GRENKE®

GRENKE AG GROUP

QUARTERLY STATEMENT
FOR THE 1ST QUARTER 2017

2017

KEY FIGURES GRENKE GROUP

	Jan. 1, 2017 to Mar. 31, 2017	Change (%)	Jan. 1, 2016 to Mar. 31, 2016	Unit
New business GRENKE Group Leasing	**445,593**	**20.1**	**371,147**	**EURk**
:: of which international	336,269	22.2	275,149	EURk
:: of which franchise international	14,967	118.4	6,853	EURk
:: of which Germany	94,357	5.8	89,145	EURk
Western Europe (without Germany)*	134,213	7.8	124,462	EURk
Southern Europe*	135,759	36.9	99,200	EURk
Northern / Eastern Europe*	71,076	32.9	53,465	EURk
Other regions*	10,188	109.0	4,875	EURk
New business GRENKE Group Factoring (incl. collection services)	**97,663**	**28.0**	**76,270**	**EURk**
:: of which Germany	42,076	26.6	33,243	EURk
:: of which international	37,106	15.1	32,242	EURk
:: of which franchise international	18,481	71.4	10,785	EURk
GRENKE Bank				
Deposits	446,156	22.7	363,660	EURk
New business start-up financing (incl. microcredit business)	6,615	31.1	5,045	EURk
Contribution margin 2 (CM2) on new business				
GRENKE Group Leasing	**80,840**	**19.3**	**67,768**	**EURk**
:: of which international	64,585	18.9	54,338	EURk
:: of which franchise international	3,278	143.7	1,345	EURk
:: of which Germany	12,977	7.4	12,085	EURk
Western Europe (without Germany)*	24,691	3.5	23,857	EURk
Southern Europe*	27,121	34.0	20,243	EURk
Northern / Eastern Europe*	13,818	30.6	10,577	EURk
Other regions*	2,233	122.0	1,006	EURk
Further information leasing business				
Number of new contracts	52,075	19.5	43,571	units
Share of IT products in lease portfolio	79	–1.3	80	percent
Share of corporate customers in lease portfolio	100	0.0	100	percent
Mean acquisition value	8.6	2.4	8.4	EURk
Mean term of contract	48	2.1	47	months
Volume of leased assets	5,058	17.5	4,305	EURm
Number of current contracts	586,878	15.3	508,976	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: 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 Mar. 31, 2017	Change (%)	Jan. 1, 2016 to Mar. 31, 2016	Unit
Key figures income statement				
Net interest income	59,121	14.2	51,753	EURk
Settlement of claims and risk provision	13,640	–13.0	15,672	EURk
Profit from service business *	15,358	16.3	13,207	EURk
Profit from new business	15,574	8.8	14,309	EURk
Gains (+) / losses (–) from disposals	–2,581	11.121.7	–23	EURk
Other operating income	1,342	20.4	1,115	EURk
Cost of new contracts	11,509	20.2	9,575	EURk
Cost of current contracts	3,228	14.3	2,824	EURk
Project costs and basic distribution costs	12,009	13.5	10,578	EURk
Management costs	11,017	27.4	8,646	EURk
Other costs	143	–94.4	2,561	EURk
Operating result	37,268	22.2	30,505	EURk
Other financial result (income (–) / expense (+))	800	370.4	216	EURk
Income / expenses from fair value measurement	–247	n.a.	0	EURk
EBT (earnings before taxes)	36,221	19.6	30,289	EURk
Net profit	**28,832**	**28.0**	**22,525**	**EURk**
Earnings per share (according to IFRS)	**1.91**	**27.3**	**1.50**	**EUR**
Further Information				
Dividends	1.75	16.7	1.50	EUR
Embedded value, leasing contract portfolio (incl. equity before taxes)	1,064	16.0	917	EURm
Embedded value, leasing contract portfolio (incl. equity after taxes)	981	16.8	840	EURm
Cost / income ratio	50.9	–3.8	52.9	percent
Return on equity (ROE) after taxes	16.1	8.8	14.8	percent
Average number of employees	1,133	16.2	975	employees
Staff costs	19,744	15.8	17,079	EURk
:: of which total remuneration	16,227	15.3	14,071	EURk
:: of which fixed remuneration	12,093	16.7	10,361	EURk
:: of which variable remuneration	4,134	11.4	3,710	EURk

* Previous year's designation: "profit from insurance business"

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

CONTENT

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

Dear Shareholders,
Ladies and Gentlemen,

Our first quarter performance gave us a solid start in the current fiscal year. New business at the GRENKE Group increased 22 percent. Our strong growth was again driven by the international markets, where we are now generating roughly 74 percent of our new business overall. We strengthened our international position by opening four new locations in the first quarter. In addition to these cell divisions, we also acquired the business of our former franchisee in Malta at the end of the reporting quarter. Important to note is that we achieved double-digit growth in all segments. In the Leasing segment, we grew 20 percent, which is higher than the 11 to 16 percent range forecasted for the full year. We achieved high growth rates in Italy (+38 percent), which is an important market for us, as well as in Great Britain and Spain where we were able to increase our new business in each of these markets by more than 40 percent. Even though our performance in the German market was satisfactorily overall with a slight gain of six percent, it was still marked by high competition. We were also very pleased with the 28 percent year-on-year increase in GRENKE Group Factoring's new business, which picked up considerably again compared to last year. In terms of our expected performance in the further course of the year, we currently remain by our growth forecast of 12 to 20 percent growth.

We adjusted our calculation for the contribution margin 2 (CM2) at the beginning of the first quarter to provide more earnings and reporting transparency. The CM2 now directly corresponds to the Consolidated Group's operating result in the income statement. The CM2 margin on new business in the Leasing segment was 18.1 percent in the first three months of the reporting year compared to 18.3 percent in the previous year.

The Consolidated Group's earnings development was also very satisfactory. In the first three months, we were able to increase our net profit by 28 percent to EUR 28.8 million. Contributing to this performance, among others, was a further decline in expenses for the settlement of claims and risk provision, as well as a continued favourable interest rate environment.

The share price performance was also positive from January to March with the shares increasing a total of eleven percent and ending the quarter at a level of EUR 165.40. To make our shares even more attractive to investors, we are proposing a 1:3 stock split to the Annual General Meeting on May 11, 2017. This measure is intended to facilitate the trading in GRENKE shares and increase their liquidity on the capital market. The proportionate interests of existing shareholders will, of course, remain unchanged.

Wolfgang Grenke
Chairman of the Board of Directors

GRENKE AT A GLANCE

New business GRENKE Group (incl. franchise partners)

+22%

3M-2017: EUR 549.9 million (3M 2016: EUR 452.5 million)

International presence

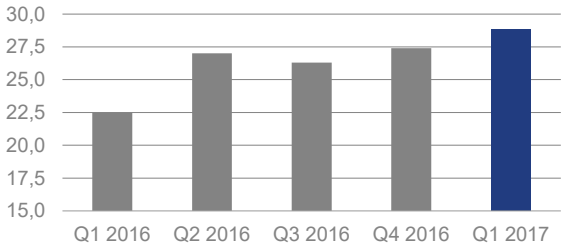
4

NEW LOCATIONS IN 2017

- 4 new locations under cell division strategy: Denmark (Odense), Italy (Rome), the Netherlands (Zwolle/ Meppel), United Arab Emirates (Abu Dhabi)
- Acquisition of the franchise company in Malta

GRENKE share price performance (XETRA; EUR)

GRENKE Consolidated Group's net profit (EUR millions)



Number of employees of the GRENKE Consolidated Group

1,133

Q1-2016 average: 975 employees

Solid equity base

17.1%

EQUITY RATIO

December 31, 2016: 17.4 percent

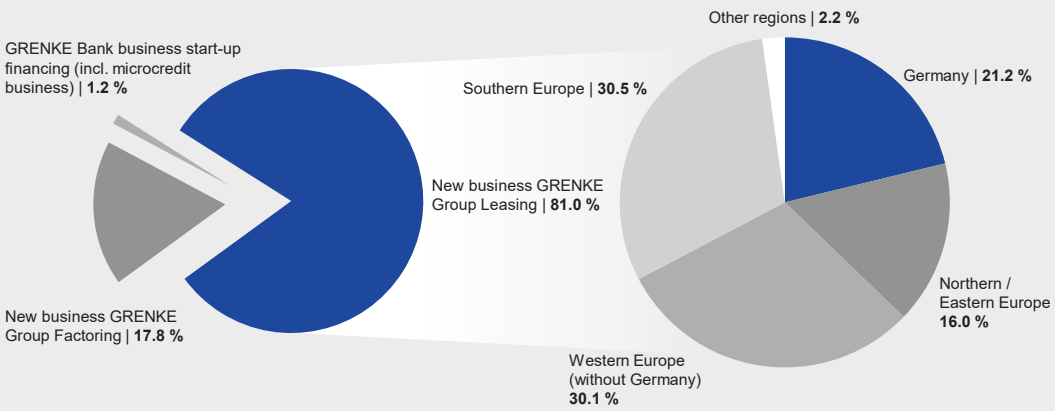
INTERIM GROUP MANAGEMENT REPORT

Business Development

GRENKE Group's new business

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

As per March 31, 2017

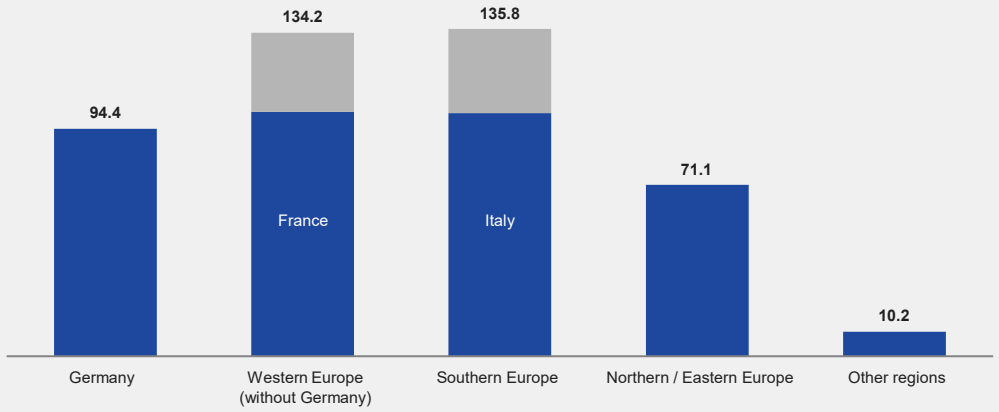


New business as per March 31, 2017:
GRENKE Group Leasing: EURm 445.6 (previous year: EURm 371.1)
GRENKE Group Factoring: EURm 97.7 (previous year: EURm 76.3)

Previous year as per March 31, 2017:
Germany 27.0 % | Western Europe (without Germany) 35.2 % | Southern Europe 22.3 % | Northern / Eastern Europe 14.4 % | Other regions 1.1 %

NEW BUSINESS GRENKE GROUP LEASING AS PER MARCH 31, 2017

EUR millions



Previous year as per March 31:
Germany EUR 89.1 million | Western Europe (without Germany) EUR 124.5 million | Southern Europe EUR 99.2 million | Northern / Eastern Europe EUR 53.5 million | Other regions EUR 4.9 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, Ireland, Norway, Sweden, UK / Czech Republic, Hungary, Poland, Romania, Slovakia
Other regions: Brazil, Canada, Chile, Singapore, Turkey, UAE

GRENKE Consolidated Group's Business Performance

In the first quarter of 2017, our successful trend in the previous fiscal year continued uninterrupted. Earnings benefited from our recent strong, high-margin new business, the continued favourable interest rate environment and a further absolute decline in expenses for the settlement of claims and risk provision. Our performance was also a result of our active, risk-based margin control.

To intensify our international network, we opened a new location in Denmark (Odense), Italy (Rome), the Netherlands (Zwolle / Meppel) and the United Arab Emirates (Abu Dhabi) during the reporting period for a total of four new locations. As a result, we were present at a total of 126 locations worldwide as per the end of the reporting period. In addition, GRENKE AG acquired control of the shares in Europa Leasing GmbH as per January 1, 2017. The purchase agreement pertaining to all of the shares and voting rights was concluded on December 6, 2016. We also acquired the business of our former franchisee in Malta effective March 31, 2017. The purchase price will be paid in the second quarter of the current fiscal year. Our innovative eSignature service continues to enjoy wide acceptance. Since launching this pioneering service, which allows the fully digital processing of lease contracts, it has been used to conclude more than 26,000 contracts.

In the reporting quarter, we relied once again on a wide range of instruments to refinance our new business. These instruments are divided into a total of four areas: senior unsecured instruments, asset-based instruments, committed development loans and the option to obtain bank deposits through GRENKE Bank. Thanks to our excellent reputation in the capital markets, we placed all of our new issues successfully within a short period of time. Only smaller transactions took place in the reporting quarter. The volume of bonds issued in the first three months of 2017 amounted to EUR 138 million.

Selected Information from the Condensed Interim Consolidated Financial Statements

Consolidated Income Statement

EURk	Jan. 1, 2017 to Mar. 31, 2017	Change (%)	Jan. 1, 2016 to Mar. 31, 2016
Net interest income	**59,121**	**14.2**	**51,753**
Settlement of claims and risk provision	13,640	–13.0	15,672
Net interest income after settlement of claims and risk provision	**45,481**	**26.1**	**36,081**
Profit from service business	15,358	16.3	13,207
Profit from new business	15,574	8.8	14,309
Gains (+) / losses (–) from disposals	–2,581	n.a.	–23
Income from operating business	**73,832**	**16.1**	**63,574**
Operating result	**37,268**	**22.2**	**30,505**
Earnings before taxes	**36,221**	**19.6**	**30,289**
Net profit	**28,832**	**28.0**	**22,525**
Earnings per share (basic/diluted, in EUR)	1.91	27.3	1.50

Consolidated Statement of Financial Position

EURk	Mar. 31, 2017	Change (%)	Dec. 31, 2016
Current assets	**1,713,333**	**6.5**	**1,608,963**
of which cash and cash equivalents	*152,930*	*–2.5*	*156,896*
of which lease receivables	*1,236,838*	*8.4*	*1,141,000*
Non-current assets	**2,468,171**	**4.5**	**2,362,489**
of which lease receivables	*2,216,841*	*4.1*	*2,129,110*
Equity	**716,449**	**3.8**	**690,420**
Equity ratio (in percent)	17.1	–1.7	17.4
Current liabilities	**1,247,246**	**–6.1**	**1,328,512**
of which financial liabilities	*1,090,956*	*–11.1*	*1,227,581*
Non-current liabilities	**2,217,809**	**13.6**	**1,952,520**
of which financial liabilities	*2,160,494*	*14.0*	*1,894,474*
Total assets	**4,181,504**	**5.3**	**3,971,452**

Report on the Results of Operations

The current fiscal year is off to a good start for the GRENKE Consolidated Group as demonstrated, among others, by the 22 percent year-on-year increase in the operating result. The operating result reached an absolute level of EUR 37.3 million in the first quarter of 2017 compared to EUR 30.5 million in the first quarter of 2016. We continued to benefit from the significant amount of high-margin new business acquired in prior periods, the income of which accrues over the course of the contracts. We also profited from the favourable trend in losses and the persistently low interest rates described below.

A continued rise in interest and similar income from the financing business and a decline in expenses from interest on refinancing led to a 14 percent year-on-year rise in net interest income. Our active and risk-oriented margin management resulted in yet another decline in expenses for the settlement of claims and risk provision. This caused a sharp, corresponding rise of 26 percent in net interest income after settlement of claims and risk provision. The Consolidated Group's loss rate amounted to 1.1 percent compared to 1.5 percent in the comparable period of the previous year.

We are also pleased with our profit from service business, which rose 16 percent in the first three months. We recorded a rise of nine percent in our profit from new business. Taking into account gains and losses from disposals (losses from disposals), which tend to be volatile on a quarterly basis, GRENKE Consolidated Group's income from operating business rose 16 percent compared to comparable period of the previous year.

Income growth in the quarter continued to outpace the overall growth in expenses. As one of the major items, staff costs grew 16 percent in the reporting quarter from EUR 17.1 million in the previous year to EUR 19.8 million. This rise stemmed from a higher number of employees and an increase in variable compensation components. The equally significant item, selling and administrative expenses, was unchanged year-on-year and remained at EUR 13.4 million despite the rise in costs for operations, consulting, auditing and IT projects (+102%). This development was influenced, above all, by the item other taxes which contributed income (Q1 2016: expense) in the reporting quarter.

The Consolidated Group's depreciation/amortisation increased 43 percent and surpassed the previous year's level due to the recent investments in property, plant and equipment mainly for expanding our IT data centre. On an absolute basis, depreciation/amortisation amounted to EUR 3.1 million compared to EUR 2.2 million in the comparable period of the previous year and had little impact on the net profit development for the Consolidated Group. Other operating expenses and income contributed a net amount of EUR –0.3 million to the Consolidated Group's net profit.

In total, earnings before taxes grew 20 percent year-on-year. With a slightly lower tax rate of 20.4 percent (Q1 2016: 25.6 percent) due to an investment incentive programme in Italy, net profit for the reporting period grew 28 percent. The corresponding earnings per share amounted to EUR 1.91 compared to EUR 1.50 in the first quarter of the previous 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 (for more information, please see "The Consolidated Group's Segment Reporting"). A regional split of 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 Consolidated Group's main earnings pillar in the reporting quarter, which is the reason the discussion on income development also apply to this section. The Leasing segment's operating segment income increased by 16 percent from EUR 59.4 million to EUR 68.6 million. The rise in the segment result was even stronger. Accompanied by a lower rise in expenses, the segment result increased by 23 percent, reaching a level of EUR 34.6 million compared to EUR 28.2 million in the same period of the previous year. The operating segment income in the Factoring segment increased by 15 percent to EUR 1.0 million (Q1 2016: EUR 0.9 million). The segment result remained unchanged compared to the prior year and amounted to EUR –0.1 million. Our Banking segment recorded the strongest increase in operating segment income rising 25 percent to EUR 4.1 million compared to EUR 3.3 million in the first quarter of the previous year. The segment result rose by 17 percent to EUR 2.7 million compared to EUR 2.3 million in the same period of the previous year.

Report on Financial Position and Net Assets

The GRENKE Consolidated Group's balance sheet at the end of the first quarter of 2017 (March 31 reporting date) remained solid as usual. Total assets increased five percent from EUR 4.0 billion as per December 31, 2016 to EUR 4.2 billion. The Consolidated Group's equity increased by four percent from EUR 690.4 million as per December 31, 2016 to EUR 716.4 million mainly due to the positive earnings development in the reporting period. With an equity ratio of 17.1 percent, we were only slightly below the ratio of 17.4 percent at the end of 2016 and continued to clearly exceed our long-term target of 16 percent.

Current and non-current lease receivables in the first three months increased six percent. This item represented 83 percent of the total assets and was still the largest single position on the Consolidated Group' balance sheet. The share of current and non-current lease receivables was virtually unchanged compared to the end of the 2016 fiscal year (82 percent). Cash and cash equivalents had a reporting date-related decline of three percent. Excluding the statutory and regulatory requirements, such as those relating to the liquidity coverage ratio, we are standing by our strategy of using liquid funds for operational purposes only to finance our growth, particularly in light of the current low interest rate environment. Other current and non-current financial assets declined slightly as per the March 31, 2017 reporting date. This item declined by 5 percent after increasing 50 percent in the previous fiscal year as a result of the increase in liquidity reserves from a rise in one of the asset-backed commercial paper (ABCP) programmes and from the growth of the lending business.

On the liability side of the balance sheet, current and non-current liabilities from refinancing as per the reporting date were virtually unchanged in comparison to December 31, 2016 (up 3 percent). Current and non-current liabilities from the deposit business increased eleven percent year-on-year. The overall financial liabilities for the Consolidated Group increased four percent. The reporting date was a factor in the rise in deferred lease payments, which almost doubled (+ 98 percent).

During the current fiscal year, we continued to utilise a broad range of refinancing instruments. In the first three months, we issued a total of five bonds with maturities ranging between 14 and 62 months and a total volume of EUR 138 million. Further information on these bond issues can be found in the Notes to the condensed interim consolidated financial statements and on our website at www.grenke.de/en. We also issued five promissory notes with a total volume of EUR 30 million and CHF 10 million as well as short-term commercial paper with a volume of EUR 30 million. Promissory notes in the amount of EUR 8.5 million and CHF 3.8 million were redeemed in the reporting period. We utilised EUR 627.3 million of our ABCP programmes as per March 31, 2017 (December 31, 2016: EUR 624.6 million). The programme's total volume was unchanged from the end of the previous fiscal year and amounted to EUR 735.0 million.

We also successfully took advantage of the refinancing via bank deposits from GRENKE Bank and significantly increased the liabilities from the deposit business by seven percent from EUR 417.1 million at the end of the 2016 fiscal year to EUR 446.2 million.

Cash flow from operating activities in the reporting quarter amounted to EUR –7.1 million compared to EUR –38.9 million in the first quarter of the previous year. Earnings before taxes amounted to EUR 36.2 million (Q1 2016: EUR 30.3 million) and was largely offset by the increase in lease receivables of EUR 143.4 million (Q1 2016: EUR 83.4 million). In addition, there was an increase in loans to franchisees and other assets, which together totalled EUR 18.1 million (Q1 2016: EUR 7.9 million). The increase in refinancing liabilities, liabilities from the deposit business and deferred lease payments together totalled EUR 115.0 million (Q1 2016: EUR 26.6 million) and had the largest positive impact on the calculation of cash flow. After interest and taxes paid and received, the net cash flow from operating activities amounted to EUR –10.1 million compared to EUR –40.8 million in the same period of the previous year.

The cash flow from investing activities in the first three months amounted to EUR –3.3 million (Q1 2016: EUR –0.6 million) and mainly included payments for the purchase of office and operating equipment in the amount of EUR 3.1 million (Q1 2016: EUR –1.8 million).

Total cash flows, including the cash flow from financing activities, which contained the net assumption of bank liabilities of EUR 13.3 million (Q1 2016: EUR 0.3 million) and interest payments on hybrid capital of EUR 4.1 million (Q1 2016: EUR 1.7 million), was EUR –4.2 million in the reporting period compared to EUR –42.9 million in the first quarter of the previous year.

Report on Risks, Opportunities and Forecasts

Opportunities and Risks

There have been no material changes to the opportunities and risks presented in our 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

After the first three months of the current fiscal year, we are fully on track to reach our targets. With year-on-year new business growth at GRENKE Group Leasing of 20 percent, we are currently above the expected range of 11 to 16 percent. New business at GRENKE Group Factoring was also better than expected posting a rise of 28 percent in the reporting period, which is also higher than our projected growth of 12 to 20 percent. Despite this strength, we currently remain by our original full-year forecast. With a 28 percent year-on-year increase in net profit in the first quarter, we are also well on our way to reaching our full-year net profit target of EUR 113 to 123 million. This target compares to the previous fiscal year's net profit of EUR 103.2 million.

CONDENSED INTERIM CONSOLI-DATED FINANCIAL STATEMENTS

Consolidated Income Statement

EURk	Jan. 1, 2017 to Mar. 31, 2017	Jan. 1, 2016 to Mar. 31, 2016
Interest and similar income from financing business	69,015	63,137
Expenses from interest on refinancing and deposit business	9,894	11,384
Net interest income	**59,121**	**51,753**
Settlement of claims and risk provision	13,640	15,672
Net interest income after settlement of claims and risk provision	**45,481**	**36,081**
Profit from service business*	15,358	13,207
Profit from new business	15,574	14,309
Gains(+) / losses (–) from disposals	–2,581	–23
Income from operating business	**73,832**	**63,574**
Staff costs	19,774	17,079
Depreciation and impairment	3,088	2,158
Selling and administrative expenses (not including staff costs)	13,402	13,405
Other operating expenses	1,642	1,542
Other operating income	1,342	1,115
Operating result	**37,268**	**30,505**
Result from investments accounted for using the equity method	–109	–136
Expenses / income from fair value measurement	–247	0
Other interest income	112	68
Other interest expenses	803	148
Earnings before taxes	**36,221**	**30,289**
Income taxes	7,389	7,764
Net profit	**28,832**	**22,525**
Of which, attributable to:		
Hybrid capital holders of GRENKE AG	684	431
Shareholders of GRENKE AG	28,148	22,094
Earnings per share (basic) in EUR	1.91	1.50
Earnings per share (diluted) in EUR	1.91	1.50
Average number of shares outstanding (basic)	14,771,034	14,754,199
Average number of shares outstanding (diluted)	14,771,034	14,754,199

* The previous designation "profit from insurance business" was changed for reasons of clarity.

Consolidated Statement of Comprehensive Income

EURk	Jan. 1, 2017 to Mar. 31, 2017	Jan. 1, 2016 to Mar. 31, 2016
Net profit	**28,832**	**22,525**
Items that may be reclassified to profit and loss in future periods		
Appropriation to / reduction of hedging reserve	–36	–40
thereof: income tax effects	8	8
Change in currency translation differences	474	–1,995
thereof: income tax effects	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	0	0
thereof: income tax effects	0	0
Other comprehensive income	**438**	**–2,035**
Total comprehensive income	**29,270**	**20,490**
Of which, attributable to:		
Hybrid capital holders of GRENKE AG	684	431
Shareholders of GRENKE AG	28,586	20,059

Consolidated Statement of Financial Position

EURk	Mar. 31, 2017	Dec. 31, 2016
Assets		
Current assets		
Cash and cash equivalents	152,930	156,896
Financial instruments that are assets	2,430	3,688
Lease receivables	1,236,838	1,141,000
Other current financial assets	85,490	93,090
Trade receivables	4,408	4,474
Lease assets for sale	5,808	5,969
Tax assets	21,917	23,555
Other current assets	203,512	180,291
Total current assets	**1,713,333**	**1,608,963**
Non-current assets		
Lease receivables	2,216,841	2,129,110
Financial instruments that are assets	3	29
Other non-current financial assets	72,144	73,643
Investments accounted for using the equity method	5,024	5,133
Property, plant and equipment	49,005	48,369
Goodwill	70,696	66,515
Other intangible assets	38,045	20,069
Deferred tax assets	15,286	17,927
Other non-current assets	1,127	1,694
Total non-current assets	**2,468,171**	**2,362,489**
Total assets	**4,181,504**	**3,971,452**

Consolidated Statement of Financial Position

EURk	Mar. 31, 2017	Dec. 31, 2016
Liabilities and equity		
Liabilities		
Current liabilities		
Financial liabilities	1,090,956	1,227,581
Liability financial instruments	1,147	1,225
Trade payables	23,185	16,663
Tax liabilities	19,025	13,117
Deferred liabilities	14,685	15,976
Current provisions	1,646	1,646
Other current liabilities	33,460	20,396
Deferred lease payments	63,142	31,908
Total current liabilities	**1,247,246**	**1,328,512**
Non-current liabilities		
Financial liabilities	2,160,494	1,894,474
Liability financial instruments	1,727	1,751
Deferred tax liabilities	50,700	51,514
Pensions	4,888	4,781
Total non-current liabilities	**2,217,809**	**1,952,520**
Equity		
Share capital	18,881	18,881
Capital reserves	119,043	119,043
Retained earnings	526,931	498,807
Other components of equity	1,586	1,148
Total equity attributable to shareholders of GRENKE AG	**666,441**	**637,879**
Additional equity components*	50,008	52,541
Total equity	**716,449**	**690,420**
Total liabilities and equity	**4,181,504**	**3,971,452**

* Including an AT1 bond (hybrid capital), which represents an unsecured and subordinated bond of GRENKE AG that is reported as equity under IFRS.

Consolidated Statement of Cash Flows

EURk		Jan. 1, 2017 to Mar. 31, 2017	Jan. 1, 2016 to Mar. 31, 2016
	Earnings before taxes	**36,221**	**30,289**
	Non-cash items contained in earnings and reconciliation to cash flow from operating activities		
+	Depreciation and impairment	3,088	2,158
– / +	Profit / loss from the disposal of property, plant, and equipment and intangible assets	18	27
– / +	Net income from non-current financial assets	691	80
– / +	Other non-cash effective income / expenses	1,478	–1,517
+ / –	Increase / decrease in deferred liabilities, provisions, and pensions	–2,349	–658
–	Additions to lease receivables	–449,270	–372,951
+	Payments by lessees	330,974	286,396
+	Disposals / reclassifications of lease receivables at residual carrying amounts	59,534	51,789
–	Interest and similar income from leasing business	–67,052	–61,486
+ / –	Decrease / increase in other receivables from lessees	–15,761	–1,766
+ / –	Currency translation differences	–1,835	14,630
=	Change in lease receivables	–143,410	–83,388
+	Addition to liabilities from refinancing	328,168	469,588
–	Payment of annuities to refinancers	–289,865	–428,566
–	Disposal of liabilities from refinancing	–10,314	–7,882
+	Expenses from interest on refinancing and on deposit business	9,894	11,384
+ / –	Currency translation differences	1,433	–7,661
=	Change in refinancing liabilities	39,316	36,863
+ / –	Increase / decrease in liabilities from deposit business	44,441	14,383
– / +	Increase / decrease in loans to franchisees	–5,599	10,202
	Changes in other assets / liabilities		
– / +	Increase / decrease in other assets	–12,529	–18,056
+ / –	Increase / decrease in deferred lease payments	31,233	–24,604
+ / –	Increase / decrease in other liabilities	344	–4,640
=	**Cash flow from operating activities**	**–7,057**	**–38,861**

continued on next page

Consolidated Statement of Cash Flows

EURk		Jan. 1, 2017 to Mar. 31, 2017	Jan. 1, 2016 to Mar. 31, 2016
– / +	Income taxes paid / received	–2,331	–1,886
–	Interest paid	–803	–148
+	Interest received	112	68
=	**Net cash flow from operating activities**	**–10,079**	**–40,827**
–	Payments for the acquisition of property, plant and equipment and intangible assets	–3,086	–1,828
– / +	Payments / proceeds from acquisition of subsidiaries/associated entities and financial assets	–291	1,215
+	Proceeds from the sale of property, plant and equipment and intangible assets	66	15
=	**Cash flow from investing activities**	**–3,311**	**–598**
+ / –	Borrowing / repayment of bank liabilities	13,298	251
+	Proceeds from cash capital increase	0	0
+	Net proceeds from hybrid capital	0	0
–	Interest payment on hybrid capital	–4,125	–1,711
–	Dividend payments	0	0
=	**Cash flow from financing activities**	**9,173**	**–1,460**
	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	–90	140
=	**Cash funds after currency translation**	**156,675**	**185,718**
	Cash funds at end of period		
	Cash in hand and bank balances	152,930	142,956
–	Bank liabilities from overdrafts	–472	–123
=	**Cash and cash equivalents at end of period**	**152,458**	**142,833**
	Change in cash and cash equivalents during the period (= total cash flow)	**–4,217**	**–42,885**
	Net cash flow from operating activities	–10,079	–40,827
+	Cash flow from investing activities	–3,311	–598
+	Cash flow from financing activities	9,173	–1,460
=	**Total cash flow**	**–4,217**	**–42,885**

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	--	--	28,148	–36	--	474	28,586	684	29,270
Dividend payment in 2017 for 2016	--	--	--	--	--	--	--	--	--
Reversal of premium on hybrid capital	--	--	–24	--	--	--	–24	24	--
Interest payment on hybrid capital (net)	--	--	--	--	--	--	--	–3,235	–3,235
Change in tax rate	--	--	--	--	--	--	--	–6	–6
Equity as per Mar. 31, 2017	**18,881**	**119,043**	**526,931**	**54**	**–1,556**	**3,088**	**666,441**	**50,008**	**716,449**
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	--	--	22,094	–40	--	–1,995	20,059	431	20,490
Dividend payment in 2016 for 2015	--	--	--	--	--	--	--	--	--
Cost of issuance of hybrid capital	--	--	–182	--	--	--	–182	--	–182
Interest payment on hybrid capital (net)	--	--	--	--	--	--	--	–1,197	–1,197
Equity as per Mar. 31, 2016	**18,859**	**116,491**	**440,980**	**–65**	**–1,405**	**4,900**	**579,760**	**30,005**	**609,765**

Group Segment Reporting

EURk	Leasing segment		Banking segment		Factoring segment		Total segments		Cons. effects		Consolidated Group	
January to March	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Operating segment income	**68,649**	59,359	**4,147**	3,312	**1,036**	903	**73,832**	63,574	**0**	0	**73,832**	63,574
Segment result	**34,633**	28,222	**2,730**	2,343	**–95**	–60	**37,268**	30,505	**0**	0	**37,268**	30,505
Reconciliation to consolidated financial statements												
Operating result											37,268	30,505
Other financial income											–1,047	–216
Taxes											7,389	7,764
Net profit according to consolidated income statement											28,832	22,525
As per Mar. 31 (prev. year: Dec. 31)												
Segment assets	**4,076,930**	3,880,752	**759,589**	722,402	**34,444**	35,908	**4,870,963**	4,639,062	**–726,662**	–709,092	**4,144,301**	3,929,970
Reconciliation to consolidated financial statements												
Tax assets											37,203	41,482
Total assets according to consolidated statement of financial position											4,181,504	3,971,452
Segment liabilities	**3,392,042**	3,229,856	**703,837**	668,390	**26,113**	27,247	**4,121,992**	3,925,493	**–726,662**	–709,092	**3,395,330**	3,216,401
Reconciliation to consolidated financial statements												
Tax liabilities											69,725	64,631
Liabilities according to consolidated statement of financial position											3,465,055	3,281,032

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, services, 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 CONSOLI-DATED 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	Mar. 31, 2017	Mar. 31, 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	166,440	86,381
Lease receivables (current + non-current) from current contracts at end of period	**3,342,348**	**2,845,041**
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	29,775	21,103
– Disposals of gross receivables during the period	9,540	11,026
Gross receivables at end of period	**244,183**	**231,924**
Impairment at beginning of period	**129,746**	**126,335**
+ Additions of accumulated impairment during the period	13,698	20,003
– Disposals of accumulated impairment during the period*	10,592	13,893
Impairments at end of period	**132,852**	**132,445**
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	**111,331**	**99,479**
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	**3,453,679**	**2,944,520**

* Item contains exchange rate differences in the amount of EUR 145k (previous year: EUR 427k).

Financial Liabilities

EURk	Mar. 31, 2017	Dec. 31, 2016
Financial liabilities		
Current financial liabilities		
Asset-based	194,400	226,792
Senior unsecured	605,237	724,236
Committed development loans	39,719	45,604
Liabilities from deposit business	235,137	228,125
Other bank liabilities	16,463	2,824
thereof current account liabilities	*472*	*131*
Total current financial liabilities	**1,090,956**	**1,227,581**
Non-current financial liabilities		
Asset-based	477,791	431,595
Senior unsecured	1,367,532	1,194,928
Committed development loans	88,777	78,988
Liabilities from deposit business	226,394	188,963
Total non-current financial liabilities	**2,160,494**	**1,894,474**
Total financial liabilities	**3,251,450**	**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	Mar. 31, 2017	Dec. 31, 2016
Programme volume	735,000	735,000
Utilisation	627,261	624,610
Carrying amount	527,749	531,544
thereof current	*137,607*	*154,054*
thereof non-current	*390,142*	*377,490*

Sales of Receivables Agreements

	Mar. 31, 2017	Dec. 31, 2016
Programme volume in local currency		
EURk	*25,000*	*25,000*
GBPk	*80,000*	*80,000*
PLNk	*60,000*	*60,000*
CHFk	*50,000*	*50,000*
Programme volume in EURk	179,452	178,602
Utilisation in EURk	115,712	126,843
Carrying amount in EURk	115,712	126,843
thereof current	*56,793*	*72,739*
thereof non-current	*58,919*	*54,104*

Residual loans

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.

	Mar. 31, 2017	Dec. 31, 2016
Carrying amount (EURk)	27,600	0
Carrying amount (CHFk)	1,209	0

Senior Unsecured Financial Liabilities

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

EURk	**Mar. 31, 2017**	**Dec. 31, 2016**
Bonds	1,347,818	1,209,998
thereof current	*266,423*	*266,374*
thereof non-current	*1,081,395*	*943,624*
Promissory notes	420,372	392,941
thereof current	*146,065*	*151,387*
thereof non-current	*274,307*	*241,554*
Commercial paper	122,000	201,000
Revolving credit facility	45,700	73,937
thereof current	*33,870*	*64,187*
thereof non-current	*11,830*	*9,750*
Money market trading	24,971	31,692
Accrued interest	11,908	9,596

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

	Mar. 31, 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	25,000	35,000
Money market trading CHFk	10,000	10,000

Bonds

In the fiscal year to date, five new bonds were issued with a total volume of EUR 138,000k. No scheduled or unscheduled redemptions have occurred.

Promissory Notes

In the fiscal year to date, three new promissory notes were issued with a total volume of EUR 30,000k and CHF 10,000k. Promissory notes with a volume of EUR 8,500k and CHF 3,810k were redeemed on schedule.

Committed Development Loans

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

EURk	Mar. 31, 2017	Dec. 31, 2016
NRW.Bank	57,331	51,771
Thüringer Aufbaubank	10,606	11,068
Investitionsbank Berlin	12,251	3,040
LfA Förderbank Bayern	2,741	14,712
Investitionsbank des Landes Brandenburg	3,681	3,691
KfW	39,396	37,932
Landeskreditbank Baden-Württemberg – Förderbank	2,423	2,310
Accrued interest	67	68

In the reporting period, new loans were issued totalling EUR 14,453k and loans with a total volume of EUR 10,287k were redeemed on schedule.

Acquisitions in Fiscal Year 2017

Europa Leasing GmbH, Kieselbronn/Germany

On January 1, 2017, GRENKE AG assumed control over Europa Leasing GmbH, Kieselbronn/Germany. The purchase agreement to acquire 100% of the shares and voting rights in the company was concluded on December 6, 2016.

The business model of Europa Leasing GmbH, Kieselbronn/Germany, is similar to that of GRENKE AG. The company focusses on the sale of medical equipment in its core markets of Germany, Austria and Switzerland.

GC Renting Malta Ltd., Sliema/Malta

On March 31, 2017, GRENKE AG assumed control over GC Renting Malta Ltd., Sliema/Malta. The purchase agreement to acquire 100 % of the shares and voting rights in the company was concluded on March 29, 2017.

Prior to the acquisition, GC Renting Malta Ltd., Sliema/Malta, was active within GRENKE AG's franchise system and specialised in the sale of small-ticket leases with a strong focus on IT and IT equipment.

Contingent Liabilities

GRENKE AG, as guarantor for individual franchise companies, provided financial guarantees of EUR 79.2 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 58.9 million (previous year as per December 31, 2016: EUR 56.0 million).

CALENDAR OF EVENTS

May 11, 2017	Annual General Meeting (Kongresshaus, Baden-Baden)
July 28, 2017	Publication of Financial Report for the 2nd Quarter and Half-Year of 2017
October 27, 2017	Publication of the Quarterly Statement for the 3rd Quarter and the First Nine Months of 2017

CONTACT INFORMATION

Renate Hauss
Corporate Communications

Tel: +49 7221 5007-204
Fax: +49 7221 5007-4218

Email: investor@grenke.de

Figures in this annual financial report 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.

GRENKE AG
Headquarters
Neuer Markt 2
76532 Baden-Baden
Germany

Phone +49 7221 5007-204
Fax +49 7221 5007-4218
E-mail investor@grenke.de

www.grenke-group.com