statements, since the recoverable amount of the Group's cash-generating entities is currently calculated based on the "value in use".
 - IAS 8 "Accounting policy, changes in estimates and errors": It is clarified that only guidance which constitutes an integral part of the IFRS is mandatory when selecting accounting policies.

- IAS 34 "Interim reporting": When an entity is within the scope of IAS 33, the presentation of earnings per share in the interim report is provided.
- IAS 39 "Financial instruments: recognition and measurement": After initial recognition, due to changed circumstances derivatives can be designated as "at fair value through profit and loss" or removed from this category because it is not a reclassification in line with IAS 39. In IAS 39 the reference to "segment" in relation to the judgement as to which an instrument qualifies as a hedging instrument is deleted. The use of the recalculated effective interest rate is required when a debt instrument is revalued after ending the fair value hedge accounting for hedging the fair value.

NEW ACCOUNTING STANDARDS WITH VOLUNTARY APPLICATION/STANDARDS WHICH HAVE NOT YET BEEN ENDORSED BY THE EU

Apart from the IFRSs whose application is mandatory, the IASB has also published other IFRSs and IFRICs, some of which have already received EU endorsement but which will only become mandatory at a later date. Below, only those standards and interpretations which could be relevant for GRENKELEASING AG and which were not presented in the consolidated financial statements as at December 31, 2008 are described. Voluntary early application of these standards is explicitly permitted/recommended. GRENKELEASING AG is not exercising this option.

IFRIC Interpretation 18 was published in January 2009 and is operative for the first time for the reporting period beginning on or after July 1, 2009. This interpretation provides guidance on the recognition of arrangements whereby an entity receives an item of property, plant or equipment or cash from a customer which the company must then use e.g. to connect the customer to a network and/or to provide the customer with ongoing access to a supply of goods or services. The interpretation particularly comments on the criteria for recognition of customer contributions and the time and extent of revenue recognition from such transactions. This interpretation is to be applied prospectively.

"Improvements to IFRSs" was published by the IASB on April 16, 2009. It is the second standard published as part of the Annual Improvements Process (AIP) project. Improvements to IFRSs include 15 different changes to twelve existing IFRSs. In addition to the changes proposed in the exposure draft "Proposed improvements to IFRSs" in August 2008, these Improvements to IFRSs include five further changes, some of which were issued to the public for comment as part of the first improvements exposure draft "Proposed improvements to IFRSs" in October 2007, and others as part of the exposure draft "ED/2009/1" published at the end of January 2009. By grouping these changes together in a single document, the IASB intends to reduce the expense for all involved.

The revised version of IFRS 3 "Business Combinations" (IFRS 3R) published in January 2008 by the IASB and the amended version of IAS 27 "Consolidated and Separate Financial Statements" (IAS 27R) have been adopted into European law by the EU and will become obligatory for the Group as of January 1, 2010.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" was adopted into European law on June 5, 2009. This has no effect on the consolidated financial statements.

On June 19, 2009, the IASB published an amended version of IFRS 2 "Share-based Payment". The revised Standard is operative for the first time for fiscal years beginning on or after January 1, 2010. In addition to a few clarifications, the IASB in particular incorporated IFRIC 8 "Scope of IFRS 2" and IFRIC 11 "IFRS 2 Group and Treasury Share Transactions" into IFRS 2.

IASB amendments to IFRIC 9 "Reassessment of Embedded Derivatives" and IAS 39 "Financial Instruments: Recognition and Measurement" were published in March 2009 under the name "Embedded Derivatives". According to these amendments, a company must assess to what extent a derivative embedded in a host contract can be separated from the contract on reclassification of the entire financial instrument out of the 'at fair value through profit or loss' category. If the fair value of a derivative to be separated cannot be calculated, the entire financial instrument cannot be reclassified. These provisions mandatory for fiscal years starting after June 30, 2009 had no effect on the consolidated financial statements.

ACQUISITIONS IN FISCAL YEAR 2009

Business combinations are recognised using the purchase method of accounting. Goodwill is initially measured at cost which is the excess of the purchase price over the fair value of the identifiable assets and liabilities of the acquired entity as of the date of acquisition plus the directly attributable acquisition costs.

After initial recognition, all goodwill is tested for impairment at least once a year pursuant to IAS 36 to prove its adequate valuation (impairment-only approach). This regular impairment test is conducted in the third quarter of each year on the basis of the six-month figures. If there are indications that goodwill might be impaired, more frequent tests must be conducted in addition to the mandatory annual impairment test.

Effective February 12, 2009, GRENKELEASING AG acquired all of the shares in the Hamburg-based private bank GRENKE BANK AG, which at that time was still operating as "Hesse Newman & Co. AG". In accordance with the requirements of the purchase agreement, the date of purchase/closing date (date control was obtained) as defined in IFRS 3 was February 25, 2009. On May 7, 2009, the Bank changed its name to GRENKE BANK AG through entry in the commercial register. In addition, the GRENKELEASING AG Annual General Meeting on May 12, 2009 resolved that a profit transfer agreement will be concluded between GRENKE BANK AG and GRENKELEASING AG.

On 19 August 2009, GRENKELEASING AG acquired 100 percent of GRENKEFACTORING GmbH, which had previously been operating as a franchise.

The fair values of the identifiable assets and liabilities at the acquisition date and the corresponding carrying amounts immediately after the date of acquisition of GRENKE BANK AG and GRENKEFACTORING GmbH are as follows:

GRENKE BANK AG / Hamburg

EURk	Fair value under IFRSs	Derived IFRS carrying amount
Cash and cash equivalents	39,072	39,072
Receivables from customers	18,395	18,395
Equity investment	38	38
Intangible assets (incl. customer base)	705	48
Property, plant and equipment	944	944
Deferred tax assets	24	63
Other assets	542	542
Total assets	59,720	59,102
Liabilities from deposit business	48,038	48,038
Pensions	1,160	1,285
Other provisions	1,277	1,277
Deferred tax liabilities	208	6
Other liabilities	2,362	2,362
Total liabilities	53,045	52,968
Net assets	6,675	
Goodwill arising on acquisition	597	
Total acquisition cost	7,272	

The acquisition cost of the merger with GRENKE BANK AG totalled EUR 7,272k and included costs directly attributable to the business combination.

Acquisition cost	EURk
Purchase price	6,888
Cost directly attributable to the acquisition	384
Total	7,272
Cash outflow on acquisition	EURk
Net cash acquired with the subsidiary	39,072
Cash paid	7,272
Net cash inflow	31,800

In other liabilities, the Bank has a subordinated loan with a nominal value of EUR 2,000k. This loan, which was originally given to the Bank by the previous shareholder, was acquired at nominal value by GRENKELEASING AG as part of the purchase agreement. As a result of the consolidation of this intra-Group transaction, this loan is not shown in the consolidated balance sheet.

Due to the extraordinary liquidity situation of the acquired Bank, cash totalling EUR 31,800k (after deduction of the purchase price paid) flowed to GRENKELEASING as a result of the purchase. The purchase price allocation is provisional in line with IAS 3.62 and will be finalised by the end of the fiscal year, provided all relevant information for a final purchase price allocation is available. Goodwill of EUR 597k was disclosed at the balance sheet date.

EUR 656k of the intangible assets relates to measured customer relationships. This customer base is thus to be written down over a useful life of five years. The Bank's contribution to the net profit for the period before taxes totals a loss of EUR 1,042k, EUR 925k of which relates to net interest income for the period of the acquisition up until September 30, 2009. The Bank's total net interest income in the current calendar year up to September 30, 2009 amounts to EUR 1,335k.

GRENKEFACTORING GmbH

EURk	Fair value under IFRSs	Derived IFRS carrying amount
Cash and cash equivalents	596	596
Trade receivables (factoring)	2,618	2,618
Intangible assets	62	62
Property, plant and equipment	4	4
Deferred tax assets	542	0
Other assets	64	64
Total assets	3,886	3,343
Financial liabilities	5,185	5,185
Trade payables	290	290
Provisions	38	38
Deferred tax liabilities	177	177
Total liabilities	5,690	5,690
Net assets	- 1,805	
Goodwill arising on acquisition	2,062	
Total acquisition cost	257	

The acquisition cost of the merger with GRENKEFACTORING GmbH totalled EUR 257k and included costs directly attributable to the business combination.

Acquisition cost	EURk
Purchase price	250
Cost directly attributable to the acquisition	7
Total	257

Cash outflow on acquisition	EURk
Net cash acquired with the subsidiary	596
Cash paid	257
Net cash inflow	339

The purchase price allocation is provisional in line with IAS 3.62 and will be finalised by the end of the fiscal year, provided all relevant information for a final purchase price allocation is available. Goodwill of EUR 2,062k was disclosed at the balance sheet date.

The factoring company's contribution to the net profit for the period before taxes totals a loss of EUR 198k, of which EUR 100k relates to net interest income for the period from the takeover to September 30, 2009. Total interest income from GRENKEFACTOR-ING GmbH until September 30, 2009 amounts to EUR 559k.

USE OF JUDGEMENT AND MAIN SOURCES OF ESTIMATING UNCERTAINTIES

The main estimating uncertainties and the associated disclosure requirements are in the following areas:

- ▶ Measurement of non-performing lease receivables on the basis of the recoverability rate
- ▶ Use of estimated residual values at the end of the lease term to determine the present value of lease receivables
- ▶ Recognition of lease assets for sale at estimated residual values.

Non-performing lease receivables are carried at nominal value less appropriate bad debt allowances. The amounts of bad debt allowances are determined using percentages and processing categories. Percentages are calculated using statistical methods. They are reviewed once a year for validity. Processing statuses are grouped together in processing categories set up with a view to risk. The following table lists the processing categories:

Category	Description
0	Current contract not in arrears
1	Current contract in arrears
2	Terminated contract with serviced instalment agreement
3	Terminated contract (recently terminated or court order for payment applied for)
4	Legal action (pending or after objection to court payment order)
5	Order of attachment issued / Debt-collecting agency commissioned
6	Statement in lieu of oath (applied for or issued) and insolvency proceedings instituted but not completed
7	Derecognised
8	Being settled (not terminated)
9	Discharged (completely paid)

A decrease in value is assumed for categories 2 to 7 as the contracts have been terminated due to defaults in payment. The allowance rates range between 5 percent and 100 percent.

Receivables from non-performing contracts are included in other current lease receivables. Lease receivables are as follows:

Non-guaranteed residual values are used to calculate lease receivables in accordance with the definition in IAS 17. They are determined on the basis of past experience and statistical methods. Based on experience, residual values for additions until 2006 range between 11 percent and 15 percent of historical acquisition cost, depending on the term of the lease. In fiscal year 2007, this classification was split further into several groups according to the contract term. For additions from 2007 onward, the residual values range between 7.7 percent and 28.4 percent of historical cost. For the additions from fiscal year 2009, the level of the residual values relative to the historical cost of the lease agreements is between 6.5 percent and 28.4 percent.

Lease assets for sale are measured at historical residual values, taking into account their actual saleability. As of the balance sheet date, the residual values used amounted to between 6.6 percent and 22.8 percent of the historical cost. If a sale is considered unlikely due to the condition of the asset, the asset is written off and recognised as an expense.

EURk	September 30, 2009	September 30, 2008
Changes in performing lease receivables		
Balance at beginning of period	1,064,827	930,195
+ / - change in the period	-42,344	109,461
Lease receivables (current + non-current) from current contracts at period end	1,022,483	1,039,656
Changes in non-performing lease receivables		
Gross receivables at beginning of period	151,667	139,435
- accumulated valuation allowances at beginning of period	-73,276	-69,572
= Non-performing lease receivables at beginning of period	78,391	69,863
+ change in gross receivables during the period	32,834	19,121
- disposals of gross receivables during the period	15,521	11,109
+ disposal of accumulated valuation allowances during the period	11,171	4,501
- addition of accumulated valuation allowances during the period	19,835	7,608
Non-performing lease receivables at period end	87,040	74,768
Lease receivables (carrying amounts of current + non-current receivables) at beginning of period	1,143,218	1,000,058
Lease receivables (carrying amounts of current + non-current receivables) at period end	1,109,523	1,114,424

GOODWILL

Goodwill in the consolidated financial statements of the past quarter was subjected to an impairment test in accordance with IAS 36.

The recoverable amount of the respective cash-generating entity was determined on the basis of calculating the value in use using cash flow forecasts based on management-approved five-year financial budgets. Fair value less start-up costs is currently unavailable. The discount rate used for the cash flow forecasts, which was determined according to the CAPM (Capital Asset Pricing Model), was between 6.39% and 10.72%. Cash flows after the five-year period were extrapolated using a growth rate of 0%.

The cash-generating entities that form the basis for the goodwill impairment test correspond to legal entities. Key parameters for determining goodwill are future expectations of new business development as well as profitability.

Goodwill is attributable to as follows: CZK 33,914k (EUR 1,348k) from GRENKELEASING s.r.o., Prague, EUR 504k from the Group's Italian investments (GRENKE Locazione S.r.l and GRENKE LEASING S.r.l, both in Milan), GBP 1,695k (EUR 1,863k) from Grenke Leasing Ltd., Guildford and PLN 17,888k (EUR 4,229k) from GRENKELEASING Sp.z o.o, Poznań from the 2008 acquisitions. As at the reporting date, GRENKE BANK AG reported EUR 597k in goodwill, while GRENKEFACTORING GmbH reported

EUR 2,044k. In addition, EUR 379k in goodwill is attributable to GRENKE SERVICE AG due to the merger of WEBLEASE NETBUSINESS AG with GLG Grenke-Leasing GmbH in the third quarter and the subsequent renaming of the company to GRENKE SERVICE AG. There was no impairment in any of the above cases.

REFINANCING

ABCP Programmes

The GRENKELEASING Group has four asset-backed commercial paper programmes (ABCPs) with a total volume of EUR 662,200k and 58 percent of which were used as of the reporting date. The ABCP programme of WestLB Compass Variety Funding Limited comprises a volume of EUR 250,000k. The volume of Kebnekaise Funding Limited, the ABCP programme of SEB AB, amounts to EUR 112,200k as of the reporting date. The programme of DZ-Bank CORAL PURCHASING Limited has a volume of EUR 150,000k. A programme was launched with Landesbank Baden-Württemberg Weinberg 2 Funding Limited on July 22, 2009. This new ABCP programme permits the sale of German lease receivables up to a total volume of EUR 150,000k.

Sales of receivables agreements

Together with Stadtsparkasse Karlsruhe, a new refinancing programme was launched on April 7, 2009, involving an agreement of EUR 10,000k for the purchase of German lease receivables. As at September 30, 2009, the framework agreement was utilised in full.

Debt Issuance Programme

At the specified date on April 20, 2009, the Group repaid the fixed-income bond of EUR 100,000k issued in 2006 under the DIP and the floating-rate bond of EUR 25,000k issued in 2007. The repayment was made predominantly from the Group's current cash flow. In addition, a bond of EUR 10,000k was issued on April 20, 2009 as part of the DIP, with a term of two years and a variable coupon with a premium of 2.80 percent.

A floating-rate debenture of EUR 12,050k was issued on May 18, 2009. The initial premium (up until October 4, 2009) for this floating-rate debenture is 0.75 percent, which is stepped up in the subsequent periods and increases by 50 basis points each quarter. In the final interest period from April 4, 2011 to July 4, 2011, the premium over Euribor is 4.25 percent.

The Group issued a loan of EUR 100,000k under the DIP on August 13, 2009. The fixed-income bond with a coupon of 6.125 percent is due on August 13, 2012. The amount of the loan is EUR 99,243k.

Promissory note loans

Unless mentioned otherwise, the reference interest rate for the floating-rate bonds, promissory notes and private placements is the three-month EURIBOR. The key data for the newly issued/adjusted promissory note loans are as follows:

Promissory note loan (PNL)

Description	Note	Term from	Term to	Coupon percent p.a.	Discount	Nominal value Sept. 30, 2009	Nominal value Dec. 31, 2008
					EURk	EURk	EURk
Adjustments to PNL							
EUR-PNL	(I)	Mar. 19, 2009*	Mar. 10, 2014	5.1374	-	10,000	10,000
EUR-PNL	(II)	Mar 30, 2009*	Mar. 28, 2013	5.7610	-	10,000	10,000

Promissory note loan (PNL)

Description	Note	Term		Coupon percent p.a.	Discount	Nominal value	Nominal value
		from	to			Sept. 30, 2009	Dec. 31, 2008
					EURk	EURk	EURk
Adjustments to PNL							
EUR-PNL	(III)	Mar. 10, 2008	Mar. 10, 2011	4.719	57	2,500	25,500
EUR-PNL	(IV)	Mar. 10, 2008	Mar. 10, 2011	Euribor + 0.85	86	35,500	37,500
EUR-PNL	(V)	Mar. 30, 2009*	Mar. 28, 2013	5.7610	15	10,000	10,000
New PNL issues							
EUR-PNL	(a)	Mar. 10, 2009	Mar. 10, 2014	5.8900	-	10,000	-
EUR-PNL	(b)	Mar. 10, 2009	Mar. 11, 2013	5.1680	-	4,000	-
EUR-PNL	(c)	Mar. 30, 2009	Mar. 10, 2014	5.8800	-	14,500	-
EUR-PNL	(d)	May 25, 2009	May 25, 2012	5.5400	-	26,500	-
EUR-PNL	(e)	June 15, 2009	June 15, 2013	Euribor + 3.75	-	10,000	-
EUR-PNL	(f)	June 15, 2009	June 15, 2013	Euribor + 3.75	-	15,000	-

* Date of the extension / interest rate adjustment.

On March 19, 2009, the promissory note loan of EUR 10,000k – table (I) – which was originally due to mature on August 16, 2010, was extended until March 10, 2014. At the same time, the agreed variable interest rate was changed to a fixed interest rate, with a fixed coupon of 5.1374 percent valid as of March 19, 2009.

On March 30, 2009, the repayment date for the promissory note loan of October 25, 2007 – table (II) – which was originally due to mature on April 30, 2011 and had a fixed interest rate of 5.21 percent, was extended until March 28, 2013 and a new fixed interest rate of 5.761 percent was agreed.

The promissory note loan with an original notional amount of EUR 25,500k – table (III) – was adjusted overall in its nominal volume to EUR 2,500k. EUR 7,500k in nominal volume on this loan was repaid on March 10, 2009 and at the same time a new promissory note loan was issued – table (a) – with a volume of EUR 10,000k, a fixed interest rate of 5.89 percent and a term ending on March 10, 2014. In addition, on March 30, 2009, EUR 14,500k was issued as a new promissory note loan – table (c) – with a fixed interest rate of 5.88 percent and maturity on March 10, 2014, and the nominal volume of EUR 1,000k was also repaid on March 30, 2009. The discount on the original promissory note loan with an initial value of EUR 57k is recognised in profit or loss at the amount of EUR 37k as a result of adjustments in the first quarter of 2009.

The promissory note loan – table (IV) – with an initial volume of EUR 37,500k still has a nominal volume of EUR 35,500k on the balance sheet date. EUR 2,000k of this promissory note loan was repaid on March 10, 2009, and at the same time a new promissory note loan of EUR 4,000k was contracted – table (b) – with the redemption date on March 11, 2013. The newly issued promissory note loan has a fixed interest rate of 5.168 percent. The reversal of the discount related to the original issue, with an initial value of EUR 86k, was recognised in full in profit or loss at the amount of EUR 56k for the first quarter of 2009.

On March 30, 2009, the redemption date for the promissory note loan – table (V) – which was originally due to mature on April 30, 2011 was extended until March 28, 2013. In this context, the fixed interest rate of 5.21 percent was contracted at 5.761 percent for this term. The discount on the issue, initially totalling EUR 15k, was recognised as an expense with its residual carrying value at EUR 10k.

On May 25, 2009, a new promissory note loan was issued – table (d) – with a nominal volume of EUR 26,500k. It has a fixed interest rate of 5.54 percent over its entire term of three years.

Two floating-rate promissory note loans – table (e) and (f) – were issued by GRENKELEASING AG on June 15, 2009, with a nominal volume of EUR 10,000k and EUR 15,000k. They have a term of four years and a premium of 3.75 percent on the Euribor-based variable interest rate, which may rise up to 4.75 percent depending on the issuer's rating. At the same time, an issue of EUR

10,000k was contracted for March 24, 2010. This future issue has identical parameters to those of the two issues mentioned above, i.e. it matures on June 15, 2013 and its Euribor-based interest rate has a current premium of 3.75 percent. The loan is used to refinance the bond from the debt issuance programme, which matures in March 2010.

Revolving Credit Facility

In the context of revolving credit facilities with a total volume of EUR 120,000k, the Group has the possibility to take on short-term funds with a minimum amount of EUR 5,000k and a term of at least one month at any time. Three of the loan facilities in place since 2006 with a total volume of EUR 90,000k were again prolonged for a further year as in previous years. The facility with SEB was prolonged until July 2010, while the facility with WestLB was extended to August 2010 and the facility with Deutsche Bank until September 2010. The half-year extension of EUR 30,000k granted in February 2009 by Commerzbank expired in August 2009.

As of September 30, 2009, a total volume of EUR 20,000k (previous year: EUR 130,000k) was drawn on these credit lines.

Loan agreement

On June 29, 2009, GRENKELEASING AG's French subsidiary concluded a loan agreement with a nominal volume of EUR 5,000k with the Banque Populaire d'Alsace. The duration of the agreement is from July 1, 2009 to July 1, 2011, over which period the utilisation of the loan volume can be variably structured. The interest rate on the utilised loan volume amounts to the average of the three-month Euribor, which is calculated on a quarterly basis plus a margin of 1.80 percent. This credit volume was not drawn on as at September 30.

DERIVATIVE FINANCIAL INSTRUMENTS

As a result of the adjustments to originally floating-rate promissory note loans as described above, GRENKELEASING terminated hedge accounting in the cases where these promissory note loans acted as hedging instruments in line with IAS 39. The change in the fair value of the agreed interest rate swaps was recognised in profit or loss as an expense totalling EUR 351k at the half-year point. Due to the discontinuation of the hedged item, the requirements for hedge accounting in line with IAS 39 are no longer met. Nevertheless, up to this point all hedge relationships have a high level of hedge effectiveness.

In addition, instances of ineffectiveness have arisen in the hedge relationships for the first time, although these vary within the 80 percent to 125 percent range tolerated under IAS 39. The hedge relationships affected in the Group have effectiveness rates of between 99 percent and 117 percent. This is because allowing for the necessary flexibility means that the framework parameters between the hedged items and the hedging instruments do not necessarily all correspond. At the balance sheet date, the resulting effect on income amounts to an expense of EUR 30k. The Group considers these hedge relationships to be effective, particularly from an economic and risk strategy point of view.

In total, the Group contracted interest rate swaps with an initial nominal volume of EUR 145,500k in the current fiscal year. The fixed interest rate for these swaps was set at between 1.380 percent and 2.195 percent.

On February 13, 2009, GRENKELEASING contracted interest rate caps for an initial nominal volume totalling EUR 50,000k. The longest of the five caps concluded has a term ending in January 2012. The strikes contracted for all the caps are at 2.50 percent. The cap premium paid amounts to EUR 375k and the fair value of the caps as at September 30, 2009 is EUR 123k.

PENSIONS

The disclosed provision for pensions totals EUR 1,350k at the balance sheet date.

EUR 1,192k relates to GRENKE BANK AG. This amount essentially corresponds to the present value of the obligation. An actuarial loss of EUR 4k was recognized in the reserves. The Swiss subsidiary also has pension obligations of EUR 158k (CHF 238k). This amount is the present value of the obligation (DBO) of EUR 600k (CHF 905k) minus the fair value of the plan assets of EUR 442k (CHF 667k). The actuarial loss of EUR 12k (CHF 19k) was recognized in the reserves. The actuarial loss was recognised in equity in a separate line under capital reserves in accordance with IAS 19.

DIVIDEND PAYMENT

The Annual General Meeting on May 12, 2009 was to resolve on the appropriation of GRENKELEASING AG's retained earnings for fiscal year 2008 of EUR 55,711,683.62. The Annual General Meeting approved the proposal of the Board of Directors and the Supervisory Board, resolving to appropriate the retained earnings as follows:

Unappropriated profit carried forward	EUR 55,711,683.62
Distribution of a dividend of EUR 0.60 per share for a total of 13,684,099 shares	EUR 8,210,459.40
Transfer to revenue reserves	EUR 45,048,353.78
Profit carryforward (to new account)	EUR 2,452,870.44

The dividend was paid to the shareholders of GRENKELEASING AG on May 13, 2009.

In the prior year, the Annual General Meeting adopted the proposal of the Board of Directors and the Supervisory Board, resolving to appropriate, and appropriating, the retained earnings for 2007 as follows:

Unappropriated profit carried forward	EUR 50,472,724.26
Distribution of a dividend of EUR 0.60 per share for a total of 13,684,099 shares	EUR 8,210,459.40
Transfer to revenue reserves	–
Profit carryforward (to new account)	EUR 42,262,264.86

RELATED PARTY DISCLOSURES

GRENKE BANK AG

The Chairman of the Supervisory Board of GRENKELEASING AG, Prof. Dr. Ernst-Moritz Lipp, is now the Chairman of the Supervisory Board of GRENKE BANK AG. In addition, the Chairman of the Board of Directors of GRENKELEASING AG, Mr. Wolfgang Grenke, and the members of the Board of Directors Mark Kindermann and Thomas Konprecht are also members of the Supervisory Board of the Bank. The Deputy Chairman of the Board of Directors of GRENKELEASING AG, Dr. Uwe Hack, is at the same time a member of the Board of Directors of GRENKE BANK AG.

As part of its ordinary business activities, GRENKE BANK AG offers related third parties services under normal market conditions. At the balance sheet date, the Bank has received deposits totalling EUR 8,279k from members of the Group's Board of Directors and their family members. It also received deposits totalling EUR 100k from members of the Group's Supervisory Board and their family members. No loans were granted to any of these individuals during the reporting period.

Phantom Stock Agreement

On March 12, 2007, the Supervisory Board of GRENKELEASING AG concluded a phantom stock agreement with, and for the benefit of, Dr. Hack. Under this agreement, Dr. Hack receives for the current fiscal year a claim to payment equal to the increase in value of 30,000 shares in GRENKELEASING AG in relation to a defined basic share price for the respective fiscal year.

The share price is the unweighted arithmetic mean of the Xetra closing prices on all trading days from December 1 to December 23 of the respective prior year. The basis share price for 2009 is EUR 19.28. The maximum payment arising from this agreement is limited to EUR 600,000 for the period of three years in total. Under the program, Dr. Hack is obligated to invest the respective net amount paid plus a personal contribution of 25 percent of that amount in GRENKELEASING AG shares.

The value of the phantom stocks agreement granted totalled EUR 234k as at September 30, 2009. The plan was treated as a cash settlement plan. Changes in value are accordingly recognised proportionally for the first half of the year as an expense in profit or loss in the amount of EUR 176k.

EMPLOYEES

In the reporting period, the GRENKELEASING AG Group employed an average of 504 employees (previous year: 485), excluding the Board of Directors.

SUBSEQUENT EVENTS

The first packet with French lease receivables under the ABCP programme with DZ-Bank was issued in October 2009. In addition to German lease receivables, it is now possible to purchase French lease receivables with the CORAL PURCHASING Limited programme.

THE BOARD OF DIRECTORS OF GRENKELEASING AG



Wolfgang Grenke

Chairman of the Board
Born 1951

Strategy, business development,
internal audit



Dr. Uwe Hack

Vice-Chairman of the Board
Born 1962

Investor relations,
treasury, financial control



Mark Kindermann

Born 1961

Accounting, quality management,
human resources, legal, administration



Thomas Konprecht

Born 1959

Marketing, sales,
management services



Michael Kostrewa

Born 1968

Information technology,
e-business

THE SUPERVISORY BOARD OF GRENKELEASING AG

Name	Activity	Other Supervisory Board / Advisory Board Functions
► Prof. Dr. Ernst-Moritz Lipp Born 1951 First elected: 2003 Elected until the Annual General Meeting 2012	Chairman of the Supervisory Board, Professor of international finance, General manager of ODEWALD & COMPAGNIE Gesellschaft für Betei- ligungen mbH, Baden-Baden, DE	TFL International GmbH, Weil am Rhein, DE; BOA Holding GmbH, Karlsruhe-Stutensee, DE; Oystar Holding GmbH, Karlsruhe, DE; walter services Holding GmbH, Ettlingen, DE
► Gerhard E. Witt Born 1945 First elected: 1997 Elected until the Annual General Meeting 2012	Vice Chairman of the Supervisory Board, Public auditor and tax advisor, Baden-Baden, DE	Grenke Investitionen Verwal- tungs KGaA, Baden-Baden, DE
► Dr. Brigitte Sträter Born 1940 First elected: 2001 Elected until the Annual General Meeting 2010	Member of the Supervisory Board, Owner and manager of the PR- Agency CENA, Düsseldorf, DE	
► Dieter Münch Born 1943 First elected: 2000 Elected until the Annual General Meeting 2010	Member of the Supervisory Board, Retired bank officer, Chairman of a foundation, Weinheim, DE	Grenke Investitionen Verwal- tungs KGaA, Baden-Baden, DE; Weisenburger Bau + Grund AG, Halle/Saale, DE
► Dr. Oliver Nass Born 1968 First elected: 2005 Elected until the Annual General Meeting 2010	Member of the Supervisory Board, Commercial general manager of ESG France, Paris	
► Erwin Staudt Born 1948 First elected: 2005 Elected until the Annual General Meeting 2010	Member of the Supervisory Board, Economics graduate, President of the football club VfB Stuttgart 1893 e. V., Leonberg, DE	PROFI Engineering Systems AG, Darmstadt, DE; USU AG, Möglingen, DE; Hahn Verwal- tungs-GmbH, Fellbach, DE

OVERVIEW OF THE GROUP



THE GRENKELEASING FRANCHISE SYSTEM

Franchise partners	
GC Autoleasing GmbH	GC Leasing Slovensko s.r.o.
Karlsruhe (Germany)	Bratislava (Slovakia)
Kazenmaier FleetService GmbH	GRENKELEASING Kft.
Baden-Baden (Germany)	Budapest (Hungary)
	Grenke Leasing S.R.L.
	Bucharest (Romania)
	GC Leasing Finland Oy
	Helsinki (Finland)
	GRENKE RENTING S.A.
	Lisbon (Portugal)
	GRENKE RENT S.A.
	Madrid (Spain)
	GRENKELEASING AS
	Oslo (Norway)

We have used our franchise system since 2003 to develop new markets quickly and for the long term. We have customized the system in line with our business model. Our goal is to introduce our business model and the GRENKE brand to a country and make them known as quickly as possible. For this purpose, we rely on individuals with entrepreneurial spirit and a well-established network in the small-ticket IT business in each country. We give them an opportunity to establish their own company and work for the success of that company. The franchisees receive access to expertise, proven management tools, and back office support from GRENKELEASING and are entitled to use the "GRENKE" and "GRENKELEASING" brand names.

We also assume responsibility for the audit and refinancing of lease contracts. This is how we ensure that we are always informed of the exact quality of the receivables portfolio and that the GRENKE name becomes established on the market. GRENKELEASING does not hold a stake in these legally independent franchise entities, but after a specific period of usually four to six years, it has the option to buy the company on pre-defined terms. The structure of the purchase option creates incentives for growth as well as high level of quality of the receivables portfolio for the franchise partners.

GLOSSARY

ABCP Programme

Abbreviation for "Asset-backed commercial paper programme". Under ABCP programmes, companies such as leasing companies sell their receivables to a special-purpose entity which issues interest-bearing securities to investors through the capital market. Interest and the principal payments on these securities are made using the cash flows from the assigned receivables on these securities.

ABS bond

Type of refinancing with which several tranches of bonds with different ratings (risk classes) are issued by the SPE. The share of the best-rated tranche is a reflection of the quality of a company's leasing portfolio and risk management and directly impacts the cost of this type of financing.

Asset Broker

GRENKELEASING sells used leased assets in Germany, France, Austria, and Switzerland via its internet portal www.asset-broker.com. Our resellers can also use the portal to sell their own demonstration equipment or used goods.

Average number of employees

This is the average number of employees of the GRENKE Group in the reporting period. This figure does not include directors; part-time employees are included on a pro rata basis.

BDL

German Leasing Association "Bundesverband Deutscher Leasingunternehmen e.V." BDL, Berlin, www.leasing-verband.de

BITKOM

German Association for the Information Industry "Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V.", Berlin, www.bitkom.org

Contribution margin

The "contribution margin", also known as gross profit, is a term used in operational cost accounting. The contribution margin is the contribution made, for example, by a product to cover fixed costs and generate a net profit. It is calculated as the difference between revenues and variable costs incurred directly by the product.

At GRENKE, contribution margin 1 is calculated as the present value of the interest margin net of commissions to third parties. Contribution margin 2 is made up of the present value of operating income of a lease contract less risk and variable administrative costs.

Cost/income ratio

Comparing expenses with income produces the "cost/income ratio". Contrary to approaches typically used in the banking sector, we deduct the cost of loss settlement/risk provisioning from income, even though this results in a less favourable ratio. Increased sales

revenue in the leasing market would be possible if greater risks were taken. However, such a cosmetic improvement of the cost/income ratio cannot be the motivation for our business activities, and consequently we do not report in this way.

We determine the cost/income ratio as the ratio of the total of all expenses (less settlement of claims and taxes) to income, comprising net interest income from leasing business after loss settlement, net income from insurance business, net income from new business, additional income from realisation of assets, other operating income and net interest income (other than from leasing business).

DAXsector Financial Services Index

That sector index tracks the performance of stocks in the financial sector (excluding banks, which constitute a separate index) admitted to the Prime Standard. The index consists of 50 stocks. The Prime Financial Services Index is one of 18 sector indices of Deutsche Börse AG for the Prime Standard, which include companies of all sizes.

Debt issuance programme

The debt issuance programme is a flexible refinancing programme with standardised documentation. It enables issuers to cover their financing needs by borrowing in various currencies and volumes and with varying terms. Within the scope of this programme (long-term issue), bonds can be issued on the stock exchange or off the floor. The interest rate is fixed or variable. Depending on the volume, the bonds are placed by one or more dealer banks. The participating banks do not usually assume any underwriting risk. The issuer bears the placement risk.

DISPO framework agreement

Major customers who invest regularly in new equipment conclude a framework agreement with GRENKELEASING and benefit from standardised, attractive terms within that framework. The agreed leasing volumes can be drawn on in individual tranches by customers. Hence, customers benefit from favourable terms, lower costs and greater flexibility. The customer's reseller is informed of the framework agreement, giving him additional options for increasing business with this customer.

EBT

Earnings before taxes.

Embedded value

The income generated from a leasing contract is distributed over the term of the contract under IAS/IFRS accounting. The majority of the profit from the contract portfolio on balance sheet date is therefore generated in the future. Based on similar approaches taken in the insurance industry, we calculate the approximate value of future net cash flows from the current contract portfolio on the balance sheet date as "embedded value", deduct the estimated expenses and add the equity.

Factoring

Factoring is a financial service for the purpose of short-term sales financing. The factor buys the factoring customer's receivables due from its debtor and collects them directly from the debtor. In return for relinquishing the receivables, the factor immediately pays the factoring customer a sum based on the value of the receivable.

Franchise system of GRENKELEASING

GRENKELEASING have used a franchise system since 2003 with the goal to introduce the business model and the GRENKE brand to a country and make them known as quickly as possible.

The franchisees receive access to expertise, proven management tools, and back office support from GRENKELEASING and are entitled to use the "GRENKE" and "GRENKELEASING" brand names. GRENKELEASING also assume responsibility for the audit and refinancing of lease contracts. This is how GRENKELEASING ensures that they are always informed of the exact quality of the receivables portfolio and that the GRENKE name becomes established on the market.

GRENKELEASING does not hold a stake in these legally independent franchise entities, but after a specific period of usually four to six years, it has the option to buy the company on pre-defined terms.

Ifo Institute

"Institut für Wirtschaftsforschung e.V." The ifo institute is one of the largest economic research institutions in Germany which regularly publishes economic research results (www.cesifo-group.de).

IFRS

The International Financial Reporting Standards (IFRS) are external reporting regulations developed by the International Accounting Standards Board (IASB), an independent private body. The IFRS, formerly known as the International Accounting Standards (IASs), comprise the standards themselves and the interpretations by the International Financial Reporting Interpretations Committee (IFRIC), formerly known as the Standing Interpretations Committee (SIC). As of fiscal year 2005, the application of these standards is compulsory for publicly traded companies with their registered office in the European Union (EU) in the form endorsed by the EU.

IT-Asset-Management

Customers who conclude a DISPO framework agreement (see above) are also offered active support for their IT infrastructure (inventory and cost management) in the form of our IT-Asset-Management tool ("ITAM"). This web based software facilitates the management of the customer's entire asset portfolio using a standard platform.

ITC-Market

IT and telecommunications market.

Itraxx – Europe Index

The Itraxx Index is based on the most liquid 125 referencing European borrowers with good creditworthiness for credit default swaps (CDS). A CDS is an over-the-counter contract where a protection seller assumes a credit risk to which the protection buyer is exposed in return for a risk premium. The protection seller undertakes to make a compensatory payment to the protection buyer in the event of payment delay or failure by the borrower. The Itraxx Europe indicates the yields of the 125 most traded European corporate bonds in comparison to European government bonds with triple A rating. The Itraxx Europe Financial Senior contains 25 financial companies.

Mean acquisition value

The "mean acquisition value" is determined as the arithmetic mean of the acquisition costs of all leased assets for which lease agreements were concluded in the reporting period.

New business

"New business" comprises the acquisition costs of all newly acquired assets from leasing and lease-purchase contracts and the factoring volume in the reporting period.

Prime Financial Services Index

That sector index tracks the performance of stocks in the financial sector (excluding banks, which constitute a separate index) admitted to the Prime Standard. The index consists of 50 stocks. The Prime Financial Services Index is one of 18 sector indices of Deutsche Börse AG for the Prime Standard, which include companies of all sizes.

Prime Standard

The Prime Standard is a listing standard of the Frankfurt Stock Exchange with transparency requirements for issuers which exceed those of the General Standard (e. g. quarterly reports have to be published and all corporate communication must also be available in English). A listing in the Prime Standard is a requirement for a listing on one of Deutsche Börse's selective indices such as the DAX, MDAX, TecDAX, or SDAX. GRENKELEASING AG is listed in the SDAX.

Rating

Rating agencies rate the creditworthiness of an issuer over long and short-term periods using a standard rating method. "AAA", for example, is the highest solvency rating, and "C" or "D" indicates a low probability of payment. The leading rating agencies are Moody's and Standard & Poor's.

RoE

Abbreviation for "return on equity". The return on equity is calculated as a ratio of the net profit to the equity disclosed in the balance sheet. The ratio gives an indication as to the return on shareholder capital.

Scoring system

A scoring system is used at leasing companies to determine the creditworthiness of a potential lessee. Using a statistical calculation, the probability of default is determined for a new lease agreement, which forms the basis for a decision as to whether or not to accept the application for a lease.

Since 1994, GRENKELEASING has assessed the creditworthiness of its lessees using a scoring system, based on external sources of information, e.g. the credit rating agency Creditreform, and supplemented by its own database. Each potential lessee receives a score which ultimately sways the decision as to whether or not a lease agreement is concluded.

SDAX

The SDAX index contains the 50 largest and most liquid companies from classic sectors ranking just below the MDAX, which comprises 50 stocks, and the DAX, which comprises 30 stocks. These may include German and foreign companies, as long as they are listed in the Prime Standard. On January 1, 2003, GRENKELEASING was admitted to the Prime Standard and listed on the SDAX as of February 11, 2003. This new regulation became effective as of March 24, 2003.

Share of corporate customers in the lease portfolio

"Corporate customers" are all lessees who are not subject to specific consumer protection regulations. The figure relates to the number of newly concluded lease agreements in the reporting period.

Share of IT products in the lease portfolio

"IT products" refers to computer equipment (such as PCs, servers, printers), copiers and communication equipment. The figure relates to the number of newly concluded lease agreements in the reporting period.

Small caps

Small companies which do not belong to the highly traded companies of the main indices.

Small-ticket IT leasing

In this market segment, equipment such as notebooks, personal computers, monitors and other peripheral devices, smaller networks, software and telecommunications, backup and copier technology normally costing up to EUR 25,000 are leased.

Volume of leased assets

The volume of leased assets is the total of all (historical) acquisition costs of assets from ongoing leasing and lease purchase agreements.

CALENDAR OF EVENTS 2010

- Feb. 2, 2010 Publication of Annual Accounts for 2009
DVFA Analyst Conference/Balance Press Conference in Frankfurt (Main)
- May 4, 2010 Publication of Quarterly Financial Report as per March 31, 2010
- May 11, 2010 Annual General Meeting in Baden-Baden
- July 29, 2010 Publication of Quarterly Financial Report as per June 30, 2010
- Oct. 28, 2010 Publication of Quarterly Financial Report as per September 30, 2010
DVFA Analyst Conference in Frankfurt (Main)

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