GRENKE AG GROUP

QUARTERLY STATEMENT
FOR THE 3RD QUARTER AND THE FIRST 9 MONTHS 2017

2017

KEY FIGURES GRENKE GROUP

	Jan. 1, 2017 to Sep. 30, 2017	Change (%)	Jan. 1, 2016 to Sep. 30, 2016	Unit
New business GRENKE Group Leasing	**1,401,859**	**22.7**	**1,142,458**	**EURk**
:: of which international	1,072,149	25.6	853,805	EURk
:: of which franchise international	36,297	96.9	18,435	EURk
:: of which Germany	293,413	8.6	270,218	EURk
Western Europe (without Germany)*	417,917	14.8	364,078	EURk
Southern Europe*	432,407	37.1	315,468	EURk
Northern / Eastern Europe*	226,054	30.2	173,609	EURk
Other regions*	32,068	68.0	19,085	EURk
New business GRENKE Group Factoring (incl. collection services)	**309,331**	**21.5**	**254,631**	**EURk**
:: of which Germany	122,061	11.5	109,460	EURk
:: of which international	114,716	9.2	105,025	EURk
:: of which franchise international	72,554	80.7	40,146	EURk
GRENKE Bank				
Deposits	481,045	20.8	398,193	EURk
New business SME lending business incl. business start-up financing	20,002	10.9	18,043	EURk
Contribution margin 2 (CM2) on new business GRENKE Group Leasing	**252,195**	**22.0**	**206,688**	**EURk**
:: of which international	204,634	21.8	167,944	EURk
:: of which franchise international	7,808	103.9	3,830	EURk
:: of which Germany	39,753	13.9	34,914	EURk
Western Europe (without Germany)*	75,670	11.0	68,151	EURk
Southern Europe*	85,764	33.4	64,281	EURk
Northern / Eastern Europe*	43,807	23.8	35,398	EURk
Other regions*	7,201	82.6	3,944	EURk
Further information leasing business				
Number of new contracts	162,814	23.2	132,193	units
Share of IT products in lease portfolio	75	–3.8	78	percent
Share of corporate customers in lease portfolio	100	0.0	100	percent
Mean acquisition value	8.6	0.0	8.6	EURk
Mean term of contract	48	0.0	48	months
Volume of leased assets	5,509	18.4	4,654	EURm
Number of current contracts	637,081	16.9	544,839	units

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

GRENKE Group = GRENKE Consolidated Group including franchise partners
GRENKE Consolidated Group = GRENKE AG and all consolidated subsidiaries and structured entities according to IFRS

KEY FIGURES
GRENKE CONSOLIDATED GROUP

	Jan. 1, 2017 to Sep. 30, 2017	Change (%)	Jan. 1, 2016 to Sep. 30, 2016	Unit
Key figures income statement				
Net interest income	182,238	13.1	161,061	EURk
Settlement of claims and risk provision	40,743	–1.1	41,206	EURk
Profit from service business	50,777	18.1	43,007	EURk
Profit from new business	49,360	12.7	43,785	EURk
Gains (+) / losses (–) from disposals	–6,299	224.0	–1,944	EURk
Other operating income	3,678	23.2	2,985	EURk
Cost of new contracts	36,308	23.5	29,390	EURk
Cost of current contracts	10,639	18.4	8,989	EURk
Project costs and basic distribution costs	37,701	15.3	32,712	EURk
Management costs	33,947	21.6	27,910	EURk
Other costs	–665	–112.4	5,363	EURk
Operating result	121,081	17.2	103,324	EURk
Other financial result (income (–) / expense (+))	2,398	36.7	1,754	EURk
Income / expenses from fair value measurement	–856	186.3	–299	EURk
EBT (earnings before taxes)	117,827	16.3	101,271	EURk
Net profit	**90,977**	**19.9**	**75,876**	**EURk**
Earnings per share (according to IFRS, after 1:3 stock split)	**2.01**	**19.6**	**1.68**	**EUR**
Further Information				
Dividends	1.75	16.7	1.50	EUR
Embedded value, leasing contract portfolio (incl. equity before taxes)	1,147	19.0	964	EURm
Embedded value, leasing contract portfolio (incl. equity after taxes)	1,070	21.2	883	EURm
Cost / income ratio	49.8	–1.6	50.6	percent
Return on equity (ROE) after taxes	14.7	–7.0	15.8	percent
Average number of employees	1,202	18.9	1,011	employees
Staff costs	62,920	20.8	52,081	EURk
:: of which total remuneration	51,718	20.1	43,065	EURk
:: of which fixed remuneration	38,192	19.3	32,022	EURk
:: of which variable remuneration	13,526	22.5	11,043	EURk

GRENKE Group = GRENKE Consolidated Group including franchise partners

GRENKE Consolidated Group = GRENKE AG and all consolidated subsidiaries and structured entities according to IFRS

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LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

Dear Shareholders,
Ladies and Gentlemen,

In just nine weeks, the year 2017 and our fiscal year will be coming to an end. Today, we can already say that we are very pleased with how this year has developed. Evidence of this development is reflected, among others, in the high level of new business growth in the GRENKE Group. After nine months, the acquired volume increased by 22 percent to more than EUR 1.7 billion. We benefited from the favourable economic climate as well as from the noticeable growth momentum in our three most important markets – Italy, France and Germany. Meanwhile, we now generate a good 75 percent of our new business outside of Germany compared with 66 percent just five years ago. This development impressively illustrates our position as a globally operating financial services provider.

Despite our expansion, we have not lost sight of our focus on lease financing for small and medium-sized companies. On the contrary, with the strategic acquisition of Europa Leasing GmbH at the beginning of 2017, we once again broadened our position in this segment. Historically, IT products have represented by far the largest share of our leasing portfolio. Today, however, we are also active in the small ticket area for medical devices and small machinery and equipment. And with great success: It’s precisely those product groups outside of the traditional IT sector that have delivered surprisingly high growth rates in Q3. New business in the Leasing segment increased sharply overall by 23 percent in the course of the first nine months. This places us at the upper end of our recently increased target range of 16 to 21 percent for the year as a whole. In all of our markets, we are seeing a positive response to our direct sales operations. Now customers can finance new purchases even more flexibly and easily through leasing using our direct sales force. Last but not least, we are also very satisfied with the level of new business in our Factoring segment where the volume of purchased receivables grew 22 percent in the first nine months of 2017 compared to the previous year.

In addition to outstanding new business development and the excellent refinancing situation, the 1 to 3 stock split executed in July represents an important milestone for GRENKE AG and its shareholders. The stock split has made the shares’ liquidity significantly more attractive for investors, particularly private investors. After GRENKE shares reached a new all-time high of EUR 80.49 in September, the shares closed at EUR 78.85 on the September 30, 2017 reporting date. This share price corresponds to a market capitalisation of almost EUR 3.5 billion.

We are very determined to use the remaining weeks of 2017 to continue to drive our business forward and take advantage of the opportunities that present themselves. Overall, we believe we are well on track to achieve the targets set for the current fiscal year.

Wolfgang Grenke
Chairman of the Board of Directors

GRENKE AT A GLANCE

New business GRENKE Group (incl. franchise partners)

+22%

9M 2017: EUR 1,731 million (9M 2016: EUR 1,415 million)

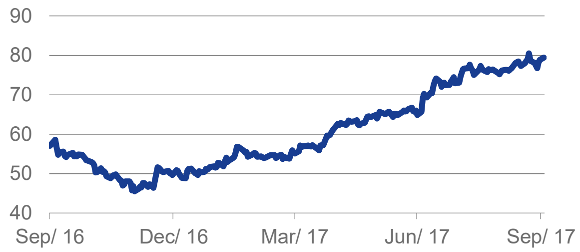
International presence

8

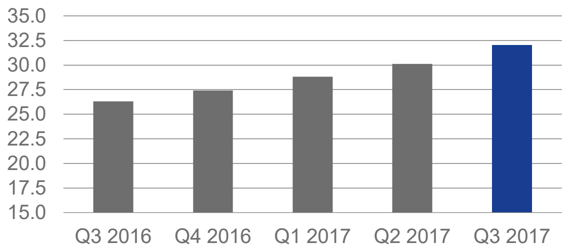
NEW LOCATIONS 2017

- Market entry in Australia (Melbourne, Sydney)
- 6 new locations under cell division strategy: Denmark (Odense), Germany (Würzburg), France (Clermont-Ferrand), Italy (Rome), the Netherlands (Zwolle/ Meppel) and United Arab Emirates (Abu Dhabi)

GRENKE share price performance (XETRA; EUR)



GRENKE Consolidated Group's net profit (EUR millions)



Number of employees of the GRENKE Consolidated Group

1,202

September 30, 2016: 1,011 employees

Solid equity base

17.6%

EQUITY RATIO

December 31, 2016: 17.4 percent

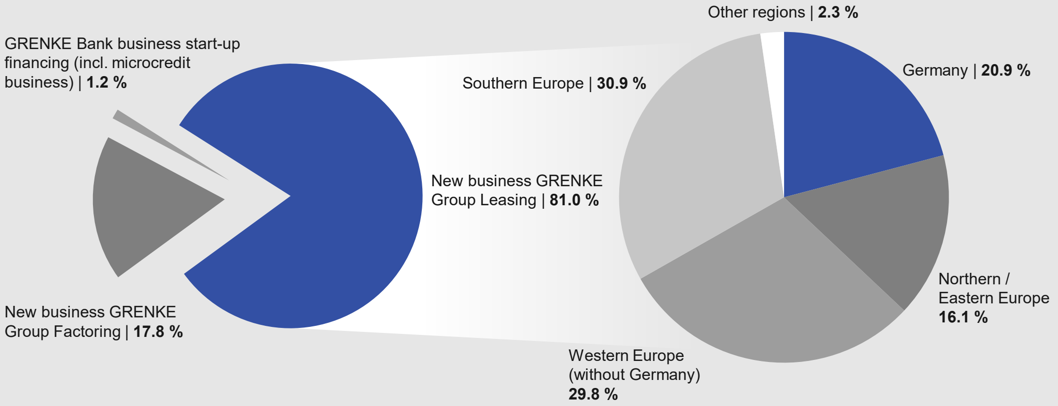
INTERIM GROUP MANAGEMENT REPORT

Business Development

GRENKE Group's New Business

NEW BUSINESS GRENKE GROUP | **NEW BUSINESS GRENKE GROUP LEASING**

As per September 30, 2017

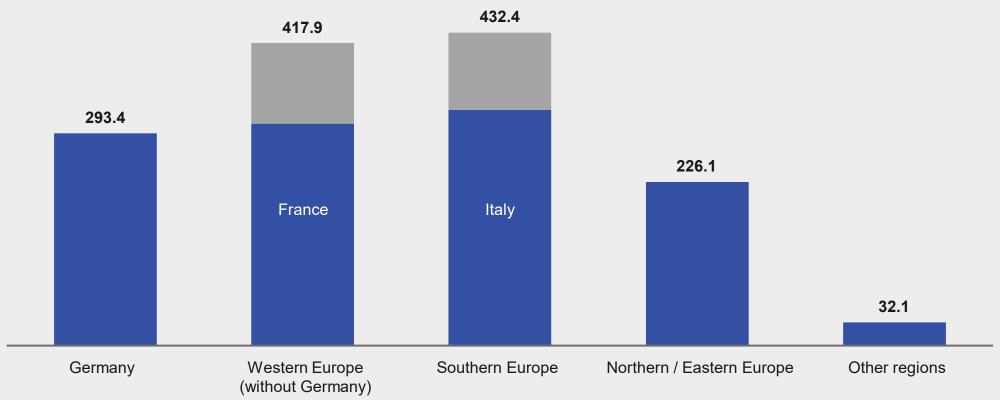


New business as per September 30, 2017:
GRENKE Group Leasing: EURm 1,401.9 (previous year: EURm 1,142.5)
GRENKE Group Factoring: EURm 309.3 (previous year: EURm 254.6)

Previous year as per September 30, 2017:
Germany 27.1 % | Western Europe (without Germany) 33.6 % | Southern Europe 22.6 % | Northern / Eastern Europe 15.3 % | Other regions 1.4 %

NEW BUSINESS GRENKE GROUP LEASING AS PER SEPTEMBER 30, 2017

EUR millions



Previous year as per September 30:
Germany EUR 270.2 million | Western Europe (without Germany) EUR 364.1 million | Southern Europe EUR 315.5 million | Northern / Eastern Europe EUR 173.6 million | Other regions EUR 19.1 million

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

The GRENKE Consolidated Group's Business Performance

We continued our growth trend in the first nine months of the year. Our income in the reporting period continued to benefit from the high level of profitable new business generated in the recent past. As a result, the GRENKE Consolidated Group's net profit from January through September increased year-on-year by 20 percent. Our geographic expansion remained the focus of the Consolidated Group's management in the reporting quarter, particularly the preparations for further cell divisions scheduled for the fourth quarter of 2017. As per the reporting date of this quarterly statement, GRENKE was present for its customers in 131 locations and in 31 countries worldwide.

On the product side, we launched a large-scale campaign at the end of September. Through our partnerships with federal (KfW) and state development banks, we offer small and medium-sized companies promotional vouchers for purchases of new operating equipment, financed by leasing. We created an intuitive online platform specifically for this purpose where those interested can find out about their respective development funding options and directly calculate the maximum amount of funding possible. In addition, we have expanded our collaboration with the Investitionsbank des Landes Brandenburg (ILB) by forming a new cooperation. For the second time, when small and medium-sized companies and members of self-employed professions in Brandenburg finance new business purchases through leasing, they have access to EUR 5 million at very favourable conditions. Since the programme's successful launch in 2015, more than 600 sponsored lease contracts have been concluded with ILB.

During the reporting quarter, we again took advantage of the wide range of refinancing options available to us to finance our growth, including the option to obtain bank deposits via the GRENKE Bank. During the quarter, deposits at GRENKE Bank increased by 21 percent to EUR 481.0 million versus their level as per December 31, 2016. The key transactions during the reporting period included the issue of a public bond in the amount of EUR 200 million with a coupon of 0.875 percent and a maturity of 61 months, as well as a second bond in the amount of CHF 70 million with a coupon of 0.450 percent and a maturity of 36 months. We also issued a hybrid bond in the amount of EUR 75 million, thereby further strengthening our equity base in anticipation of our future growth.

Selected Information from the Condensed Interim Consolidated Financial Statements

Consolidated Income Statement

EURk	Jul. 1, 2017 to Sep. 30, 2017	Change (%)	Jul. 1, 2016 to Sep. 30, 2016
Net interest income	**62,317**	**13.2**	**55,048**
Settlement of claims and risk provision	13,780	6.8	12,908
Net interest income after settlement of claims and risk provision	**48,537**	**15.2**	**42,140**
Profit from service business	18,357	19.2	15,402
Profit from new business	15,975	14.2	13,994
Gains (+) / losses (–) from disposals	–1,272	–9.3	–1,164
Income from operating business	**81,597**	**16.0**	**70,372**
Operating result	**42,247**	**14.9**	**36,774**
Earnings before taxes	**40,926**	**16.3**	**35,198**
Net profit	**32,017**	**21.6**	**26,321**
Earnings per share (basic/diluted, in EUR, after 1:3 stock split) [1,2]	0.71	21.6	0.58

1 Earnings per share calculated according to IAS 33 is based on the net profit attributable to GRENKE shareholders. No convertible or option rights were outstanding during the current or comparable prior-year period. Therefore, basic and diluted earnings per share were identical.

2 Prior-year figures adjusted after the 1:3 stock split for comparability purposes.

Consolidated Statement of Financial Position

EURk	Sep. 30, 2017	Change (%)	Dec. 31, 2016
Current assets	**1,974,240**	**22.7**	**1,608,963**
of which cash and cash equivalents	*290,868*	*85.4*	*156,896*
of which lease receivables	*1,304,450*	*14.3*	*1,141,000*
Non-current assets	**2,713,144**	**15.2**	**2,355,605**
of which lease receivables	*2,444,115*	*14.8*	*2,129,110*
Equity	**822,974**	**19.2**	**690,420**
Equity ratio (in percent)	17.6	1.1	17.4
Current liabilities	**1,374,975**	**3.5**	**1,328,512**
of which financial liabilities	*1,246,936*	*1.6*	*1,227,581*
Non-current liabilities	**2,489,435**	**27.9**	**1,945,636**
of which financial liabilities	*2,428,138*	*28.2*	*1,894,474*
Total assets	**4,687,384**	**18.2**	**3,964,568**

1 Prior-year figures adjusted. See financial report for the second quarter and first half-year of 2017.

Report on the Results of Operations

The third quarter of the current fiscal year has proven to be a very successful quarter for the GRENKE Consolidated Group. This can be seen, among others, by the development of the operating result, which increased year-on-year by 15 percent to a level of EUR 42.2 million compared to EUR 36.8 million in the third quarter of 2016. The high level of strong-margin new business from earlier periods – whose income accrues over the course of the contracts – contributed to this positive development as did the higher-than-average contribution to earnings from the service business and numerous reductions in expense items.

Net interest income rose year-on-year by 13 percent due to higher interest and similar income from the financing business and only slightly higher expenses from interest on refinancing. Including the 7 percent year-on-year increase in expenses for the settlement of claims and risk provision in the quarter, net interest income after settlement of claims and risk provision rose by a gratifying 15 percent. The Consolidated Group's loss rate amounted to 1.0 percent compared to a level of 1.1 percent in the same period of the previous year.

Profit from service business and new business also continued to develop positively. Based on the high level of new business acquired in the reporting quarter, profit from service business in the quarter increased 19 percent and profit from new business increased 14 percent. Taking into account losses from disposals, which tend to be volatile on a quarterly basis, GRENKE Consolidated Group's income from operating business rose 16 percent year-on-year.

Of the key expense items, there was a particular rise in staff costs. Based on a year-on-year increase in the number of employees and higher variable remuneration components, staff costs rose 23 percent in the reporting quarter, reaching a level of EUR 21.8 million (Q3 2016: EUR 17.7 million). The second major expense item – selling and administrative expenses –was largely unchanged compared to the prior year. There was a growth-related increase in costs for operations, administration and sales, as well as in consulting and auditing costs. The impact of this rise was somewhat offset by lower IT project costs. Selling and administrative expenses amounted to EUR 15.1 million (Q3 2016: EUR 15.0 million) and included the recognition of a tax refund in other taxes, thereby reducing expenses

The Consolidated Group's depreciation/10mortization exceeded the prior year's level by 51 percent as a result of recent investments in property, plant and equipment stemming mainly from the expansion in the IT data centre and the acquisition of former franchise companies. At EUR 3.4 million (previous year: EUR 2.2 million), depreciation/ amortisation in absolute terms for the quarter was only of minor significance for the Consolidated Group's earnings development. Other operating expenses and income made a positive net contribution of EUR 0.9 million to the Consolidated Group's earnings.

Earnings before taxes increased 16 percent year-on-year. Based on a slightly lower tax rate of 21.8 percent (Q3 2016: 25.2 percent), net profit in the reporting period rose by 22 percent. This resulted in earnings per share of EUR 0.71 compared to EUR 0.58 in the same quarter of the previous year.

Nine-Month Comparison 2017 vs. 2016

The information above concerning the reporting quarter also essentially applies to the nine-month period. Net interest income in the first nine months improved 13 percent from EUR 161.1 million in the previous year to EUR 182.2 million in the reporting period. At EUR 40.7 million, expenses for the settlement of claims and risk provision were slightly below the previous year's level (9M 2016: EUR 41.2 million). Accordingly, the Consolidated Group's loss rate was 1.0 percent in the nine-month period compared to 1.2 percent in the same period of the previous year. Net interest income after settlement of claims and risk provision rose by a pleasing 18 percent from EUR 119.9 million to EUR 141.5 million.

With the higher profits from service business and new business and a visible loss from disposals in the nine-month period, the Consolidated Group's income from operating business rose year-on-year from EUR 204.7 million to EUR 235.3 million, or 15 percent. Expenses rose at a slower pace with staff costs rising by 21 percent year-on-year and selling and administrative expenses falling 4 percent. This paved the way for a gratifying rise of 17 percent in the operating result in the first nine months to EUR 121.1 million from EUR 103.3 million in the same period of the previous year.

Earnings before taxes in the nine-month period climbed a substantial 16 percent reaching EUR 117.8 million compared to a level of EUR 101.3 million in the previous year. Net profit increased 20 percent to EUR 91.0 million (previous year: EUR 75.9 million) and resulted in earnings per share of EUR 2.01 compared to EUR 1.68 in the first nine months of the prior fiscal year.

Segment Development

Business Segments

Segment reporting is based on the prevailing organisational structure of the GRENKE Consolidated Group. The Consolidated Group's operating segments are defined accordingly based on the management of the business areas in the Leasing, Banking and Factoring segments. Transactions between operating segments are eliminated (please see "The Consolidated Group's Segment Reporting"). A regional split of the business activities is provided on a yearly basis as part of the GRENKE Consolidated Group's financial statements for each fiscal year. Separate financial information is available for the three operating segments.

Business Development

The Leasing segment continues to represent the earnings pillar for the Consolidated Group. Therefore, the explanations on the results of operations above also largely apply to the development of the segments. In the first nine months of the current fiscal year, operating segment income in the Leasing segment increased by 15 percent year-on-year rising from EUR 192.1 million in the previous year to a total of EUR 221.0 million. The segment result also developed very well rising by 18 percent to EUR 114.1 million (9M 2016: EUR 97.0 million). We recorded a slight year-on-year increase of 3 percent in operating segment income in the Factoring segment, reaching EUR 3.0 million compared to EUR 2.9 million in the same period of the previous year. While costs rose overall, the segment result remained slightly negative at EUR –0.3 million (9M 2016: EUR –0.2 million). The Banking segment performed extremely satisfactorily with operating segment income increasing 17 percent to EUR 11.3 million after a level of EUR 9.6 million in the previous year. The Banking segment's result contributed EUR 7.2 million to the Consolidated Group's earnings after contributing EUR 6.5 million in the same period of the previous year.

Report on Financial Position and Net Assets

Following the end of the first nine months of the fiscal year, the GRENKE Consolidated Group's balance sheet confirmed GRENKE's excellent financial position. As per September 30, 2017, total assets increased 18 percent to EUR 4.7 billion compared to their level as per December 31, 2016 and were even 25 percent higher than their level as per September 30, 2016.

Current and non-current lease receivables, the largest single asset item on the balance sheet, rose a total of 15 percent. Total lease receivables made up 80 percent of total assets compared to 82 percent as per December 31, 2016. The Consolidated Group's cash and cash equivalents were sharply higher at EUR 290.9 million as per the September 30, 2017 reporting date. This is equivalent to a rise in this line item of 85 percent from its level at the end of the prior fiscal year and was primarily the result of a bond issue in the amount of EUR 200 million in early September. The issue's proceeds are to be used in the near term to finance new business and further growth. Other current and non-current assets also had an increase amounting to 34 percent compared to the December 31, 2016 reporting date. Other current and non-current financial assets increased 8 percent above their level on the December 31, 2016 reporting date.

Total current assets increased in the reporting period by 23 percent, whereas non-current assets increased by 15 percent.

On the liability side of the balance sheet, the Consolidated Group's equity increased by 19 percent to EUR 823.0 million (December 31, 2016: EUR 690.4 million). This rise was not only a result of the solid business performance in the reporting period but was primarily attributed to the issue of a EUR 75 million AT1 hybrid bond in September 2017. With an equity ratio of 17.6 percent at the end of the quarter, we were slightly above the ratio of 17.4 percent at the end of 2016 and thereby still visibly above our long-term target of 16 percent.

Current and non-current liabilities from refinancing increased 17 percent year-on-year. Current and non-current liabilities from the deposit business rose by 19 percent. In total, the Consolidated Group's financial liabilities increased by 18 percent. Deferred lease payments increased by 7 percent versus their level as per December 31, 2016.

In the first nine months of the reporting year, we continued to rely on a broad range of refinancing instruments while adhering to the principles of economy and balance when it comes to sources of capital. Our excellent reputation on the capital market and with our customers at GRENKE Bank allows us to take action with flexibility. In the category of senior unsecured instruments, which accounted for 62 percent of the Consolidated Group's total refinancing as per September 30, 2017, we mainly issued various bonds, promissory notes and commercial paper. The total volume of senior unsecured instruments amounted to EUR 2.2 billion as per the reporting date. For further information on the bonds issued in the reporting quarter, please refer to the section on the Consolidated Group's business performance. Detailed information on the source of funds is also available in the Notes to the condensed interim consolidated financial statements and on our website at www.grenke.de/en.

Cash flow from operating activities in the first nine months amounted to EUR 125.1 million compared to EUR –21.8 million in the same period of the previous year. Based on earnings before taxes of EUR 117.8 million, cash outflows mainly resulted from the refinancing of lease receivables (EUR 417.9 million) as well as from loans to franchisees and an increase in other assets together totalling EUR 82.2 million. As the largest single items contributing positively to cash flow, higher liabilities from refinancing contributed EUR 403.9 million while the increase in the deposit business contributed EUR 81.2 million. A further cash inflow of EUR 7.0 million was recorded in deferred lease payments and other liabilities. After interest and taxes paid and received, the net cash flow from operating activities totalled EUR 110.4 million compared to EUR –38.4 million in the nine-month period of the previous year.

Cash flow from investing activities mainly comprised payments for the acquisition of operating and office equipment and intangible assets (EUR 11.2 million) as well as a further cash outflow for the acquisition of subsidiaries (EUR 10.0 million). This was offset by a cash inflow from the disposal of property, plant and equipment and intangible assets of EUR 1.4 million. On balance, cash flow from investing activities was EUR –19.8 million compared to EUR –7.1 million in the previous year.

Total cash flows, including cash flow from financing activities, which includes the repayment of bank liabilities (EUR 1.2 million), net proceeds from the issue of hybrid capital in the third quarter (EUR 73.7 million), the interest payment on hybrid capital (EUR 4.1 million) as well as the payment of the dividend to the shareholders (EUR 25.8 million), amounted to EUR 133.1 million in the first nine months of 2017 compared to EUR –66.1 million in the previous year.

Report on Risks, Opportunities and Forecasts

Opportunities and Risks

There were no material changes to the opportunities and risks in the reporting period compared to those presented in the 2016 Annual Financial Report. We continue to believe that the opportunities for our further development far outweigh the risks that are typically inherent in our business model.

Forecast

The business development in the third quarter and the first nine months of 2017 underscores our optimism for the current fiscal year. At 23 percent, the new business growth of GRENKE Group Leasing in the nine-month period was slightly above the forecast range, which had been raised to 16 – 21 percent with the announcement of the first half-year results. In the Factoring segment, the volume of purchased receivables increased year-on-year by 22 percent from January to September. Here we are currently also slightly above the full-year target range of 12 to 20 percent. With the 20 percent increase in net profit achieved in the nine-month period, we are well on our way to achieving our target for a full year net profit between EUR 118 and 124 million, which was specified and slightly raised with the publication of the half-year report. In the previous fiscal year, we had generated a net profit of EUR 103.2 million.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

	3-month report		9-month report	
EURk	Jul. 1, 2017 to Sep. 30, 2017	Jul. 1, 2016 to Sep. 30, 2016	Jan. 1, 2017 to Sep. 30, 2017	Jan. 1, 2016 to Sep. 30, 2016
Interest and similar income from financing business	73,726	65,899	213,809	194,079
Expenses from interest on refinancing and deposit business	11,409	10,851	31,571	33,018
Net interest income	**62,317**	**55,048**	**182,238**	**161,061**
Settlement of claims and risk provision	13,780	12,908	40,743	41,206
Net interest income after settlement of claims and risk provision	**48,537**	**42,140**	**141,495**	**119,855**
Profit from service business	18,357	15,402	50,777	43,007
Profit from new business	15,975	13,994	49,360	43,785
Gains(+) / losses (–) from disposals	–1,272	–1,164	–6,299	–1,944
Income from operating business	**81,597**	**70,372**	**235,333**	**204,703**
Staff costs	21,771	17,664	62,920	52,081
Depreciation and impairment	3,368	2,231	10,475	6,608
Selling and administrative expenses (not including staff costs)	15,102	15,036	42,157	43,802
Other operating expenses	318	–460	2,378	1,873
Other operating income	1,209	873	3,678	2,985
Operating result	**42,247**	**36,774**	**121,081**	**103,324**
Result from investments accounted for using the equity method	–93	–151	–263	–218
Expenses / income from fair value measurement	–359	–299	–856	–299
Other interest income	169	176	409	401
Other interest expenses	1,038	1,302	2,544	1,937
Earnings before taxes	**40,926**	**35,198**	**117,827**	**101,271**
Income taxes	8,909	8,877	26,850	25,395
Net profit	**32,017**	**26,321**	**90,977**	**75,876**
Of which, attributable to:				
Hybrid capital holders of GRENKE AG	740	437	2,116	1,299
Shareholders of GRENKE AG	31,277	25,884	88,861	74,577
Earnings per share (in EUR, after 1:3 stock split) [1, 2]	0.71	0.58	2.01	1.68
Average number of shares outstanding [2]	44,313,102	44,313,102	44,313,102	44,285,085

1 Earnings per share calculated according to IAS 33 is based on the net profit attributable to GRENKE shareholders. No convertible or option rights were outstanding during the current or comparable prior-year period. Therefore, basic and diluted earnings per share were identical.

2 Prior-year figures adjusted after the 1:3 stock split for comparability purposes.

Consolidated Statement of Comprehensive Income

	3-month report		9-month report	
EURk	**Jul. 1, 2017 to Sep. 30, 2017**	**Jul. 1, 2016 to Sep. 30, 2016**	**Jan. 1, 2017 to Sep. 30, 2017**	**Jan. 1, 2016 to Sep. 30, 2016**
Net profit	**32,017**	**26,321**	**90,977**	**75,876**
Items that may be reclassified to profit and loss in future periods				
Appropriation to / reduction of hedging reserve	–45	67	–93	53
thereof: income tax effects	6	–7	13	–1
Change in currency translation differences	–1,777	–796	–2,917	–4,308
thereof: income tax effects	0	0	0	0
Items that will not be reclassified to profit and loss in future periods				
Appropriation to / reduction of reserve for actuarial gains and losses	80	0	–18	–211
thereof: income tax effects	–22	0	11	60
Other comprehensive income	**–1,742**	**–729**	**–3,028**	**–4,466**
Total comprehensive income	**30,275**	**25,592**	**87,949**	**71,410**
Of which, attributable to:				
Hybrid capital holders of GRENKE AG	740	437	2,116	1,299
Shareholders of GRENKE AG	29,535	25,155	85,833	70,111

Consolidated Statement of Financial Position

EURk	Sep. 30, 2017	Dec. 31, 2016
Assets		
Current assets		
Cash and cash equivalents	290,868	156,896
Financial instruments that are assets	2,447	3,688
Lease receivables	1,304,450	1,141,000
Other current financial assets	103,750	93,090
Trade receivables	6,606	4,474
Lease assets for sale	6,805	5,969
Tax assets	17,066	23,555
Other current assets	242,248	180,291
Total current assets	**1,974,240**	**1,608,963**
Non-current assets		
Lease receivables	2,444,115	2,129,110
Financial instruments that are assets	506	29
Other non-current financial assets	75,816	73,643
Investments accounted for using the equity method	4,871	5,133
Property, plant, and equipment	51,830	48,369
Goodwill	82,935	66,515
Other intangible assets	40,641	20,069
Deferred tax assets	11,273	11,043[1]
Other non-current assets	1,157	1,694
Total non-current assets	**2,713,144**	**2,355,605**[1]
Total assets	**4,687,384**	**3,964,568**[1]

1 Prior-year figures adjusted. See financial report for the second quarter and first half-year of 2017.

Consolidated Statement of Financial Position

EURk	Sep. 30, 2017	Dec. 31, 2016
Liabilities and equity		
Liabilities		
Current liabilities		
Financial liabilities	1,246,936	1,227,581
Liability financial instruments	1,559	1,225
Trade payables	22,072	16,663
Tax liabilities	18,323	13,117
Deferred liabilities	21,066	15,976
Current provisions	1,646	1,646
Other current liabilities	29,247	20,396
Deferred lease payments	34,126	31,908
Total current liabilities	**1,374,975**	**1,328,512**
Non-current liabilities		
Financial liabilities	2,428,138	1,894,474
Liability financial instruments	563	1,751
Deferred tax liabilities	55,871	44,630[1]
Pensions	4,863	4,781
Total non-current liabilities	**2,489,435**	**1,945,636**[1]
Equity		
Share capital	44,313	18,881
Capital reserves	93,611	119,043
Retained earnings	560,441	498,807
Other components of equity	–1,880	1,148
Total equity attributable to shareholders of GRENKE AG	**696,485**	**637,879**
Additional equity components [2]	126,489	52,541
Total equity	**822,974**	**690,420**
Total liabilities and equity	**4,687,384**	**3,964,568**[1]

1 Prior-year figures adjusted. See financial report for the second quarter and first half-year of 2017.

2 Including AT1 bonds (hybrid capital), which are reported as equity under IFRS.

Consolidated Statement of Cash Flows

EURk		Jan. 1, 2017 to Sep. 30, 2017	Jan. 1, 2016 to Sep. 30, 2016
	Earnings before taxes	**117,827**	**101,271**
	Non-cash items contained in earnings and reconciliation to cash flow from operating activities		
+	Depreciation and impairment	10,475	6,608
– / +	Profit / loss from the disposal of property, plant, and equipment and intangible assets	–1	52
– / +	Net income from non-current financial assets	2,135	1,536
– / +	Other non-cash effective income / expenses	–1,243	–3,355
+ / –	Increase / decrease in deferred liabilities, provisions, and pensions	3,926	2,049
–	Additions to lease receivables	–1,419,750	–1,147,825
+	Payments by lessees	1,030,432	889,571
+	Disposals / reclassifications of lease receivables at residual carrying amounts	180,613	152,517
–	Interest and similar income from leasing business	–207,655	–188,940
+ / –	Decrease / increase in other receivables from lessees	–14,644	3,984
+ / –	Currency translation differences	13,117	30,874
=	Change in lease receivables	–417,887	–259,819
+	Addition to liabilities from refinancing	1,275,772	889,255
–	Payment of annuities to refinancers	–864,832	–690,695
–	Disposal of liabilities from refinancing	–30,101	–23,319
+	Expenses from interest on refinancing and on deposit business	31,571	33,018
+ / –	Currency translation differences	–8,546	–13,716
=	Change in refinancing liabilities	403,864	194,543
+ / –	Increase / decrease in liabilities from deposit business	81,214	48,892
– / +	Increase / decrease in loans to franchisees	–20,874	2,735
	Changes in other assets / liabilities		
– / +	Increase / decrease in other assets	–61,291	–62,936
+ / –	Increase / decrease in deferred lease payments	1,904	–50,268
+ / –	Increase / decrease in other liabilities	5,099	–3,156
=	**Cash flow from operating activities**	**125,148**	**–21,848**

Continued on next page

Consolidated Statement of Cash Flows

EURk		Jan. 1, 2017 to Sep. 30, 2017	Jan. 1, 2016 to Sep. 30, 2016
– / +	Income taxes paid / received	–12,634	–15,037
–	Interest paid	–2,544	–1,937
+	Interest received	409	401
=	**Net cash flow from operating activities**	**110,379**	**–38,421**
–	Payments for the acquisition of property, plant, and equipment and intangible assets	–11,208	–6,888
– / +	Payments / proceeds from acquisition of subsidiaries/associated entities and financial assets	–10,035	–485
+	Proceeds from the sale of property, plant, and equipment and intangible assets	1,422	227
=	**Cash flow from investing activities**	**–19,821**	**–7,146**
+ / –	Borrowing / repayment of bank liabilities	–1,205	756
+	Proceeds from cash capital increase	0	0
+	Net proceeds from hybrid capital	73,695	0
–	Interest payments on hybrid capital	–4,125	–1,711
–	Dividend payments	–25,849	–19,557
=	**Cash flow from financing activities**	**42,516**	**–20,512**
	Cash funds at beginning of period		
	Cash in hand and bank balances	156,896	186,453
–	Bank liabilities from overdrafts	–131	–875
=	**Cash and cash equivalents at beginning of period**	**156,765**	**185,578**
+ / –	Change due to currency translation	484	399
=	**Cash funds after currency translation**	**157,249**	**185,977**
	Cash funds at end of period		
	Cash in hand and bank balances	290,868	120,025
–	Bank liabilities from overdrafts	–545	–127
=	**Cash and cash equivalents at end of period**	**290,323**	**119,898**
	Change in cash and cash equivalents during the period (= total cash flow)	**133,074**	**–66,079**
	Net cash flow from operating activities	110,379	–38,421
+	Cash flow from investing activities	–19,821	–7,146
+	Cash flow from financing activities	42,516	–20,512
=	**Total cash flow**	**133,074**	**–66,079**

Consolidated Statement of Changes in Equity

EURk	Share capital	Capital reserves	Retained earnings / Consoli-dated net profit	Hedging reserve	Reserve for actuarial gains / losses	Currency translation	Total equity attributable to shareholders of GRENKE AG	Additional equity components	Total equity
Equity as per Jan. 1, 2017	**18,881**	**119,043**	**498,807**	**90**	**–1,556**	**2,614**	**637,879**	**52,541**	**690,420**
Total comprehensive income	--	--	88,861	–93	–18	–2,917	85,833	2,116	87,949
Dividend payment in 2017 for 2016	--	--	–25,849	--	--	--	–25,849	--	–25,849
Capital increase (Conversion of capital reserves in the context of the stock split)	25,432	–25,432	--	--	--	--	0	--	0
Issuance of hybrid capital	--	--	–1,125	--	--	--	–1,125	75,000	73,875
Cost of issuance of hybrid capital	--	--	–180	--	--	--	–180	--	–180
Reversal of premium on hybrid capital	--	--	–73	--	--	--	–73	73	0
Interest payment on hybrid capital (net)	--	--	--	--	--	--	0	–3,235	–3,235
Change in tax rate	--	--	--	--	--	--	0	–6	–6
Equity as per Sep. 30, 2017	**44,313**	**93,611**	**560,441**	**–3**	**–1,574**	**–303**	**696,485**	**126,489**	**822,974**
Equity as per Jan. 1, 2016	**18,859**	**116,491**	**419,068**	**–25**	**–1,405**	**6,895**	**559,883**	**30,771**	**590,654**
Total comprehensive income	--	--	74,577	53	–211	–4,308	70,111	1,299	71,410
Dividend payment in 2016 for 2015	--	--	–22,131	--	--	--	–22,131	--	–22,131
Capital increase (Shares issued from Scrip Dividend)	22	2,552	--	--	--	--	2,574	--	2,574
Interest payment on hybrid capital (net)	--	--	--	--	--	--	0	–1,197	–1,197
Equity as per Sep. 30, 2016	**18,881**	**119,043**	**471,514**	**28**	**–1,616**	**2,587**	**610,437**	**30,873**	**641,310**

Group Segment Reporting

EURk	Leasing segment		Banking segment		Factoring segment		Total segments		Cons. effects		Cons. Group	
January to September	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Operating segment income	**221,020**	192,133	**11,274**	9,627	**3,039**	2,943	**235,333**	204,703	**0**	0	**235,333**	204,703
Segment result	**114,120**	96,959	**7,236**	6,529	**–275**	–164	**121,081**	103,324	**0**	0	**121,081**	103,324
Reconciliation to consolidated financial statements												
Operating result											121,081	103,324
Other financial income											–3,254	–2,053
Taxes											26,850	25,395
Net profit according to consolidated income statement											**90,977**	75,876
As per September 30 (prev. year: Dec. 31)												
Segment assets	**4,593,832**	3,880,752	**842,987**	722,402	**36,183**	35,908	**5,473,002**	4,639,062	**–813,957**	–709,092	**4,659,045**	3,929,970
Reconciliation to consolidated financial statements												
Tax assets											28,339	34,598[1]
Total assets according to consolidated statement of financial position											**4,687,384**	3,964,568[1]
Segment liabilities	**3,845,866**	3,229,856	**730,568**	668,390	**27,739**	27,247	**4,604,173**	3,925,493	**–813,957**	–709,092	**3,790,216**	3,216,401
Reconciliation to consolidated financial statements												
Tax liabilities											74,194	57,747[1]
Liabilities according to consolidated statement of financial position											**3,864,410**	3,274,148[1]

1 Prior-year figures adjusted. See financial report for the second quarter and first half-year of 2017.

Leasing

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, service business, service and maintenance offerings for leased assets, as well as the disposal of used equipment.

Banking

The Banking segment comprises the activities of GRENKE BANK AG, which regards itself as a financing partner particularly to small- and medium-sized companies (SMEs). 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 via its internet presence. The bank's business is focused primarily on German customers.

Factoring

The Factoring segment contains traditional factoring services focused on small-ticket factoring. Within non-recourse factoring, the segment offers both notification factoring, where the debtor is notified of the assignment of receivables, and non-notification factoring, where the debtor is not notified accordingly. The segment also offers collection services (recourse factoring) where the customer continues to bear the credit risk.

ADDITIONAL INFORMATION ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Accounting Policies

This quarterly statement of GRENKE AG was prepared according to International Financial Reporting Standards (IFRS), as applicable in the EU. The accounting policies applied for the annual financial statements as per December 31, 2016, continue to apply. An audit review was not conducted.

Lease Receivables

EURk	Sep. 30, 2017	Sep. 30, 2016
Changes in lease receivables from current contracts (performing lease receivables)		
Balance at beginning of period	3,175,908	2,758,660
+ Change during the period	455,969	268,561
Lease receivables (current + non-current) from current contracts at end of period	**3,631,877**	**3,027,221**
Changes in lease receivables from terminated contracts/contracts in arrears (non-performing lease receivables)		
Gross receivables at beginning of period	**223,948**	**221,847**
+ Additions to gross receivables during the period	68,954	38,665
– Disposals of gross receivables during the period	27,196	37,655
Gross receivables at end of period	**265,706**	**222,857**
Impairment at beginning of period	**129,746**	**126,335**
+ Additions of accumulated impairment during the period	41,377	36,207
– Disposals of accumulated impairment during the period*	22,105	33,413
Impairments at end of period	**149,018**	**129,129**
Carrying amount of non-performing lease receivables at beginning of period	**94,202**	**95,512**
Carrying amount of non-performing lease receivables at end of period	**116,688**	**93,728**
Lease receivables (carrying amount, current and non-current) at beginning of period	**3,270,110**	**2,854,172**
Lease receivables (carrying amount, current and non-current) at end of period	**3,748,565**	**3,120,949**

* Item contains exchange rate differences in the amount of EUR –0.4k (previous year: EUR 1,057k).

Financial Liabilities

EURk	Sep. 30, 2017	Dec. 31, 2016
Financial liabilities		
Current financial liabilities		
Asset-based	247,896	226,792
Senior unsecured	681,577	724,236
Committed development loans	51,946	45,604
Liabilities from deposit business	263,484	228,125
Other bank liabilities	2,033	2,824
thereof current account liabilities	*545*	*131*
Total current financial liabilities	**1,246,936**	**1,227,581**
Non-current financial liabilities		
Asset-based	487,956	431,595
Senior unsecured	1,592,079	1,194,928
Committed development loans	113,283	78,988
Liabilities from deposit business	234,820	188,963
Total non-current financial liabilities	**2,428,138**	**1,894,474**
Total financial liabilities	**3,675,074**	**3,122,055**

Asset-Based Financial Liabilities

Structured Entities

The following consolidated structured entities were in place as per the reporting date: Opusalpha Purchaser II Limited, Kebnekaise Funding Limited, CORAL PURCHASING Limited, FCT "GK" COMPARTMENT "G2" (FCT GK 2), and FCT "GK" COMPARTMENT "G3" (FCT GK 3). All structured entities have been initiated as asset-backed commercial paper (ABCP) programmes.

EURk	Sep. 30, 2017	Dec. 31, 2016
Programme volume	772,500	735,000
Utilisation	656,981	624,610
Carrying amount	571,133	531,544
thereof current	*174,681*	*154,054*
thereof non-current	*396,452*	*377,490*

Sales of Receivables Agreements

	Sep. 30, 2017	Dec. 31, 2016
Programme volume in local currency		
EURk	*25,000*	*25,000*
GBPk	*100,000*	*80,000*
PLNk	*80,000*	*60,000*
CHFk	*50,000*	*50,000*
BRLk	*250,000*	*--*
Programme volume in EURk	267,062	178,602
Utilisation in EURk	142,984	126,843
Carrying amount in EURk	142,984	126,843
thereof current	*67,359*	*72,739*
thereof non-current	*75,625*	*54,104*

Residual Loans

The Consolidated Group has had residual loans since its acquisition of Europa Leasing GmbH. The residual loans serve in part to finance the residual amounts of lease contracts for which the payment instalments were sold in the context of the sale of receivables.

	Sep. 30, 2017	Dec. 31, 2016
Carrying amount (EURk)	21,735	0
thereof current	*5,856*	*0*
thereof non-current	*15,879*	*0*

Senior Unsecured Financial Liabilities

The following table provides an overview of the carrying amounts of the individual categories of refinancing instruments:

EURk	Sep. 30, 2017	Dec. 31, 2016
Bonds	1,571,105	1,209,998
thereof current	*208,232*	*266,374*
thereof non-current	*1,362,873*	*943,624*
Promissory notes	370,472	392,941
thereof current	*155,206*	*151,387*
thereof non-current	*215,266*	*241,554*
Commercial paper	253,000	201,000
Revolving credit facility	43,940	73,937
thereof current	*30,000*	*64,187*
thereof non-current	*13,940*	*9,750*
Money market trading	0	31,692
Accrued interest	14,321	9,596
Overdrafts	20,818	--

The following table provides an overview of the refinancing volumes of the individual instruments:

	Sep. 30, 2017	Dec. 31, 2016
Bonds EURk	2,000,000	1,500,000
Commercial paper EURk	500,000	500,000
Revolving credit facility EURk	160,000	150,000
Revolving credit facility PLNk	70,000	50,000
Revolving credit facility CHFk	30,000	10,000
Money market trading EURk	35,000	45,000

Bonds

In the fiscal year to date, eight new bonds were issued with a total volume of EUR 398,000k. In addition, a bond in the amount of CHF 70,000k was placed and three existing bonds were increased by a total of EUR 45,000k. Scheduled redemptions totalled EUR 142,200k.

Promissory Notes

In the fiscal year to date, five new promissory notes were issued and two maturing notes were prolonged. The total volume amounted to EUR 85,000k, PLN 10,000k and CHF 10,000k. Promissory notes with a volume of EUR 41,000k and CHF 32,627k were redeemed on schedule.

Committed Development Loans

The following table shows the carrying amounts of the utilised development loans at various development banks.

EURk	Sep. 30, 2017	Dec. 31, 2016
NRW.Bank	62,521	51,771
Thüringer Aufbaubank	10,797	11,068
Investitionsbank Berlin	2,139	3,040
LfA Förderbank Bayern	8,824	14,712
Investitionsbank des Landes Brandenburg	3,048	3,691
KfW	75,606	37,932
Landeskreditbank Baden-Württemberg – Förderbank	2,252	2,310
Accrued interest	43	68

In the reporting period, new loans were issued totalling EUR 77,677k and loans with a total volume of EUR 35,718k were redeemed on schedule.

Equity

On September 27, 2017, GRENKE AG issued a further unsecured subordinated hybid bond (non-cumulative, perpetual Additional Tier 1, so-called AT1 bond or hybrid capital) with a nominal volume of EUR 75,000k and an interest coupon of 7.00%. This bond is recorded under additional equity components.

Contingent Liabilities

GRENKE AG, as guarantor for individual franchise companies, provided financial guarantees of EUR 34.7 million (previous year as per December 31, 2016: EUR 77.3 million), which represents the maximum default risk. The actual utilisation of the guarantees by the guarantee recipients was lower and amounted to EUR 18.4 million (previous year as per December 31, 2016: EUR 56.0 million).

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Figures in this quarterly statement are generally presented in thousands and millions of euro. Due to rounding, differences to the actual number in euro may occur in individual figures. Such differences are not of a material nature. For better readability, gender-specific differentiation was avoided, and the terms used refer equally to both genders.

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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