

GRENKELEASING AG Group
Financial Report for the 3rd Quarter
and the First Nine Months 2014



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Key Figures GRENKE Group

	Jan. 1, 2014 to Sep. 30, 2014	Change (%)	Jan. 1, 2013 to Sep. 30, 2013	Unit
New business				
GRENKE Group Leasing + Factoring + Business start-up				
financing incl. franchise partners	978,828	14.9	851,807	EURk
– of which Germany	294,610	1.1	291,519	EURk
– of which international	684,218	22.1	560,288	EURk
GRENKE Group Leasing	821,279	14.0	720,303	EURk
– of which international	597,397	22.7	486,821	EURk
– of which franchise international	13,888	–16.0	16,533	EURk
– of which Germany	209,994	–3.2	216,949	EURk
Western Europe (without Germany)*	280,028	21.0	231,394	EURk
Southern Europe*	191,931	26.1	152,208	EURk
Northern / Eastern Europe*	130,848	22.2	107,089	EURk
Other regions*	8,478	–33.0	12,663	EURk
GRENKE Group Factoring	149,159	17.4	127,045	EURk
– of which Germany	76,226	8.7	70,111	EURk
– of which international	52,015	5.0	49,549	EURk
– of which franchise international	20,918	183.2	7,385	EURk
GRENKE Bank				
Deposits	295,677	20.0	246,379	EURk
Business start-up financing volume	8,390	88.2	4,458	EURk
Contribution margin 2 (CM2) on new business				
GRENKE Group Leasing	158,240	14.7	137,901	EURk
– of which international	125,336	22.2	102,608	EURk
– of which franchise international	3,061	–48.7	5,969	EURk
– of which Germany	29,843	1.8	29,324	EURk
Western Europe (without Germany)*	56,716	14.0	49,735	EURk
Southern Europe*	43,751	33.4	32,797	EURk
Northern / Eastern Europe*	26,217	24.2	21,109	EURk
Other regions*	1,713	–65.3	4,936	EURk
Further information leasing business				
Number of new contracts	100,596	13.8	88,402	units
Share of IT products in lease portfolio	84	–2.3	86	percent
Share of corporate customers in lease portfolio	100	0.0	100	percent
Mean acquisition value	8.2	1.2	8.1	EURk
Mean term of contract	48	2.1	47	months
Volume of leased assets	3,389	16.7	2,903	EURm
Number of current contracts	411,153	15.4	356,411	units

* Regions: Western Europe (without Germany): Austria, Belgium, France, Luxembourg, the Netherlands, Switzerland
 Southern Europe: Italy, Malta, Portugal, Slovenia, Spain
 Northern / Eastern Europe: Denmark, Finland, Ireland, Norway, Sweden, UK / Czech Republic, Hungary, Poland, Romania, Slovakia
 Other regions: Brazil, Canada, Dubai, Turkey

GRENKE Group = GRENKE Consolidated Group including franchise partners

GRENKE Consolidated Group = GRENKELEASING AG and all consolidated subsidiaries and special-purpose entities according to IFRS

Key Figures GRENKE Consolidated Group

	Jan. 1, 2014 to Sep. 30, 2014	Change (%)	Jan. 1, 2013 to Sep. 30, 2013	Unit
Key figures income statement				
Net interest income	115,243	19.6	96,391	EURk
Settlement of claims and risk provision	39,060	6.1	36,797	EURk
Profit from insurance business	30,490	18.0	25,849	EURk
Profit from new business	34,959	9.1	32,031	EURk
Gains from disposals (income exceeding the calculated residual value)	1,779	-12.5	2,034	EURk
Other operating income	2,595	22.8	2,114	EURk
Cost of new contracts	22,413	15.8	19,360	EURk
Cost of current contracts	6,717	9.8	6,119	EURk
Project costs and basic distribution costs	26,617	2.7	25,920	EURk
Management costs	19,236	14.5	16,795	EURk
Other costs	5,136	-0.5	5,161	EURk
Operating result	65,887	36.5	48,267	EURk
Other interest income (expense)	479	38.4	346	EURk
Income / expenses from fair value measurement	75	0.0	75	EURk
EBT (earnings before taxes)	65,483	36.4	47,996	EURk
Net profit	48,331	37.7	35,106	EURk
Earnings per share (according to IFRS)	3.28	35.5	2.42	EUR
Further Information				
Dividends	1.00	25.0	0.80	EUR
Embedded value, leasing contract portfolio (incl. equity before taxes)	741	14.4	648	EURm
Embedded value, leasing contract portfolio (incl. equity after taxes)	670	14.3	586	EURm
Cost / income ratio	55.1	-8.9	60.5	percent
Return on equity (ROE) after taxes	13.5	23.9	10.9	percent
Average number of employees	866	7.2	808	employees
Staff costs	40,253	6.0	37,973	EURk
– of which total remuneration	32,911	5.1	31,302	EURk
– of which fixed remuneration	25,039	8.5	23,072	EURk
– of which variable remuneration	7,872	-4.3	8,230	EURk

GRENKE Group = GRENKE Consolidated Group including franchise partners

GRENKE Consolidated Group = GRENKELEASING AG and all consolidated subsidiaries and special-purpose entities according to IFRS

Letter to Shareholders from the Board of Directors

Dear Shareholders,
Ladies and Gentlemen,

Our long-term strategy and our ongoing operational management continue unchanged in their entirety. After a period of strong performance in the first six months of 2014, we are reporting to you today a continuation of this favourable development in the third quarter of the current fiscal year. In the nine-month period, our net profit soared by 38 percent to EUR 48.3 million.

With a 15 percent rise in our new business in the first nine months, we are well on track to reach our growth target of 13 percent to 16 percent in the current fiscal year. Our growth rate also continues to clearly exceed our long-term target of ten percent per year. Approximately 70 percent of our business is generated internationally. We continue to be on target in our key markets of France, the United Kingdom, and Italy. Spain is also growing strongly. This more than compensated for the somewhat subdued performance experienced in Germany. We also continue to generate attractive margins. This led to an improvement in the contribution margin 2 of GRENKE Group Leasing to 19.3 percent after 19.1 percent in the nine-month period of the prior year. This enables us to secure the future earnings growth of GRENKE Consolidated Group.

Our earnings are currently benefitting from the high-margin new business acquired in the past quarters and from the favourable refinancing environment. Additionally, expenses for the settlement of claims and risk provision grew below average, which is testimony to the success of our long-proven and continuously refined IT-based model for forecasting losses. And finally, after the upfront costs incurred in the past, our selling and administrative expenses rose far less than income. Thus, the high level of profitability of our business is visible in both our operating result and net profit.

The strong increase in net profit by 38 percent in the nine-month period clearly exceeded our previous expectations. Therefore, we are raising our net profit forecast for the current fiscal year to a range of EUR 62 million to EUR 64 million. This represents growth of at least 32 percent compared to the prior year. We are very proud of GRENKE Group's excellent performance. We are continually working on expanding our network and we are carrying out focused investments in our infrastructure to ensure that our dynamic growth continues well into the future. Following the acquisition of the leasing franchise company in Luxembourg, the opening of a new location in Saarbrücken, and the purchase of the factoring franchise company in Switzerland all in the first six months of the reporting year, we opened a new location in Bern during the third quarter. We are prepared for cell divisions in several countries and our market entries into Chile and Croatia which are all to take place in the fourth quarter. Thus, we are looking to the future with confidence.

Baden-Baden, October 2014



Wolfgang Grenke
Chairman of the Board of Directors

The GRENKELEASING AG Share

The focal point of market participants in the third quarter of 2014, as in previous months, was the number and significance of rising geopolitical risks. The high degree of uncertainty with regard to the Ukraine conflict, which was further fuelled by economic sanctions against Russia, and trouble spots in the Near and Middle East, had a negative impact on the development of international markets. This was accompanied by a marked weakness in European economic performance where Germany, France, and Italy remained behind expectations.

As a result, German share prices, which at times experienced high fluctuations, moved only sideways overall. At the start of the third quarter, the German DAX index reached a renewed record high at 10,029 points, but declined one percent overall during the nine-month period. In contrast to the SDAX price index that also ended one percent lower than at the beginning of the year, the German Prime Standard financial shares (DAXsector Financial Services) saw an increase of three percent in the first nine months.

The GRENKELEASING AG share performed significantly better: after experiencing a correction at the beginning of the third quarter due to market conditions and declining to EUR 73.00, it recovered rapidly and returned to a level of just under EUR 80 by as early as late July 2014. At a price of EUR 77.74 as per September 30, 2014, the share was 14 percent higher than at the beginning of the year. Thus, measured against the market environment, the share has performed strongly.

The Grenke family's decision at the end of September 2014 to secure the shareholder structure for the long term was perceived as a positive signal by the capital markets. To ensure continuity and secure a stable shareholder structure, the founding family brought its share held in GRENKELEASING AG (42.64 percent of the share capital) into a newly established family holding. The purpose of this action is to jointly hold and manage the family's shares for the long term and avoid fragmentation of the Grenke family's share ownership in GRENKELEASING AG. The pooling agreement that previously existed between the members of Grenke family was cancelled with the contribution of shares in the family holding. The continuation of the family-run GRENKELEASING AG is thus taken into account by pooling the shares of the Grenke family in a family holding.

Our strong position in the capital markets continues to be supported by the unchanged credit rating received from Standard & Poor's. In its most recent analysis dated October 9, 2014, the rating agency confirmed our counterparty credit rating of BBB+/A-2, both with a negative outlook. Hence, the Company continues to enjoy a stable rating with investment-grade status. The Gesellschaft für Bonitätsbeurteilung mbH ("GBB"), who published their first analysis of the GRENKE Consolidated Group on October 1, 2014, came to a similar conclusion. The A- rating with a stable outlook was based on GRENKE's compelling track record, lean processes, high degree of standardisation and automation, and its excellent corporate management. The favourable GBB rating is of particular importance in terms of the further development of our banking activities.

Interim Management Report

Targets and Strategy

The GRENKE Consolidated Group operates internationally. A franchise model has been established for the development of new regional markets and for expansion using new financing products. GRENKELEASING AG does not own shares in the legally independent companies of its franchisees. Accordingly, this interim management report distinguishes between the GRENKE Consolidated Group, which refers to GRENKELEASING AG and all of its consolidated subsidiaries and special-purpose entities in accordance with IFRS, and the GRENKE Group, which refers to the GRENKE Consolidated Group including its legally independent franchise partners.

As one of the leading European companies in the field of financial services for small and medium-sized enterprises (SMEs), we pursue a global expansion strategy. It is our aim to enter each of the addressable local markets and then attain and expand market leadership. We have already reached this target in some of the individual countries in which we operate and in terms of the products we offer. In both Germany and Switzerland we are the market leader for small-ticket IT leasing and one of the key providers of diverse financial services for SMEs in Europe. Over the past several years, we have also entered the markets of various countries on a variety of continents outside of Europe.

When selecting new countries, we are particularly focused on finding a favourable competitive environment and thus an attractive risk-reward profile. Our approach is not to avoid risk altogether, but rather we strive to assess risk as appropriately as possible and achieve adequate margins. This is the manner in which we appropriately protect ourselves from existing and potential future risks. A central role is played by our long-proven and continuously refined IT-based model for forecasting losses before the conclusion of every contract. This model also constitutes a major growth driver, as was demonstrated during the course of the recent financial and sovereign debt crises. During this time, many providers were forced to scale back their involvement in small-ticket IT leasing or, in some cases, completely withdraw from the market altogether because they were no longer able to manage the risk situation. As a result, we were presented with some attractive opportunities to further strengthen and consistently expand our position as a leading provider of efficient services.

In addition to entering new countries, this was consistently achieved by consolidating our presence in existing markets: with our successful market entry in Brazil, Dubai, and Canada in the past two fiscal years, the opening of a new location in Germany and in Switzerland in the first nine months of the current 2014 fiscal year, and with the preparation for opening new locations in the fourth quarter.

Beyond our regional growth, we are continuously diversifying our product range as well as our offers of financial solutions. GRENKE BANK AG provides various financing, investment, and payment products that address commercial and, in some cases, also private customers via an online sales model. As a new product, we now offer fixed-term deposits in Swiss francs to our private customers.

GRENKE Bank also finances business start-ups and provides development funds in collaboration with a growing number of development banks of the federal government and individual states. Collaborations are currently in place with a total of six banks, namely KfW-Mittelstandsbank, Investitionsbank Berlin (IBB), L-Bank in Baden-Württemberg, LfA Förderbank Bayern, NRW.BANK in North Rhine-Westphalia, and Thüringer Aufbaubank. The development funds offered are targeted at SMEs and members of self-employed professions who finance new investments via leasing. As part of these collaborations, 11,796 leasing contracts have been concluded thus far. Moreover, the purchase of lower-volume receivables (factoring) in some European countries forms a permanent and very important component of our extensive product range.

Our business is especially characterised by the broad diversification of our portfolio across customers and industries and by the low average volumes of our contracts. With regard to our sales partners, we try to avoid cluster risks of all types. When it comes to IT products, we are generally manufacturer-independent. We structure our factoring business and our banking services in a similar manner. We also rely on the continued diversification of our instruments when refinancing to enable us to use a variety of options for financing our growth at any time and in a flexible manner.

Macroeconomic and Sector-Specific Environment

Traditionally, GRENKE Group's new business has been only moderately dependent on the macroeconomic development of the individual target countries. By using our sophisticated method for forecasting losses, we are able to minimise the influence on our loss rate of the overall development in corporate insolvencies. General sector trends, such as the business policies of banks and financial service providers in the leasing, factoring, and deposit business or the increasing regulatory requirements in these areas, are of greater importance. Potential changes in capital market and central bank interest rates have a limited impact on our refinancing costs since such changes are generally reflected in our conditions. Nevertheless, the time gap with which we adjust our conditions can temporarily have a positive or negative effect on the profitability of our new business. We can use our broad range of refinancing instruments, which includes the option of raising bank deposits via the GRENKE Bank, in a flexible manner depending on the market situation and the expected development in interest rates.

New Business

During the first nine months of the current fiscal year, GRENKE Group's high level of growth momentum remained unchanged. This resulted in new business volume, i.e., the total of the acquisition costs of newly purchased lease assets, factoring volume, and business start-up financing, of EUR 978.8 million in the nine-month period after EUR 851.8 million in the previous year. This represents a gratifying 15 percent increase and places us fully in line with our forecast range of 13 to 16 percent.

In our leasing business, the international share of new business continued to grow. We experienced particularly high growth in our largest international and second home market of France with growth of 24 percent and in the United Kingdom and Italy at rates of 31 and 35 percent, respectively. This performance more than compensated for the somewhat subdued trend in our home market of Germany (minus three percent), which remains highly competitive. Overall, the GRENKE Group Leasing's new business gained 14 percent in the first nine months and was up from EUR 720.3 million in the previous year to EUR 821.3 million. Our new business in Western Europe (without Germany) grew by 21 percent and in Southern Europe and Northern/Eastern Europe by as much as 26 and 22 percent, respectively. Our other regions, comprising the countries of Brazil, Dubai, Canada, and Turkey that are still largely new to us, we continue to work with a strong focus on risk. Accordingly, measures tailored to the respective markets led to scheduled slowdown in new business growth of minus 33 percent on balance. In absolute terms, new business volume during the nine-month period totalled EUR 8.5 million after EUR 12.7 million in the previous year.

In the first nine months, we received a total of 234,011 lease applications which went on to generate 100,596 new lease contracts. Of those, 187,540 lease applications and 77,793 lease contracts were attributable to our international markets. Currently, there are already more than 400,000 lease contracts in our portfolio. The conversion rate of GRENKE Group Leasing, based on the total number of lease applications received, totalled 43 percent in the first nine months of the current fiscal year. The conversion rate in our international markets amounted to 41 percent and was still below the rate of 49 percent achieved in our home market. Compared to the level of 42 percent for the first half of 2014, the conversion rate rose slightly overall.

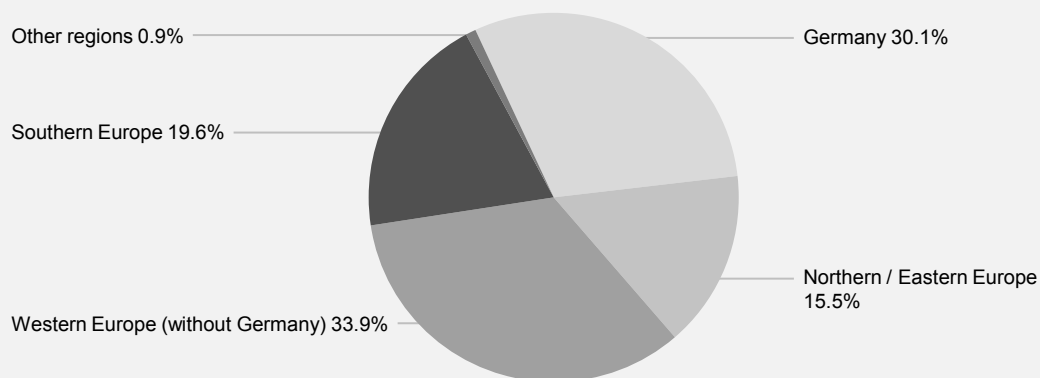
Our new business continues to be very profitable. The contribution margin 2 (CM2) of GRENKE Group Leasing's new business reached a value of EUR 158.2 million compared to EUR 137.9 million in the same period of the previous year. This represents an increase of 15 percent. In our German market, we achieved an increase of two percent despite the slight decline in new business growth. This allowed us to expand the contribution margin 2 within a competitive environment from 13.5 percent in the previous year to 14.2 percent. Growth was also positive in the other key markets. Across all regions, GRENKE Group Leasing's CM2 margin for the nine-month period remained high at 19.3 percent, or slightly above the previous year's figure of 19.1 percent. This performance was a result of our efficient sales management as well as the continued favourable interest rate environment.

We are also generating strong growth with our factoring offers, which now make up a key part of GRENKE Group's new business. New business volume in the first nine months climbed 17 percent from EUR 127.0 million in the previous year to EUR 149.2 million. Again, it was our international markets which contributed to the growth of GRENKE Group Factoring's new business. While we recorded nine percent growth in Germany, the international portion of our new business (Switzerland) rose five percent and the volume of new business in the United Kingdom and Hungary (both franchises) nearly tripled (plus 183 percent) to reach EUR 20.9 million. The income margin in the Factoring segment was 2.1 percent, or slightly below the previous year's figure of 2.3 percent. This margin is based on the average period for a factoring transaction of around 33 days after approximately 24 days in the previous year.

In our banking business, we also achieved high growth in the field of business start-up financing through two existing collaborations with development banks. The strong appeal of these options and the demand that resulted led to an 88 percent increase in the volume of business start-up financing for the nine-month period in 2014 to EUR 8.4 million after EUR 4.5 million in the previous year.

GRENKE Bank's deposit volume as per the reporting date increased significantly by 20 percent to EUR 295.7 million compared to the previous year. This performance underlines the position GRENKE Bank holds in our refinancing mix. Recently, GRENKE Bank started offering interested investors fixed-term deposit in Swiss francs in addition to fixed-term deposits in euros. The offer is directed particularly at our customers in Switzerland as well as to all other national and international customers. With this new product, we are consistently carrying on our strategy of a continual diversification of our product range.

Shares in new business of GRENKE Group Leasing + Factoring + Business start-up financing including franchise partners as per September 30, 2014



New business GRENKE Group 9M-2014: EUR 978.8 million

Growth rates in new business of GRENKE Group Leasing as per September 30, 2014 (as against the comparable period of 2013)



Regions: Western Europe (without Germany): Austria, Belgium, France, Luxembourg, the Netherlands, Switzerland

Southern Europe: Italy, Malta, Portugal, Slovenia, Spain

Northern / Eastern Europe: Denmark, Finland, Ireland, Norway, Sweden, UK / the Czech Republic, Hungary, Poland, Romania, Slovakia

Other regions: Brazil, Canada, Dubai, Turkey

Report on the Results of Operations

Selected information from the consolidated income statement

EURk	Jul. 1, 2014 to Sep. 30, 2014	Jul. 1, 2013 to Sep. 30, 2013
Net interest income	40,602	33,126
Settlement of claims and risk provision	14,250	12,081
Net interest income after settlement of claims and risk provision	26,352	21,045
Profit from insurance business	10,965	9,204
Profit from new business	11,778	10,621
Gains from disposals	1,047	688
Income from operating business	50,142	41,558
Staff costs	13,707	13,112
<i>Of which total remuneration</i>	11,274	10,889
<i>Of which fixed remuneration</i>	8,509	7,873
<i>Of which variable remuneration</i>	2,765	3,016
Selling and administrative expenses (excluding staff costs)	11,193	9,792
Earnings before taxes	23,805	17,001
Net profit	17,149	12,755
Earnings per share (basic) in EUR	1.16	0.87
Earnings per share (diluted) in EUR	1.16	0.87

The high level of profitability of GRENKELEASING AG Consolidated Group (hereinafter referred to as "the GRENKE Consolidated Group") continued uninterrupted in the third quarter of the current fiscal year. We continued to benefit from the substantial amount of high-margin new business generated in recent quarters. Additionally, interest expenses from refinancing and from the deposit business declined significantly in absolute terms as a result of the continued favourable interest rate environment. Thus, net interest income rose by a pleasing 23 percent in comparison to the previous year.

Expenses for the settlement of claims and risk provision, which tend to be volatile on a quarterly basis, rose 18 percent in the reporting quarter. Net interest income after settlement of claims and risk provision was correspondingly strong and grew 25 percent. The rise in losses reflects the continued tense economic situation of individual European countries. The lower-than-average increase in losses underscores our success in taking risks into account in our conditions and our good risk management. The loss rate was 1.7 percent – identical to the rate in last year's comparable quarter– and thus still within the range of our long-term target corridor.

We also recorded a gratifying increase in the profit from insurance business, which gained 19 percent over the prior year. The eleven percent year-on-year increase in the profit from new business was somewhat weaker but still satisfactory. Gains from disposals, which are of less significance and usually very volatile on a quarterly basis, increased sharply by 52 percent. Overall, we were able to increase GRENKE Consolidated Group's income from the operating business significantly by 21 percent over the prior year.

Staff costs and selling and administrative expenses increased visibly less than the current growth in income. The former rose a moderate five percent and the latter grew by 14 percent. Consultancy costs and audit fees, which were influenced in the previous quarters and also in the same period of the previous year by consulting services used in the course of interna-

tionalisation as well as the focused expansion of our IT infrastructure, could now be slightly reduced once again. We generate scale effects through continual optimisation measures, particularly in the area of IT infrastructure, which is essential for our business. Overall, the satisfactory development of our expenses demonstrates the high profitability of our business.

At EUR 0.8 million, other operating expenses remained at the prior year's level. In contrast, other operating income rose strongly by 42 percent from EUR 0.7 million in the previous year to EUR 0.9 million. In total, we were able to increase both the operating result and earnings before taxes by 40 percent each. The tax rate rose to 28 percent after a level of 25 percent in the previous year and was in line with the typical quarterly fluctuations. Net profit for the reporting quarter climbed a gratifying 34 percent and corresponds to earnings per share of EUR 1.16 after EUR 0.87 in the previous year's quarter.

Nine-Month Comparison 2014 versus 2013

The statements above regarding the third quarter essentially also apply to the nine-month period since the development of the first half-year largely continued in the reporting quarter. Neither current business nor individual items of the income statement has experienced exceptional or highly divergent developments.

Net interest income grew 20 percent to EUR 115.2 million in the first nine months after amounting to EUR 96.4 million in the prior year. Expenses for the settlement of claims and risk provision saw a disproportionately low increase of six percent. In absolute terms, they amounted to EUR 39.1 million after EUR 36.8 million in the prior year. On balance, net interest income after settlement of claims and risk provision totalled EUR 76.2 million after EUR 59.6 million in the previous year. This represents an increase of 28 percent.

Income from operating business grew 20 percent to EUR 143.4 million after EUR 119.5 million in the prior year. This figure includes improved profits from the insurance business, new business, and from the rather volatile gains from disposals which, in the first nine months, remained 13 percent below the comparable result in the prior year. This and the disproportionate rise in expense items compared to income growth resulted in an increase in the operating result of 37 percent from EUR 48.3 million in the previous year to EUR 65.9 million.

Accordingly, earnings before taxes amounted to EUR 65.5 million and were significantly above the previous year's level of EUR 48.0 million. Net profit amounted to EUR 48.3 million after EUR 35.1 million in the previous year. Earnings per share reached EUR 3.28 after EUR 2.42 for the same period of the previous year.

Segment Development

Business Segments

The reporting on segment development is aligned along the prevailing organisational structure within GRENKE Consolidated Group. Accordingly, the operating segments are divided into Leasing, Banking, and Factoring based on the management of the Company's segments. A regional split of business activities is provided on a yearly basis as part of GRENKE's consolidated financial statements for each fiscal year. Separate financial information is available for the three operating segments. More detailed information on the business segments can be found in the Consolidated Group's segment report.

Business Development

The discussions on the results of operations also essentially apply to this section since the Leasing segment continues to represent the most important earnings pillar for the GRENKE Consolidated Group.

The positive trend of the first half-year continued in the nine month period. In the Leasing segment, our most important segment, operating segment income rose 21 percent to EUR 131.4 million compared to the previous year. Once again, the segment result achieved an above-average increase. Accompanied by lower expenses, the result grew 40 percent to EUR 57.9 million. We also generated substantial growth in our Factoring segment. Operating segment income in this segment increased by 72 percent and, after generating a loss in the previous year, reached a segment result of EUR 0.3 million and thus returned to making a positive contribution to the Consolidated Group's operating result. Our Banking segment continued to demonstrate solid growth in the first nine months of the reporting year. The operating segment income climbed eight percent over the comparable period of the previous year and totalled EUR 10.1 million. The segment result gained nine percent to EUR 7.7 million and was accompanied by declining staff costs. Since the expansion of our banking activities, we have been able to grow this segment into a key earnings pillar.

Report on Financial Position and Net Assets

Selected information from the consolidated statement of financial position and the consolidated statement of cash flows

EURk	Sep. 30, 2014	Dec. 31, 2013
Current assets	1,156,664	1,104,995
<i>thereof cash and cash equivalents</i>	83,085	109,770
<i>thereof lease receivables</i>	852,692	775,167
Non-current assets	1,703,002	1,533,051
<i>thereof lease receivables</i>	1,519,309	1,374,702
Total assets	2,859,666	2,638,046
Current liabilities	910,955	880,293
<i>thereof financial liabilities</i>	825,761	778,979
Non-current liabilities	1,471,921	1,318,333
<i>thereof financial liabilities</i>	1,423,812	1,272,584
Equity	476,790	439,420
Equity ratio in percent	16.7	16.7
Total liabilities and equity	2,859,666	2,638,046
	Jan. 1, 2014 to Sep. 30, 2014	Jan. 1, 2013 to Sep. 30, 2013
Cash flow from operating activities	-159	-38,201
Net cash flow from operating activities	-7,130	-53,424
Cash flow from investing activities	-10,142	-20,858
Cash flow from financing activities	-10,840	41,293
Total cash flow	-28,112	-32,989

As per the September 30, 2014 reporting date, total assets of the GRENKE Consolidated Group increased a total of eight percent as a result of our steady growth. Our equity developed in a similar manner with an increase of nine percent. This was supported by the strong profit achieved in the first nine months as well as by the positive reaction of our shareholders in the second quarter to our Scrip Dividend offer. Once again the equity ratio exceeded our long-term target of 16 percent: At 16.7 percent, the ratio as per the reporting date was exactly at the same level as per the end of fiscal year 2013. With this solid equity ratio, we still have ample room for the GRENKE Consolidated Group's future growth.

On the asset side of the balance sheet, the current and non-current lease receivables, our largest single positions, rose ten percent. The maturity structure essentially remained unchanged. Although at EUR 83.1 million GRENKE Consolidated Group's cash and cash equivalents were 24 percent below the volume recorded on the balance sheet date of the 2013 fiscal year due to the introduction of SEPA and reporting date-related outstanding lease payments, they were still significantly above the level recorded at the end of the first half of the year (EUR 53.4 million) and thus within normal business fluctuations. Overall, we aim if possible to avoid any excess liquidity that can only be invested at low interest rates. For this reason, during the reporting quarter, we used a substantial portion of the cash flow from operating activities to refinance our new business. The clear stipulation remains that sufficient capital and liquidity be available at all times to take advantage of any growth opportunities.

In the course of fine-tuning our refinancing structure, only minimal volumes of various instruments were issued in the reporting quarter due to our comfortable cash position. These instruments included one bond with a volume of EUR 10 million, seven promissory note loans with a total volume of EUR 96 million plus CHF 10 million and seven commercial papers with a volume of EUR 78 million.

Cash flow from operating activities amounted to EUR –0.2 million in the nine month period. Earnings before taxes of EUR 65.5 million were largely offset by cash outflows from changes in lease receivables of EUR 222.0 million and the change in other assets and deferred lease payments of a net EUR –48.7 million. Cash inflows resulted primarily from changes in the refinancing liabilities of EUR 156.5 million and the increase in liabilities from deposit business (EUR 40.1 million). After taxes paid in the amount of EUR 6.5 million and after interest paid and received, the net cash flow from operating activities amounted to EUR –7.1 million as per the end of the first nine months. Compared to the first nine months of the previous year (EUR –53.4 million), the net cash flow from operating activities was significantly higher.

Cash flow from investing activities in the nine month period totalled EUR –10.1 million. It consisted mainly of payments for the purchase of office and business equipment and intangible assets in the amount of EUR 4.6 million as well as other cash outflows of EUR 5.8 million for the acquisition of companies of former franchisees in the first half of the year.

Total cash flows in the nine month period amounted to EUR –28.1 million. This amount included the cash flows from financing activities of EUR –10.8 million, which was mainly influenced by the dividend payment (EUR 10.6 million) and to a lesser extent by the assumption of bank liabilities.

Report on Risks, Opportunities, and Forecasts

Opportunities and Risks

The following report on opportunities and risks relates to the GRENKE Consolidated Group as well as to its individual segments. The opportunities and risks presented in the 2013 annual financial report continue to be relevant – additional fundamental risks or risks of particular importance have not arisen. Since the beginning of the current fiscal year, we see the opportunities for our operating development outweighing the risks inherent in our business model. The increase in our profit forecast for the current fiscal year confirms this assessment.

The demand for lease financing, as measured by the number of incoming applications described in the chapter on new business, remains high. This allows us to squarely place our focus on new business growth and systematically increase it, while at the same time attaining risk-appropriate margins. We aim to drive our future organic growth by adding new locations, branches, and franchise partners and by penetrating new regional sales markets and expanding our range of financial services.

We currently do not see any material risks in terms of refinancing since issuers on the capital market who have a solid reputation always have access to sufficient funding at commercially reasonable terms, even in difficult market situations. Accordingly, in the past, we have been repeatedly able to successfully place new issues such as promissory note loans, commercial paper, and ABS bonds optimised for our needs in a variety of market situations. In our opinion, this market environment has not changed. Our access to bank deposits through GRENKE BANK AG offers us an attractive source of refinancing that we use with a high degree of flexibility.

Rising losses have a material influence on our earnings development, particularly during recessionary periods. Traditionally, losses have shown a certain degree of volatility over the course of the year as well as a time lag of about two years in comparison to the underlying transaction. Assuming and managing these types of risks is a core aspect of our business model. The management of the GRENKE Consolidated Group is aimed at assessing the risks as precisely as possible at the time of concluding the contract so that a sufficient premium can be set in the conditions offered for assuming these risks.

The risk of increasing interest rates continues to be of key importance for the GRENKE Consolidated Group. However, the interest rate risk is limited in terms of refinancing the portfolio of lease receivables. This risk is hedged using derivative instruments to the extent that the interest rates are variable. In the case of new business, however, risks can occur, in principle, from changes in interest rates and spreads. Therefore, the time lag after which the change in interest rates is potentially passed on to customers may have a temporary influence on the profitability of new business. Currently, however, there is no reason to assume a substantial change in the present low interest rate policy of the European Central Bank. In the USA, the US Federal Reserve is currently switching from a very expansive monetary policy to a more restrictive monetary policy. There, markets expect an increase in the key interest rates at some point in the coming quarters. This could lead to a continuation in the weakness of the euro which is already visible. This, however, will not have a noticeable effect on the business of the GRENKE Group.

Forecasts

The third quarter confirmed the high rate of new business growth in the GRENKE Group experienced in the first six months of the year. After nine months and an increase of 15 percent, we are well on track to achieve our goal of growth in the range of 13 to 16 percent for fiscal year 2014. Thus, our growth rate continues to clearly exceed our long-term target of ten percent per year. Furthermore, GRENKE Consolidated Group's net profit growth of 38 percent to EUR 48.3 million in the first nine months of the year clearly surpassed our expectations. After specifying at the end of the first half of the year that our net profit should reach the upper end of our previous range of EUR 52 million to EUR 56 million and thus reach a level of around EUR 56 million, we can now raise our forecast: We expect a net profit for fiscal year 2014 in a range of EUR 62 million to EUR 64 million. This represents growth of at least 32 percent compared to net profit of EUR 47.0 million reported for fiscal year 2013.

In the future, we will continue with our proven and successful management. We will concentrate on those markets in which we can enforce the appropriate margins for the amount of risk assumed and therefore secure GRENKE Consolidated Group's profitability. We will take specific advantage of the different opportunities offered to us in the various countries in which we operate. Additionally, we are also deliberately expanding our market presence. Further cell divisions and entries into two new countries have already been prepared for the fourth quarter.

Interim Consolidated Financial Statements

Consolidated Income Statement

EURk	3-month report		9-month report	
	July 1, 2014 to Sept. 30, 2014	July 1, 2013 to Sept. 30, 2013	July 1, 2014 to Sept. 30, 2014	July 1, 2013 to Sept. 30, 2013
Interest and similar income from financing business	53,971	47,734	156,211	140,055
Expenses from interest on refinancing and deposit business	13,369	14,608	40,968	43,664
Net interest income	40,602	33,126	115,243	96,391
Settlement of claims and risk provision	14,250	12,081	39,060	36,797
Net interest income after settlement of claims and risk provision	26,352	21,045	76,183	59,594
Profit from insurance business	10,965	9,204	30,490	25,849
Profit from new business	11,778	10,621	34,959	32,031
Gains from disposals	1,047	688	1,779	2,034
Income from operating business	50,142	41,558	143,411	119,508
Staff costs	13,707	13,112	40,253	37,973
Depreciation and impairment	1,521	1,468	4,453	3,932
Selling and administrative expenses (not including staff costs)	11,193	9,792	32,937	28,349
Other operating expenses	774	759	2,476	3,101
Other operating income	938	662	2,595	2,114
Operating result	23,885	17,089	65,887	48,267
Expenses / income from fair value measurement	18	-13	75	75
Other interest income	73	119	193	424
Other interest expenses	171	194	672	770
Earnings before taxes	23,805	17,001	65,483	47,996
Income taxes	6,656	4,246	17,152	12,890
Net profit	17,149	12,755	48,331	35,106
Of which, attributable to:				
non-controlling interests	0	--	-4	--
shareholders of GRENKELEASING AG	17,149	--	48,335	--
Earnings per share (basic) in EUR	1.16	0.87	3.28	2.42
Earnings per share (diluted) in EUR	1.16	0.87	3.28	2.42
Average number of shares outstanding (basic)	14,754,199	14,700,000	14,747,052	14,510,216
Average number of shares outstanding (diluted)	14,754,199	14,700,000	14,747,052	14,510,216

Consolidated Statement of Comprehensive Income

	3-month report		9-month report	
	July 1, 2014 to Sept. 30, 2014	July 1, 2013 to Sept. 30, 2013	July 1, 2014 to Sept. 30, 2014	July 1, 2013 to Sept. 30, 2013
EURk				
Net profit	17,149	12,755	48,331	35,106
Items that may be reclassified to profit and loss in future periods				
Appropriation to / reduction of hedging reserve (before taxes)	33	-37	-3	422
Income taxes	-5	6	-1	-22
Appropriation to / reduction of hedging reserve (after taxes)	28	-31	-4	400
Change in currency translation differences (before taxes)	601	738	1,222	-962
Income taxes	0	0	0	0
Change in currency translation differences (after taxes)	601	738	1,222	-962
Items that will not be reclassified to profit and loss in future periods				
Appropriation to / reduction of reserve for actuarial gains and losses (before taxes)	0	0	-403	-148
Income taxes	0	0	94	35
Appropriation to / reduction of reserve for actuarial gains and losses (after taxes)	0	0	-309	-113
Other comprehensive income	629	707	909	-675
Total comprehensive income	17,778	13,462	49,240	34,431
Of which, attributable to:				
non-controlling interests	0	0	0	0
shareholders of GRENKELEASING AG	17,778	13,462	49,240	34,431

Consolidated Statement of Financial Position

EURk	Sept. 30, 2014	Dec. 31, 2013
Assets		
Current assets		
Cash and cash equivalents	83,085	109,770
Financial instruments that are assets	863	2,123
Lease receivables	852,692	775,167
Other current financial assets	77,900	77,546
Trade receivables	4,311	4,395
Lease assets for sale	9,015	9,418
Tax assets	9,378	14,176
Other current assets	119,420	112,400
Total current assets	1,156,664	1,104,995
Non-current assets		
Lease receivables	1,519,309	1,374,702
Financial instruments that are assets	94	590
Other non-current financial assets	47,156	28,882
Property, plant, and equipment	40,455	40,067
Goodwill	57,937	52,549
Other intangible assets	14,434	12,917
Deferred tax assets	22,739	22,493
Other non-current assets	878	851
Total non-current assets	1,703,002	1,533,051
Total assets	2,859,666	2,638,046

Consolidated Statement of Financial Position

EURk	Sept. 30, 2014	Dec. 31, 2013
Liabilities and equity		
Liabilities		
Current liabilities		
Financial liabilities	825,761	778,979
Liability financial instruments	4,134	2,942
Trade payables	12,094	10,747
Tax liabilities	8,979	4,110
Deferred liabilities	9,948	7,688
Current provisions	1,887	1,821
Other current liabilities	11,747	8,932
Deferred lease payments	36,405	65,074
Total current liabilities	910,955	880,293
Non-current liabilities		
Financial liabilities	1,423,812	1,272,584
Liability financial instruments	1,038	768
Deferred tax liabilities	44,018	42,576
Pensions	2,964	2,168
Non-current provisions	89	237
Total non-current liabilities	1,471,921	1,318,333
Equity		
Share capital	18,859	18,790
Capital reserves	116,491	112,757
Retained earnings	338,680	306,022
Other components of equity	2,760	1,851
Total equity attributable to shareholders of GRENKELEASING AG	476,790	439,420
Non-controlling interests	0	--
Total equity	476,790	--
Total liabilities and equity	2,859,666	2,638,046

Consolidated Statement of Cash Flows

EURk	Jan. 1, 2014 to Sept. 30, 2014	Jan. 1, 2013 to Sept. 30, 2013
Earnings before taxes	65,483	47,996
Non-cash items contained in earnings and reconciliation to cash flow from operating activities		
+ Depreciation and impairment	4,453	3,932
- / + Profit / loss from the disposal of property, plant, and equipment and intangible assets	24	-19
- / + Net income from non-current financial assets	479	346
- / + Non-cash changes in equity	714	-240
- / + Other non-cash effective income / expenses	26	0
+ / - Increase / decrease in deferred liabilities, provisions, and pensions	2,645	1,086
- Additions to lease receivables	-850,375	-740,237
+ Payments by lessees	670,774	586,526
+ Disposals / reclassifications of lease receivables at residual carrying amounts	123,492	114,036
- Interest and similar income from leasing business	-153,750	-140,055
+ / - Decrease / increase in other receivables from lessees	-1,745	-3,238
+ / - Currency translation differences	-10,444	3,943
= Change in lease receivables	-222,048	-179,025
+ Addition to liabilities from refinancing	754,686	1,017,836
- Payment of annuities to refinancers	-603,378	-239,972
- Disposal of liabilities from refinancing	-42,100	-741,866
+ Expenses from interest on refinancing and on deposit business	40,968	43,664
+ / - Currency translation differences	6,278	-775
= Change in refinancing liabilities	156,454	78,887
+ / - Increase / decrease in liabilities from deposit business	40,051	37,019
- / + Increase / decrease in loans to franchisees	-4,548	-142
Changes in other assets / liabilities		
- / + Increase / decrease in other assets	-20,047	-19,748
+ / - Increase / decrease in deferred lease payments	-28,669	-3,394
+ / - Increase / decrease in other liabilities	4,824	-4,899
= Cash flow from operating activities	-159	-38,201

continued on next page

Consolidated Statement of Cash Flows

EURk	Jan. 1, 2014 to Sept. 30, 2014	Jan. 1, 2013 to Sept. 30, 2013
- / +		
Income taxes paid / received	-6,492	-14,877
-		
Interest paid	-672	-770
+		
Interest received	193	424
=		
Net cash flow from operating activities	-7,130	-53,424
-		
Payments for the acquisition of property, plant, and equipment and intangible assets	-4,570	-5,145
- / +		
Payments / proceeds from acquisition of subsidiaries	-5,846	-15,930
+		
Proceeds from the sale of property, plant, and equipment and intangible assets	274	217
=		
Cash flow from investing activities	-10,142	-20,858
+ / -		
Borrowing / repayment of bank liabilities	-196	-638
+		
Proceeds from cash capital increase	0	53,691
-		
Dividend payments	-10,644	-11,760
=		
Cash flow from financing activities	-10,840	41,293
Cash funds at beginning of period		
Cash in hand and bank balances	109,770	116,707
-		
Bank liabilities from overdrafts	-432	-637
=		
Cash and cash equivalents at beginning of period	109,338	116,070
+ / -		
Change due to currency translation	-275	92
=		
Cash funds after currency translation	109,063	116,162
Cash funds at end of period		
Cash in hand and bank balances	83,085	86,214
-		
Bank liabilities from overdrafts	-2,134	-3,041
=		
Cash and cash equivalents at end of period	80,951	83,173
Change in cash and cash equivalents during the period (= total cash flow)	-28,112	-32,989
Net cash flow from operating activities	-7,130	-53,424
+		
Cash flow from investing activities	-10,142	-20,858
+		
Cash flow from financing activities	-10,840	41,293
=		
Total cash flow	-28,112	-32,989

Consolidated Statement of Changes in Equity

EURk	Share capital	Capital reserves	Retained earnings / Consolidated net profit	Hedging reserve	Reserve for actuarial gains / losses	Currency translation	Total equity attributable to shareholders of GRENKE-LEASING AG	Non-controlling interests	Total equity
Equity as per Jan. 1, 2014	18,790	112,757	306,022	-57	-438	2,346	439,420	-	439,420
Total comprehensive income			48,335	-4	-309	1,222	49,244	-4	49,240
Dividend payment			-14,700				-14,700		-14,700
Capital increase (Shares issued from Scrip Dividend)	69	3,734					3,803		3,803
Changes in the scope of consolidation							0	33	33
Transactions with shareholders			-977				-977	-29	-1,006
Equity as per Sept. 30, 2014	18,859	116,491	338,680	-61	-747	3,568	476,790	-	476,790
Equity as per Jan. 1, 2013	17,491	60,166	270,812	-445	-494	3,443	350,973	-	350,973
Total comprehensive income			35,106	400	-113	-962	34,431		34,431
Dividend payment			-11,760				-11,760		-11,760
Capital increase (issuance of shares)	1,299	52,591					53,890		53,890
Equity as per Sept. 30, 2013	18,790	112,757	294,158	-45	-607	2,481	427,534	-	427,534

Consolidated Group Segment Report

EURk	Leasing segment		Banking segment		Factoring segment		Total segments		Consolidation effects		Consolidated Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
January to September												
Operating segment income	131,421	109,073	10,149	9,362	1,841	1,073	143,411	119,508	0	0	143,411	119,508
Segment result	57,883	41,310	7,655	7,039	349	-82	65,887	48,267	0	0	65,887	48,267
Reconciliation to consolidated financial statements												
Operating result											65,887	48,267
Other financial income											-404	-271
Taxes											17,152	12,890
Net profit according to consolidated income statement											48,331	35,106
As per September 30												
Segment assets	2,735,414	2,442,848	461,282	370,905	24,716	13,383	3,221,412	2,827,136	-393,863	-322,438	2,827,549	2,504,698
Reconciliation to consolidated financial statements												
Tax assets											32,117	32,853
Total assets according to consolidated statement of financial position											2,859,666	2,537,551

Business Segments

The reporting on segment development is aligned along the prevailing organisational structure within the GRENKE Consolidated Group. Accordingly, the operating segments are divided into Leasing, Banking, and Factoring based on the management of the Company's segments. A regional split of business activities is provided on a yearly basis as part of GRENKE's consolidated financial statements for each fiscal year. Separate financial information is available for the three operating segments.

Reportable Segments

The Leasing segment comprises all of the activities that are related to the Consolidated Group's leasing business. The service offer encompasses the provision of financing to commercial lessees, rental, insurance, service, and maintenance offerings, as well as the disposal of used equipment.

The Banking segment comprises the activities of GRENKE BANK AG, which regards itself as a financing partner particularly to small- and medium-sized companies. Additionally, GRENKE BANK AG cooperates with development banks in providing financing to this clientele in the context of business start-ups. Furthermore, fixed-term deposits are offered to investors via its internet presence. The bank's business is focused primarily on German customers. In addition, GRENKE BANK AG supports the refinancing of GRENKE Consolidated Group's leasing business through intra-group purchases of lease receivables.

The Factoring segment contains the activities which provide traditional factoring services focussed on small-ticket factoring. Previously, this segment only encompassed the activities of GRENKEFACTURING GmbH, Baden-Baden. As per June 30, 2014, the newly acquired GRENKEFACTURING AG, Basel was also allocated to this segment.

Notes to the Interim Consolidated Financial Statements

Accounting Policies

The interim consolidated financial statements of GRENKELEASING AG (hereafter also referred to as "GRENKE Consolidated Group") as per September 30, 2014 meet the requirements of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and adopted by the EU, as did the consolidated financial statements as per December 31, 2013. The provisions on interim reporting set out in IAS 34 were applied accordingly. All interim financial statements of the companies included in the consolidated financial statements of the GRENKE Consolidated Group have been prepared using uniform accounting policies.

Since interim reporting is based on the consolidated financial statements, detailed information on accounting and consolidation policies can be found in the notes to the consolidated financial statements for the year ended December 31, 2013. The accounting policies used are the same as those used in the previous year with the exception of the new standards that have become mandatory, which are presented briefly in the paragraph below.

The interim consolidated financial statements and the interim management report as per September 30, 2014 were neither subject to an audit nor an audit review by an auditor.

Mandatory New Accounting Standards

On May 29, 2013, the IASB published amendments to IAS 36 "Impairment of Assets". The amendments must be adopted for the first time in fiscal years beginning on or after January 1, 2014. Early adoption is permitted. The European Union has adopted the amendments to IAS 36 into EU law in the Official Gazette on December 20, 2013. GRENKELEASING AG has applied these amendments in advance as per December 31, 2013. With the amendments to IAS 36, the IASB has limited the scope of disclosure requirements introduced by IFRS 13 regarding the recoverable amount. At the same time, the scope of disclosure requirements in the notes has been expanded in the case of impairment or a reversal of impairment. According to the current amendment to IAS 36, the recoverable amount must only be disclosed if impairment or a reversal of impairment has occurred in the current period. This amendment clarifies the disclosure requirements regarding the recoverable amount.

In May 2011, the IASB released three new standards regulating the recognition of the investments of a reporting entity in its consolidated financial statements. IFRS 10 "Consolidated Financial Statements" introduces a uniform consolidation model for all entities on the basis of control and replaces the regulations of IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities". IFRS 11 "Joint Arrangements" covers the recognition of joint arrangements. These occur when two or more parties have joint control. The first-time adoption of these provisions had no impact on the consolidated financial statements of GRENKELEASING AG. The scope of consolidation remained unchanged with regard to this amendment.

IFRS 11 has no effect on the consolidated financial statements of GRENKELEASING AG as no companies of the GRENKE Consolidated Group have investments in joint arrangements.

IFRS 12 "Disclosure of Interests in Other Entities" expands the disclosure requirements for investments in other companies. This involves the compilation of existing disclosures from several standards that have already been published in IFRS 12. The disclosure requirements are expanded significantly. Following the amendment, the amended IAS 27 "Separate

Financial Statements" now only includes regulations for separate financial statements and is therefore not relevant to the consolidated financial statements.

In October 2012, the IASB published amendments to the transitional provisions of the amended IFRS 10, 11, and 12. Exceptions and simplifications were published regarding restated comparative figures, as well as disclosure requirements of comparative information regarding non-consolidated structured entities for the first-time adoption of IFRS 12. The amendment has no effect on the consolidated financial statements.

With the amendment of the above standards, the IASB also amended IAS 28 "Investments in Associates". This standard is not relevant to the GRENKE Consolidated Group since it holds no investments in associates.

The amendments to IAS 32 were published by the IASB in December 2011. These changes are intended to clarify existing inconsistencies via amendments to the application guidelines. However, the existing basic regulations concerning the offsetting of financial instruments remain unchanged. These amendments have no impact on the consolidated financial statements.

On June 27, 2013, the IASB published amendments to IAS 39 "Financial Instruments: Recognition and Measurement" with the title "Novation of Derivatives and Continuation of Hedge Accounting". The changes are intended to clarify situations in which a derivative, which has been designated as a hedging instrument, is transferred from one counterpart to a central counterparty as a consequence of laws or regulations. The amendments allow for the continued recognition of the hedging transaction independent of the novation, which would not have been permissible without the amendment. This change has no impact on the GRENKE Consolidated Group. As a result of the settlement of derivative transactions of a Consolidated Group company which is not defined as a financial counterparty, and due to the low level of derivative business involved, these transactions are not subject to the EU regulation of the European Market Infrastructure Regulation (EMIR). Thus, these derivatives are not required to be settled via a central counterparty.

Use of Assumptions and Estimates

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

- ▶ Determination of impairments for non-performing lease receivables on the basis of the recoverability rate from terminated lease contracts or contracts in arrears
- ▶ 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

Lease receivables from terminated lease contracts or contracts in arrears are carried at nominal value less appropriate bad debt allowances. The amount of bad debt allowances is 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 which are 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)

Impairment is assumed for categories 2 to 7 as the contracts have been terminated due to defaults in payment. The allowance rates range between 5% and 100%. Estimated residual values are used to determine the present value of lease receivables. Non-guaranteed residual values are used to calculate lease receivables in accordance with the definition in IAS 17. Estimated residual values comprise anticipated sales proceeds and any revenues generated in a renewal period. They are determined on the basis of past experience and statistical methods.

Based on experience and dependent upon the terms of the lease, the residual values of additions up until the end of 2006 ranged between 11% and 15% of historical cost. In fiscal year 2007, due to an improvement in forecasting capabilities for the statistical population, this allocation could be further broken down into more detailed maturity groups. For additions from 2007 to 2008, the residual values range between 7.7% and 28.4% of historical cost depending upon the duration of the lease. Residual values of between 6.5% and 28.4% were used for additions from 2009. For additions after April 1, 2011, residual values of between 6.5% and 23.5% were applied and continue to be valid.

Proceeds are at best estimated based on statistical analyses. If the post-transaction recoverable amount is lower than expected (from sale and subsequent lease), the lease receivables are impaired. However, an increase in the recoverable amount remains unrecognised.

Lease assets for sale are measured on the basis of the average sales proceeds per age group realised in the past fiscal year in relation to the original cost. Lease assets for sale are measured at historical residual values taking their actual saleability into account. As per the end of the reporting period, the residual values used had amounted to between 2.7% and 18.8% of the historical cost (previous year as per September 30, 2013: between 3.6% and 17.6%). If a sale is considered unlikely due to the condition of the asset, the asset is impaired in profit and loss.

Lease Receivables

EURk	Sep. 30, 2014	Sep. 30, 2013
Change in lease receivables from current contracts (performing lease receivables)		
Balance at beginning of period	2,043,904	1,771,673
– Non-cash effective change during the period	–26	0
+ Cash effective change during the period	220,303	182,095
Lease receivables (current + non-current) from current contracts at end of period	2,264,181	1,953,768
Changes in lease receivables from terminated contracts / contracts in arrears (non-performing lease receivables)		
Gross receivables at beginning of period	217,110	198,623
– Accumulated valuation allowances at beginning of period	–111,145	96,368
= Non-performing lease receivables at beginning of period	105,965	102,255
+ Additions to gross receivables during the period	39,742	39,818
– Disposals of gross receivables during the period	28,100	24,372
+ Disposal of accumulated valuation allowances during the period	15,942	12,467
– Addition of accumulated valuation allowances during the period	25,730	24,003
Non-performing lease receivables at end of period	107,820	106,165
Lease receivables (carrying amount, current and non-current) at beginning of period	2,149,869	1,873,928
Lease receivables (carrying amount, current and non-current) at end of period	2,372,001	2,059,933

Financial Liabilities

The GRENKE Consolidated Group's financial liabilities comprise liabilities from the refinancing of the leasing business, bank liabilities, and liabilities from deposit business.

EURk	Sep. 30, 2014	Dec. 31, 2013
Financial liabilities		
Current financial liabilities		
Liabilities from the refinancing of the leasing business	668,759	663,486
<i>ABS / ABCP related liabilities</i>	176,097	177,047
<i>Bonds, revolving facilities, debentures, and private placements</i>	407,956	404,594
<i>Committed development loans</i>	14,580	16,506
<i>Sales of receivables agreements</i>	70,126	65,339
Current liabilities from deposit business	153,605	114,292
Current bank liabilities	3,397	1,201
<i>thereof current account liabilities</i>	2,134	432
Total current financial liabilities	825,761	778,979
Non-current financial liabilities		
Liabilities from the refinancing of the leasing business	1,281,385	1,130,208
<i>ABS / ABCP related liabilities</i>	253,852	209,775
<i>Bonds, debentures, and private placements</i>	900,152	811,873
<i>Committed development loans</i>	36,619	24,154
<i>Sales of receivables agreements</i>	90,762	84,406
Non-current liabilities from deposit business	142,083	141,345
Non-current bank liabilities	344	1,031
Total non-current financial liabilities	1,423,812	1,272,584
Total financial liabilities	2,249,573	2,051,563

ABS Bond

On February 4, 2010, an ABS bond amounting to EUR 160,000k was placed via the special-purpose entity GOALS FINANCING 2009 LIMITED (GOALS 2009-1). The contracts with GOALS FINANCING 2009 LIMITED allowed the GRENKE Consolidated Group to sell further lease agreements on a revolving basis for a total of three years and up to a maximum volume of EUR 300,000k. The interest rate is variable at three-month EURIBOR plus a spread ranging between 1.25% and 3.5% depending on the tranche. Three tranches of bonds with different ratings (risk classes) were issued by the SPE. The size of the highest rated tranche is a reflection of the quality of the leasing portfolio and the internal risk management and directly impacts the cost of this type of financing. Of this bond, 76.5% (EUR 122,400k) was given the highest rating by Standard & Poor's (AAA) and FITCH (AAA). The wholly-owned subsidiary of GRENKELEASING AG, GRENKE FINANCE Plc., Dublin/Ireland, subscribed on a pro rata basis to the second tranche and fully subscribed to the last tranche (nominal amount: EUR 24,200k) of the ABS bond. As a result, the Consolidated Group received a cash inflow of only EUR 135,800k. The carrying amount of the total liability was EUR 35,814k as per the end of the reporting period (previous year as per September 30, 2013: EUR 96,212k).

ABCP Programmes

The GRENKE Consolidated Group has several asset-backed commercial paper programmes (ABCPs) with a total volume of EUR 593,333k as per the end of the reporting period. An overview of the programmes as per the end of the reporting period is as follows:

ABCP programme / SPE	Initiating bank	Lease receivables eligible for refinancing	Programme volume in EURk as per Sep. 30, 2014	Programme volume in EURk as per Dec. 31, 2013
Compass Variety Funding Limited	Portigon	German and Austrian lease receivables	--	40,000
Opusalph Purchaser II Limited	HeLaBa	German and Austrian lease receivables	100,000	--
Kebnekaise Funding Limited	SEB AB	German and French lease receivables	110,000	110,000
CORAL PURCHASING Limited	DZ-Bank	German lease receivables	150,000	150,000
Elektra Purchase No. 25 Limited / (FCT GK 2)	UniCredit	French lease receivables	100,000	100,000
Regency Assets Limited / (FCT GK 3)	HSBC	French lease receivables	133,333	133,333
Total			593,333	533,333

The ABCP programmes grant GRENKE FINANCE Plc., Dublin/Ireland, and Grenke Investitionen Verwaltungs KGaA the right to refinance or to sell receivables to the respective programmes for a certain period of time. The cap on the purchase volume is determined by the volume of the programme, which is normally backed by the organising bank in the form of a liquidity commitment in the corresponding amount. As per the reporting date, a total volume of EUR 394,135k (previous year as per September 30, 2013: EUR 346,360k) at carrying amount was utilised.

The programme commitment for the Kebnekaise Funding Limited ABCP programme will run until November 30, 2015 and the programme commitment for the CORAL Purchasing Limited ABCP programme until September 3, 2015. The programme commitment for the Elektra Purchase No. 25 ABCP programme will run until July 15, 2015.

In the first quarter of 2014, the new Opusalpha Purchaser Limited II ABCP programme was initiated with Landesbank Hessen-Thüringen (shortened: HeLaBa). The programme volume amounts to EUR 100,000k and allows Grenke Investitionen Verwaltungs KGaA to sell German and Austrian receivables.

The ABCP programme Compass Variety Funding Limited with Portigon (formerly WestLB) was closed as per February 17, 2014.

To reflect the current legal conditions in France for the securitisation of French lease receivables (separate French securitisation act), a French securitisation vehicle (FCT = fonds commun de titrisation à compartiments/French issuer) was established in 2009. The FCT initially consisted of just one so-called compartment ("FCT GK 1"). A second compartment was established on January 18, 2011 ("FCT GK 2"). "FCT GK 2" is refinanced through the issue of FCT notes which are 100% subscribed by SPE Elektra Purchase No. 25 Limited. A third compartment was founded on March 26, 2013 ("FCT GK 3"). This third compartment is refinanced through the issue of so-called FCT senior notes and FCT subordinated notes. The FCT senior notes are 100% subscribed by Regency Assets Limited and the FCT subordinated notes are 100% subscribed by GRENKE FINANCE Plc., Dublin/Ireland. Within the FCT, the individual compartments are kept strictly separate from one another ("ring-fenced") and they all exclusively serve to finance French lease receivables. Both of the latter compartments are included in the scope of consolidation.

As per the reporting date, 66.43% of the refinancing framework of the ABCP programmes was utilised (previous year as per September 30, 2013: 64.94%). The corresponding amount of receivables is assigned by way of collateral.

Sales of Receivables Agreements

Such agreements are currently in place with Stadtparkasse Baden-Baden Gaggenau, Sparkasse Karlsruhe, UBS AG in Switzerland, the Commerzbank subsidiary mBank S.A. (formerly BRE-Bank S.A.) and DZ Bank AG S.A. Oddzial w Polsce (formerly DZ Bank Polska) in Poland, and Norddeutsche Landesbank for receivables in the UK. The existing agreements allow for revolving sales of new receivables up to a maximum amount of: Stadtparkasse Baden-Baden Gaggenau EUR 10,000k; Sparkasse Karlsruhe EUR 10,000k; UBS AG CHF 50,000k; mBank S.A. PLN 50.000k, DZ Bank AG S.A. Oddzial w Polsce PLN 50.000k, Norddeutsche Landesbank GBP 70,000k.

Bonds, Debentures, and Private Placements

In the first nine months of 2014, six new bonds were issued:

Description	Term		Interest coupon percent p. a.	Nominal value EURk
	from	until		
EUR bond	21/02/2014	21/08/2018	1.90	30,000
EUR bond	04/03/2014	04/03/2019	2.17	30,000
EUR bond	17/04/2014	17/10/2017	1.625	125,000
EUR bond	06/05/2014	06/05/2016	1.37	10,000
EUR bond	27/06/2014	27/08/2018	1.5	10,000
EUR bond	07/07/2014	07/07/2017	1.25	10,000

On January 21, 2014 and April 22, 2014, bonds with a volume of EUR 100,000k each were redeemed as scheduled. On July 21, 2014, a bond with a volume of EUR 10,000k was redeemed as scheduled.

In the fiscal year to-date, a total of ten new promissory note loans with an aggregate volume of EUR 116,000k and CHF 14,800k were issued. A total of EUR 115,167k and CGF 800k was redeemed as scheduled.

Development Loans

NRW.Bank

Since 2010, GRENKELEASING, GRENKE BANK AG, and NRW.Bank, the development bank of the state of North Rhine-Westphalia, have had a cooperation agreement in place. This cooperation presents a new opportunity for incorporating development funding into lease financing. The development loans are available exclusively for investment plans of commercial enterprises and members of self-employed professions with annual sales of up to EUR 500 million and located in North Rhine-Westphalia.

In the reporting period, new loans totalling EUR 7,500k were issued and loans with a total volume of EUR 11,562k were redeemed.

Thüringer Aufbaubank

On January 16, 2012 and on September 27, 2013, GRENKELEASING AG and GRENKE BANK AG entered into a cooperation agreement with Thüringer Aufbaubank (TAB), the development bank of the state of Thuringia, similar to the agreement with NRW.Bank. The development loans are available exclusively for investment plans of commercial enterprises and members of self-employed professions with annual sales of up to EUR 500 million and located in Thuringia.

In the reporting period, new loans totalling EUR 2,500k were issued and loans with a total volume of EUR 1,458k were redeemed.

Investitionsbank Berlin

On June 6, 2012 and on May 30, 2014, GRENKELEASING AG and GRENKE BANK AG also entered into a cooperation agreement with Investitionsbank Berlin (IBB), the development bank of Berlin. The development loans are available exclusively for investment plans of commercial enterprises and members of self-employed professions with annual sales of up to EUR 500 million and located in Berlin.

In the reporting period, no new loans were drawn-down and loans with a total volume of EUR 833k were redeemed.

LfA Förderbank Bayern

On January 30, 2013, GRENKELEASING AG and GRENKE BANK AG have established a further cooperation agreement with LfA Förderbank Bayern by means of a global loan in the amount of EUR 25,000k. Through this collaboration, small and medium-sized enterprises and self-employed professionals located in Bavaria can access development funds for investments via leasing. The development loans are available exclusively for investment plans of commercial enterprises and members of self-employed professions with annual sales of up to EUR 500 million and located in Bavaria. The loan was drawn down for the first time in the amount of EUR 10,000k on June 11, 2014 with a term of 4 years.

In the reporting period, new loans totalling EUR 10,000k were issued.

KfW

In cooperation with KfW, GRENKE BANK AG offers the nationwide "ERP-Startgeld" for business start-ups and young enterprises. Hereby, KfW provides both low-interest loans and 80% exemption from liability for the firm's bank. The maximum permitted loan amount is limited to EUR 100k.

L-Bank, State bank of Baden-Württemberg

Since the beginning of 2011, GRENKE BANK AG also offers the business development programme "Startfinanzierung80" in Baden-Württemberg in addition to the business start-up programme "KfW-Startgeld" of der KfW-Mittelstandsbank. The programme targets business start-ups and is jointly offered by L-BANK and Bürgschaftsbank Baden-Württemberg. Whereas L-BANK offers low-interest loans, Bürgschaftsbank provides 80% indemnity guarantees.

Revolving Credit Facility

In the context of five revolving credit facilities with a total volume of EUR 125,000k available to GRENKE FINANCE Plc., Dublin/Ireland and in parts to GRENKELEASING AG Switzerland, the GRENKE Consolidated Group has the possibility to take on short-term funds with a minimum amount of EUR 5,000k (CHF 1,500k respectively) and a term of usually one month at any time.

The facility with HSBC with a volume of EUR 15,000k was prolonged at the beginning of July 2014 and will run until the end of June 2015. The facility with Nord LB with a volume of EUR 20,000k from the first quarter of 2013 was prolonged in March 2014 for the first time. This facility will run until March 2015. The facilities with SEB, Deutsche Bank, and DZ-Bank, which have been in place for several years, have a volume of EUR 30,000k each and have the following terms: SEB (until March 2015), Deutsche Bank (until September 2015), DZ-Bank (until October 2015).

As per September 30, 2014 the revolving credit facilities were utilised in the amount of EUR 35,000k (previous year as per September 30, 2013: EUR 15,000k).

Money Market Trading

GRENKE FINANCE Plc., Dublin/Ireland and GRENKELEASING AG Switzerland have a non-committed money market facility totalling EUR 25,000k from Bayerische Landesbank. As per September 30, 2014, this credit line was utilised in the amount of EUR 17,000k (previous year as per September 30, 2013: EUR 10,000k). A further money market facility in the amount of EUR 10,000k is in place with Norddeutsche Landesbank. As per September 30, 2014 this line was not utilised (previous year as per September 30, 2013: EUR 0k). A further money market facility in the amount of EUR 10,000k is in place with Commerzbank AG. As per September 30, 2014 this line was not utilised as in the previous year.

Commercial Papers

The GRENKE Consolidated Group has the possibility of issuing commercial paper of up to a total volume of EUR 250,000k with a term of between 1 and 364 days.

As per September 30, 2014 the commercial paper programme was utilised in the amount of EUR 68,000k (previous year as per September 30, 2013: EUR 15,000k).

Disclosures on Financial Instruments

Fair Value Hierarchy

The GRENKE Consolidated Group uses observable market data, as far as possible for determining the fair value of an asset or a liability. Based on the input parameters used in the valuation methods, the fair values are assigned to different levels in the fair value hierarchy:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: measurement procedures in which all input factors are directly or indirectly observable and have a significant effect on the fair value recognised;
- Level 3: measurement procedures which use input factors that have a significant effect on the fair value recognised and are not based on observable market data.

If the input factors used to determine the fair value of an asset or a liability may be assigned to different levels in the fair value hierarchy, then the measurement at fair value is completely assigned to the level in the fair value hierarchy which corresponds to the lowest input factor material to performing the overall measurement.

The GRENKE Consolidated Group recognises reclassifications between the different levels of the fair value hierarchy at the end of the reporting period in which the change has occurred. In the reporting period, there were no reclassifications between the three levels of the measurement hierarchy.

Financial Instruments Recognised at Fair Value

In the reporting period, all derivative financial instruments, which include interest rate derivatives (interest rate swaps) and forward exchange contracts, are recognised at fair value in the GRENKE Consolidated Group. All derivative financial instruments are assigned to level 2 of the fair value hierarchy.

EURk	Fair value Sep. 31, 2014	Carrying amount Sep. 31, 2014	Fair value Dec. 31, 2013	Carrying amount Dec. 31, 2013
Financial Assets				
Interest rate derivatives without hedging relationship	523	523	1,623	1,623
Forward exchange contracts	434	434	1,090	1,090
Total	957	957	2,713	2,713
Financial Liabilities				
Interest rate derivatives with hedging relationship	93	93	73	73
Interest rate derivatives without hedging relationship	554	554	1,730	1,730
Forward exchange contracts	4,525	4,525	1,907	1,907
Total	5,172	5,172	3,710	3,710

The following table presents the carrying amounts and fair values of financial assets and financial liabilities by category of financial instruments which are not measured at fair value. The table does not contain information on the fair value of

financial assets and financial liabilities if the carrying amount represents an appropriate approximation to the fair value. This includes the following line items of the statement of financial position: cash and cash equivalents, trade receivables, non-performing lease receivables, and trade payables. All primary financial instruments are assigned to level 2 of the fair value hierarchy except for exchange-listed bonds which are included in refinancing liabilities and which are assigned to level 1 of the fair value hierarchy. As per the reporting date, the carrying amount of exchange-listed bonds was EUR 896,650k (December 31, 2013: EUR 891,650k) and their fair value amounted to EUR 907,640k (December 31, 2013: EUR 910,352k). All financial assets are allocated to the loans and receivables measurement category except for performing lease receivables. All financial liabilities are allocated to the other financial liabilities measurement category.

EURk	Fair value Sep. 30, 2014	Carrying amount Sep. 30, 2014	Fair value Dec. 31, 2013	Carrying amount Dec. 31, 2013
Financial assets				
Lease receivables (performing)	2,509,785	2,264,181	2,260,874	2,043,904
Other financial assets	127,079	125,056	107,124	106,428
Financial liabilities				
Refinancing liabilities	1,956,676	1,950,144	1,810,517	1,793,694
Liabilities from deposit business	296,206	295,688	262,492	255,637
Bank liabilities	3,737	3,741	2,270	2,232

Measurement Methods

Forward exchange contracts and interest rate derivatives assigned to level 2 of the fair value hierarchy are measured using the market-to-market method or the discounted present value model. Here, the present value of estimated future cash flows is used. Input factors include available interest rates at the end of the term in the traded currencies using the own counterparty risk (Debt Value Adjustment [DVA]) or the counterparty's credit risk (CVA [Credit Value Adjustment]) derived from available credit default swap (CDS) quotes.

Equity

On May 7, 2014, GRENKELEASING AG carried out a capital increase in the context of the Scrip Dividend. The share capital was increased by EUR 69,278.77 to EUR 18,859,255.47 through partial use of the authorised capital, which was resolved upon by the Annual General Meeting on May 12, 2009. A total of 54,199 new ordinary bearer shares (no-par value) were issued. The new shares carry the same dividend rights as the existing shares. Hence, the Company's share capital is now divided into 14,754,199 ordinary bearer shares.

Selling and Administrative Expenses (Not Including Staff Costs)

The Consolidated Group's investment in information technology (IT) resulting from IT project costs which cannot be capitalised, is reported separately within selling and administrative expenses for reasons of improved presentation and comparability. These expenses arise in particular through projects for the process optimisation of the central and standardised IT processes as a result of the involvement of external expertise.

EURk	Jan. 1 – Sep. 30, 2014	Jan. 1 – Sep. 30, 2013
IT project costs	1,920	748

Income Taxes

The main components of the income tax expense in the consolidated income statement are:

EURk	Jan. 1 – Sep. 30, 2014	Jan. 1 – Sep. 30, 2013
Income taxes		
Current tax expense	16,206	10,655
Deferred taxes	946	2,235
Income tax expense	17,152	12,890

Acquisitions

Acquisitions in Fiscal Year 2013

The purchase price allocations for the acquisition of GRENKELEASING Oy, Vantaa/Finland (formerly GC Leasing Finland Oy) and GRENKELEASING s.r.o. (formerly GC Leasing Slovensko s.r.o.), Bratislava/Slovakia, which were acquired in the previous year, were finalised in the second quarter of 2014. With regard to the acquisition of GRENKELEASING s.r.o., there were no changes to the preliminary fair values of the assets and liabilities. In relation to the acquisition of GRENKELEASING Oy, a change was carried in the second quarter of 2014 as a result of the receipt of additional information. Deferred tax assets of EUR 198k were recognised for tax-loss carryforwards. Previously, it had been uncertain whether the tax-loss carryforwards could be transferred due to a change in ownership. Therefore, the goodwill resulting from the acquisition of the cash-generating unit in Finland was reduced to EUR 3,410k. This adjustment was carried out retrospectively. Hence, equity as per December 31, 2013 was reduced by EUR 42k as a result of the interim use of the losses carried forward. For further information regarding business combinations in the prior fiscal year, please refer to the notes to the Company's consolidated financial statements as per December 31, 2013. For further information regarding business combinations in the previous year, please refer to the notes to the Company's consolidated financial statements as per December 31, 2013.

Acquisitions in Fiscal Year 2014

GCLUX Location S.à.r.l., Munsbach/Luxembourg

On March 31, 2014, which is both the date of the purchase agreement and the date of acquisition, GRENKELEASING AG acquired 56% of the voting shares in GCLUX Location S.à.r.l., Munsbach/Luxembourg. As per the date of the acquisition of April 14, 2014, GRENKELEASING AG acquired the remaining 44% of the voting shares. Therefore, GRENKELEASING holds 100% of the voting shares in this company.

Prior to the acquisition, GCLUX Location S.à.r.l., Munsbach/Luxembourg was active within GRENKELEASING AG's franchise system specialising in the sale of small-ticket leases with a strong focus on IT and IT equipment. Since not all of the relevant information needed for determining the final purchase price allocation is yet available, the fair value of the assets and liabilities are preliminary and may be subject to adjustments as a result of additional information gained in the acquisition process.

The following information relates to the preliminary fair value of the significant categories of the identifiable assets and liabilities at the date of acquisition of the company. The fair values have changed slightly compared to June 30, 2014 on the basis of better knowledge gained: intangible assets EUR 630k, lease receivables EUR 111k, other assets EUR 202k, deferred tax liabilities EUR 219k, and other liabilities EUR 648k. Intangible assets are largely attributable to non-contractual relationships of resellers with clients and non-competitive clauses. Of the lease receivables with a gross amount of EUR 225k, an amount of EUR 114k is impaired and is not expected to be recovered. Other liabilities include intra-group liabilities and consist of a risk allocation (EUR 394k) and a current liability (EUR 61k). The intra-group liabilities were eliminated as a result of the consolidation and therefore are not reported in the consolidated statement of financial position. The deferred tax liabilities resulted from the revaluation and identification of assets in the course of the purchase price allocation. The purchase price allocation which is still preliminary resulted in goodwill of EUR 1,464k which is expected to be not tax deductible. Goodwill includes intangible assets which could not be separately identified such as employees and expected synergy effects. Since the date of acquisition, the acquired company has contributed a net result of EUR -142k to the Consolidated Group's net profit after consolidation effects and effects from the purchase price allocation. The total consideration paid for the business combination amounted to EUR 2,511k and consisted solely of cash. Cash acquired with the business combination amounted to EUR 60k. All costs related to the acquisition were recognised in profit and loss. Non-controlling interests were measured as per March 31, 2014 at the proportionate fair value of acquired assets and assumed liabilities.

In the meantime, the company has been renamed GRENKELOCATION SARL.

GRENKEFACTORING AG, Basel/Switzerland

By way of a purchase agreement dated June 15, 2014, GRENKELEASING AG acquired 100% of the voting shares in GRENKEFACTORING AG, Basel/Switzerland and control was assumed on June 30, 2014.

Prior to the acquisition, GRENKEFACTORING AG, Basel/Switzerland was active within GRENKELEASING AG's factoring franchise system and specialised in traditional factoring services focussed on lower value receivables in Switzerland. Since not all of the relevant information needed for determining the final purchase price allocation is yet available, the fair value of the assets and liabilities are preliminary and may be subject to adjustments as a result of additional information gained in the acquisition process.

The following information relates to the preliminary fair value of the significant categories of the identifiable assets and liabilities at the date of acquisition of the company. The fair values have changed slightly compared to June 30, 2014 on the basis of better knowledge gained: intangible assets EUR 155k, receivables from factoring business EUR 5,834k, cash and cash equivalents EUR 524k, other assets EUR 135k, deferred tax assets EUR 175k, trade payables EUR 598k, pensions EUR 300k, deferred tax liabilities EUR 34k, and other liabilities EUR 5,771k. Intangible assets are largely attributable to client relationships and non-competitive clauses. Of the receivables from factoring business with a gross amount of EUR 5,777k, an amount of EUR 58k is impaired and is not expected to be recovered. Other liabilities include intra-group liabilities (EUR 5,732k) and primarily consist of current liabilities for the refinancing of the factoring business (EUR 5,602k). The intra-group liabilities were eliminated as a result of the consolidation and therefore are not reported in the consolidated statement of financial position. Deferred tax assets largely relate to tax-loss carryforwards. The deferred tax liabilities resulted from the revaluation and identification of assets in the course of the purchase price allocation. The purchase price allocation, which is still preliminary, resulted in goodwill of EUR 3,799k and is not expected to be tax deductible. Goodwill includes intangible assets, such as employees and expected synergy effects which could not be separately identified. Since the date of acquisition, the acquired company has contributed a net result of EUR 0k to the Consolidated Group's net profit after consolidation effects and effects from the purchase price allocation. The total consideration paid for the business combination amounted to EUR 3,919k and consisted solely of cash. The cash acquired with the business combination amounted to EUR 524k. All costs related to the acquisition were recognised in profit and loss.

Dividend Payment

On April 10, 2014, the Annual General Meeting adopted the resolution on the appropriation of GRENKELEASING AG's unappropriated surplus for fiscal year 2013 in the amount of EUR 14,790,501.93. The Annual General Meeting approved the proposal of the Board of Directors and the Supervisory Board, resolving to appropriate the unappropriated surplus as follows:

Unappropriated surplus for 2013	EUR 14,790,501.93
Distribution of a dividend of EUR 1.00 per share for a total of 14,700,000 no-par value shares	EUR 14,700,000.00
Profit carryforward (to new account)	EUR 90,501.93

For the first time, shareholders were offered the option to receive the dividend exclusively in cash or as a combination of cash and shares in GRENKELEASING AG (Scrip Dividend). The Scrip Dividend was chosen by 39.4% of the outstanding shares. At a subscription ratio of 106.9:1, a total of 54,199 new shares were issued. The cash payment amounted to EUR 10,644k.

The dividend was paid to the shareholders of GRENKELEASING AG on May 6, 2014.

In the previous year, the Annual General Meeting adopted the proposal of the Board of Directors and the Supervisory Board, resolving and performing the appropriation of the unappropriated profit for 2012 as follows:

Unappropriated surplus for 2012	EUR 18,151,428.39
Distribution of a dividend of EUR 0.80 per share for a total of 14,700,000 shares	EUR 11,760,000.00
Appropriation to retained earnings	EUR 6,300,000.00
Profit carryforward (to new account)	EUR 91,428.39

The dividend was paid to the shareholders of GRENKELEASING AG on May 8, 2013.

Related Party Disclosures

The Supervisory Board of GRENKELEASING AG concluded a phantom stock agreement with Board of Directors members Mr. Gilles Christ, Mr. Jörg Eicker, Mr. Mark Kindermann, and Ms. Antje Leminsky.

Under this agreement, Mr. Gilles Christ, Mr. Jörg Eicker, Mr. Mark Kindermann, and Ms. Antje Leminsky each receive entitlements to payments (tranche) for fiscal years 2013, 2014, and 2015 equal to the increase in value of 15,000 shares, 30,000 shares, 4,000 shares, and 15,000 shares, respectively, in GRENKELEASING AG in relation to a defined basic share price. The basic share price is the arithmetic mean of the XETRA closing prices on all trading days from December 1 to December 23 of the respective prior year. The basic share price was EUR 52.01 for the year 2012 and EUR 73.13 for the year 2013. The maximum payment arising from this agreement is limited to EUR 300,000, EUR 600,000, EUR 100,000, and EUR 300,000 for the three tranches. The participants in the programme are required to invest the respective net amount paid plus a personal contribution of 25% of that amount in GRENKELEASING AG shares. The Company is entitled but not required to render the payment, in whole or in part, in shares rather than in cash for one or more tranches. In this case, the personal contribution is not applicable. The shares are subject to a vesting period of four years.

A proportionate amount of EUR 9k has been expensed for the first three quarters of 2014. In fiscal year 2013, an amount totalling EUR 1,288k was paid out under the phantom stock agreement to the persons mentioned above.

Employees

In the interim reporting period, the GRENKE Consolidated Group had an average of 866 employees (previous year as per September 30, 2013: 808), not including the Board of Directors.

Events after the Balance Sheet Date

No events have occurred after the balance sheet date which require reporting.

Calendar of Events

October 28, 2014 Publication of Financial Report for the 3rd Quarter and the First Nine Months of 2014

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Figures in this report are usually presented in thousands and millions of euro. Due to rounding, differences as against the actual number in euro may emerge in individual figures. Naturally, such differences are not of a significant nature.

The report is published in German and as an English translation. In the event of any conflict or inconsistency between the English and the German versions, the German original shall prevail.



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