FitchRatings

Non-Bank Financial Institutions
Finance & Leasing Companies
Germany

Grenke AG

Key Rating Drivers

Sound Capitalisation, Niche Market Position: Grenke AG's Long-Term Issuer Default Rating (IDR) is supported by the sound capitalisation and leverage profile, adequate risk appetite, a well-diversified, although partly wholesale, funding profile, and well-established market position in small-ticket leasing of IT equipment, machinery, e-bikes, and other equipment across a number of asset classes and markets, with a focus on western Europe.

Moderate Scale: Grenke's ratings are constrained by the largely monoline nature of its product offering, moderate scale compared with that of higher-rated leasing companies, high, but stable and well-provisioned, non-performing receivables ratios, and acceptable profitability, which was lower than other leasing company peers'.

Niche Business Model: Grenke operates globally, but in a fairly small niche, and offers mostly small-ticket leasing solutions – mostly to SME clients via independent dealers, but also via online channels of its larger dealer counterparties. Grenke also offers factoring and banking services, but these are modest in comparison to the company's total revenue.

Improved Governance: We view Grenke's corporate governance practices as adequate, benefitting from its status as publicly-listed company and prudential requirements at the group level and at Grenke Bank AG. Grenke has resolved most of the governance, policy and accounting findings in the follow-up audits after a short-seller attack in 2020, with only some remedial actions, mostly related to IT, outstanding.

Profitability Under Pressure: Grenke's pre-tax income/average assets was an annualised 1.6% in 3Q23 (1.7% in 2022), equating to an unadjusted benchmark score in the 'bb' category. Fitch's 'bbb-' assessment of Grenke's earnings and profitability reflects earnings stability and the growing business volumes.

Grenke's profitability compares favourably with commercial banks', but less so with less-regulated leasing company peers'. We believe Grenke's profitability could be under pressure from the high inflation and interest rate environment in the short term, underlined by the negative outlook on the profitability score. However, Grenke has passed on higher funding costs to clients.

High Impaired Ratio, Good Coverage: Grenke had a high non-performing receivable (defined as Stage 3 receivables)/total receivables ratio (end-3Q23: 9.2%). This equated to an unadjusted asset quality score in the 'bb' category, reflecting the business model focus on SME clients. Fitch's 'bbb-' assessment of Grenke's asset quality considers the company's sound and consistent coverage ratio, acceptable net loss ratio, the granularity and secured nature of its receivables book, and only limited direct residual value risk.

Capitalisation a Rating Strength: Grenke's balance-sheet capitalisation is a rating strength, with its gross debt (including customer deposits)/tangible equity of 4.2x at end-3Q23, which compares well with leasing peers'. In 4Q23 Grenke applied for a regulatory approval for a share buyback programme, which, in Fitch's view, would reduce the company's capital buffers. However, Fitch believes that Grenke's capitalisation will remain commensurate with its rating level.

Deposits Reduce Wholesale Funding Reliance: Grenke has demonstrated capital market access and Grenke Bank AG's established deposit funding base. Balance-sheet encumbrance is limited, with 82% of total funding being unsecured.

Liquidity is robust, supported by a EUR980 million cash balance at end-3Q23 and multiple revolving credit facilities, the bulk of which were renewed in 2Q23, with EUR320 million remaining undrawn at end-3Q23. Grenke's liquidity coverage ratio is strong, at 309% at end-3Q23, compared with a regulatory minimum requirement of 100%.

Ratings

Foreign Currency	
Long-Term IDR	BBB
Short-Term IDR	F2
Sovereign Risk (Germany)	
Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA
Outlooks	
Long-Term IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Non-Bank Financial Institutions Rating Criteria (May 2023)

Bank Rating Criteria (September 2023)

Related Research

Fitch Affirms Grenke AG at 'BBB'; Outlook Stable (August 2023)

EMEA Non-Bank Financial Institutions' Refinancing Risk (February 2023)

EMEA Developed Markets Finance and Leasing Outlook 2023 (November 2022)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A material worsening in asset quality, leading to considerably higher impairment charges that erode Grenke's coverage, profitability and, ultimately, capitalisation, could lead to negative rating action.

A sustained decline of profitability – defined as pre-tax income/average assets below 1% – without a clear recovery path could also lead to a downgrade, as could indications that remedial measures following the 2020 reviews have been insufficient to strengthen Grenke's governance and control environment, leading to further regulatory intervention and negatively affecting Grenke's franchise position or strategic plans.

Materially more aggressive capital management, or inability to maintain adequate liquidity and funding, leading to increased refinancing or liquidity risks, could also lead to negative rating action.

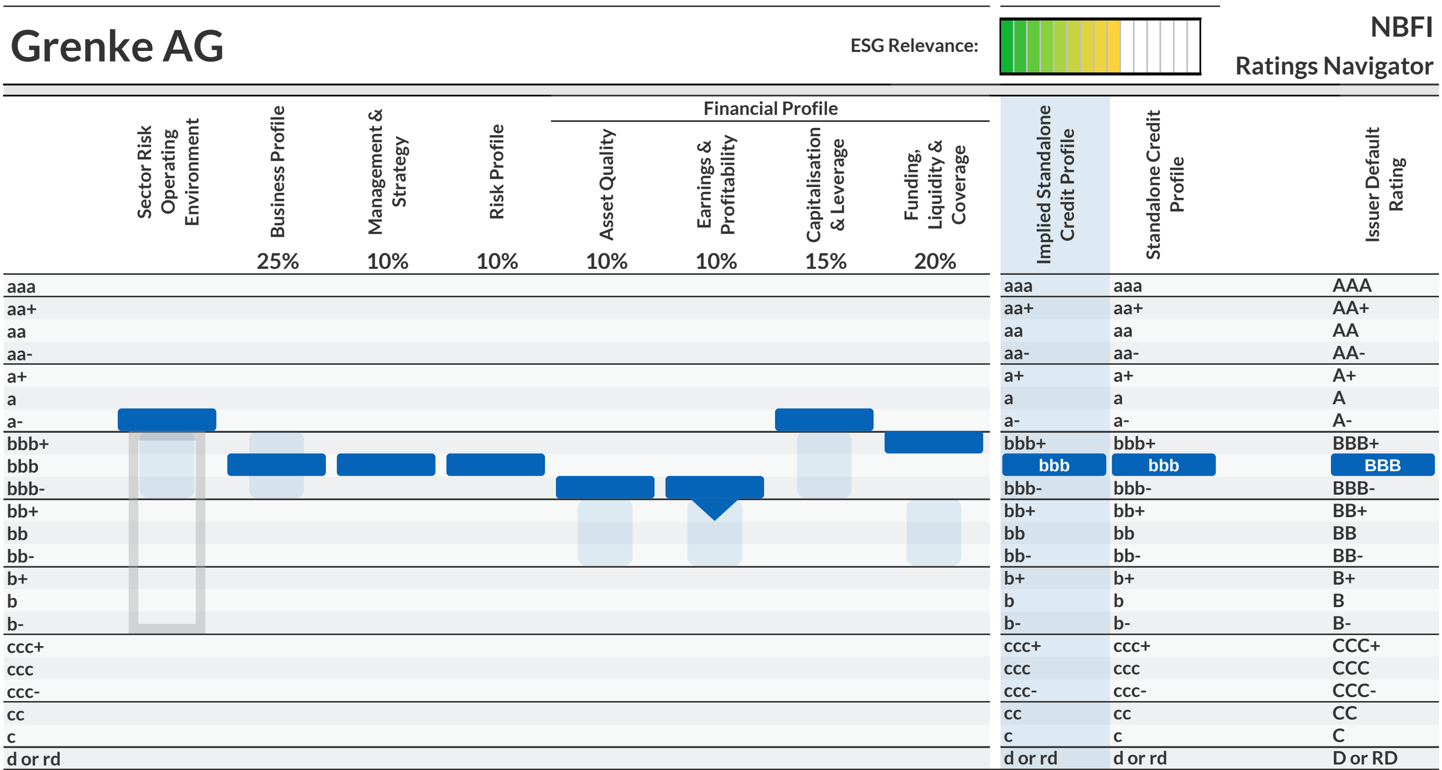
A downward revision of funding, liquidity and coverage score to below 'bbb+' would lead to a downgrade of the Short-Term IDR.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Sustained improvements in Grenke's profitability with a pre-tax income/average assets sustained at or above 3% in conjunction with unchanged (or improved) capitalisation would lead to positive rating action.

A material improvement in Grenke's non-performing loan ratio, in particular if combined with improved coverage and recovering profitability, could lead to an upgrade, as could increased scale and diversification in products and the markets in which Grenke is present.

Ratings Navigator



NBFI Criteria Application

Fitch rates Grenke as a finance and leasing company under its Non-Bank Financial Institutions Rating Criteria. However, given Grenke's prudentially-regulated status and the relevance of its deposit-taking bank subsidiary (Grenke Bank AG), Fitch uses its Bank Rating Criteria to assess certain aspects of Grenke's credit profile, such as operating environment, capitalisation and leverage, and funding and liquidity.

Banking License

Grenke Bank AG, which accounts for a sizeable proportion of the group (assets of EUR2.1 billion or 29% of group assets at end-3Q23) opens the group an access to a deposit base. Proceeds from the deposits are channelled to purchase leasing receivables originated elsewhere in the group. This is done under receivables purchase agreements (true sale).

Adjustments

The Standalone Credit Profile has been assigned in line with the implied Standalone Credit Profile.

The sector risk operating environment score has been assigned above the implied score due to the following adjustment reason: regulatory and legal framework (positive).

The business profile score has been assigned in line with the implied score.

The asset quality score has been assigned above the implied score due to the following adjustment reasons: collateral and reserves (positive), concentrations; asset performance (positive).

The earnings & profitability score has been assigned above the implied score due to the following adjustment reason: earnings stability (positive).

The capitalisation & leverage score has been assigned above the implied score due to the following adjustment reason: regulatory or other complementary capitalisation ratios (positive).

The funding, liquidity & coverage score has been assigned above the implied score due to the following adjustment reasons: funding flexibility (positive), business model/funding market convention (positive).

Key Qualitative Factors

Macroeconomic Challenges

In Fitch's view, volatile macroeconomic environment in some of Grenke's core European markets would pressure demand for Grenke's leased equipment, weakening the company's revenues. We expect still-high interest rates and inflation to pressure Grenke's costs, alongside indirect negative effect on the company's sales. At the same time, we believe Grenke's diversified geographical presence would lessen this risk, and its well-matched asset-liability profile and hedged funding profile should mitigate profitability challenges.

We believe Grenke to be able to pass on rising costs to its customers, but prolonged macroeconomic challenges, coupled with high interest rates, inflation, and decelerating economic activity, could pressure profitability and asset quality.

Well-Established Business Model

Grenke's franchise assessment reflects its leading position in its niche in the European small-ticket leasing segment, leveraging good geographical diversification and established relationships with specialist dealers. Grenke also offers factoring and banking services, but these only account for a minor part of its revenue. Grenke offers its products through a network of 163 branches, which support more than 35,000 independent equipment dealers who then offer Grenke's leasing products to predominately SME clients. Grenke also indirectly distributes its products via online channels of its larger dealers, but the volumes have been modest.

Focus on Equipment Leasing

Grenke is primary focused on leasing IT and other office equipment and software, which accounted for around 55% of the total number of contracts in 3Q23 (64% in 2022). Grenke has introduced and significantly grown new leased asset types (e.g. e-bikes and other equipment) to diversify its portfolio and capture growth opportunities in the evolving market for small-ticket leasing assets. Grenke targets small tickets, with an average size of around EUR8,700, where competition (particularly from banks) is less pronounced, which supports its margins.

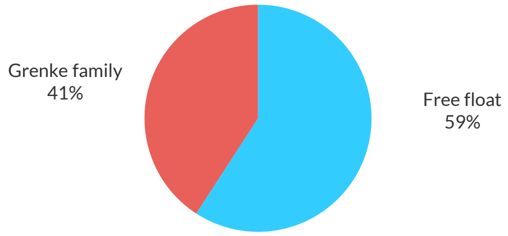
Developed Markets Presence

Grenke operates in both developed and developing European markets, with the largest being its home market – Germany (21% of total leasing new business in 2022), followed by France (21%) and Italy (14%). Exposure to more volatile markets, such as Southern and Eastern Europe and South America, is also sizeable.

Grenke's growth plans are largely centred around its current core European markets. However, the company is also planning to expand in other developed markets, including its existing presence in the US, Canada and Australia. While we expect several of Grenke's core markets, including Germany, to stagnate in the medium term, we believe lending volumes and asset quality will remain broadly resilient.

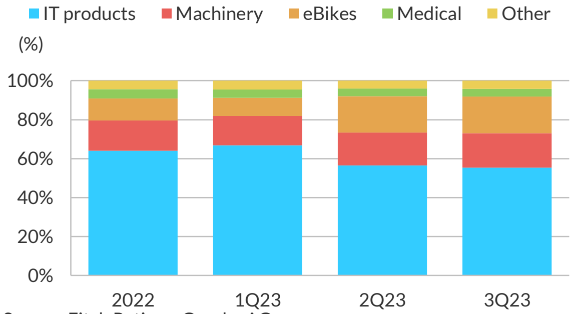
Ownership Structure

End-3Q23



Source: Fitch Ratings, Grenke AG

Portfolio by Number of Contracts



Source: Fitch Ratings, Grenke AG

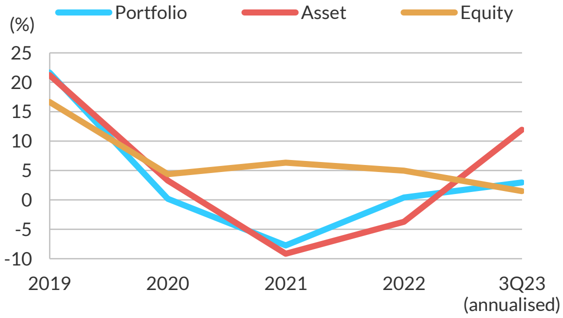
Adequate Corporate Governance

We view Grenke's corporate governance practices as adequate for the rating level, benefitting from its status as publicly listed company and prudential requirements at both group level and the level of Grenke Bank AG. Public disclosure of financial and non-financial information is frequent and of adequate quality. We believe, recent management changes should not affect company's execution, with current management team displaying strong expertise in the sector, providing appropriate continuity.

Improved Internal Controls

In Fitch's view Grenke managed to improve corporate governance and internal control environment following findings by multiple internal and external reviews after the short-seller attack in mid-2020. Few actions outstanding mostly relate to IT. Additional SREP surcharges were imposed by BaFin on both Grenke (1.5p.p.) and Grenke Bank AG (3p.p.) following the audit. Fitch understands from management that these could be lifted if, during its follow-up audit, BaFin is satisfied that all material findings have been addressed and remedied.

Growth Dynamic



Source: Fitch Ratings, Grenke AG

Growth Target Revised

Grenke has revised its medium-term growth target, with projected new business to increase up to EUR3.2 billion by 2024 (previously EUR3.4 billion), reflecting the pressured macroeconomic environment. The company's new business was at EUR2.3 billion in 2022 and EUR1.9 billion in 3Q23.

In our view, Grenke's prudent underwriting standards, improved risk controls, focus on organic growth and its commitment to maintain the equity/assets ratio in excess of 16% (19% at end-3Q23) will mitigate associated execution risk. At the same time, significant uncontrolled portfolio growth in a volatile macroeconomic environment could result in worsening asset quality.

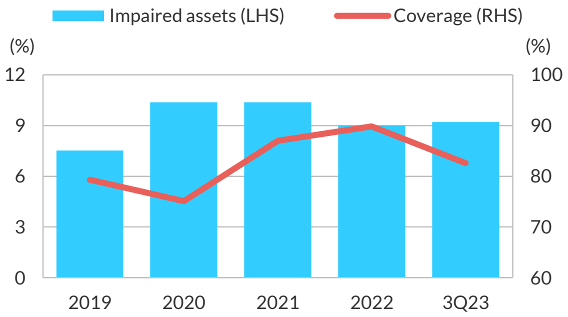
Financial Profile

High Impairments, Solid Reserve Coverage

In Fitch's view, Grenke's high non-performing receivables (defined as Stage 3 receivables) reflects the business model's predominate focus on smaller SME end-clients. The non-performing receivables ratio increased to 9.2% at end-3Q23 (9% at end-2022), reflecting the worsened operating environment and portfolio seasoning, and was higher than most larger and higher-rated peers.

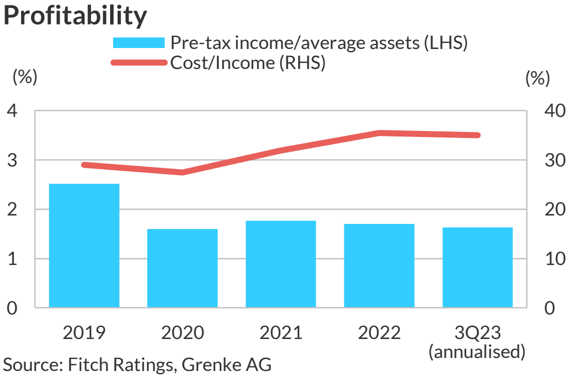
Fitch's assessment of Grenke's asset quality (bbb-) also considers the company's sound and consistent, although decreasing, coverage ratio (end-3Q23: 83%; end-2022: 90%), acceptable net loss ratio and the granularity of its lease book, which is also adequately diversified by asset types and geographies, and has only limited direct residual value risk.

Asset Quality



Source: Fitch Ratings, Grenke AG

Profitability



Source: Fitch Ratings, Grenke AG

Profitability Pressured by Macroenvironment

In Fitch's view, Grenke's profitability could be pressured due to the worsening macroeconomic environment, still-high inflation and interest rates, reflected in the negative outlook on the profitability score. Grenke's pre-tax income/average assets ratio, Fitch's key benchmark ratio for leasing companies' profitability, was a modest 1.6% in 3Q23 (annualised; 2022: 1.7%), but the growing business volumes are positive for earnings stability and potential scale benefits.

Compared to less-regulated NBFIs, Grenke's much tighter bank-like regulatory requirements (including higher liquidity) weigh down its profitability. Profitability was also pressured by growing operating costs, as Grenke pursued significant IT and risk-process investments.

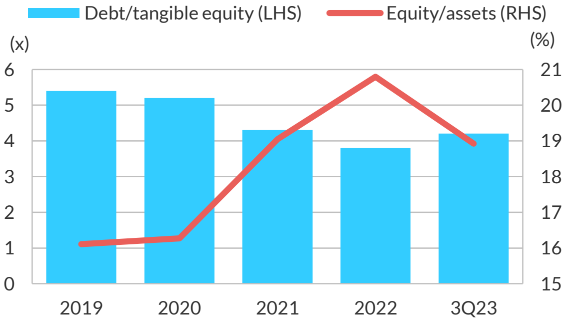
Solid Capitalisation

Grenke's capital adequacy is a rating strength, with a gross debt (including customer deposits)/tangible equity ratio of 4.2x at end-3Q23 (end-2022: 3.8x), corresponding to an implied score in the 'bbb' range. Fitch's assessment of Grenke's capitalisation and leverage (a-) benefits from the company's regulatory regime, with prudential capital and liquidity requirements (at both consolidated and bank level).

Grenke's common equity Tier 1 (CET1; end-3Q23: 16.8%) and total capital (20.2%) ratios were above regulatory minimum requirements, including buffers, of 9% and 13.6%, respectively. Grenke plans to reach new business volumes of up to EUR3.2 billion in 2024, but intends to maintain an equity/assets ratio in excess of 16% (end-3Q23: 19%), which Fitch deems adequate.

In Fitch's view, the share buyback programme announced in 4Q23 could, if approved by the regulator, reduce Grenke's capitalisation levels. At the same time, we believe, the company's capitalisation level will remain in line with its rating level.

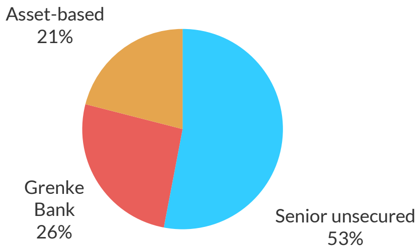
Leverage



Source: Fitch Ratings, Grenke AG

Funding Structure

End-3Q23



Source: Fitch Ratings, Grenke AG

Access to Deposits Supports Funding

Fitch's view of Grenke's funding and liquidity profile considers the good predictability of funding needs given its focus on small equipment with minimal order book (capex) commitments. The company's funding mix is diversified and includes senior unsecured (end-3Q23: 53% of total funding), asset-based (21%) and current account and deposit funding (26%) from Grenke Bank AG. Grenke has demonstrated a solid capital market access and issued an inaugural green bond in 3Q23 used to finance company's green equipment categories.

Our assessment also considers Grenke's reliance on wholesale funding and the price sensitivity of Grenke Bank AG's deposit base. These factors increase sensitivity to interest rate volatility and depositors' confidence. However, Grenke's liability structure matches maturities on the asset side. Grenke's only limited balance-sheet encumbrance (unsecured funding at 82% at end-3Q23) mitigates refinancing risk. Secured funding comprised mostly of Grenke's established ABCP programme and secured development loans.

Robust Liquidity

Grenke's liquidity position combines EUR980 million cash balance and EUR 320 million in multiple revolving credit facilities. The company also has proven access to new funding in a stressed environment, mitigating risk from near-term maturities. Fitch scores Grenke's funding, liquidity and coverage score at 'bbb+', which supports its 'F2' Short-Term IDR.

Debt Ratings

Debt Ratings: Grenke AG

Rating level	Rating
Senior unsecured: long term	BBB

Source: Fitch Ratings

Debt Ratings: Grenke Finance Plc

Rating level	Rating
Senior unsecured: long term	BBB

Source: Fitch Ratings

Senior Unsecured Debt

Grenke's senior unsecured notes and Grenke Finance PLC's (Grenke Finance), an Ireland-based full-owned funding subsidiary of Grenke, EUR5 billion debt issuance programme (DIP) rating, and the rating of senior unsecured notes issued under the DIP, are equalised with Grenke's Long-Term IDR. This is because Fitch views the likelihood of default on the senior unsecured notes and DIP notes as equal to that of Grenke and also because of the notes' average recovery prospects.

The notes issued under the DIP by Grenke Finance are unconditionally and irrevocably guaranteed by Grenke and rank equally with all other unsecured and unsubordinated obligations of Grenke.

Grenke Finance's senior unsecured notes, including all other notes under the DIP, represent senior unsecured and unsubordinated obligations of the funding subsidiary and rank equally among themselves, as well as with all other unsecured and unsubordinated obligations of Grenke.

Debt Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

A downgrade of Grenke's Long-Term IDR would lead to a downgrade of the DIP programme rating and rated notes issued under the programme.

A material increase in secured debt or debt ranking senior to Grenke's outstanding notes issued under the DIP could worsen Fitch's recovery expectations and could lead us to notch the DIP programme and notes' rating down from Grenke's Long-Term IDR.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

An upgrade of Grenke's Long-Term IDR would lead to an upgrade of the DIP programme rating and rated notes issued under the programme.

Environmental, Social and Governance Considerations

FitchRatings **Grenke AG**

NBFI
Ratings Navigator

Credit-Relevant ESG Derivation | **ESG Relevance to Credit Rating**

Grenke AG has 5 ESG potential rating drivers

- Grenke AG has exposure to regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc. but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	5	issues	2
	4	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	3	Regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc.	Sector Risk Operating Environment	5
Energy Management	2	Investments in or ownership of assets with below-average energy/fuel efficiency which could impact future valuation of these assets	Risk Profile	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk profile & management; catastrophe risk; credit concentrations	Business Profile; Asset Quality	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Fair lending practices; pricing transparency; repossession/foreclosure/collection practices; consumer data protection; legal/regulatory fines stemming from any of the above	Sector Risk Operating Environment; Risk Profile; Asset Quality	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile; Management & Strategy; Earnings & Profitability; Capitalisation & Leverage; Funding, Liquidity & Coverage	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core activities	Business Profile; Earnings & Profitability	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Management & Strategy	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Management & Strategy	2
				1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Financials

Income Statement

	30 Sep 23		31 Dec 22	31 Dec 21	31 Dec 20	31 Dec 19
	9 months - 3rd quarter	9 months - 3rd quarter	Year end	Year end	Year end	Year end
	(USDm)	(EURm)	(EURm)	(EURm)	(EURm)	(EURm)
	Reviewed	Reviewed	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified
Revenues						
Financial lease income	362	342	398	411	457	426
Finance lease-related commission income	119	113	174	165	170	167
Net income on RGA sales	3	3	-3	-6	-5	-7
Operating lease & rental income	22	20	29	21	20	18
Other operating revenue	8	8	21	43	20	19
Operating revenues	**514**	**485**	**619**	**634**	**661**	**624**
Expenses						
Interest expense	110	104	78	71	74	62
Impairment charges	77	72	120	143	202	137
Depreciation of RGA	n.a.	n.a.	29	21	20	16
SG&A expenses	218	206	247	225	201	199
Other operating expenses	15	14	15	20	13	11
Operating expenses	**420**	**397**	**488**	**479**	**511**	**425**
Operating income	**94**	**89**	**130**	**154**	**150**	**199**
Interest income	17	16	10	3	2	2
Non-revenue generating assets depreciation/amortisation	-21	-20	-32	-31	-29	-30
FX gains/(losses)	n.a.	n.a.	-9	-3	-7	-7
Other income / (expenses)	-3	-3	12	2	-1	-0
Income tax	19	18	27	28	27	29
Net income	**68**	**64**	**84**	**95**	**88**	**133**
Memo: Dividends paid in the period	22	21	24	12	28	37
Exchange rate		USD1 = EUR0,943931	USD1 = EUR0,937559	USD1 = EUR0,884173	USD1 = EUR0,821963	USD1 = EUR0,89015

Source: Fitch Ratings, Fitch Solutions, Grenke AG

Balance Sheet

	30 Sep 23		31 Dec 22	31 Dec 21	31 Dec 20	31 Dec 19
	9 months - 3rd quarter (USDm)	9 months - 3rd quarter (EURm)	Year end (EURm)	Year end (EURm)	Year end (EURm)	Year end (EURm)
Assets						
Net investment in lease (NIL)	6,325	5,970	5,729	5,658	6,140	6,160
Other earning assets (loans and receivables)	230	217	216	272	288	252
Loan loss allowances for receivables and loans	506	478	485	539	504	385
Memo: impaired receivables & loans included above	612	578	540	619	671	485
Operating lease & rental assets	95	89	51	43	43	46
Net RGA	**6,144**	**5,799**	**5,511**	**5,433**	**5,967**	**6,073**
Gross revenue-generating equipment	**6,650**	**6,277**	**5,996**	**5,972**	**6,471**	**6,458**
Cash & Equivalents	1,038	980	449	853	945	446
Advances paid	n.a.	n.a.	15	9	11	12
Foreclosed assets	15	14	12	12	24	28
Investments in associated companies	3	3	n.a.	0	5	5
Derivatives	33	32	38	10	8	2
Right-of-use assets	36	34	33	42	48	53
Property, plant & equipment	n.a.	n.a.	37	40	44	40
Deferred tax assets	16	15	19	20	23	25
Other Intangibles	13	12	17	19	24	25
Goodwill	37	35	35	41	44	46
Other assets	209	197	248	181	191	343
Total assets	**7,545**	**7,122**	**6,413**	**6,661**	**7,332**	**7,098**
Liabilities & equity						
Short-term liabilities (maturing in next 12 months)	1,961	1,851	2,248	2,073	1,868	1,738
Secured ST debt (incl. finance lease liabilities)	472	445	478	431	484	487
Unsecured ST debt	1,490	1,406	1,769	1,643	1,385	1,252
Long-term liabilities (maturing after 12 months)	3,824	3,609	2,547	3,004	3,942	3,942
Secured LT debt (incl. finance lease liabilities)	595	562	579	426	571	691
Unsecured LT debt	3,228	3,047	1,968	2,578	3,371	3,251
Total debt	**5,785**	**5,461**	**4,795**	**5,077**	**5,810**	**5,680**
Accounts payable & accrued expenses	79	75	76	44	39	43
Derivatives liabilities	16	15	7	21	25	16
Current tax liabilities	7	7	5	6	8	4
Deferred tax liabilities	61	57	60	55	60	59
Other liabilities	169	160	137	189	196	153
Total liabilities	**6,118**	**5,775**	**5,081**	**5,392**	**6,139**	**5,955**
Total equity	**1,427**	**1,347**	**1,332**	**1,269**	**1,193**	**1,143**
Total liabilities & equity & NCI	**7,545**	**7,122**	**6,413**	**6,661**	**7,332**	**7,098**

Exchange rate		USD1 = EUR0,943931	USD1 = EUR0,937559	USD1 = EUR0,884173	USD1 = EUR0,821963	USD1 = EUR0,89015

Source: Fitch Ratings, Fitch Solutions, Grenke AG

Summary Analytics

	30 Sep 23 9 months	31 Dec 22 Year end	31 Dec 21 Year end	31 Dec 20 Year end	31 Dec 19 Year end
Asset quality (%)					
Impaired assets/gross revenue-generating assets	**9.2**	**9.0**	**10.4**	**10.4**	**7.5**
Growth of revenue-generating assets	3.0	0.4	-7.7	0.2	21.6
Growth of total assets	11.9	-3.7	-9.1	3.3	21.2
Foreclosed assets/total assets	0.2	0.2	0.2	0.3	0.4
Loss allowance/impaired revenue-generating assets	82.6	89.8	87.0	75.1	79.3
Impairment charges/av. gross revenue-generating assets	1.6	2.0	2.3	3.1	2.3
Earnings and profitability (%)					
Pre-tax income/average assets	**1.6**	**1.7**	**1.8**	**1.6**	**2.5**
Operating revenues/av. gross revenue-generating assets	10.6	10.3	10.2	10.2	10.6
Impairment charges/pre-impairment op. profit	44.9	48.0	48.0	57.4	40.7
Opex/operating revenue less interest expense (cost/income)	34.9	35.4	31.9	27.4	29.0
Pre-tax income/average equity	8.3	8.6	10.0	9.9	15.3
Net income/ average equity (ROAE)	6.5	6.5	7.7	7.6	12.6
Net income/ average assets (ROAA)	1.3	1.3	1.4	1.2	2.1
Capitalization and leverage (%)					
Debt/tangible equity (x)	**4.3**	**3.8**	**4.3**	**5.2**	**5.4**
Debt/equity (x)	4.1	3.6	4.0	4.9	5.0
Equity/assets	18.9	20.8	19.1	16.3	16.1
Funding and liquidity (%)					
Unsecured debt/total debt	**81.6**	**77.9**	**83.1**	**81.8**	**79.3**
Short-term debt/total debt	33.9	46.9	40.8	32.2	30.6
Liquid assets/total assets	13.8	7.0	12.8	12.9	6.3
Interest expense/av. total debt	2.7	1.6	1.3	1.3	1.2

Source: Fitch Ratings

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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