

GRENKELEASING AG Group

Quarterly Financial Report as per June 30, 2012



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Key Figures GRENKE Group

	Jan. 1, 2012 to June 30, 2012	Change (%)	Jan. 1, 2011 to June 30, 2011	Unit
New business				
GRENKE Group including franchise partners and factoring	490,006	19.8	408,955	EURk
– of which Germany	167,156	6.3	157,191	EURk
– of which international	262,220	21.5	215,851	EURk
– of which franchise international	60,630	68.8	35,913	EURk
Leasing business	436,733	16.4	375,114	EURk
– of which Germany	130,263	–0.6	131,045	EURk
– of which international	262,220	21.5	215,851	EURk
– of which franchise international	44,250	56.8	28,218	EURk
Factoring	53,273	57.4	33,841	EURk
– of which Germany	36,893	41.1	26,146	EURk
– of which franchise international (CH)	16,380	112.9	7,695	EURk
Contribution margin 2 (CM2) on new business				
GRENKE Group including franchise partners and factoring	76,430	34.5	56,839	EURk
– of which Germany	18,150	2.8	17,650	EURk
– of which international	49,018	45.6	33,675	EURk
– of which franchise international	9,262	68.0	5,514	EURk
Leasing business	75,680	35.5	55,849	EURk
– of which Germany	17,728	5.4	16,822	EURk
– of which international	49,018	45.6	33,675	EURk
– of which franchise international	8,934	66.9	5,352	EURk
Further information leasing business				
Number of new contracts	53,037	13.3	46,816	units
Share of IT products in lease portfolio	88	–1.1	89	percent
Share of corporate customers in the lease portfolio	100	0.0	100	percent
Mean acquisition value	8.2	2.5	8.0	EURk
Mean term of contract	47	2.2	46	months
Volume of leased assets	2,403	16.6	2,061	EURm
Number of current contracts	303,877	13.7	267,332	units
GRENKE Bank				
Deposits	162,798	11.8	145,652	EURk
Business start-up financing volume	2,285	1,644.3	131	EURk

GRENKE Group = GRENKE Consolidated Group including franchise partners

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

Key Figures GRENKE Consolidated Group

	Jan. 1, 2012 to June 30, 2012	Change (%)	Jan. 1, 2011 to June 30, 2011	Unit
Key figures income statement				
Net interest income	52,195	16.9	44,645	EURk
Settlement of claims and risk provisioning	21,468	33.8	16,045	EURk
Profit from insurance business	13,924	17.2	11,879	EURk
Profit from new business	17,693	15.5	15,320	EURk
Profit from disposals (income exceeding the calculated residual value)	2,202	33.2	1,653	EURk
Other operating income	1,726	-18.5	2,118	EURk
Costs of new contracts	11,243	13.2	9,935	EURk
Costs of current contracts	3,495	11.8	3,125	EURk
Project costs and basic distribution costs	11,342	24.1	9,140	EURk
Management costs	8,783	-2.3	8,989	EURk
Other costs	3,711	-11.9	4,212	EURk
Operating result	27,698	14.6	24,169	EURk
Other interest income (expenses)	495	189.5	171	EURk
Income / expenses from fair value measurement	23	-68.9	74	EURk
EBT (earnings before taxes)	27,226	13.1	24,072	EURk
Net profit	19,599	8.6	18,050	EURk
Earnings per share (according to IFRS)	1.43	8.3	1.32	EUR
Further information				
Dividend	0.75	7.1	0.70	EUR
Embedded value, leasing contract portfolio (incl. equity before taxes)	502	16.5	431	EURm
Embedded value, leasing contract portfolio (incl. equity after taxes)	455	15.8	393	EURm
Cost / income ratio	58.6	-1.7	59.6	percent
Return on equity (ROE) after taxes	12.0	-0.8	12.1	percent
Average number of employees	639	12.7	567	employees
Staff costs	20,215	13.5	17,817	EURk
– of which total remuneration	16,625	12.3	14,803	EURk
– of which fixed remuneration	12,470	9.3	11,405	EURk
– of which variable remuneration	4,155	22.3	3,398	EURk

GRENKE Group = GRENKE Consolidated Group including franchise partners

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

Letter to Shareholders from the Board of Directors

Dear Shareholders,
Ladies and Gentlemen,

The GRENKE Group has successfully concluded the first half of the 2012 fiscal year. With a rise in new business of 20 percent, we have again easily surpassed our long-term target of increasing new business at the GRENKE Group by at least 10 percent per year, and we are fully on course for our growth forecast of around 15 percent for 2012. As in previous quarters, we are currently generating attractive margins in new businesses which more than cover the risks of our business. As a result, we are still achieving increases in net interest income after settlement of claims and risk provisioning despite the difficult overall economic development in many European countries. Moreover, we are assuming that this will remain the case in the future.

In the first half of the year, all earnings components contributed towards the rise in income in the GRENKE Consolidated Group. In total, operating expenses saw a below-average increase, with the result that the net profit rose by 9 percent to EUR 19.6 million after EUR 18.1 million, despite a higher tax rate. We can therefore confirm our forecast of a further considerable improvement in the GRENKE Consolidated Group's net profit in the current fiscal year in the range of EUR 41 – 44 million.

We are systematically implementing our growth strategy undeterred. In the quarter under review, we expanded our broad international network by two additional locations in Bordeaux and Rome. In May, we acquired the company of our former franchise partner in Romania and following the end of the reporting period we also acquired the company of our former franchise partner in Madrid and Malaga. The opening of further locations is planned for the second half of 2012.

We have an excellent refinancing position. After various activities in the first quarter of 2012, there was a special highlight at the end of May with the placement of this year's second EUR 100 million bond: More than 80 investors had indicated such a high interest in subscription, that the bond was highly oversubscribed in merely a few hours. At 3.75 percent, the interest coupon was set significantly lower than the initially assumed range and 50 basis points below the bond placed in January 2012.

We are therefore positioned to continuously expand our market share, beyond a successful 2012 fiscal year, as one of Europe's leading financial service providers for small and medium-sized enterprises.

Baden-Baden, July 2012



Wolfgang Grenke
Chairman of the Board of Directors

The GRENKELEASING AG Share

In the first six months of the 2012 fiscal year, the shares of GRENKELEASING AG slightly outperformed their benchmark indices in net terms. After beginning the year on XETRA at EUR 38.59, the shares initially rose 17.4 percent to EUR 45.29 as per the end of the first quarter. Therefore, they were largely in step with their benchmark indices, the SDAX Price Index and the DAXsector Financial Services Index, the index for Prime Standard German financial stocks. At the start of the second quarter and in the wake of the escalation of the European debt crisis, the stock markets entered a correction phase which persisted until the end of the first half of the year.

GRENKELEASING AG's shares were initially able to largely escape this general market pressure. They continued to rise until the end of April, mainly buoyed by good corporate news: On April 3, we reported an excellent start to the year in new business, and on April 26, we presented our report on the first quarter of 2012. As a result, on April 30, GRENKELEASING AG's shares hit their highest point for the year to date at EUR 50.40.

However, in May, the share price bowed to market forces, dropping to EUR 40.10 as per June 4. Then, however, in contrast to the market as a whole which was merely moving laterally, the shares began to recover. As per the end of the first half of the year, the shares of GRENKELEASING AG were priced at EUR 43.55. This corresponds to a rise of 13 percent as compared to price at the start of the year. The SDAX Price Index improved 4 percent over the same period, and the DAXsector Financial Services Index saw an increase of 7 percent.

Interim Management Report

The Group's Growth Strategy

The GRENKE Group stands for long-term, successful growth. It has further expanded its market leadership in its core business through all of the recent phases of crisis and recession, having quickly and systematically leveraged the temporary periods of recovery. In the quarter under review, we were able to continue this dynamic development: The volume of new business – i.e. the sum of the cost of newly acquired leased assets and factoring volumes – increased by 20 percent to EUR 490.0 million. As in the last two fiscal years, we again generated the larger share of our growth with international business. In the quarter under review, the new target markets of Turkey and Brazil could continue to build upon the good start to the year.

The corporate philosophy of the GRENKE Group is geared toward creating sustainable value added. Its growth strategy presents the first of two of the central elements of this philosophy. The second is a highly effective risk management system consistently developed over a period of several years. This enables us, together with our IT-based and systematically standardised transaction processing, to exploit the risks and opportunities of our business with a high degree of flexibility and cost efficiency. This is true for both the refinancing and the customer areas. For reasons of risk limitation, we aim to ensure a broadly diversified portfolio in terms of customers and industries.

By continuously extending our product range and solutions in financing services, we additionally stimulate the growth generated by entering new regional markets and the expansion of our existing market presence. In order to diversify risk, we concentrate on smaller contract volumes that many competitors are scarcely able to offer, not least for cost reasons. The more recent additions to the product range include the purchase of lower-volume receivables (factoring), car leasing, and various financing, investment, and payment products from GRENKE BANK AG.

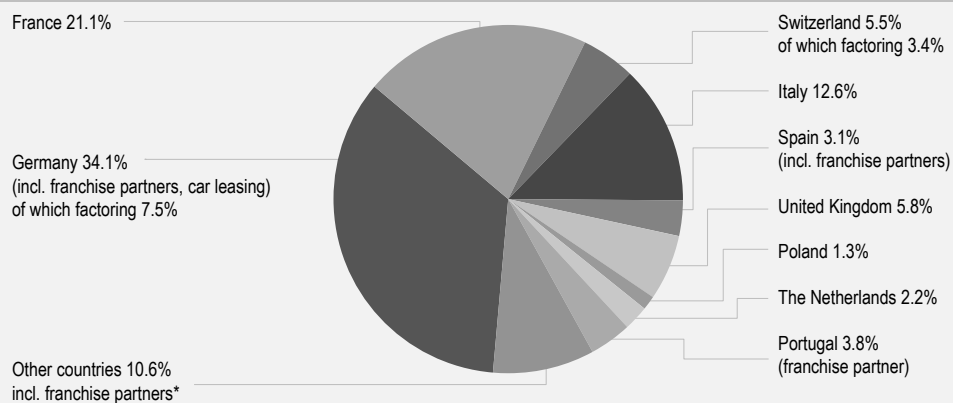
In collaboration with L-Bank in Baden-Württemberg and KfW Mittelstandsbank, GRENKE BANK AG finances new businesses. State-supported funds are also offered in cooperation with NRW.Bank, the development bank of the state of North Rhine-Westphalia, and since January 2012 with Thüringer Aufbaubank, the development bank of the state of Thuringia. These collaborations are being met with strong response and interest from other development banks.

Thus, since June 2012, small and medium-sized enterprises and self-employed professionals in Berlin have also been given access to supported funds if they finance new business acquisitions through leasing. GRENKELEASING AG, GRENKE BANK AG and Investitionsbank Berlin (IBB) have concluded an agreement to this effect. Altogether, in the context of these collaborations, over 4,150 leasing contracts have been concluded thus far.

GRENKE BANK AG's other products include payment accounts in euro or foreign currencies as well as easy-to-understand investment products such as fixed-term deposits and savings bonds for commercial clients. Call money and fixed-term products are also available for retail customers.

With its indirect sales channels specialising in online solutions and fully automated contract processing, the GRENKE Group offers commercial and private customers competitive conditions while still generating attractive margins. We do not compromise on our strategic targets for balance sheet strength and profitability. To ensure that the successful implementation of our value-adding philosophy is also reflected in the GRENKE Group's valuation on the capital market, we aim for a high intrinsic value of the GRENKE share measured in terms of the parameters return on equity (ROE) and embedded value, as well as a stable, investment-grade issuer credit rating.

Split of GRENKE Group's new business incl. franchise partners and factoring as per June 30, 2012



* Austria, Belgium, Brazil, Czech Republic, Denmark, Finland, Hungary, Ireland, Luxembourg, Norway, Romania, Slovak Republic, Slovenia, Sweden, Turkey

Growth rates of the international Leasing Business as per June 30, 2012 (as against the comparable period of 2011)



The Economic Environment

The euro crisis has Europe's economic development firmly in its grip: Overall, the common currency zone was in a recession in the first quarter of 2012. Some of the countries in the south were even affected by severe downturns. The most recent figures available for the start of the second quarter do not yet show any signs of recovery. Also at the beginning of the current quarter, industrial production declined in the eurozone. Hence, it has been in decline since December 2011.

Investment activity tells a similar story. It has now been falling for the last four quarters. Whereas the German economy was still in relatively good shape at the start of the year, there are now increasing indications of a slowdown here as well. While Germany is still experiencing a stable domestic economy largely stimulated by the continuing positive trends on the labour market, the future expectations of businesses in the service sector and the manufacturing industry however have diminished considerably.

However, the GRENKE Group's business is only dependent upon the overall economic development in its target markets to a limited extent. This is especially true of our actively managed new business. General industry trends, such as the business policies of banks in the leasing sector and rising regulatory requirements in this area, play a much larger role. Deviations from these sector trends were not seen in any of our regional markets in the first half of 2012.

The influence of market and central bank interest rates on our refinancing costs is also limited. The GRENKE Group traditionally has a wide range of refinancing instruments that it uses flexibly according to the market situation and expected interest rate developments. Our good credit rating, which was reconfirmed in December 2011, also means that we always have access to funding, whether via programmes with banks, our direct access to the capital markets, or GRENKE BANK AG's actively managed deposit business.

Report on the Results of Operations

Quarterly Comparison 2012 versus 2011

In the second quarter of the 2012 fiscal year, we again enhanced the earnings power of the GRENKELEASING AG Consolidated Group (hereafter to be referred to as the GRENKE Consolidated Group). All earnings components had contributed to this development. The strong rise in net interest income of 20 percent to EUR 27.0 million, after EUR 22.5 million in the previous year's quarter, is particularly gratifying. This illustrates both the high contribution margins from new business in past quarters, as well as the below-average rise in expenses from interest on the refinancing and deposit businesses.

Owing to the difficult overall economic situation in many European countries, there was a disproportional rise in the settlement of claims and risk provision of 38 percent to EUR 10.9 million after EUR 7.9 million in the previous year. Overall, however, net interest income after settlement of claims and risk provision still rose by a satisfactory 10 percent to EUR 16.1 million after EUR 14.6 million in the previous year.

Although claims are generally volatile from quarter to quarter, a distinct rising trend overall can currently be observed. This is confirmed by the latest Euler Hermes Insolvency Index, which shows a rise to 14 percent in 2012 in the eurozone after 7 percent in 2011.

Our risk management system focuses not on avoiding risks, but on forecasting them accurately and appropriately taking them into account in our financing conditions. That we have been successful in this in new business in the past, which is now gradually being reflected in the income statement, is documented by the rising net interest income after settlement of claims and risk provisioning. The

slight increase in the loss rate in the second quarter 2012 to 1.9 percent from 1.7 percent in the previous year remained within the scope of normal volatility.

The profit from insurance business and the profit from new business improved 18 percent and 17 percent, respectively. Profit from disposals, which tends to fluctuate from quarter to quarter, almost doubled. Thus, the income from operating business increased by 15 percent to EUR 33.5 million after EUR 29.1 million in the previous year.

There was visible growth in costs resulting from the on-going expansion of the GRENKE Group and the preparations for the further expansion of our international presence. These are targeted investments in the future positioning of the GRENKE Group. However, the rise in expenses is not linear. Increases in staff costs, depreciation, amortisation and impairments, and in particular selling and administrative expenses due to consulting and audit costs, were partially offset by a slight decline in other operating expenses. Consequently, the operating result expanded 13 percent to EUR 14.6 million after EUR 12.9 million in the previous year, i.e. essentially in line with the trend in income from operating business.

The higher other interest expenses continued to result from our extensive bond issues. We took advantage of the current good condition of the refinancing markets, even though, the issues were not necessary at this time in terms of liquidity requirements. Therefore, in the quarter under review, earnings before taxes increased 12 percent year-on-year from EUR 12.9 million to EUR 14.5 million. Earnings per share amounted to EUR 0.75 after EUR 0.71.

Half-year Comparison 2012 versus 2011

The above information on the quarter under review essentially applies to the first six months of 2012 as well since the development of the first three months had largely continued into the second quarter. There were no unusual changes in either overall business nor in the individual items of the income statement.

In the first half of the year, net interest income improved 17 percent to EUR 52.2 million after EUR 44.6 million in the previous year. The expenses from the settlement of claims and risk provisioning increased somewhat less sharply than in the second quarter of 2012 rising 34 percent to EUR 21.5 million after EUR 16.0 million in the previous year. Accordingly, the loss rate in both, the first half and the second quarter of 2012 was 1.9 percent. Net interest income after settlement of claims and risk provisioning rose 7 percent to EUR 30.7 million after EUR 28.6 million.

Including the higher profit from insurance and new business as well as from disposals, the income from operating business climbed by a total of 12 percent to EUR 64.5 million after EUR 57.5 million. The operating result rose disproportionately by 15 percent to EUR 27.7 million after EUR 24.2 million in the previous year as the increase in total expense items and the net amount of other operating expenses and income were below average in the first half of the year.

At EUR 27.2 million, earnings before taxes were 13 percent higher than the previous year's figure of EUR 24.1 million. This figure was burdened by other interest expenses also in the first half of 2012. Earnings per share amounted to EUR 1.43 after EUR 1.32.

Report on Segment Development

Business Segments

Due to the increase in internationalisation, the primary reporting of GRENKE Consolidated Group's segments was aligned according to the dominant organisational structure which is based on its operating activities. Therefore, the operating segments are divided into Leasing, Banking, and Factoring in accordance with the management of the company's segments. The previous year's regional split within the Leasing segment is combined for the quarterly reporting as of January 1, 2012. The previous year's figures were adjusted accordingly. Going forward, a regional split of the business activities will be provided on a yearly basis as part of the annual report for each fiscal year. Detailed financial information is available for the operating segments.

Business Development

The Leasing segment is still the GRENKE Consolidated Group's most important earnings pillar. The information in the previous section on the results of operations of the GRENKE Consolidated Group (Report on the Results of Operations) therefore essentially applies to the Leasing segment as well.

Here, in the first half of 2012, the operating segment income grew by 12 percent from EUR 54.8 million in the prior year to EUR 61.6 million. The segment result improved by 13 percent from EUR 22.4 million to EUR 25.4 million. Our still relatively new activities in the Banking segment and the Factoring segment again enjoyed strong growth in the reporting period. In the Banking segment, the operating segment income rose 9 percent from EUR 2.0 million to EUR 2.2 million. The segment result saw a significant above-average improvement of 30 percent from EUR 1.7 million to EUR 2.2 million. The Factoring segment also developed very favourably. The operating segment income of EUR 0.7 million exceeded the prior year's level of EUR 0.6 million by 24 percent and the segment result rose by 62 percent from EUR 0.08 million in the previous year to EUR 0.12 million in the reporting period.

New business in the Leasing segment of the GRENKE Group also saw strong growth of 16 percent advancing from EUR 375.1 million in the previous year to EUR 436.7 million in the first half of 2012. The contribution margin (CM) 2 of the new business in the Leasing segment of the GRENKE Group amounted to EUR 75.7 million in the reporting period, which corresponds to an increase of 36 percent. At 17.3 percent, our CM2 margin demonstrates that we continued to realise attractive and risk-adequate margins. This high contribution margin can be attributed to the continuous favourable competitive environment in selected international markets.

In the reporting period, new business in the German market was flat due to our already very high market penetration in that market. Almost all of our international markets reported high double-digit growth rates. The growth trend in our largest international markets such as France, Italy, and the United Kingdom remains intact. At 6 percent, only the rate of expansion in our smallest separately reported market, Poland, was lagging the other markets in the reporting period. Overall, the international business contributed to 65.9 percent of the GRENKE Group's new business following 61.6 percent in the prior year.

Our targeted approach of offering financing solutions to small and medium sized companies through our factoring products contributes to our high growth. In the reporting period, the new business volume in the Factoring segment of the GRENKE Group rose 57 percent from EUR 33.8 million to EUR 53.3 million. In Germany, new business soared by 41 percent. Our international factoring business, which we have operated since 2010 through a franchisee in Switzerland, experienced extremely rapid growth once again. As compared to the previous year's period, new business could more than double from EUR 7.7 million to EUR 16.4 million. The profit

margin on the factoring volume of EUR 53.3 million amounted to 2.4 percent as in the previous year. This margin is based on an average factoring period of approximately 31 days compared to 38 days in the previous year.

Report on Financial Position and Net Assets

The on-going expansion of the GRENKE Consolidated Group resulted in a 9 percent rise in lease receivables to EUR 1,714.5 million from EUR 1,568.8 million as per the end of the 2011 fiscal year. Total assets rose 8 percent to EUR 2,122.9 million after EUR 1,969.0 million. In spite of the dividend distribution for the 2011 fiscal year in the quarter under review, equity rose by 3 percent to EUR 327.8 million after EUR 317.7 million, essentially as a result of income effects.

At 17.8 percent as per June 30, 2012, the equity ratio based on our financing volume – which is comprised of the sum of current and non-current lease receivables and other financial assets – was slightly below the level of 18.8 percent at the end of the 2011 fiscal year. This was primarily the result of the dividend distribution in the quarter under review. Nevertheless, the equity ratio was still significantly above our target level of 16 percent.

In order to finance our lease receivables, we continued to leverage our broad range of refinancing instruments. As per the end of the reporting quarter, cash and cash equivalents amounted to EUR 102.3 million after EUR 104.2 million on December 31, 2011. Furthermore, we again secured extensive refinancing funds at attractive conditions over the first half of 2012. Following various prolongations and extensions to our ABCP programmes and the placement of a EUR 100 million, 3.5-year bond with an interest coupon of 4.25 percent in the first quarter, we issued a further EUR 100 million bond with an interest coupon of 3.75 percent and a maturity of almost four years in the second quarter. This was in addition to a EUR 10 million promissory note loan.

This bond documents the excellent standing of GRENKE Consolidated Group on the capital markets: More than 80 investors had indicated such a high interest in subscription that the bond was highly oversubscribed in just a few hours. Due to the high over-subscription, the interest coupon, at 3.75 percent, was set well below the initially assumed range of 3.875 percent to 4.000 percent. One particularly gratifying aspect was the breadth of our investor base. In addition to banks, insurance companies, and funds, the investor base now also includes a substantial share of private investors. Overall, liabilities from refinancing rose by EUR 125.5 million to EUR 1,493.2 million in the reporting quarter after EUR 1,367.6 million as per the end of the 2011 fiscal year.

Additional funds of EUR 7.7 million were obtained through GRENKE BANK AG's deposit business in the first six months of the 2012 fiscal year. Following the highly successful operation on the refinancing markets in the first half of 2012, the measures set up for the rest of the year – essentially the repayment of a EUR 100 million bond in August – are expected to run smoothly. Otherwise, only instruments with a relatively low volume are due for repayment and refinancing in 2012 and 2013.

The cash flow from operating activities amounted to EUR 16.1 million in the first half of the reporting period. An increase of EUR 145.7 million in lease receivables was offset by net cash inflows of EUR 161.9 million. After interest paid and received and taxes paid of EUR 9.4 million in total, net cash flow from operating activities amounted to EUR 6.8 million.

In the first half of 2012, cash flow from investing activities amounted to EUR –2.8 million. In particular, the dividend distribution for the 2011 fiscal year resulted in cash flow from financing activities of EUR –10.5 million. Total cash flows amounted to EUR –6.5 million in the reporting period.

Personnel Changes to the Board of Directors

The Supervisory Board of GRENKELEASING AG has appointed two new members to the Board of Directors. In order to bolster the company's IT function, which is of particular importance to GRENKE, Ms. Antje Leminsky (41) will initially join the company as a Managing Director as per August 1, 2012. She will join the Board of Directors as per August 1, 2013 and take over IT-responsibility from Mr. Grenke. Ms. Leminsky was previously the head of the IT department (Group Technology Partner) at OTTO GmbH & Co KG, Hamburg, Germany.

Mr. Jörg Eicker (47) will join the Board of Directors as per September 1, 2012 and assume responsibility for Treasury, Refinancing, Risk Management, Controlling, Investor Relations, and GRENKE Bank from Dr. Uwe Hack as per October 1, 2012. Mr. Eicker is joining the company from NRW.BANK, where he is in charge of long-term refinancing and the management of various investment portfolios. He is also a member of the bank's Credit Committee.

Dr. Uwe Hack will leave the Board of Directors as per September 30, 2012 by mutual arrangement to take up a professorship. "The Supervisory Board and the Board of Directors wish to thank Dr. Hack for his enormous contribution to the positive development of GRENKELEASING AG in recent years, particularly in successfully protecting the company against the financial crisis and in the acquisition and repositioning of GRENKE Bank," said Prof. Dr. Ernst-Moritz Lipp, Chairman of the Supervisory Board of GRENKELEASING AG.

Report on the Forecasts and Outlook for the Group

Report on Risks and Opportunities

The following risks and opportunities report relates to both the GRENKE Consolidated Group and its segments. The risks described in the 2011 annual financial report are still relevant and no new risks have arisen. Going forward, we believe that the opportunities for our business development significantly outweigh the usual risks associated with our business model.

In particular, demand for lease finance – measured in terms of the number of applications received and the average acquisition cost per lease concluded – remains high. This allows us to increase new business while also generating attractive margins with proven risk limitation. New locations, branches, and franchise partners are also expected to contribute to continued strong growth in the future.

The market's willingness to provide sufficient funds for refinancing does not constitute a material risk to us. The capital markets will provide issuers of good standing with sufficient funds even in difficult market situations. We again successfully covered our refinancing requirements in the quarter under review – both by issuing a fixed-rate bond that was several times oversubscribed and by issuing a new promissory note loan. Thus, we are well positioned for our consistently high planned growth. Furthermore, access to banking deposits at GRENKE BANK AG also provides us with a highly attractive source of refinancing that we can utilise flexibly and in line with costs and requirements.

Risks to income development result particularly from increased losses in periods of recession. Here, the development of losses generally fluctuates to a certain extent during the year. In addition, there is typically a time lag of roughly two years as compared to the underlying transactions, i.e. our new business.

Despite the latest fall in inflation rates due to the recent slide in the price of oil, the risk of rising interest rates is still an important issue. However, we do not expect this to result in any particular risk to our refinancing. The refinancing measures still scheduled for the

remainder of the year – essentially the repayment of a EUR 100 million bond in August – should run smoothly, particularly following the high borrowing in the period under review.

The GRENKE Consolidated Group is exposed to interest rate risks in connection with the refinancing of its lease receivables to only a limited extent as this refinancing – if subject to a floating rate at all – is hedged using derivatives. Nevertheless, the risks from changes in interest rates and spreads can arise in new business. Therefore, the delay with which we pass on interest rate changes to customers can have a temporary impact on the profitability of the new business.

Expected Business Development

In the first quarter of the 2012 fiscal year, we increased new business in the GRENKE Group by 20 percent to EUR 490.0 million. Hence, we exceeded our long-term objective of increasing new business by at least 10 percent per year and we are fully on course for our growth forecast of around 15 percent for 2012.

We are excellently positioned to take advantages of opportunities as the year progresses. We have again expanded our already broad international presence in the quarter under review. We will continue to do this in the second half of the year. Following our highly successful market activities in the first six months of 2012, we are excellently equipped in terms of refinancing and can steer business primarily in line with our operating and strategic planning. We will systematically continue on our successful path and will take advantage of the various prospects in the different European countries in a targeted manner. In doing so, we will focus primarily on regional target markets with below-average competitive intensity. This is how we will also secure our earnings growth for the future.

The high growth of recent years with healthy margins, which is now gradually being reflected in the income statement, will stimulate net interest income in the second half of the current fiscal year. The loss rate is expected to remain within the normal range of fluctuation and at the previous year's level. Therefore, we reiterate our forecast for a visible surge in earnings for the GRENKE Consolidated Group and continue to expect a net profit in the range of EUR 41 – 44 million.

Interim Consolidated Financial Statements

Consolidated Income Statement

	3-month report		6-month report	
	April 1, 2012 to June 30, 2012	April 1, 2011 to June 30, 2011	Jan. 1, 2012 to June 30, 2012	Jan. 1, 2011 to June 30, 2011
EURk				
Interest and similar income from financing business	41,515	35,500	81,348	69,697
Expenses from interest on refinancing and deposit business	14,560	13,015	29,153	25,052
Net interest income	26,955	22,485	52,195	44,645
Settlement of claims and risk provision	10,868	7,900	21,468	16,045
Net interest income after settlement of claims and risk provision	16,087	14,585	30,727	28,600
Profit from insurance business	7,296	6,170	13,924	11,879
Profit from new business	9,289	7,929	17,693	15,320
Profit from disposals	817	413	2,202	1,653
Income from operating business	33,489	29,097	64,546	57,452
Staff costs	10,188	9,179	20,215	17,817
Depreciation and impairment	736	682	1,418	1,328
Selling and administrative expenses (not including staff costs)	7,273	5,954	14,270	13,221
Other operating expenses	1,562	1,598	2,671	3,035
Other operating income	878	1,233	1,726	2,118
Operating result	14,608	12,917	27,698	24,169
Expenses / income from fair value measurement	43	4	23	74
Other interest income	60	117	194	195
Other interest expenses	242	158	689	366
Earnings before taxes	14,469	12,880	27,226	24,072
Income taxes	4,258	3,216	7,627	6,022
Net profit	10,211	9,664	19,599	18,050
Earnings per share (basic) in EUR	0.75	0.71	1.43	1.32
Earnings per share (diluted) in EUR	0.75	0.71	1.43	1.32
Average shares outstanding (basic)	13,684,099	13,684,099	13,684,099	13,684,099
Average shares outstanding (diluted)	13,684,099	13,684,099	13,684,099	13,684,099

Consolidated Statement of Comprehensive Income

	3-month report		6-month report	
	April 1, 2012 to June 30, 2012	April 1, 2011 to June 30, 2011	Jan. 1, 2012 to June 30, 2012	Jan. 1, 2011 to June 30, 2011
EURk				
Net profit	10,211	9,664	19,599	18,050
Appropriation to / reduction of hedging reserve (before taxes)	-151	312	-329	789
Income taxes	16	-43	40	-65
Appropriation to / reduction of hedging reserve (after taxes)	-135	269	-289	724
Appropriation to / reduction of reserve for actuarial gains and losses (before taxes)	-83	46	-83	80
Income taxes	19	-11	19	-19
Appropriation to / reduction of reserve for actuarial gains and losses (after taxes)	-64	35	-64	61
Change in currency translation differences	114	1,109	1,190	422
Other comprehensive income	-85	1,413	837	1,207
Total comprehensive income	10,126	11,077	20,436	19,257

Consolidated Statement of Financial Position

EURk	June 30, 2012	Dec. 31, 2011
Assets		
Current assets		
Cash and cash equivalents	102,277	104,234
Financial instruments that are assets (short-term portion)	2,293	1,883
Lease receivables	620,772	568,799
Other current financial assets	88,883	89,976
Trade receivables	5,708	4,560
Lease assets for sale	7,067	8,115
Tax assets	1,369	1,298
Other current assets	95,288	83,817
Total current assets	923,657	862,682
Non-current assets		
Lease receivables	1,093,700	999,955
Financial instruments that are assets (long-term portion)	1,685	2,516
Other non-current financial assets	36,847	34,576
Property, plant, and equipment	32,810	35,653
Goodwill	13,804	13,441
Other intangible assets	1,949	2,176
Deferred tax assets	17,728	17,280
Other non-current assets	740	689
Total non-current assets	1,199,263	1,106,286
Total assets	2,122,920	1,968,968

Consolidated Statement of Financial Position

EURk	June 30, 2012	Dec. 31, 2011
Liabilities and equity		
Liabilities		
Current liabilities		
Refinancing liabilities	534,868	438,624
Liabilities from deposit business	95,565	93,897
Current bank liabilities	5,896	1,073
Liability financial instruments (short-term portion)	5,906	3,547
Trade payables	9,642	7,031
Tax liabilities	3,931	1,847
Deferred liabilities	4,489	4,309
Current provisions	2,097	2,807
Other current liabilities	5,190	4,686
Deferred lease payments	70,702	69,241
Total current liabilities	738,286	627,062
Non-current liabilities		
Refinancing liabilities	958,294	929,008
Liabilities from deposit business	67,233	61,230
Non-current bank liabilities	2,063	2,406
Liability financial instruments (long-term portion)	3,717	3,481
Deferred tax liabilities	23,280	26,078
Pensions	1,768	1,590
Non-current provisions	383	328
Other non-current liabilities	66	128
Total non-current liabilities	1,056,804	1,024,249
Equity		
Share capital	17,491	17,491
Capital reserves	60,166	60,166
Retained earnings	186,061	148,917
Other components of equity	2,223	1,386
Unappropriated surplus	61,889	89,697
Total equity	327,830	317,657
Total liabilities and equity	2,122,920	1,968,968

Consolidated Statement of Cash Flows

EURk	Jan. 1, 2012 to June 30, 2012	Jan. 1, 2011 to June 30, 2011
Earnings before taxes	27,226	24,072
Non-cash items contained in net profit and reconciliation to cash flow from operating activities		
+ Depreciation and impairment	1,418	1,328
- / + Profit / loss from the disposal of property, plant, and equipment and intangible assets	2	-23
- / + Income / expenses from non-current financial assets	495	171
- / + Non-cash changes in equity	491	1,120
+ / - Increase / decrease in deferred liabilities, provisions and pensions	-297	-1,074
- Additions to lease receivables	-445,761	-386,382
+ Payments by lessees	326,937	279,967
+ Disposals / reclassifications of lease receivables at residual carrying amounts	60,816	58,896
- Interest and similar income from financing business	-81,348	-69,697
- / + Decrease / increase in other receivables from lessees	-1,077	-2,589
+ / - Currency translation differences	-5,285	1,594
= <i>Change in lease receivables</i>	<i>-145,718</i>	<i>-118,211</i>
+ Addition to liabilities from refinancing	641,723	663,815
- Payment of annuities to refinancers	-139,175	-127,058
- Disposal of liabilities from refinancing	-407,439	-432,850
+ Expenses from interest on refinancing and on deposit business	29,154	25,052
+ / - Currency translation differences	1,267	196
= <i>Change in refinancing liabilities</i>	<i>125,530</i>	<i>129,155</i>
+ / - Increase / decrease in liabilities from deposit business	7,671	23,413
- / + Increase / decrease in loans to franchisees	-1,254	8,427
Changes in other assets / liabilities		
- / + Increase / decrease in other assets	-6,531	-30,732
+ / - Increase / decrease in deferred lease payments	1,461	4,273
+ / - Increase / decrease in other liabilities	5,648	-2,982
= Cash flow from operating activities	16,142	38,937

continued on next page

Consolidated Statement of Cash Flows: Continued

EURk	Jan. 1, 2012 to June 30, 2012	Jan. 1, 2011 to June 30, 2011
– / + Taxes paid / received	–8,859	–23,074
– Interest paid	–689	–366
+ Interest received	194	195
= Net cash flow from operating activities	6,788	15,692
– Purchase of property, plant, and equipment and intangible assets	–2,843	–2,125
– / + Payments / proceeds from acquisition of subsidiaries	0	–2,343
+ Proceeds from the sale of operating and office equipment and intangible assets	22	109
= Cash flow from investing activities	–2,821	–4,359
+ / – Borrowing / repayment of bank liabilities	–235	–333
– Dividend payments	–10,263	–9,579
= Cash flow from financing activities	–10,498	–9,912
Cash funds at beginning of period		
Cash in hand and bank balances	104,234	78,297
– Bank liabilities from overdrafts	–482	–113
= Cash and cash equivalents at beginning of period	103,752	78,184
+ / – Change due to currency translation	–141	86
= Cash funds after currency translation	103,611	78,270
Cash funds at end of period		
Cash in hand and bank balances	102,277	79,854
– Bank liabilities from overdrafts	–5,197	–163
= Cash and cash equivalents at end of period	97,080	79,691
Change in cash and cash equivalents during the period (= total cash flow)	–6,531	1,421
Net cash flow from operating activities	6,788	15,692
+ Cash flow from investing activities	–2,821	–4,359
+ Cash flow from financing activities	–10,498	–9,912
= Total cash flow	–6,531	1,421

Consolidated Statement of Changes in Equity

EURk	Share capital	Capital reserves	Retained earnings and unappropriated surplus	Hedging reserve	Reserve for actuarial gains / losses	Currency translation	Total equity
Equity as per							
Jan. 1, 2012	17,491	60,166	238,613	-248	-105	1,740	317,657
Comprehensive income			19,599	-289	-64	1,190	20,436
Dividend payment in 2012 for 2011			-10,263				-10,263
Equity as per							
June 30, 2012	17,491	60,166	247,949	-537	-169	2,930	327,830
Equity as per							
Jan. 1, 2011	17,491	60,166	208,941	-1,005	-172	2,352	287,773
Comprehensive income			18,050	724	61	422	19,257
Dividend payment in 2011 for 2010			-9,579				-9,579
Equity as per							
June 30, 2011	17,491	60,166	217,412	-281	-111	2,774	297,451

Consolidated Segment Report

EURk	Leasing segment		Banking segment		Factoring segment		Total segments		Consolidation effects		Consolidated Group	
January to June	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Operating segment income	61,593	54,823	2,215	2,037	737	592	64,545	57,452	0	0	64,545	57,452
Segment result	25,402	22,427	2,173	1,666	123	76	27,698	24,169	0	0	27,698	24,169
Reconciliation to consolidated financial statements												
Operating result											27,698	24,169
Other financial income											-472	-97
Taxes											7,627	6,021
Net profit according to consolidated income statement											19,599	18,050
As per June 30												
Segment assets	2,039,348	1,750,519	256,805	199,203	10,526	8,925	2,306,679	1,958,647	-202,856	-163,110	2,103,823	1,795,537
Reconciliation to consolidated financial statements												
Tax assets											19,097	20,614
Total assets according to consolidated statement of financial position											2,122,920	1,816,151

Business Segments

Due to the increase in internationalisation, the primary reporting of GRENKE Consolidated Group's segments was aligned according to the dominant organisational structure which is based on its operating activities. Therefore, the operating segments are divided into Leasing, Banking, and Factoring in accordance with the management of the company's segments. The previous year's regional split within the Leasing segment is combined for the quarterly reporting as of January 1, 2012. The previous year's figures were adjusted accordingly. Going forward, a regional split of the business activities will be provided on a yearly basis as part of the annual report for each fiscal year. Detailed financial information is available for the operating segments.

Reportable Segments

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

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

The Factoring segment contains the activities of GRENKEFACTORING GmbH, which performs traditional factoring services and which is focused on small-ticket factoring in Germany.

Notes to the Interim Consolidated Financial Statements

Accounting Policies

The interim consolidated financial statements of GRENKELEASING AG (hereafter also referred to as "GRENKE Consolidated Group") as per June 30, 2012 meet the requirements of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and adopted by the EU, as did the consolidated financial statements as per December 31, 2011. The provisions on interim reporting set out in IAS 34 were applied accordingly. All interim financial statements of the companies included in the consolidated financial statements of the GRENKE Consolidated Group have been prepared using uniform accounting policies.

As interim reporting is based on the consolidated financial statements, detailed information on accounting and consolidation policies can be found in the notes to the consolidated financial statements for the year ended December 31, 2011. The accounting policies used are the same as those used in the previous year with the exception of the new standards that have become mandatory, which are presented briefly below.

Mandatory New Accounting Standards

The first-time application of the amendment to IAS 12 "Income Taxes" – Deferred Taxes: Recovery of Underlying Assets published in December 2010 by the IASB (January 1, 2012), and the amended pronouncements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (July 1, 2011) had no impact on the accounting policies in the consolidated financial statements. The EU endorsement for both amendments is still pending. The amendments to IFRS 7 "Financial Instruments: Disclosures" – Disclosures regarding the Transfer of Financial Assets, published on October 7, 2010 by the IASB (July 1, 2011), will bring about additions to the disclosure requirements for the transfers of financial assets in the consolidated financial statements as per December 31, 2012.

Use of Assumptions and Estimates

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

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

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

The following table lists the processing categories:

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

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

Based on experience and dependent upon the term of the lease, residual values of additions up to and including 2006, ranged between 11 percent and 15 percent of historical cost. In fiscal year 2007, due to the strengthening of forecasting capabilities for the statistical population, this allocation could be further broken down into more detailed maturity groups. For additions from 2007 to 2008, the residual values range between 7.7 percent and 28.4 percent of historical cost depending upon the duration of the lease. Residual values of between 6.5 percent and 28.4 percent were applied for additions from 2009 onwards. For additions after April 1, 2011, residual values of between 6.5 percent and 23.5 percent were applied and remain applicable.

Proceeds are a best estimate and based on statistical analyses. If the post-transaction recoverable amount (from sale and subsequent lease) is lower than expected, the lease receivables are written down. However, any increase in the recoverable amount is not recognised.

Lease assets for sale are measured on the basis of the average sales proceeds per age group realised in the past fiscal year in relation to the original cost. Lease assets for sale are measured at historical residual values, taking their actual saleability into account. As per the end of the reporting period, the residual values used had amounted to between 3.1 percent and 17.1 percent of the historical cost (previous year: between 3.0 percent and 17.8 percent). If a sale is considered unlikely due to the condition of the asset, the asset is written off and expensed.

Lease Receivables

EURk	June 30, 2012	June 30, 2011
Changes in performing lease receivables		
Balance at beginning of period	1,484,934	1,241,374
+ Change during the period	144,642	117,626
Lease receivables (current + non-current) from current contracts at end of period	1,629,576	1,359,000
Changes in non-performing lease receivables		
Gross receivables at beginning of period	168,393	170,346
– Accumulated valuation allowances at beginning of period	–84,573	–83,496
= Non-performing lease receivables at beginning of period	83,820	86,850
+ Additions to gross receivables during the period	18,556	16,814
– Disposals of gross receivables during the period	18,120	11,548
+ Disposal of accumulated valuation allowances during the period	9,679	9,601
– Addition of accumulated valuation allowances during the period	9,039	11,884
Non-performing lease receivables at end of period	84,896	89,833
Lease receivables (carrying amounts of current and non-current receivables) at beginning of period	1,568,754	1,328,224
Lease receivables (carrying amounts of current and non-current receivables) at end of period	1,714,472	1,448,833

Financial Liabilities

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

EURk	June 30, 2012	Dec. 31, 2011
Financial liabilities		
Current financial liabilities		
Liabilities from the refinancing of the leasing business	534,868	438,624
<i>ABS/ABCP related liabilities</i>	147,033	95,269
<i>Bonds, revolving facilities, debentures, and private placements</i>	329,535	301,393
<i>Committed development loans</i>	8,190	164
<i>Sales of receivables agreements</i>	50,110	41,798
Current liabilities from deposit business	95,565	93,897
Current bank liabilities	5,896	1,073
<i>thereof current account liabilities</i>	5,197	482
Total current financial liabilities	636,329	533,594

EURk	June 30, 2012	Dec. 31, 2011
Non-current financial liabilities		
Liabilities from the refinancing of the leasing business	958,294	929,008
<i>ABS/ABCP related liabilities</i>	200,497	254,768
<i>Bonds, debentures, and private placements</i>	702,960	606,955
<i>Committed development loans</i>	17,186	23,384
<i>Sales of receivables agreements</i>	37,651	43,901
Non-current liabilities from deposit business	67,233	61,230
Non-current bank liabilities	2,063	2,406
Total non-current financial liabilities	1,027,590	992,644
Total financial liabilities	1,663,919	1,526,238

ABS Bond

On February 4, 2010, an ABS bond amounting to EUR 160,000k was placed via the special-purpose entity GOALS FINANCING 2009 LIMITED (GOALS 2009-1). The contracts with GOALS FINANCING 2009 LIMITED allow the GRENKE Consolidated Group to sell further lease agreements on a revolving basis for a total of three years and up to a maximum volume of EUR 300,000k. The interest rate is variable at three-month EURIBOR plus a spread ranging between 1.25 percent and 3.5 percent depending on the tranche. Three tranches of bonds with different ratings (risk classes) were issued by the SPE. The size of the highest rated tranche is a reflection of the quality of the leasing portfolio and the internal risk management and directly impacts the costs of this type of financing. Of this bond, 76.5 percent (EUR 122,400k) was given the highest rating by Standard & Poor's (AAA) and FITCH (AAA). The wholly-owned subsidiary of GRENKELEASING AG, GRENKE FINANCE Plc., Dublin, Ireland, subscribed on a pro rata basis to the second tranche and fully subscribed to the last tranche (nominal amount: EUR 24,200k) of the ABS bond. As a result, the GRENKE Consolidated Group received a cash inflow of only EUR 135,800k. The carrying amount of the total liability was EUR 139,975k as per the end of the reporting period.

ABCP Programmes

The GRENKELEASING AG Consolidated Group has several asset-backed commercial paper programmes (ABCPs) with a total volume of EUR 400,000k as per the end of the reporting period. An overview of the programmes as per the end of the reporting period is as follows:

ABCP programme / SPE	Initiating bank	Lease receivables eligible for refinancing	Programme volume in EURk as per June 30, 2012	Programme volume in EURk as per Dec. 31, 2011
Compass Variety Funding Limited	Portigon	German and Austrian lease receivables	40,000	40,000
Kebnekaise Funding Limited	SEB AB	German and French lease receivables	110,000	110,000
CORAL PURCHASING Limited	DZ Bank	German lease receivables	150,000	150,000
Elektra Purchase No. 25 Limited	UniCredit	French lease receivables	100,000	100,000
Total			400,000	400,000

The ABCP programmes grant GRENKE FINANCE Plc. and Grenke Investitionen Verwaltungs KGaA the right to refinance or to sell receivables to the respective programmes for a certain period of time. The cap on the purchase volume is determined by the volume of the programme, which is normally backed by the organising bank in the form of a liquidity commitment in the corresponding amount. As per the reporting date, a total volume of EUR 211,555k at book value was utilised.

The ABCP programme Compass Variety Funding Limited with Portigon AG (formerly WestLB) was fixed at EUR 40,000k and extended on January 19, 2012 by an additional two years until January 19, 2014. The programme commitment for the Kebnekaise Funding Limited ABCP programme will run until November 30, 2012 and the programme commitment for the CORAL Purchasing Limited ABCP programme will run until September 5, 2012, while the programme commitment for the Elektra Purchase No. 25 Limited ABCP programme will run until July 30, 2012.

To reflect the current legal conditions in France in the securitisation of French lease receivables (separate French securitisation act), a French securitisation vehicle (FCT = fonds commun de titrisation à compartiments / French issuer) was founded in 2009. The FCT initially consisted of just one so-called compartment ("FCT GK 1"). A second compartment was founded on January 18, 2011 ("FCT GK 2"). Within the FCT, the individual compartments are kept strictly separate from each other ("ring-fenced"). At a later date, it will be possible for the GRENKE Consolidated Group to form further compartments within the FCT to finance further or other ABCP transactions.

"FCT GK 2" is refinanced through the issue of FCT notes which are exclusively subscribed to by SPE Elektra Purchase No. 25 Limited. Therefore, the "FCT GK 2" compartment serves the sole purpose of the securitisation of French lease receivables within the ABCP programme through Elektra Purchase No. 25 Limited. As per the reporting date, 52.31 percent of the refinancing framework of the ABCP programmes was utilised. The corresponding amount of receivables was thus assigned by way of collateral.

Sales of Receivables Agreements

Such agreements are currently in place with Stadtparkasse Baden-Baden Gaggenau, Sparkasse Karlsruhe, Commerzbank AG, UBS AG in Switzerland, the Commerzbank subsidiary BRE-Bank SA in Poland, and Norddeutsche Landesbank for receivables in the UK. One new addition was the agreement with DZ Bank Polska in Poland in February 2012. The agreements with Commerzbank AG were terminated in 2009, and since this time, no new refinancing has been performed. However, the portfolios contracted until that time will be repaid as scheduled. The agreement with BRE-Bank SA in Poland, which was also terminated in mid-2009, was replaced by a new agreement in February 2012. The first refinancing under this new agreement had taken place in the first quarter of 2012.

Bonds, Debentures, and Private Placements

On January 24, 2012, a new fixed-rate bond was issued with a volume of EUR 100,000k and a term of 3.5 years until July 24, 2015. The bond has an interest coupon of 4.25 percent and a discount of EUR 375k.

On May 30, 2012, a new fixed-rate bond was issued with a volume of EUR 100,000k and a term of 3 years and 10 months maturing on March 30, 2016. The bond has an interest coupon of 3.75 percent and a discount of EUR 500k.

On June 14, 2012, a new fixed-interest promissory note loan was issued with a volume of EUR 10,000k and a term of 3 years until June 14, 2015. The interest coupon amounts to 3.25 percent.

Development Loans

NRW.Bank

On February 18, 2010, GRENKELEASING AG and GRENKE BANK AG entered into a cooperation agreement with NRW.Bank, the development bank of the state of North Rhine-Westphalia. This had opened up a new opportunity for incorporating development funding into lease financing. The refinancing of lease agreements takes place through the purchase of receivables by GRENKE BANK AG. These lease agreements are available exclusively for investment plans of commercial enterprises and members of self-employed professions with annual sales of up to EUR 500,000k located in North Rhine-Westphalia.

GRENKE BANK AG was granted a global loan of EUR 15,000k by NRW.Bank for this purpose. The loan was drawn on for the first time in the amount of EUR 7,500k on March 22, 2010. The interest rate related to the six-month Euribor plus a margin of 0.21 percent and a term of three years. The second draw-down of a further EUR 7,500k on November 25, 2010, also had a reference interest rate of the six-month Euribor and a bullet maturity of three years. Its margin was 0.19 percent. Hence, the first global loan is fully utilised up to the planned volume of EUR 15,000k.

On July 28, 2011, GRENKELEASING AG and GRENKE BANK AG together with NRW.Bank, the development bank of the state of North Rhine-Westphalia, continued and expanded the cooperation, concluded on February 18, 2010, by agreeing to another global loan totalling EUR 15,000k. This second loan was first drawn down on August 29, 2011 in the amount of EUR 7,500k with a bullet maturity of three years. The interest rate relates to the six-month Euribor plus a margin of 0.07 percent.

Thüringer Aufbaubank

On January 16, 2012, GRENKELEASING AG and GRENKE BANK AG entered into a cooperation agreement with Thüringer Aufbaubank (TAB), the development bank of the state of Thuringia. This cooperation agreement is similar to the cooperation agreement with NRW.BANK. The refinancing of lease agreements takes place through the purchase of receivables by GRENKE BANK AG. These lease agreements are available exclusively for investments made by small and medium-sized enterprises and self-employed professionals located in Thuringia with annual sales of up to EUR 500,000k.

GRENKE BANK AG was granted a global loan of EUR 5,000k by TAB for this purpose. As of the time this report was prepared, this loan had not yet been drawn down. A specific interest rate will not be determined until the amount of the first borrowing limit has been drawn down. As an indication, 58 basis points will be added to the basic interest rate for both the fixed interest rate and the floating interest rate. The loan has a term of three years.

Investitionsbank Berlin

On June 6, 2012, GRENKELEASING AG and GRENKE BANK AG also entered into a cooperation agreement with Investitionsbank Berlin (IBB), the development bank of Berlin. The refinancing of lease agreements takes place through the purchase of receivables by GRENKE BANK AG. These lease agreements are available exclusively for investments made by small and medium-sized enterprises and self-employed professionals located in Berlin with annual sales of up to EUR 500,000k.

GRENKE BANK AG was granted a global loan of EUR 5,000k by IBB for this purpose. As of the time this report was prepared, this loan had not yet been drawn down. A specific interest rate will not be determined until the amount of the first borrowing limit has been

drawn down. As an indication, 50 basis points will be added to the basic interest rate for both the fixed interest rate and the floating interest rate. The loan has a term of four years.

Revolving Credit Facility

In the context of revolving credit facilities with a total volume of EUR 120,000k available to GRENKE FINANCE Plc. Dublin, Ireland, the GRENKE Consolidated Group has the possibility to take on short-term funds with a minimum amount of EUR 5,000k and a term of usually one month at any time. The revolving credit facilities totalling EUR 120,000k have been arranged with four banks with a volume of EUR 30,000k each.

The facilities arranged with SEB and with Portigon AG (formerly WestLB) will be in place until March 2013 and February 2013, respectively and the facilities arranged with Deutsche Bank and with DZ Bank will run until September 2012 and October 2012, respectively. As per June 30, 2012, this revolving credit facility had been utilised in the amount of EUR 15,000k (previous year: EUR 70,000k). Utilisation is reported under current liabilities from the refinancing of leasing business.

Money Market Facility

A non-committed money market facility of EUR 25,000k is in place with Bayerische Landesbank. As per June 30, 2012, this credit line had been utilised in the amount of EUR 25,000k (previous year: EUR 25,000k). A further money market facility of EUR 15,000k was agreed to with Norddeutsche Landesbank on August 25, 2011. This line had been utilised in the amount of EUR 10,000k as per June 30, 2012.

On November 17, 2011, GRENKE FINANCE Plc. and GRENKELEASING AG had agreed on a further money market line with a volume of EUR 10,000k with Commerzbank AG. As per June 30, 2012, this line had not been utilised.

Commercial Paper

On October 27, 2011, a general agreement was signed for a commercial paper programme. This agreement has given the GRENKE Consolidated Group the possibility to issue commercial papers of up to a total volume of EUR 250,000k with a term of between 1 and 364 days. Utilisation of the commercial paper programme amounted to EUR 20,000k as per June 30, 2012.

Income Taxes

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

EURk	Jan. 1 – June 30, 2012	Jan. 1 – June 30, 2011
Income taxes		
Current tax expense	10,860	11,874
Deferred taxes	-3,233	-5,852
Income tax expense	7,627	6,022

Other Financial Obligations

As per June 30, 2012, there were obligations of EUR 3,598k for the extension of an office building.

Acquisitions

Acquisitions in Fiscal Year 2011

The purchase price allocation has been completed for the acquisition of GRENKELEASING Magyarország Kft. Budapest/Hungary, which we had concluded in the previous year. There were no adjustments as compared to the preliminary fair value of the identifiable assets and liabilities as per March 31, 2012. For further information regarding business combinations prior to fiscal year 2012, please refer to the notes to the Company's consolidated financial statements for the year ended December 31, 2011.

Acquisitions in Fiscal Year 2012

By way of purchase agreement dated May 17, 2012, GRENKELEASING AG acquired 100 percent of the voting shares in S.C. GRENKELEASING S.R.L. Bucharest/Romania. With the acquisition, a name change to S.C. Grenke Renting S.R.L. was resolved. Assuming control over the acquired company is subject to conditions which are expected to be fulfilled by the end of July 2012. Therefore, presumably the effects of the acquisition will only be reflected in the next interim consolidated financial statement as per September 30, 2012.

Prior to this, S.C. GRENKELEASING S.R.L. Bucharest/Romania was active within GRENKELEASING AG's franchise system, specialising in the sale of small-ticket leases with a strong focus on IT equipment. The total consideration paid for the business combination with S.C. Grenke Renting S.R.L. amounts to EUR 4,552k and consisted solely of cash. As not all relevant information for determining the fair value of the identifiable assets and liabilities were yet available, the purchase price allocation has not yet been conducted.

Dividend Payment

The resolution on the appropriation of GRENKELEASING AG's profits for fiscal year 2011 in the amount of EUR 22,284,787.12 was adopted by the Annual General Meeting on May 10, 2012. The Annual General Meeting approved the proposal of the Board of Directors and the Supervisory Board, resolving to appropriate the unappropriated surplus for 2011 as follows:

Unappropriated surplus for 2011	EUR 22,284,787.12
Distribution of a dividend of EUR 0.75 per share for a total of 13,684,099 shares	EUR 10,263,074.25
Appropriation to retained earnings	EUR 11,000,000.00
Profit carried forward (to new account)	EUR 1,021,721.87

The dividend was paid to the shareholders of GRENKELEASING AG on May 11, 2012.

In the previous year, the Annual General Meeting adopted the proposal of the Board of Directors and the Supervisory Board, resolving and performing the appropriation of the unappropriated profit for 2010 as follows:

Unappropriated surplus for 2010	EUR 41,832,253.42
Distribution of a dividend of EUR 0.70 per share for a total of 13,684,099 shares	EUR 9,578,869.30
Appropriation to retained earnings	EUR 29,000,000.00
Profit carried forward (to new account)	EUR 3,253,384.12

The dividend was paid to the shareholders of GRENKELEASING AG on May 11, 2011.

Related Party Disclosures

On February 17, 2012, Prof. Dr. Thilo Wörm acquired 650 shares of GRENKELEASING AG on the stock exchange (Xetra).

By way of signature dated June 29, 2010 and July 13, 2010, the Supervisory Board of GRENKELEASING AG had concluded phantom stock agreements with the Board of Directors members Dr. Uwe Hack and Mr. Gilles Christ.

Under these agreements, Dr. Hack and Mr. Christ receive entitlements to payment equal to the increase in value of 30,000 and 15,000 shares in GRENKELEASING AG, respectively, in relation to a defined basic share price for fiscal years 2010, 2011, and 2012. This basic share price is the arithmetic mean of the Xetra closing prices on all trading days from December 1 to December 23 of the respective prior year. The basic share price for 2010 was EUR 28.68 and for 2011 it was EUR 37.72. The basic share price for 2012 is EUR 35.81. The maximum payment arising from this agreement is limited to EUR 600,000 and EUR 300,000, respectively, for the period of three years.

The value of the phantom stock agreements granted for 2012 totalled EUR 391k as per June 30, 2012. As payment is not due until the end of 2012, a proportionate amount of EUR 196k has been expensed for the first six months of the year. For 2010, a total of EUR 374k was paid out on the basis of the phantom stock agreements for Dr. Hack and Mr. Christ. No payment was made for 2011 on the basis of the phantom stock agreements.

Employees

In the reporting period, the GRENKELEASING AG Consolidated Group had an average of 639 employees (previous year: 567), not including the Board of Directors.

Events after the Balance Sheet Date

By way of purchase agreement dated July 13, 2012, GRENKE Consolidated Group, through its affiliated company GRENKE ALQUILER S.A. Barcelona/Spain, acquired 100 percent of the voting shares in GRENKE RENT S.A. Madrid/Spain. Prior to the acquisition, GRENKE RENT S.A. with its branches in Madrid and Malaga was active within GRENKELEASING AG's franchise system, specialising in the sale of small-ticket leases. The total consideration paid for the business combination will amount to EUR 5,280k and will consist solely of cash. No further information is currently available. Thus, information regarding the timing of assuming control over the company will be provided in the next quarterly financial report.

On July 12, 2012, an additional revolving credit facility in the amount of EUR 15,000k was agreed with HSBC Germany, which will be available to GRENKE FINANCE Plc., Dublin/Ireland. The facility will mature in June 2013.

On July 20, 2012, a new fixed-interest promissory note loan was agreed with a volume of EUR 10,000k and a term of 3 years until July 25, 2015. The interest coupon amounts to 2.99 percent.

Responsibility Statement

We hereby confirm to the best of our knowledge, and in accordance with the accounting standards to be used for interim reporting, that the interim consolidated financial statements give a true and fair view of the net assets, financial position, and results of operations of the Consolidated Group. Furthermore, the interim consolidated management report conveys a fair review of the development of the business including the results and the position of the Consolidated Group, together with a description of the important opportunities and risks for the expected development of the Consolidated Group for the remainder of the fiscal year.

Calendar of Events for 2012

July 26, 2012 Publication of the quarterly financial report as per June 30, 2012

October 25, 2012 Publication of the quarterly financial report as per September 30, 2012

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

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



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