EARNINGS PRESENTATION
Q2 2020
JULY 30, 2020
Disclaimer

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Executive Summary

Antje Leminsky | Chair of Board of Directors
Q2 2020: Executive Summary

SIGNS OF AN UPTURN IN BUSINESS IN Q2 2020

- **Our business**
  First pickup in new leasing business in June - subdued development in April and May

- **Our markets**
  New franchise location opened in the US

- **Our customers**
  Increased demand for banking - Cooperation with KFW enhanced

- **Our strengths**
  Speed and flexibility in adapting to market needs

- **Our shareholders**
  Annual General Meeting takes place on August 6, 2020
## Q2 2020: Key P&L Figures

**ENHANDCED RISK PROVISIONING MAIN SWING FACTOR ON EARNINGS**

<table>
<thead>
<tr>
<th>Key figures</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>EUR 98.0m</td>
<td>EUR 90.1m</td>
<td>+ 8.8 %</td>
</tr>
<tr>
<td>Settlement of claims &amp; risk provision</td>
<td>EUR 62.2m</td>
<td>EUR 32.4m</td>
<td>+ 92.3 %</td>
</tr>
<tr>
<td>Operating result</td>
<td>EUR 20.2m</td>
<td>EUR 41.7m</td>
<td>- 51.7 %</td>
</tr>
<tr>
<td>Net profit</td>
<td>EUR 14.2m</td>
<td>EUR 34.4m</td>
<td>- 58.6 %</td>
</tr>
<tr>
<td>EPS</td>
<td>EUR 0.31</td>
<td>EUR 0.74</td>
<td>- 58.1 %</td>
</tr>
</tbody>
</table>
## Guidance 2020

**UPDATE NOT YET POSSIBLE - AS OF JUNE 30, 2020**

<table>
<thead>
<tr>
<th>Guidance as of February 11, 2020 (without the impact of the COVID-19 pandemic)</th>
<th>Current view</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit EUR 153m – 165m</td>
<td>▪ Net profit expected below guidance</td>
</tr>
<tr>
<td>Cost/income ratio &lt; 46%</td>
<td>▪ Loss rate at about 2.3%</td>
</tr>
<tr>
<td>Loss rate between 1.5% – 1.6%</td>
<td>▪ Equity ratio above 16%</td>
</tr>
<tr>
<td>Equity ratio above 16%</td>
<td>▪ New business leasing at 70% of last year’s level</td>
</tr>
<tr>
<td>New business leasing growth 14 – 18%</td>
<td></td>
</tr>
</tbody>
</table>
Financials

Sebastian Hirsch | Member of Board of Directors
Development of Profitability

GRENKE GROUP LEASING

CM1 is calculated as the present value of the interest margin net of commissions paid to third parties.

CM2 is made up of the present value of operating income of a lease contract less risk and individual contract costs.

<table>
<thead>
<tr>
<th>Year</th>
<th>New business leasing (EUR millions)</th>
<th>CM1 margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>600</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>700</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>900</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1,100</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>1,300</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>CM2 in EUR millions</th>
<th>CM2 margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>100</td>
<td>5%</td>
</tr>
<tr>
<td>2012</td>
<td>200</td>
<td>10%</td>
</tr>
<tr>
<td>2013</td>
<td>300</td>
<td>15%</td>
</tr>
<tr>
<td>2014</td>
<td>400</td>
<td>20%</td>
</tr>
<tr>
<td>2015</td>
<td>500</td>
<td>25%</td>
</tr>
<tr>
<td>2016</td>
<td>600</td>
<td>30%</td>
</tr>
<tr>
<td>2017</td>
<td>700</td>
<td>35%</td>
</tr>
<tr>
<td>2018</td>
<td>800</td>
<td>40%</td>
</tr>
<tr>
<td>2019</td>
<td>900</td>
<td>45%</td>
</tr>
</tbody>
</table>

* New calculation of CM2/CM2 margin.
CM2 Reconciliation for Q1-Q2 2020

RISK PROVISIONING WEIGHS ON EARNINGS

Reconciliation of CM2 calculation of Leasing new business 1H 2020 (total lifetime) in EUR millions

- **CM1**: Forecast for subsequent business
- **CM2**: Forecast for losses, Forecast for service business

Reconciliation of operating result 1H 2020, P&L (for the period) in EUR millions

- **NET INTEREST INCOME**: Settlement of claims/risk provisioning, Profit from service business
- **OPERATING INCOME**: Profit from new business, Gains/losses from disposals
- **OPERATING RESULT**: Operating income, Staff costs, Selling and admin. expenses, Depreciation and impairment

*In the income statement, the expected residual value is reflected in the interest income for the period. **Corresponding items for the CM2 calculation are not relevant as the diagram reflects the lifetime period.*
Development of Losses

12-YEAR VIEW OF LOSS RATE DEVELOPMENT

- Loss rate averaging 1.5% over the last 12 years
- Volume of leased assets reached roughly 5.5x in 2019 compared to base year 2007
- Proven scalability of business while keeping losses on low levels
- IFRS 9 implementation in 2018

Loss rate* (left column)

* Losses p.a. (of historical asset values, factored in)
Development of Equity

STABLE DEVELOPMENT OF KEY RATIOS

Development of equity

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity ratio (balance sheet)</th>
<th>ROE after tax</th>
<th>Total capital ratio acc. to CRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>17.4%</td>
<td>15.0%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>17.7%</td>
<td>14.6%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>18.5%</td>
<td>12.1%</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>17.5%</td>
<td>11.4%</td>
<td></td>
</tr>
<tr>
<td>Q2 2019</td>
<td>17.4%</td>
<td>12.3%</td>
<td></td>
</tr>
<tr>
<td>Q2 2020</td>
<td>16.6%</td>
<td>6.0%</td>
<td></td>
</tr>
</tbody>
</table>

Capital ratios as of June 30, 2020

as a % of total assets (risk-weighted assets)

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance sheet equity</th>
<th>Economic capital (embedded value)</th>
<th>Regulatory capital</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16.6%</td>
<td>21.4%</td>
<td>15.8%</td>
</tr>
</tbody>
</table>

- Long-term minimum set by management
- Minimum set by regulatory body
# Funding Mix as of 30 June, 2020


<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior unsecured</td>
<td>Approx. EUR 3,484m</td>
<td>55%</td>
</tr>
<tr>
<td>DIP - bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promissory notes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revolving credit facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRENKE BANK</td>
<td>Approx. EUR 1,794m</td>
<td>29%</td>
</tr>
<tr>
<td>Asset based</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABCP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global loan</td>
<td>Approx. EUR 1,002m</td>
<td>16%</td>
</tr>
<tr>
<td>Asset based loans</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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*GRENKE Leasing – Banking – Factoring | Investor Relations*
Financial Calender 2020

- **August 6, 2020**
  Virtual Annual General Meeting

- **October 2, 2020**
  New Business (Q3)

- **October 29, 2020**
  Quarterly Statement (Q3)
Appendix
Development of Loss Expectations

12-YEAR VIEW OF LOSS EXPECTATIONS

- Portfolio loss expectations for the total contract duration (on average 48 months) typically ranged between 4 – 6% (total contract duration view)
- Low deviation between calculated loss expectations at contract start versus actual losses

*New calculation of CM2 margin
Q2 2020: Group New Business Development

New business development GRENKE Group 2019 – 2020, in EUR millions

-34.2%

New business by share of segment Q2 2020

LEASING IS OUR CORE BUSINESS

78.2%

19.7%

2.1%
Q2 2020: New Business by Segment

NEW BUSINESS TOTAL GROUP REPRESENTS MIXED BAG OF OPPORTUNITIES (EUR 598 MILLIONS (-31.3%))

Quarterly comparison of new business by segment in EUR millions

GRENKE GROUP LEASING

Q2 2019: 734.6
Q1 2020: 681.3
Q2 2020: 402.3

-45.2%

-41.1%

GRENKE BANK*

Q2 2020: 354.9%
Q1 2020: 18.0
Q2 2020: 54.2

200.8%

GRENKE GROUP FACTORING

Q2 2019: 163.1
Q1 2020: 171.7
Q2 2020: 141.7

-13.1%

-17.5%

*GRENKE Bank New Business only includes SME lending business
Q2 2020: Leasing New Business by Region

DEVELOPMENT YEAR ON YEAR

Leasing new business Q2 2019/2020 by core market, in EUR millions

YoY COMPARISON:
Leasing new business in total: -45.2%
Thereof:
- Germany: -15.2%
- France: -56.9%
- Italy: -56.5%
Q2 2020: Leasing New Business by Region

QUARTERLY DEVELOPMENT

Leasing new business Q2 2019/2020 by core market, in EUR millions

QoQ COMPARISON:

Leasing new business in total: -40.9%
Thereof:
- Germany: -11.1%
- France: -52.6%
- Italy: -43.9%
2008 Post-Crisis Business Development

SCENARIO MODELING

### New business leasing 2008 - 2011

- 2008: -16.5%
- 2009: 43.3%
- 2010: 18.5%
- 2011: 9%

### Net profit 2008 - 2011

- 2008: 0%
- 2009: -25.7%
- 2010: 13.0%
- 2011: 41.4%

#### LARGE VARIETY OF ADVANCEMENTS SINCE CRISIS IN 2008

- Acquisition of GRENKE BANK
- Strong increase in diversification of object categories
- Further increase in digitalisation
- Strong expansion: Today in 153 branches and 33 countries
Q2 2020: Leasing Object Categories

DEVELOPMENT YEAR ON YEAR

<table>
<thead>
<tr>
<th>Category</th>
<th>As of June 30, 2020</th>
<th>As of June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT equipment (incl. notebooks)</td>
<td>34.7%</td>
<td>33.7%</td>
</tr>
<tr>
<td>Machinery and other equipment</td>
<td>21.5%</td>
<td>22.4%</td>
</tr>
<tr>
<td>Photocopying equipment</td>
<td>17.9%</td>
<td>18.7%</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>8.8%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>7.7%</td>
<td>7.7%</td>
</tr>
<tr>
<td>General office technology</td>
<td>3.3%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Security equipment</td>
<td>3.4%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Others</td>
<td>2.7%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

KEY FIGURES

- Current contracts: 971,944
- Average duration: 48 months
- Average ticket size: EUR 7,985
Q2 2020: Leasing Object Categories

QUARTERLY DEVELOPMENT

Object portfolio in % of NAV

- **IT equipment (incl. notebooks)**: 34.7%
- **Machinery and other equipment**: 21.5%
- **Photocopying equipment**: 17.9%
- **Medical equipment**: 8.8%
- **Telecommunications**: 7.7%
- **General office technology**: 3.3%
- **Security equipment**: 3.4%
- **Others**: 2.7%

**As of June 30, 2020**

**As of March 31, 2020**

**KEY FIGURES**

- **Current contracts**: 971,944
- **Average duration**: 48 months
- **Average ticket size**: EUR 7,985
Reminder: Restated Financial Statements for IFRS 16 Lessor Accounting

SPECIFIED STANDARD REQUIRED ADJUSTMENT OF INITIAL DIRECT COSTS (IDC)

- IFRS 16 standards had specified the definition of IDCs.
- Since then, IDCs include only variable costs that occur in direct connection to a lease contract, thus excluding imputed fixed costs.
- Restatement mainly shifted positions within the income statement and had marginal bottom-line effect.
- Balance sheet was affected by a slight decrease in equity (below 1% of total equity).
- Profitability and operational business were unaffected.

### IMPACT ON KPIs

<table>
<thead>
<tr>
<th>KPI</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity ratio</td>
<td>Decrease</td>
</tr>
<tr>
<td>Loss ratio</td>
<td>None</td>
</tr>
<tr>
<td>CIR</td>
<td>Decrease</td>
</tr>
<tr>
<td>CM1</td>
<td>None</td>
</tr>
<tr>
<td>CM2</td>
<td>None</td>
</tr>
<tr>
<td>EPS/Net profit</td>
<td>Increase</td>
</tr>
</tbody>
</table>

Positive → Increase
Negative → Decrease
None → None
GRENKE Group Uses Matched Funding

TREASURY IS STRONGLY FOCUSED ON FINANCING THE CORE BUSINESS

MATCHED FUNDING STRUCTURE AS OF JUNE 2020

MATURITY BY FUNDING TYPE

MATCHED FUNDING STRUCTURE AS OF JUNE 2020

Assets
Cash
Debt
Contact

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Fax: +49 7221 5007-4218
Email: investor@grenke.de
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www.grenke.com/investor-relations/reports-downloads
Capability
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SME focus
Growth
Diversification
Awareness
Digitalisation