GRENKE®

GRENKE AG GROUP

QUARTERLY STATEMENT
FOR THE 3RD QUARTER AND THE FIRST 9 MONTHS 2016

2016

KEY FIGURES GRENKE GROUP

	Jan. 1, 2016 to Sep. 30, 2016	Change (%)	Jan. 1, 2015 to Sep. 30, 2015	Unit
New business GRENKE Group Leasing	**1,122,373**	**16.8**	**961,121**	**EURk**
:: of which international	845,303	20.5	701,362	EURk
:: of which franchise international	26,559	56.2	17,007	EURk
:: of which Germany	250,511	3.2	242,752	EURk
Western Europe (without Germany)*	363,700	15.3	315,533	EURk
Southern Europe*	315,468	31.8	239,263	EURk
Northern / Eastern Europe*	173,609	18.0	147,139	EURk
Other regions*	19,085	16.1	16,434	EURk
New business GRENKE Group Factoring (incl. collection services)	**254,631**	**10.6**	**230,177**	**EURk**
:: of which Germany	109,460	25.6	87,184	EURk
:: of which international	105,025	–4.9	110,430	EURk
:: of which franchise international	40,146	23.3	32,563	EURk
GRENKE Bank				
Deposits	398,196	26.5	314,770	EURk
New business start-up financing (incl. microcredit business)	18,043	25.6	14,370	EURk
Contribution margin 2 (CM2) on new business				
GRENKE Group Leasing	**191,611**	**7.8**	**177,763**	**EURk**
:: of which international	154,011	9.4	140,714	EURk
:: of which franchise international	5,272	63.0	3,234	EURk
:: of which Germany	32,328	–4.4	33,815	EURk
Western Europe (without Germany)*	63,442	1.2	62,667	EURk
Southern Europe*	59,195	17.9	50,211	EURk
Northern / Eastern Europe*	33,036	17.8	28,052	EURk
Other regions*	3,610	19.6	3,018	EURk
Further information leasing business				
Number of new contracts	131,208	15.7	113,448	units
Share of IT products in lease portfolio	78	–3.7	81	percent
Share of corporate customers in lease portfolio	100	0.0	100	percent
Mean acquisition value	8.6	1.2	8.5	EURk
Mean term of contract	48	0.0	48	months
Volume of leased assets	4,654	17.6	3,959	EURm
Number of current contracts	544,839	15.2	472,862	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, Dubai, Singapore, Turkey

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, 2016 to Sep. 30, 2016	Change (%)	Jan. 1, 2015 to Sep. 30, 2015	Unit
Key figures income statement				
Net interest income	161,061	14.7	140,440	EURk
Settlement of claims and risk provision	41,206	–6.0	43,817	EURk
Profit from service business *	43,007	16.7	36,853	EURk
Profit from new business	43,785	17.4	37,300	EURk
Gains (+) / losses (–) from disposals	–1,944	4,220.0	–45	EURk
Other operating income	2,985	–26.8	4,079	EURk
Cost of new contracts	29,390	16.8	25,163	EURk
Cost of current contracts	8,989	13.2	7,944	EURk
Project costs and basic distribution costs	32,712	6.8	30,639	EURk
Management costs	27,910	23.3	22,643	EURk
Other costs	5,363	–30.3	7,699	EURk
Operating result	103,324	28.0	80,722	EURk
Other financial result (income (–) / expense (+))	1,754	–2,798.5	–65	EURk
Income / expenses from fair value measurement	–299	–1,761.1	18	EURk
EBT (earnings before taxes)	101,271	25.3	80,805	EURk
Net profit	**75,876**	**27.1**	**59,689**	**EURk**
Earnings per share (according to IFRS)	**5.05**	**25.6**	**4.02**	**EUR**
Further Information				
Dividends	1.50	36.4	1.10	EUR
Embedded value, leasing contract portfolio (incl. equity before taxes)	964	11.4	865	EURm
Embedded value, leasing contract portfolio (incl. equity after taxes)	883	11.6	791	EURm
Economic result (after taxes) **	83	1.2	82	EURm
Cost / income ratio	50.6	–5.9	53.8	percent
Return on equity (ROE) after taxes	15.8	12.9	14.0	percent
Average number of employees	1,011	10.1	918	employees
Staff costs	52,081	12.4	46,340	EURk
– of which total remuneration	43,065	13.0	38,106	EURk
– of which fixed remuneration	32,022	12.7	28,411	EURk
– of which variable remuneration	11,043	13.9	9,695	EURk

* Previous year: "profit from insurance business"

** Indicator that combines the total comprehensive income of one period with the change in the embedded value (excluding equity) after tax (the present value of all outstanding lease instalments after costs and risk provisions).

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,

After an excellent first half-year, the GRENKE Group continued its solid performance in the third quarter. New business in the Leasing segment increased 17 percent to EUR 1,122.4 million, marking the first time in a nine-month period that GRENKE Group Leasing's new business rose significantly above the billion euro level. In our key markets of France and Italy, we achieved high growth rates in the reporting quarter of 18 and 33 percent, respectively. These two markets combined contributed more than 44 percent of the total new business volume in our Leasing segment. Our performance in these first nine months places us on track to achieve our forecast for new business growth at GRENKE Group Leasing of 16 – 20 percent. The new business volume generated by our Factoring segment in the third quarter grew slightly more than eleven percent and reached EUR 254.6 million. Although this segment achieved double-digit growth during the nine-month period, it will remain a challenge for the remainder of the year to achieve the forecasted increase. To address this, we have introduced the appropriate sales-related measures to accelerate our growth and are confident that these will prove to be effective.

We continued our international expansion in attractive markets in the third quarter and, in line with our cell division strategy, opened one new location each in Belgium, Poland and Spain for a total of three new locations. These new locations brought GRENKE Group's total number of locations to 119 worldwide at the end of the third quarter. Preparations are underway to open further locations in the fourth quarter.

The contribution margin 2 (CM2) on the new business acquired by GRENKE Group Leasing amounted to 17.1 percent in the nine-month period compared to 18.5 percent in the same period of the previous year. The slight margin decline is still largely a result of the change made in the calculation method in 2015 for forecasting subsequent income and expenses and is also due to a boost in our sales activities targeted at rapid growth in individual markets.

We continue to be very pleased with the GRENKE Consolidated Group's earnings performance. This performance has been aided by an extended favourable refinancing environment and a continued absolute decline in expenses for the settlement of claims and risk provision in the third quarter. We raised GRENKE Consolidated Group's net profit by 27 percent to EUR 75.9 million in the first nine months and, with that, maintained the growth rate achieved in the first half-year. Thus, we reconfirm our revised forecast for the current fiscal year, which was raised with the announcement of our half-year results, and continue to expect net profit in the range of EUR 98 – 102 million.

Wolfgang Grenke
Chairman of the Board of Directors

GRENKE AT A GLANCE

New business GRENKE Group (incl. franchise partners)

+16 %

9M 2016: EUR 1,395.0 million (9M 2015: EUR 1,205.7 million)

International presence

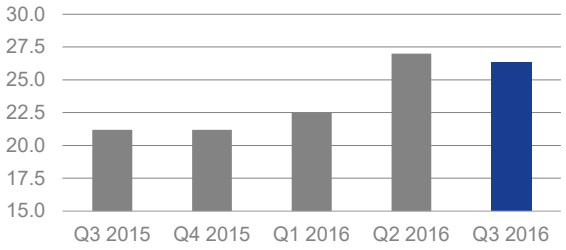
6

NEW LOCATIONS 2016

- Acquisition of the franchise company in Turkey
- 6 new locations under cell division strategy: Belgium (Wallonia), Germany (Augsburg), Finland (Oulu), Italy (Parma), Poland (Katowice) and Spain (Bilbao)

GRENKE share price performance (XETRA; EUR)

GRENKE Consolidated Group's net profit (EUR million)



Number of employees of the GRENKE Consolidated Group

1,011

Average 9M 2015: 918 employees

Solid equity base

17.1%

EQUITY RATIO

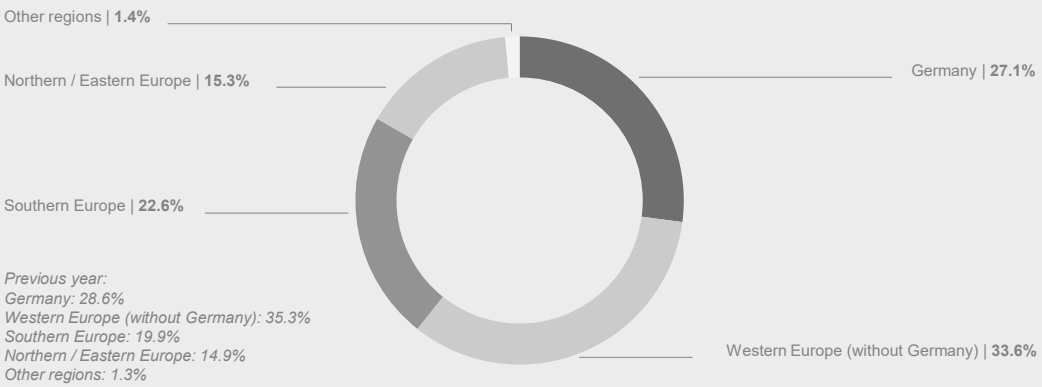
December 31, 2015: 17.0 percent

INTERIM GROUP MANAGEMENT REPORT

Business Development

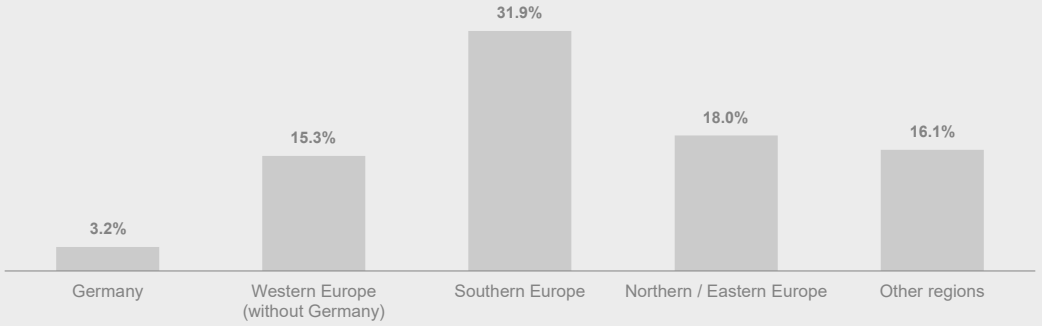
GRENKE Group's new business

SHARES IN NEW BUSINESS OF GRENKE GROUP LEASING + FACTORING + BUSINESS START-UP FINANCING (INCLUDING MICROCREDIT BUSINESS) INCLUDING FRANCHISE PARTNERS AS PER SEPTEMBER 30, 2016



New business 9M 2016
GRENKE Group Leasing: EUR 1,122.4 million (previous year: EUR 961.1 million)
GRENKE Group Factoring: EUR 254.6 million (previous year: EUR 230.2 million)

GROWTH RATES IN NEW BUSINESS OF GRENKE GROUP LEASING AS PER SEPTEMBER 30, 2016 (COMPARED TO THE SAME PERIOD IN 2015)



Previous year: Germany 15.6%; Western Europe (without Germany) 12.7%; Southern Europe 24.7%; Northern / Eastern Europe: 12.5%; Other regions: 93.8%

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, Dubai, Singapore, Turkey

GRENKE Consolidated Group's Business Performance

We continued expanding our international presence during the third quarter by opening one new location each in Belgium (Wallonia), Poland (Katowice) and Spain (Balboa) for a total of three new locations as part of our cell division strategy. Including the three locations we opened in the first half of the year, this brought the number of locations worldwide to a total of 119 by the end of the reporting quarter. In addition to our regional expansion, we have continued diversifying our product range. In the third quarter of 2016, for example, we broadened our cooperation that began in 2010 with NRW.BANK, the state development bank of North Rhine-Westphalia, by adding a global loan of EUR 30 million. Together with a growing number of federal and state development banks, GRENKE Bank is financing business start-ups and providing development funds to small- and medium-sized companies and members of self-employed professions for business investments financed through leasing. Until now, a total of 20,120 lease contracts have been concluded as part of these collaborations.

We continue to refinance our new business by relying on a broad range of refinancing instruments from four categories: senior unsecured instruments, asset-based instruments, committed development loans and our ability to obtain bank deposits from GRENKE Bank. Thanks to our excellent reputation on the capital markets, we placed all of our new issues successfully within a short period of time. The key transactions in the first nine months include a EUR 125 million bond issue with a coupon of 1.5 percent and a maturity of five years and one month.

Selected Information from the Condensed Interim Consolidated Financial Statements

Consolidated Income Statement

EURk	Jul. 01, 2016 to Sep. 30, 2016	Change (%)	Jul. 01, 2015 to Sep. 30, 2015
Net interest income	**55,048**	**12.3**	**49,017**
Settlement of claims and risk provision	12,908	–13.7	14,957
Net interest income after settlement of claims and risk provision	**42,140**	**23.7**	**34,060**
Profit from service business*	15,402	16.1	13,266
Profit from new business	13,994	12.1	12,484
Gains (+) / losses (–) from disposals	–1,164	8,853.8	–13
Income from operating business	**70,372**	**17.7**	**59,797**
Operating result	**36,774**	**30.5**	**28,180**
Earnings before taxes	**35,198**	**24.6**	**28,242**
Net profit	**26,321**	**24.1**	**21,208**
Earnings per share (basic/diluted, in EUR)	1.75	24.1	1.41

* Previous designation: "profit from insurance business"

Consolidated Statement of Financial Position

EURk	Sep. 30, 2016	Change (%)	Dec. 31, 2015
Current assets	**1,495,166**	**4.7**	**1,427,593**
of which cash and cash equivalents	*120,025*	*–35.6*	*186,453*
of which lease receivables	*1,096,976*	*9.2*	*1,004,360*
Non-current assets	**2,248,670**	**9.9**	**2,046,937**
of which lease receivables	*2,023,973*	*9.4*	*1,849,812*
Equity	**641,310**	**8.6**	**590,654**
Equity ratio (in percent)	17.1	0.6	17.0
Current liabilities	**1,178,593**	**–1.7**	**1,199,096**
of which financial liabilities	*1,070,862*	*0.9*	*1,061,744*
Non-current liabilities	**1,923,933**	**14.2**	**1,684,780**
of which financial liabilities	*1,864,926*	*14.4*	*1,630,600*
Total assets	**3,743,836**	**7.8**	**3,474,530**

Report on the Results of Operations

We maintained the first half-year's solid performance in the third quarter as reflected by the year-on-year rise in our operating result in the reporting quarter of 31 percent to EUR 36.8 million compared to EUR 28.2 million in the third quarter of 2015. We continued to benefit from the high level of strong-margin new business acquired in prior periods, which accrues over the course of the contracts, and from a favourable trend in losses and persistently low interest rates.

The steady rise in interest and similar income from the financing business, coupled with a decline in expenses from interest on refinancing, led to an increase of twelve percent in net interest income versus the previous year. Our active and risk-oriented margin management during the reporting quarter resulted in a further decline in expenses for the settlement of claims and risk provision. This also led to a rise in net interest income after settlement of claims and risk provision of a gratifying 24 percent.

The items profit from service business and profit from new business both developed fully in line with our expectations. Our profit from service business benefitted from the strong new business growth and increased 16 percent year-on-year with profit from new business rising twelve percent year-on-year. Taking into account gains/losses from disposals, which tend to be volatile on a quarterly basis, GRENKE Consolidated Group's income from operating business rose 18 percent.

Income growth in the quarter continued to outpace expense growth with staff costs and depreciation/amortisation expenses representing the two areas experiencing the strongest increases. Staff costs in the reporting quarter rose eleven percent to EUR 17.7 million following EUR 15.9 million in the previous year. The rise was due in part to the greater number of employees in the reporting quarter versus the same quarter in the previous year and an increase in variable compensation components. Investments in property, plant and equipment in the previous year, which were used mainly for the new IT data centre in Karlsruhe, led to a 29 percent increase in depreciation in the reporting quarter to EUR 2.2 million compared to EUR 1.7 million in the previous year. On an absolute basis, however, this amount continues to have little effect on the GRENKE Consolidated Group's overall earnings performance.

Selling and administrative expenses rose a moderate five percent from EUR 14.3 million in the previous year's third quarter to EUR 15.0 million in the reporting quarter mainly as a result of higher administrative and IT project costs. Other operating expenses and income had a total net impact of EUR 0.4 million on the Consolidated Group's net profit.

As a result of the above, earnings before taxes grew a pleasing 25 percent. Based on an unchanged tax rate of 25 percent, net profit in the reporting quarter grew by 24 percent and resulted in earnings per share of EUR 1.75 compared to EUR 1.41 in the same period of the previous year.

Nine-Month Comparison 2016 versus 2015

The information above concerning the reporting quarter also essentially applies to the nine-month period. Net interest income in the first nine months improved 15 percent from EUR 140.4 million in the previous year to EUR 161.1 million in the reporting period. Expenses for the settlement of claims and risk provision recorded an absolute decline of six percent from a level of EUR 43.8 million in the previous year's period to EUR 41.2 million. The loss rate for the Consolidated Group was 1.2 percent in the nine-month period compared to 1.5 percent in the same period of the

previous year. Net interest income after settlement of claims and risk provision rose accordingly by a pleasing 24 percent from EUR 96.6 million to EUR 119.9 million.

With the higher profits from service business and new business and the increase in gains/losses from disposals, the Consolidated Group's income from operating business rose year-on-year from EUR 170.7 million to EUR 204.7 million, or 20 percent. Expenses rose at a slower pace with staff costs rising by twelve percent year-on-year and selling and administrative expenses increasing by 14 percent. This allowed for a gratifying rise of 28 percent in the operating result in the first nine months to EUR 103.3 million from EUR 80.7 million in the same period of the previous year.

Earnings before taxes in the nine-month period climbed a substantial 25 percent reaching EUR 101.3 million compared to a level of EUR 80.8 million in the previous year. Net profit increased 27 percent to EUR 75.9 million (previous year: EUR 59.7 million) and resulted in earnings per share of EUR 5.05 compared to EUR 4.02 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 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 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 all three operating segments.

Business Development

The Leasing segment continues to represent the main pillar of income for the GRENKE Consolidated Group. Therefore, the discussion on income development essentially also applies to this section. The Leasing segment's operating segment income in the first nine months of the fiscal year saw a steep rise of 22 percent to EUR 192.1 million (previous year: EUR 158.1 million). Accompanied by a lower rise in expenses, the segment result increased 32 percent to EUR 97.0 million (previous year: EUR 73.3 million). The operating segment income in our Factoring segment rose a moderate seven percent to EUR 2.9 million (previous year: EUR 2.7 million). The segment result was slightly negative at EUR –0.2 million compared to EUR 0.2 million in the same period of the prior year. The operating segment income in our Banking segment declined slightly by two percent and the segment result declined nine percent to EUR 6.5 million compared to EUR 7.2 million in the previous year.

Report on Financial Position and Net Assets

The GRENKE Consolidated Group's favourable earnings development is also reflected in its balance sheet structure. From the end of the 2015 fiscal year to the September 30, 2016 reporting date, the growth rate in total assets was slightly below the rate of business expansion, increasing eight percent to EUR 3.7 billion (previous year: EUR 3.5 billion). During the same period, lease receivables rose nine percent to EUR 3.1 billion after a level of almost EUR 2.9 billion at the end of the previous year. At 83 percent of total assets (previous year: 82 percent), lease receivables are by far the single largest item on the balance sheet. The Consolidated Group's cash and cash equivalents at the end of the third quarter of 2016 were 36 percent below their level as per December 31, 2015 and three percent higher than their level at the end of the first half of 2016. We continue to abide by our strategy of using liquid assets for operating purposes only, thereby financing our growth, particularly in the current interest rate environment.

On the liability side of the balance sheet, our equity base grew a solid nine percent and outpaced the growth in total assets thanks to our solid earnings development and the positive response from our shareholders to our Scrip Dividend offer in the first half-year. As per September 30, 2016, our equity ratio was 17.1 percent, which was slightly above the level at the end of fiscal year 2015 (17.0 percent) and noticeably higher than our long-term target of 16 percent. Financial liabilities mainly consist of liabilities from refinancing our financial services business, which increased by eight percent in the 2016 nine-month period. During the current fiscal year, we have continued to rely on a broad range of refinancing instruments. After issuing two bonds in the first quarter which together totalled EUR 151 million, we issued four additional bonds in the second and third quarter each with a volume of EUR 20 million. The maturities of these bonds range from 15 months to 5 years. Additional information on our bond issues is available on our website at www.grenke.de. We also issued six promissory notes comprising a total volume of EUR 51.0 million and CHF 19.9 million in the first nine months of 2016 as well as diverse short-term commercial paper totalling EUR 346.5 million. We redeemed two bonds totalling EUR 110.0 million as scheduled during the nine-month period as well as promissory notes of in the amount of EUR 24.3 million and CHF 6.0 million. The utilisation of our ABCP programmes as per the reporting date of this report was EUR 606.1 million (previous year: EUR 470.1 million). This programme's total volume amounted to EUR 655.0 million compared to EUR 593.3 million at the end of the previous fiscal year.

We also rely on a third key pillar of our mix of refinancing instruments – our deposits at GRENKE Bank – which we increased as part of our refinancing management in the reporting quarter to EUR 398.2 million as per the September 30, 2016 reporting date compared to their level of EUR 349.3 million as per December 31, 2015.

Based on earnings before taxes of EUR 101.3 million, our cash flow from operating activities in the 2016 nine-month period amounted to EUR –21.8 million compared to EUR 60.8 million in the first nine months of the previous year. Much of this decline originated from a change in deferred lease payment and other assets. Positive contributions to cash flow came mainly from a change in refinancing liabilities and cash inflows from deposits and loans to franchisees. After interest and taxes paid and received, the net cash flow from operating activities amounted to EUR –38.4 million compared to EUR 42.8 million in the previous year's comparable period. Cash flow from investing activities in the 2016 nine-month period was EUR –7.1 million compared to EUR –11.7 million in the previous year. Total cash flows, including cash flow from financing activities, which mainly consists of interest payments on hybrid capital and the dividend payment, amounted to EUR –66.1 million in the nine month period compared to EUR 44.3 million in the previous year.

Changes to the Board of Directors

As per December 31, 2016, Mr. Jörg Eicker will leave the Board of Directors of GRENKE AG on amicable terms to pursue new challenges. The Chairman of the Supervisory Board of GRENKE AG, Prof. Dr. Ernst–Moritz Lipp, in his comments on Mr. Eicker's departure said: "The Supervisory Board and the Board of Directors would like to thank Mr. Eicker for his valuable contribution these past years to GRENKE AG's positive and successful business performance and market position and, above all, for his contribution to the development and execution of important projects for refinancing the GRENKE Group".

The Supervisory Board intends to appoint Mr. Sebastian Hirsch to the GRENKE AG Board of Directors at its meeting in late November. Mr. Hirsch will assume responsibility for the areas Refinancing and Treasury. Mr. Wolfgang Grenke (Chairman of the Board of Directors) will be responsible for the area Investor Relations, and Mr. Sven Noppes, General Representative, will take over responsibility for Risk Management and Reporting.

Report on Risks, Opportunities and Forecasts

Opportunities and Risks

There have been no material changes in the reporting period to the opportunities and risks presented in the 2015 Annual Financial Report and the 2016 Half-Year 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 Leasing segment's new business growth of 17 percent in the first nine months keeps us fully on track to reach our forecast of 16 – 20 percent growth for the full year. The new business development at GRENKE Group Factoring, however, continues to lag our expectations, and we were unable to achieve a significant acceleration in this segment's growth in the third quarter. Although we expect this segment to gain momentum in the fourth quarter, it will continue to be a challenge to reach this segment's full-year growth target of 18 – 23 percent. With regard to the net profit of the GRENKE Consolidated Group, we reconfirm our forecast, which was raised with the publication of the 2016 half-year results, and continue to expect net profit in the range of EUR 98 – 102 million, compared to EUR 80.8 million reported in the previous year.

CONDENSED INTERIM CONSOLI-DATED FINANCIAL STATEMENTS

Consolidated Income Statement

	3-month report		9-month report	
EURk	**Jul. 1, 2016 to Sep. 30, 2016**	**Jul. 1, 2015 to Sep. 30, 2015**	**Jan. 1, 2016 to Sep. 30, 2016**	**Jan. 1, 2015 to Sep. 30, 2015**
Interest and similar income from financing business	65,899	60,536	194,079	176,974
Expenses from interest on refinancing and deposit business	10,851	11,519	33,018	36,534
Net interest income	**55,048**	**49,017**	**161,061**	**140,440**
Settlement of claims and risk provision	12,908	14,957	41,206	43,817
Net interest income after settlement of claims and risk provision	**42,140**	**34,060**	**119,855**	**96,623**
Profit from service business*	15,402	13,266	43,007	36,853
Profit from new business	13,994	12,484	43,785	37,300
Gains(+) / losses (–) from disposals	–1,164	–13	–1,944	–45
Income from operating business	**70,372**	**59,797**	**204,703**	**170,731**
Staff costs	17,664	15,909	52,081	46,340
Depreciation and impairment	2,231	1,733	6,608	5,680
Selling and administrative expenses (not including staff costs)	15,036	14,295	43,802	38,461
Other operating expenses	–460	1,010	1,873	3,607
Other operating income	873	1,330	2,985	4,079
Operating result	**36,774**	**28,180**	**103,324**	**80,722**
Result from investments accounted for using the equity method	–151	0	–218	0
Expenses / income from fair value measurement	–299	0	–299	18
Other interest income	176	135	401	293
Other interest expenses	1,302	73	1,937	228
Earnings before taxes	**35,198**	**28,242**	**101,271**	**80,805**
Income taxes	8,877	7,034	25,395	21,116
Net profit	**26,321**	**21,208**	**75,876**	**59,689**
Of which, attributable to:				
Hybrid capital holders of GRENKE AG	437	336	1,299	336
Shareholders of GRENKE AG	25,884	20,872	74,577	59,353
Earnings per share (basic) in EUR	1.75	1.41	5.05	4.02
Earnings per share (diluted) in EUR	1.75	1.41	5.05	4.02
Average number of shares outstanding (basic)	14,771,034	14,754,199	14,761,695	14,754,199
Average number of shares outstanding (diluted)	14,771,034	14,754,199	14,761,695	14,754,199

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

Consolidated Statement of Comprehensive Income

	3-month report		9-month report	
EURk	Jul. 1, 2016 to Sep. 30, 2016	Jul. 1, 2015 to Sep. 30, 2015	Jan. 1, 2016 to Sep. 30, 2016	Jan. 1, 2015 to Sep. 30, 2015
Net profit	**26,321**	**21,209**	**75,876**	**59,689**
Items that may be reclassified to profit and loss in future periods				
Appropriation to / reduction of hedging reserve (before taxes)	74	–27	54	–56
Income taxes	–7	2	–1	5
Appropriation to / reduction of hedging reserve (after taxes)	67	–25	53	–51
Change in currency translation differences (before taxes)	–796	–2,431	–4,308	3,420
Income taxes	0	0	0	0
Change in currency translation differences (after taxes)	–796	–2,431	–4,308	3,420
Items that will not be reclassified to profit and loss in future periods				
Appropriation to / reduction of reserve for actuarial gains and losses (before taxes)	0	9	–271	–891
Income taxes	0	0	60	212
Appropriation to / reduction of reserve for actuarial gains and losses (after taxes)	0	9	–211	–679
Other comprehensive income	**–729**	**–2,447**	**–4,466**	**2,690**
Total comprehensive income	**25,592**	**18,762**	**71,410**	**62,379**
Of which, attributable to:				
Hybrid capital holders of GRENKE AG	437	336	1,299	336
Shareholders of GRENKE AG	25,155	18,426	70,111	62,043

Consolidated Statement of Financial Position

EURk	Sep. 30, 2016	Dec. 31, 2015
Assets		
Current assets		
Cash and cash equivalents	120,025	186,453
Financial instruments that are assets	7,979	250
Lease receivables	1,096,976	1,004,360
Other current financial assets	73,329	63,828
Trade receivables	4,087	4,272
Lease assets for sale	7,253	7,073
Tax assets	15,584	17,569
Other current assets	169,933	143,788
Total current assets	**1,495,166**	**1,427,593**
Non-current assets		
Lease receivables	2,023,973	1,849,812
Financial instruments that are assets	449	27
Other non-current financial assets	60,910	47,195
Investments accounted for using the equity method	5,150	5,368
Property, plant, and equipment	48,850	46,351
Goodwill	67,058	62,161
Other intangible assets	19,662	17,171
Deferred tax assets	21,080	17,649
Other non-current assets	1,538	1,203
Total non-current assets	**2,248,670**	**2,046,937**
Total assets	**3,743,836**	**3,474,530**

Consolidated Statement of Financial Position

EURk	Sep. 30, 2016	Dec. 31, 2015
Liabilities and equity		
Liabilities		
Current liabilities		
Financial liabilities	1,070,862	1,061,744
Liability financial instruments	569	2,124
Trade payables	18,473	10,489
Tax liabilities	17,278	10,107
Deferred liabilities	14,556	12,666
Current provisions	1,657	1,764
Other current liabilities	22,482	17,294
Deferred lease payments	32,716	82,908
Total current liabilities	**1,178,593**	**1,199,096**
Non-current liabilities		
Financial liabilities	1,864,926	1,630,600
Liability financial instruments	772	1,316
Deferred tax liabilities	53,722	48,619
Pensions	4,513	4,245
Total non-current liabilities	**1,923,933**	**1,684,780**
Equity		
Share capital	18,881	18,859
Capital reserves	119,043	116,491
Retained earnings	471,514	419,068
Other components of equity	999	5,465
Total equity attributable to shareholders of GRENKE AG	**610,437**	**559,883**
Additional equity components *	30,873	30,771
Total equity	**641,310**	**590,654**
Total liabilities and equity	**3,743,836**	**3,474,530**

* 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, 2016 to Sep. 30, 2016	Jan. 1, 2015 to Sep. 30, 2015
	Earnings before taxes	**101,271**	**80,805**
	Non-cash items contained in earnings and reconciliation to cash flow from operating activities		
+	Depreciation and impairment	6,608	5,680
– / +	Profit / loss from the disposal of property, plant, and equipment and intangible assets	52	29
– / +	Net income from non-current financial assets	1,536	–65
– / +	Other non-cash effective income / expenses	–3,355	3,154
+ / –	Increase / decrease in deferred liabilities, provisions, and pensions	2,049	3,269
–	Additions to lease receivables	–1,147,825	–985,435
+	Payments by lessees	889,571	774,896
+	Disposals / reclassifications of lease receivables at residual carrying amounts	152,517	138,800
–	Interest and similar income from leasing business	–188,940	–172,491
+ / –	Decrease / increase in other receivables from lessees	3,984	2,515
+ / –	Currency translation differences	30,874	–16,266
=	Change in lease receivables	–259,819	–257,981
+	Addition to liabilities from refinancing	889,255	729,368
–	Payment of annuities to refinancers	–690,695	–575,987
–	Disposal of liabilities from refinancing	–23,319	–15,952
+	Expenses from interest on refinancing and on deposit business	33,018	36,534
+ / –	Currency translation differences	–13,716	9,529
=	Change in refinancing liabilities	194,543	183,492
+ / –	Increase / decrease in liabilities from deposit business	48,892	14,413
– / +	Increase / decrease in loans to franchisees	2,735	–7,688
	Changes in other assets / liabilities		
– / +	Increase / decrease in other assets	–62,936	–15,014
+ / –	Increase / decrease in deferred lease payments	–50,268	45,069
+ / –	Increase / decrease in other liabilities	–3,156	5,605
=	**Cash flow from operating activities**	**–21,848**	**60,768**

Continued on next page

Consolidated Statement of Cash Flows

	EURk	Jan. 1, 2016 to Sep. 30, 2016	Jan. 1, 2015 to Sep. 30, 2015
– / +	Income taxes paid / received	–15,037	–17,998
–	Interest paid	–1,937	–228
+	Interest received	401	293
=	**Net cash flow from operating activities**	**–38,421**	**42,835**
–	Payments for the acquisition of property, plant, and equipment and intangible assets	–6,888	–4,065
– / +	Payments / proceeds from acquisition of subsidiaries and associated entities	–485	–7,709
+	Proceeds from the sale of property, plant, and equipment and intangible assets	227	105
=	**Cash flow from investing activities**	**–7,146**	**–11,669**
+ / –	Borrowing / repayment of bank liabilities	756	–151
+	Net proceeds from hybrid capital	0	29,469
–	Interest payment on hybrid capital	–1,711	0
–	Dividend payments	–19,557	–16,230
=	**Cash flow from financing activities**	**–20,512**	**13,088**
	Cash funds at beginning of period		
	Cash in hand and bank balances	186,453	88,395
–	Bank liabilities from overdrafts	–875	–10,900
=	**Cash and cash equivalents at beginning of period**	**185,578**	**77,495**
+ / –	Change due to currency translation	399	–934
=	**Cash funds after currency translation**	**185,977**	**76,561**
	Cash funds at end of period		
	Cash in hand and bank balances	120,025	122,034
–	Bank liabilities from overdrafts	–127	–1,219
=	**Cash and cash equivalents at end of period**	**119,898**	**120,815**
	Change in cash and cash equivalents during the period (= total cash flow)	**–66,079**	**44,254**
	Net cash flow from operating activities	–38,421	42,835
+	Cash flow from investing activities	–7,146	–11,669
+	Cash flow from financing activities	–20,512	13,088
=	**Total cash flow**	**–66,079**	**44,254**

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, 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**
Equity as per Jan. 1, 2015	**18,859**	**116,491**	**355,389**	**–7**	**–920**	**3,174**	**492,986**	**0**	**492,986**
Total comprehensive income	--	--	59,353	–51	–679	3,420	62,043	336	62,379
Issuance of hybrid capital	--	--	--	--	--	--	0	30,000	30,000
Cost of issuance of hybrid capital	--	--	–358	--	--	--	–358	--	–358
Dividend payment in 2015 for 2014	--	--	–16,230	--	--	--	–16,230	--	–16,230
Equity as per Sep. 30, 2015	**18,859**	**116,491**	**398,154**	**–58**	**–1,599**	**6,594**	**538,441**	**30,336**	**568,777**

Group Segment Reporting

EURk	Leasing segment		Banking segment		Factoring segment		Total segments		Cons. effects		Cons. Group	
January to September	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Operating segment income	**192,133**	158,128	**9,627**	9,865	**2,943**	2,738	**204,703**	170,731	**0**	0	**204,703**	170,731
Segment result	**96,959**	73,342	**6,529**	7,166	**–164**	214	**103,324**	80,722	**0**	0	**103,324**	80,722
Reconciliation to consolidated financial statements												
Operating result											103,324	80,722
Result from investments accounted for using the equity method											–218	0
Other financial income											–1,835	83
Taxes											25,395	21,116
Net profit according to consolidated income statement											**75,876**	59,689
As per Sep. 30 (prev. year: Dec. 31)												
Segment assets	**3,640,926**	3,383,835	**669,529**	600,052	**34,697**	31,248	**4,345,152**	4,015,135	**–637,980**	–575,823	**3,707,172**	3,439,312
Reconciliation to consolidated financial statements												
Tax assets											36,664	35,218
Total assets according to consolidated statement of financial position											**3,743,836**	3,474,530
Segment liabilities	**3,057,968**	2,852,323	**585,558**	525,705	**25,980**	22,945	**3,669,506**	3,400,973	**–637,980**	–575,823	**3,031,526**	2,825,150
Reconciliation to consolidated financial statements												
Tax liabilities											71,000	58,726
Liabilities according to consolidated statement of financial position											**3,102,526**	2,883,879

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, 2015, continue to apply. An audit review was not conducted.

Lease Receivables

EURk	Sep. 30, 2016	Sep. 30, 2015
Changes in lease receivables from current contracts (performing lease receivables)		
Balance at beginning of period	**2,758,660**	**2,354,439**
+ Change during the period	268,561	260,495
Lease receivables (current + non-current) from current contracts at end of period	**3,027,221**	**2,614,934**
Changes in lease receivables from terminated contracts/contracts in arrears (non-performing lease receivables)		
Gross receivables at beginning of period	**221,847**	**223,257**
+ Additions to gross receivables during the period	38,665	39,854
– Disposals of gross receivables during the period	37,655	37,960
Gross receivables at end of period	**222,857**	**225,151**
Impairment at beginning of period	**126,335**	**121,598**
+ Additions of accumulated impairment during the period*	36,207	29,163
– Disposals of accumulated impairment during the period	33,413	24,995
Impairments at end of period	**129,129**	**125,766**
Carrying amount of non-performing lease receivables at beginning of period	**95,512**	**101,659**
Carrying amount of non-performing lease receivables at end of period	**93,728**	**99,385**
Lease receivables (carrying amount, current and non-current) at beginning of period	**2,854,172**	**2,456,098**
Lease receivables (carrying amount, current and non-current) at end of period	**3,120,949**	**2,714,319**

* Item contains exchange rate differences in the amount of EUR 1,057k (previous year: EUR –845k).

Financial Liabilities

EURk	Sep. 30, 2016	Dec. 31, 2015
Financial liabilities		
Current financial liabilities		
Asset-Based	170,915	192,971
Senior Unsecured	644,894	637,002
Committed development loans	32,469	28,814
Liabilities from deposit business	220,616	200,997
Other bank liabilities	1,968	1,960
thereof current account liabilities	*127*	*875*
Total current financial liabilities	**1,070,862**	**1,061,744**
Non-current financial liabilities		
Asset Based	456,581	341,503
Senior Unsecured	1,151,892	1,075,495
Committed development loans	78,872	65,295
Liabilities from deposit business	177,581	148,307
Total non-current financial liabilities	**1,864,926**	**1,630,600**
Total financial liabilities	**2,935,788**	**2,692,344**

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, 2016	Dec. 31, 2015
Programme volume	655,000	593,333
Utilisation	611,324	442,373
Carrying amount	515,349	377,331
thereof current	*117,691*	*108,861*
thereof non-current	*397,658*	*268,470*

Sales of Receivables Agreements

	Sep. 30, 2016	Dec. 31, 2015
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	177,776	194,218
Utilisation in EURk	112,147	157,143
Carrying amount in EURk	112,147	157,143
thereof current	*53,224*	*84,110*
thereof non-current	*58,923*	*73,033*

Senior Unsecured Financial Liabilities

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

EURk	Sep. 30, 2016	Dec. 31, 2015
Bonds	1,165,404	1,044,164
thereof current	*266,414*	*234,135*
thereof non-current	*898,990*	*810,029*
Promissory notes	400,808	361,515
thereof current	*156,935*	*99,684*
thereof non-current	*243,873*	*261,831*
Commercial paper	136,000	196,000
Revolving credit facility	66,442	65,557
thereof current	*57,413*	*61,922*
thereof non-current	*9,029*	*3,635*
Money market trading	11,517	34,892
Accrued interest	16,615	10,369

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

	Sep. 30, 2016	Dec. 31, 2015
Bonds EURk	1,500,000	1,250,000
Commercial paper EURk	250,000	250,000
Revolving credit facility EURk	160,000	125,000
Revolving credit facility PLNk	50,000	25,000
Revolving credit facility CHFk	10,000	0
Money market trading EURk	35,000	35,000

Bonds

In the fiscal year to date, five new bonds were issued with a total volume of EUR 211,000k. The volume of one outstanding bond was increased by EUR 20,000k. Two bonds with volumes of EUR 100,000k and EUR 10,000k were redeemed on schedule.

Promissory Notes

In the fiscal year to date, six new promissory notes have been issued with a total volume of EUR 51,000k and CHF 19,900k. Promissory notes with volumes of EUR 24,333k and CHF 6,000k 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, 2016	Dec. 31, 2015
NRW.Bank	40,302	28,518
Thüringer Aufbaubank	9,502	7,520
Investitionsbank Berlin	3,754	5,473
LfA Förderbank Bayern	15,921	20,787
Investitionsbank des Landes Brandenburg	4,324	2,163
KfW	35,087	27,365
Landeskreditbank Baden-Württemberg – Förderbank	2,378	2,170
Accrued interest	73	113

In the reporting period, new loans were issued totalling EUR 41,338k and loans with a total volume of EUR 28,792k were redeemed on schedule.

Acquisitions in Fiscal Year 2016

GC Leasing Ofis Donanimlari Kiralama Limitd Sirketi., Istanbul/Turkey

On March 31, 2016, GRENKE AG assumed control over GC Leasing Ofis Donanimlari Kiralama Limitd Sirketi., Istanbul/Turkey, which has since been renamed GRENKE Kiralama Ltd. Sti. The purchase agreement to acquire 100% of the shares and voting rights in the company was concluded on April 27, 2016.

Prior to the acquisition, GRENKE Kiralama Ltd. Sti., Istanbul/Turkey, was active within GRENKE AG's franchise system specialising in the sale of small-ticket leases with a strong focus on IT and IT equipment. The preliminary goodwill amounts to EUR 5,507k.

Contingent Liabilities

GRENKE AG, as guarantor for individual franchise companies, provided financial guarantees of EUR 72.5 million (previous year as per December 31, 2015: EUR 42.2 million), which represents the maximum default risk. The actual utilisation of the guarantees by the guarantee recipients was lower and amounted to EUR 46.3 million (previous year as per December 31, 2015: EUR 31.6 million).

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