Prospectus dated 15 December 2016

GRENKE AG

(Baden-Baden, Federal Republic of Germany)

Perpetual Non-cumulative Fixed to Reset Rate Additional Tier 1 Notes

GRENKE AG (until 10 May 2016: GRENKELEASING AG) ("**GRENKE AG**" or the "**Issuer**") will issue unsecured Perpetual Non-cumulative Fixed to Reset Rate Additional Tier 1 Notes (the "**Additional Tier 1 Notes**") with an aggregate principal amount of EUR 20,000,000 (the "**Aggregate Principal Amount**") on 20 December 2016 (the "**Issue Date**") at an issue price of 103 per cent. of the Aggregate Principal Amount (plus accrued interest) to be consolidated and form a single series with the outstanding EUR 30,000,000 Perpetual Non-cumulative Fixed to Reset Rate Additional Tier 1 Notes issued on 22 July 2015 upon exchange of the temporary global note of the Additional Tier 1 Notes into the permanent global note. The Additional Tier 1 Notes will be issued in bearer form in denominations of EUR 200,000 (the "**Principal Amount**").

The Additional Tier 1 Notes will bear interest from and including the Issue Date to but excluding 31 March 2021 (the "**First Reset Date**") at a fixed rate of 8.25 per cent. *per annum* (the "**Initial Interest**"), payable annually in arrears on 31 March of each year, commencing on 31 March 2017 and ending on the First Reset Date (each an "**Initial Interest Payment Date**"). Unless previously redeemed, the interest of the Additional Tier 1 Notes will be reset on the First Reset Date and at 5 year intervals thereafter (each a "**Reset Date**"). On each Reset Date, the interest will be determined on the basis of the then prevailing 5 year EUR swap rate plus the initial credit spread (each a "**Reset Interest**" and together with the Initial Interest the "**Interest**") in accordance with § 3 (2) (b) of the Terms and Conditions of the Additional Tier 1 Notes (the "**Terms and Conditions**"). Each Reset Interest is payable from and including the Reset Date to but excluding the following Reset Date. It is payable annually in arrears on 31 March of each year, commencing on 31 March 2021 (each a "**Reset Interest Payment Date**" and together with the Initial Interest Payment Date the "**Interest Payment Date**").

The Issuer, at its sole discretion, is entitled to cancel payments of Interest on any Interest Payment Date. In addition, Interest will not accrue, in whole or in part, on any Interest Payment Date to the extent set forth in § 3 (6) (a) and (b) of the Terms and Conditions. Interest payments are non-cumulative. This means that Interest payments will not be increased in order to compensate shortfalls in preceding Interest payments. Furthermore, since the holders of the Additional Tier 1 Notes (the "**Holder**") have no enforceable right to Interest payments, a shortfall in Interest payments does not qualify as an event of default.

The Additional Tier 1 Notes bear Interest on the nominal amount of the Additional Tier 1 Notes as amended from time to time. The nominal amount may be lower than the Aggregate Principal Amount as a result of a write-down. A write-down occurs if the Common Equity Tier 1 capital ratio of the Issuer and its consolidated subsidiaries and structured entities pursuant to International Financial Reporting Standards (the "**GRENKE Group**") falls below 5.125 per cent. (the "**Trigger Event**"). In this case, the redemption amount and the nominal amount of the Additional Tier 1 Notes will automatically be reduced by the amount which is required to fully restore GRENKE Group's Common Equity Tier 1 capital ratio. It does not exceed the nominal amounts which are outstanding at the time of the occurrence of the Trigger Event. The write-down procedure is more fully described in § 5 (8) (a) of the Terms and Conditions. Once the Additional Tier 1 Notes have been written down, the Issuer may, in its discretion, write-up the redemption amount and the nominal amount of the Additional Tier 1 Notes to the Aggregate Principal Amount pursuant to § 5 (8) (b) of the Terms and Conditions.

The Additional Tier 1 Notes have no final maturity date. The Holders are not entitled to demand redemption of the securities. However, the Issuer may redeem the Additional Tier 1 Notes with effect as of the First Reset Date and any Reset Interest Payment Date thereafter in accordance with § 5 (4) of the Terms and Conditions. Generally, any preceding write-down of the nominal amount of the Additional Tier 1 Notes must have been compensated by a subsequent write-up prior to redemption unless the Holders accept that the Issuer redeem the Additional Tier 1 Notes at a reduced nominal amount. The Issuer may furthermore redeem the Additional Tier 1 Notes for regulatory or tax reasons with a notice period of not less than 30 days in accordance with § 5 (2) and (3) of the Terms and Conditions. In any case, redemption requires consent by the competent supervisory authority.

The Additional Tier 1 Notes are subordinated securities. In the case of (i) the winding-up, dissolution or liquidation of the Issuer and (ii) the insolvency of the Issuer or composition or other proceedings for the avoidance of insolvency of the Issuer, the rights of the Holders towards the Issuer shall be subordinated to claims of all unsubordinated creditors, to claims under instruments which qualify as Tier 2 instruments pursuant to Article 62 of Regulation (EU) no. 575/2013 ("**CRR**") and any claims which rank *pari passu* with these Tier 2 instruments, as well as claims specified in § 39 (1) of the German Insolvency Code. The Additional Tier 1 Notes rank *pari passu* among themselves and among any other claims which are subordinated to all of the claims mentioned in the foregoing sentence.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**Commission**"), which is the Luxembourg competent authority for the purpose of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"), for its approval of this prospectus dated 20 July 2015 (the "**Prospectus**"). This Prospectus constitutes a prospectus within the meaning of Article 5.3 of the Prospectus Directive and will be published together with all documents incorporated by reference in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of GRENKE Group (www.grenke.de). Application has been made to list the Additional Tier 1 Notes on the official list of the Luxembourg Stock Exchange and to admit them to trading on the regulated market "*Bourse de Luxembourg*", which is a regulated market for the purposes of the Market in Financial Instruments Directive 2004/39/EC (the "**Regulated Market**"). By approving this prospectus, the Commission does not give any undertaking as to the economic and financial soundness of the operation or the quality or solvency of the Issuer in accordance with Article 7 (7) of the Luxembourg Law of 10 July 2005 on prospectuses for securities.

The Additional Tier 1 Notes have been assigned the following securities codes: temporary ISIN XS1535994328, temporary Common Code 153599432, temporary WKN A2DAGY, ISIN XS1262884171, Common Code 126288417, WKN A161ZB. The Additional Tier 1 Notes are expected to have the same rating as the outstanding EUR 30,000,000 Perpetual Non-cumulative Fixed to Reset Rate Additional Tier 1 Notes issued on 22 July 2015 with which they will be consolidated and form a single series. The outstanding EUR 30,000,000 Perpetual Non-cumulative Fixed to Reset Rate Additional Tier 1 Notes have been rated with a rating of BB- by Standard & Poor's Credit Market Services Europe Limited.

The Additional Tier 1 Notes are not intended to be sold and should not be sold to retail clients in the European Economic Area ("EEA"), as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (as amended or replaced from time to time) other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed "*Restrictions on marketing and sales to retail investors*" on page 2 of this Prospectus for further information.

Structuring Adviser to the Issuer / Bookrunner

HSBC

IMPORTANT NOTICE

Restrictions on marketing and sales to retail investors

The Additional Tier 1 Notes discussed in this Prospectus are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Additional Tier 1 Notes to retail investors.

In particular, in June 2015, the U.K. Financial Conduct Authority (the "**FCA**") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (the "**PI Instrument**") which took effect on 1 October 2015. Under the rules set out in the PI Instrument (as amended or replaced from time to time, the "**PI Rules**"), certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Additional Tier 1 Notes, must not be sold to retail clients in the EEA and there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (including any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

The Manager (as defined below) is required to comply with the PI Rules. By purchasing, or making or accepting an offer to purchase, any Additional Tier 1 Notes from the Issuer and/or the Manager, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and the Manager that:

1. it is not a retail client in the EEA (as defined in the PI Rules);

2. whether or not it is subject to the PI Rules, it will not sell or offer the Additional Tier 1 Notes (or any beneficial interest therein) to retail clients in the EEA or communicate (including the distribution of this Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Additional Tier 1 Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case within the meaning of the PI Rules). In any such case other than (i) in relation to any sale or offer to sell the Additional Tier 1 Notes (or any beneficial interests therein) to a retail client in or resident in the United Kingdom of Great Britain and Northern Ireland (the "**United Kingdom**"), in circumstances that do not and will not give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale or offer to sell the Additional Tier 1 Notes (or any beneficial interests therein) to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Additional Tier 1 Notes (or such beneficial interests therein) and is able to bear the potential losses involved in an investment in the Additional Tier 1 Notes (or such beneficial interests therein) and (b) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) ("**MiFID**") to the extent it applies to it or, to the extent MIFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Additional Tier 1 Notes (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Additional Tier 1 Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Additional Tier 1 Notes from the Issuer and/or the Manager, the

foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

RESPONSIBILITY STATEMENT

GRENKE AG (until 10 May 2016: GRENKELEASING AG) ("**GRENKE AG**" or the "**Issuer**", and together with its consolidated subsidiaries and structured entities pursuant to International Financial Reporting Standards the "**GRENKE Group**") with its registered office in Baden-Baden, Germany, accepts responsibility for the information given in this Prospectus including the documents incorporated by reference herein.

The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus for which it is responsible is, to the best of its knowledge and belief, in accordance with the facts and contains no omission likely to affect its import.

NOTICE

This Prospectus should be read and understood in conjunction with any supplement hereto and with any other documents incorporated herein by reference.

No person is authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer or the Bookrunner set forth on the cover page ("**Manager**"). The Manager has not independently verified the Prospectus and does not assume any responsibility for the accuracy of the information and statements contained in this Prospectus and no express or implied representations are made by the Manager or its affiliates as to the accuracy and completeness of the information and statements herein. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the financial situation of the Issuer or GRENKE Group since the date of this Prospectus, or, as the case may be, the date on which this Prospectus has been most recently supplemented, or that the information herein is correct at any time since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently supplemented.

Neither the Manager nor any other person mentioned in this Prospectus, except for the Issuer, is responsible for the information contained in this Prospectus or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons makes any representation or warranty or accepts any responsibility as to the accuracy and completeness of the information contained in any of these documents. The Manager has not independently verified any such information and accepts no responsibility for the accuracy thereof.

The distribution of this Prospectus and the offering, sale and delivery of Additional Tier 1 Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions. For a description of the restrictions applicable in the European Economic Area in general, the United States of America and the United Kingdom see "*Important Notice*" and "*Selling Restrictions*". In particular, the Additional Tier 1 Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and are subject to tax law requirements of the United States of America; subject to certain exceptions, Additional Tier 1 Notes may not be offered, sold or delivered within the United States of America or to U.S. persons.

The language of the Prospectus is English. For the purpose of issuing the Additional Tier 1 Notes under German law the German language version of the Terms and Conditions shall be controlling and legally binding.

The securities described herein are complex financial instruments and are not a suitable or appropriate investment for all investors and should not be promoted, offered, distributed and/or sold to investors for whom they are not appropriate. Any person who might promote, offer, distribute or sell the securities described herein is hereby notified by the Issuer and the Manager that it shall comply at all times with all applicable laws, regulations and regulatory guidance (whether inside or outside the European Economic Area) relating to the promotion, offering, distribution and/or sale of the securities described herein (including without limitation the Directive 2004/39/EC (as amended) as implemented in each Member State of the European Economic Area) and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the securities described herein by investors in any relevant jurisdiction.

This Prospectus may only be used for the purpose for which it has been published.

This Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

This Prospectus does not constitute an offer or an invitation to subscribe for or purchase any Additional Tier 1 Notes and should not be considered as a recommendation by the Issuer or the Manager that any recipient of the Prospectus should subscribe or purchase any Additional Tier 1 Notes. Each recipient of the Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial and otherwise) of the Issuer.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "*anticipate*", "*believe*", "*could*", "*estimate*", "*expect*", "*intend*", "*may*", "*plan*", "*predict*", "*project*", "*will*" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding GRENKE Group's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including GRENKE Group's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. GRENKE Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: "*Risk Factors*" and "*General Information about GRENKE AG and GRENKE Group*". These sections include more detailed descriptions of factors that might have an impact on GRENKE Group's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuer nor the Manager assumes any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

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RISK FACTORS

The following is a disclosure of risk factors that may affect the ability of GRENKE AG to fulfil its respective obligations under the Additional Tier 1 Notes and that are material to the Additional Tier 1 Notes in order to assess the market risk associated with these Additional Tier 1 Notes. Prospective investors should consider these risk factors before deciding to purchase the Additional Tier 1 Notes.

Prospective investors should consider all information provided in this Prospectus and consult with their own professional advisers (including their financial, accounting, legal and tax advisers) if they consider it necessary. In addition, investors should be aware that the risks described may combine and thus intensify one another.

Words and expressions defined in "Terms and Conditions" of the Additional Tier 1 Notes below shall have the same meanings in this section.

RISK FACTORS REGARDING THE ADDITIONAL TIER 1 NOTES

Additional Tier 1 Notes may not be a suitable Investment for all Investors

Each potential investor in the Additional Tier 1 Notes must determine the suitability of that investment with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it, in connection with such investment, either alone or with the help of a financial adviser. In particular, each potential investor should:

(i) have sufficient knowledge and experience in financial and business matters to make a meaningful evaluation of the Additional Tier 1 Notes, the merits and risks of investing in the Additional Tier 1 Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Additional Tier 1 Notes and the impact the Additional Tier 1 Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Additional Tier 1 Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Additional Tier 1 Notes and be familiar with the behaviour of any relevant indices and financial markets;

(v) know, that it may not be possible to dispose of the Additional Tier 1 Notes for a substantial period of time, if at all;

(vi) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

prospective purchasers should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Additional Tier 1 Notes.

Payments of Interest under the Additional Tier 1 Notes may be cancelled at the Issuer's discretion. Interest payments depend, among other things, on the Issuer's Distributable Items. Interest payments are non-cumulative.

The Issuer has the option to cancel any payment of Interest on the Additional Tier 1 Notes by giving prior notice to the Holders without undue delay and at the latest on the Interest Payment Date as set out in § 3 (6) of the Terms and Conditions. Interest payments may especially be cancelled to prevent a Trigger Event to occur.

Interest will not accrue if (but only to the extent that) payment of interest on the Additional Tier 1 Notes, together with any other Distributions that are simultaneously planned or made or that have been made by the Issuer on other Tier 1 Instruments in the then current financial year of the Issuer, would exceed the Distributable Items, provided, however, that for purposes of this determination the Distributable Items shall be increased by an amount equal to the aggregate expense accounted for in respect of Distributions on Tier 1 Instruments (including the Additional Tier 1 Notes) when determining the profit which forms the basis of the Distributable Items. In such event, Holders would receive no, or reduced, Interest payments on the relevant Interest Payment Date. With the annual profit and any distributable reserves of GRENKE AG forming an essential part of the Distributable Items, investors should also carefully review the risk factors under *"Risk factors regarding GRENKE AG and the GRENKE Group"* since any change in the financial prospects of the Issuer or its inherent profitability, in particular a reduction in the amount of profit or distributable reserves on an unconsolidated basis, may have an adverse effect on the Issuer's ability to make a payment in respect of the Additional Tier 1 Notes.

Any non-payment of Interest will likely have an adverse effect on the market price of the Additional Tier 1 Notes. In addition, as a result of this Issuer's option, the market price of the Additional Tier 1 Notes may be more volatile than the market prices of other debt securities which do not grant this option to the Issuer. Generally, the Additional Tier 1 Notes may be more sensitive to adverse changes in the Issuer's financial condition.

Interest payments are non-cumulative. Therefore, if Interest payments are cancelled, the Holders will not receive any compensation for the cancelled Interest payments at a later point in time. Moreover, the Issuer is not prohibited from making payments on any instrument ranking senior to or *pari passu* with the Additional Tier 1 Notes. Cancellation of Interest payments does not constitute a default of the Issuer or a breach of any other obligations under the Additional Tier 1 Notes or for any other purpose.

"**Distributable Items**" means, with respect to any payment of interest, the profit (*Gewinn*) as of the end of the financial year of the Issuer immediately preceding the relevant Interest Payment Date for which audited financial statements are available, plus (i) any profits carried forward and any distributable reserves (*ausschüttungsfähige Rücklagen*), minus (ii) any losses carried forward and any profits which are non-distributable pursuant to applicable law or the articles of association of the Issuer and any amounts allocated to the non-distributable reserves, provided that such profits, losses and reserves shall be determined on the basis of the financial statements of the Issuer prepared in accordance with German commercial law. For an overview of GRENKE AG's Distributable Items for the preceding financial years see the section *"Available Distributable Items of GRENKE AG"*.

"**Distribution**" means any kind of payment of dividend or interest.

"**Tier 1 Instruments**" means any capital instrument which, according to CRR, qualifies as Common Equity Tier 1 capital or Additional Tier 1 capital.

Interest payments may be excluded and cancelled for regulatory reasons.

The risk described in this section applies only if and to the extent that the relevant CRR provisions and the relevant provisions under the German Banking Act apply to the Additional Tier 1 Notes issued by GRENKE AG. Interest payments will also be excluded if (and to the extent) the competent supervisory authority instructs the Issuer to cancel an Interest payment or such Interest payment is prohibited by law or administrative order on any Interest Payment Date.

The CRR prohibits the Issuer from making an Interest payment if (but only to the extent that) the relevant Interest payment would exceed the Issuer's available Distributable Items or if such payment does not meet any of the other conditions set out in Art. 52 (1) lit.(l) CRR. However, it cannot be excluded that the European Union and/or the Federal Republic of Germany and/or any other competent authority enacts further legislation affecting the Issuer and thereby also adversely affecting the right of the Holders to receive Interest payments on any Interest Payment Date.

The right of the competent supervisory authority under German law to issue an order to the Issuer to cancel all or part of the Interest payments is stipulated in § 45 (2) and (3) of the German Banking Act (as amended by the German law implementing CRD IV) (*Kreditwesengesetz* - "**KWG**"). Under the relevant provisions, regulatory action can be taken in cases of inadequate own funds or inadequate liquidity. CRD IV also introduced capital buffer requirements that are in addition to the minimum capital requirement (and the additional requirements under § 10 (3) or (4) KWG or § 45b (1) s. 2 KWG, if applicable) and are

required to be met with Common Equity Tier 1 capital. The respective CRD IV requirements have been implemented into German law through sections 10c et seq. KWG which introduced various new capital buffers. Those include (i) the capital conservation buffer (as implemented in Germany by § 10c KWG), (ii) the institution-specific counter-cyclical buffer (as implemented in Germany by § 10d KWG) and (iv) the systemic risk buffer (as implemented in Germany by § 10e KWG). While the capital conservation buffer will, after a phase-in period, be in any case applicable to the Issuer, one or all of the other buffers may additionally be established and be applicable to the Issuer. All applicable buffers will be aggregated in a combined buffer (as implemented by § 10i KWG), applying a calculation specified in § 10i KWG. If the Issuer does not meet such combined buffer requirement, the Issuer will be restricted from making Interest payments on the Additional Tier 1 Notes in certain circumstances (set out in § 10i KWG, to be read in conjunction with § 37 of the German Solvency Regulation (*Solvabilitätsverordnung* - "**SolvV**")) until the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* - "**BaFin**") has approved a capital conservation plan in which the Issuer needs to explain how it can be ensured that the Interest payments and certain other discretionary payments, including distributions on Common Equity Tier 1 instruments and variable compensation payments, do not exceed the maximum distributable amount. The maximum distributable amount is calculated as a percentage of the profits of the institution since the last distribution of profits as further defined in § 37 (2) SolvV. The applicable percentage is scaled according to the extent of the breach of the combined buffer requirement. As an example, if the scaling is in the bottom quartile of the combined buffer requirement, no discretionary distributions will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce discretionary payments, including potentially exercising the Issuer's discretion to cancel (in whole or in part) Interest payments in respect of the Additional Tier 1 Notes. Again, it cannot be excluded that the European Union and/or the Federal Republic of Germany and/or any other competent authority enacts further legislation affecting the Issuer and thereby also adversely affecting the right of the Holders to receive Interest payments on any Interest Payment Date.

Accordingly, even if the Issuer was intrinsically profitable and willing to make Interest payments, it could be prevented from doing so by regulatory provisions and/or regulatory action. In all such instances, Holders would receive no, or reduced, Interest payments on the relevant Interest Payment Date.

"**CRD IV**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

Interest may only be payable on a reduced nominal amount. A write-down may occur several times and may reduce the outstanding amount and the nominal amount of the Additional Tier 1 Notes to zero. The Issuer is entitled but not obligated to write-up the redemption amount and the nominal amount of the Additional Tier 1 Notes to the Aggregate Principal Amount.

Interest is payable on the nominal amount of the Additional Tier 1 Notes as amended from time to time. This amount may be lower than the Aggregate Principal Amount. Upon the occurrence of a Trigger Event, i.e. if the Common Equity Tier 1 capital ratio of the GRENKE Group falls below 5.125 per cent., the redemption amount and the nominal amount of the Additional Tier 1 Notes are automatically reduced by the amount of the relevant write-down. This is the amount which is required to fully restore GRENKE Group's Common Equity Tier 1 capital ratio to the relevant threshold of 5.125 per cent. In the case of a write-down, Holders are therefore subject to the risk of receiving a lower Interest.

Trigger Events and therefore write-downs may occur repeatedly. Write-downs may not exceed the outstanding nominal amounts at the time of the relevant Trigger Event. The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, any of which may be outside the control of the Issuer. The calculation of the Issuer's Common Equity Tier 1 Capital Ratio could be affected by a wide range of factors, including changes in the mix of the Issuer's business, major events affecting its earnings, dividend payments by the Issuer, regulatory changes (including changes to the definitions and calculations of regulatory capital ratios and their components) and the Issuer's ability to manage risk-weighted assets. Such ratio will also depend on the management of the Issuer's capital position, and may be affected by changes in applicable accounting rules or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules.

In any financial year following a write-down, the Issuer may discretionally decide to write-up the redemption amount and the nominal amount of the Additional Tier 1 Notes to its Aggregate Principal Amount (unless previously repaid or acquired and devalued). This requires a sufficient annual surplus, that a write-up would not result in an annual loss and that, at the time of the intended write-up, no Trigger

Event has occurred or continues to occur. However, there can be no assurance as to the Issuer making use of its discretion. Furthermore, due to the restrictions applying to a write-up, it cannot be assured that the Issuer will ever be able to opt for a write-up even if it were willing to. Since an early redemption of the Additional Tier 1 Notes pursuant to § 5 (4) of the Terms and Conditions requires that preceding write-downs are fully compensated by a write-up (see *"the Additional Tier 1 Notes may be redeemed at the Issuer's option"*), the Holders may not be able to recover their investment at all.

The Additional Tier 1 Notes may be written down (without prospect of a potential write-up in accordance with the Terms and Conditions) or converted upon the occurrence of a non-viability event or if the Issuer becomes subject to resolution.

The risk described in this section applies only if and to the extent that the relevant provisions of the Directive 2014/59/EU **(**Bank Recovery and Resolution Directive – "**BRRD**"**)** and the implementing legislation and provisions are applicable to the Additional Tier 1 Notes issued by GRENKE AG. Certain legal provisions and regulatory measures, in particular the application of bail-in measures, implementing the BRRD may severely affect the rights of Holders under the Notes. Under the BRRD, resolution authorities (in the case of the Issuer, to be set up under the single European resolution mechanism) shall be given the authority to write down the claims of unsecured creditors of a failing institution or one that is likely to fail (in particular claims under own funds instruments such as the Additional Tier 1 Notes) or to convert such claims into equity if certain requirements are met (so-called "**bail-in tool**"). Even though the BRRD provides for a longer transposition period until January 2016 at the latest with respect to certain provisions of the bail-in tool, it is expected that the bail-in tool will already be available at an earlier date under the laws of Germany. Furthermore, member states of the European Union may retain specific national tools and powers to deal with a failing institution (or one that is likely to fail) in addition to these powers.

These expected changes in regulatory law, especially the application of the bail-in tool, may result in claims for payment of principal, interest or other amounts under the Additional Tier 1 Notes being subject to a permanent reduction, including zero, or a conversion into one or more instruments that constitute Common Equity Tier 1 capital for the Issuer, such as ordinary shares (each of these measures hereinafter referred to as "**Regulatory Bail-in**"). This would probably occur if the Issuer becomes, or is deemed by the competent supervisory authority to have become, "non-viable" (as defined under the then applicable law) or in the event of a resolution of the Issuer. Consequently, any amounts so written down in respect of the Additional Tier 1 Notes would be irrevocably lost and the Holders would cease to have any claims thereunder, regardless whether or not the bank's financial position is restored. Holders would have no claim against the Issuer in such a case and there would be no obligation of the Issuer to make payments under the Additional Tier 1 Notes. Other than in the event that the Issuer's Common Equity Tier 1 Capital ratio falls below a certain threshold, the Terms and Conditions do not contain a provision which requires them to be written down in the event of "non-viability" or resolution of the Issuer. However, it is expected that future changes to applicable supervisory law will result in regulatory powers which could result in a Regulatory Bail-in.

Potential investors should consider the risk that they may lose all of their investment, including the nominal amount plus any accrued interest if a Regulatory Bail-in applies. In addition, the legal provisions and regulatory measures allowing for a Regulatory Bail-in may have a negative impact on the market value of the Additional Tier 1 Notes even prior to non-viability or resolution. Potential investors should furthermore note that the provisions of the Terms and Conditions relating to a write-up will not apply if the Additional Tier 1 Notes have been subject to a Regulatory Bail-in. It is therefore likely that any write-down due to a Regulatory Bail-in cannot be written up.

The Additional Tier 1 Notes are perpetual securities. Holders have no right to demand redemption of the Additional Tier 1 Notes.

The Additional Tier 1 Notes do not have a final maturity date. Therefore, the Principal Amounts will only be paid back to the Holders, if the Issuer decides to previously redeem the Additional Tier 1 Notes. Holders have no right to call the Additional Tier 1 Notes for their redemption. Investors may expect the Issuer to make use of a right to call the Additional Tier 1 Notes for redemption at a certain point in time. Should the Issuer's actions diverge from such expectations, the market value of the Additional Tier 1 Notes and the development of an active public market could be adversely affected.

Prospective investors should be aware that they may be required to bear the financial risks of an investment in the Additional Tier 1 Notes for an unlimited period of time and may not recover their investment.

The Additional Tier 1 Notes may be redeemed at the Issuer's option.

The Additional Tier 1 Notes may be redeemed at the option of the Issuer (in whole but not in part) at their Aggregate Principal Amount plus any Interest accrued to but excluding the First Reset Date or the respective Reset Interest Payment Date as well as any payments resulting from a Gross-up Event (as defined in § 7 of the Terms and Conditions) with effect as of the First Reset Date and any Reset Interest Payment Date thereafter. The Issuer discretionally decides whether to redeem the securities but is subject to the competent supervisory authority's consent.

An early redemption generally requires that any reductions of the redemption amount or the nominal amount of the Additional Tier 1 Notes have been fully compensated by a write-up. An exception applies if the Holders allow the Issuer to redeem the Additional Tier 1 Notes at a reduced redemption amount or nominal amount. In this case, the Holders might not be able to fully recover the invested funds.

In the event of an early redemption of the Additional Tier 1 Notes, the Holders are furthermore exposed to the risk that their investment has a lower yield than expected. In addition, the Holders are exposed to risks connected with any reinvestment of the cash proceeds received as a result of the early redemption. Therefore, the Holders are exposed to reinvestment risk if market interest rates decline. This means that Holders might reinvest the redemption proceeds only at the then prevailing lower interest rates.

The Additional Tier 1 Notes may be redeemed by the Issuer at any time in its discretion under certain regulatory or tax reasons. In such case, the redemption amount may be substantially lower than the Aggregate Principal Amount due to a write-down that has not been fully written up. In the case of a write-down to zero, this may result in a full loss of the nominal amount.

The Additional Tier 1 Notes may be redeemed at any time, in whole but not in part, subject to prior permission by the competent supervisory authority, and without any previous write-down having been written up (a) for regulatory reasons, if, in the sole discretion of the Issuer, the Additional Tier 1 Notes will qualify in their full aggregate nominal amount as Additional Tier 1 capital for the purposes of GRENKE Group's own funds, but after having been qualified may no longer be treated in full as Additional Tier 1 capital for purposes of complying with the Issuer's own funds requirements or (b) for tax reasons, if the tax treatment of the Additional Tier 1 Notes changes (including but not limited to the tax deductibility of interest payable on the Notes or the obligation to pay Additional Amounts) and such change, in the Issuer's discretion, is materially disadvantageous to the Issuer.

If the Issuer elects, in its sole discretion and subject to prior permission by the competent supervisory authority, to redeem the Notes, the Notes will become repayable as a consequence thereof. Due to any previous write-downs that have not been fully written up, in the cases of a redemption for regulatory or tax reasons, the amount to be repaid under the Additional Tier 1 Notes, if any, may be substantially lower than the Aggregate Principal Amount of the Additional Tier 1 Notes, and may also be reduced to zero which would result in a full loss of all money invested in the Additional Tier 1 Notes.

Holders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments.

Any potential investor of the Additional Tier 1 Notes is relying on the creditworthiness of the Issuer and has no rights against any other person. Holders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments under the Additional Tier 1 Notes. A materialisation of the credit risk may result in partial or total failure of the Issuer to make interest and/or redemption payments under the Additional Tier 1 Notes.

In addition, market participants could be of the opinion that the creditworthiness of the Issuer has decreased although this is actually not the case. This may especially be the case if market participants' assessment of the creditworthiness of corporate debtors in general or debtors operating in the industries sector adversely change. If any of these risks occurs, it is likely that third parties would only be willing to purchase the Additional Tier 1 Notes at a lower price than before the materialisation of said risk. Therefore, the market value of the Additional Tier 1 Notes may decrease.

The Holders' only remedy against the Issuer is the initiation of legal proceedings to enforce payment or the filing of an application for insolvency proceedings.

The only remedy against the Issuer available to the Holders for recovery of amounts which have become due in respect of the Additional Tier 1 Notes will be to initiate legal proceedings to enforce payment of these amounts or to file an application for the initiation of insolvency proceedings. In the case of an insolvency or liquidation of the Issuer, any Holder may only declare its Additional Tier 1 Notes due and payable and may claim the amounts due and payable under the Additional Tier 1 Notes, once the Issuer has discharged or secured in full (i.e. not only with a *quota*) all claims that rank senior to the Additional Tier 1 Notes.

In any insolvency proceedings of the Issuer, the Holders may recover proportionally less than holders of unsubordinated and other subordinated liabilities of the Issuer, or nothing at all, and the remedies for Holders in the insolvency proceedings of the Issuer may be limited.

The Issuer's obligations under the Additional Tier 1 Notes are unsecured qualified subordinated obligations of the Issuer. This means that they rank junior to the claims of all unsubordinated creditors as well as to all claims under instruments which qualify as Tier 2 instruments for the purposes of CRR and any claims which rank *pari passu* with these Tier 2 instruments. They furthermore rank junior to all subordinated claims pursuant to § 39 (1) of the German Insolvency Code (*Insolvenzordnung* - "**InsO**"). The Additional Tier 1 Notes rank *pari passu* among themselves and among any claims which are subordinated to all of the claims mentioned in the preceding sentences (e.g. other Additional Tier 1 Instruments). The obligations of the Issuer under the Additional Tier 1 Notes are only senior to the claims of the Issuer's shareholders (*Aktionäre*) arising out of their respective participation in the equity of the Issuer.

Therefore, in the event of winding-up, dissolution or liquidation of the Issuer, payments in respect of the Additional Tier 1 Notes will not be made until all claims against the Issuer under senior ranking obligations have been fully satisfied (i.e. not only with a quota).

Holders of the Additional Tier 1 Notes will have limited ability to influence the outcome of any insolvency proceeding or a restructuring outside insolvency. In the course of insolvency proceedings over the assets of the Issuer, the Holders of the Additional Tier 1 Notes will not have any right to vote in the assembly of creditors (*Gläubigerversammlung*). Accordingly, Holders of the Additional Tier 1 Notes may only affect the outcome of a restructuring to a very limited extent.

Investors should take into consideration that unsubordinated liabilities may also arise out of events that are not reflected on the Issuer's balance sheet, including, without limitation, the issuance of guarantees or other payment undertakings. Claims of beneficiaries under such guarantees or other payment undertakings will, in winding-up or insolvency proceedings of the Issuer, become unsubordinated liabilities and will therefore be fully paid before payments are made to Holders.

The Additional Tier 1 Notes do not include express events of default or a cross default.

The Holders of the Additional Tier 1 Notes should be aware that the Terms and Conditions do not contain any express event of default provisions. Furthermore, there will not be any cross default under the Additional Tier 1 Notes.

There is no limitation on the Issuer to incur additional indebtedness ranking senior to or *pari passu* with the Additional Tier 1 Notes. The Additional Tier 1 Notes do not provide for financial covenants.

The Issuer has not entered into any restrictive covenants in connection with the issuance of the Additional Tier 1 Notes regarding its ability to incur additional indebtedness ranking *pari passu* or senior to the obligations under or in connection with the Additional Tier 1 Notes. The incurrence of any such additional indebtedness may significantly increase the likelihood of a cancellation of Interest payments under the Additional Tier 1 Notes and/or may reduce the amount recoverable by the Holders in the event of insolvency or liquidation of the Issuer. In addition, the Issuer will not be restricted from paying dividends or issuing or repurchasing other securities. In addition, the Holders will not be protected from highly leveraged transactions entered into by the Issuer, a reorganisation, restructuring or merger of the Issuer, or from any similar transaction that adversely affects the position of the Holders.

Many aspects of the manner in which the CRD IV Regulations will be implemented remain uncertain.

The risk described in this section applies only if and to the extent that the relevant CRD IV Regulations apply to the Additional Tier 1 Notes issued by GRENKE AG. Some of the terms, including certain defined terms, in the Terms and Conditions, depend on the final interpretation and implementation of the CRD IV and the CRR (together, the "**CRD IV Regulations**"). The CRD IV Regulations are a recently-adopted set of rules and regulations that imposes a series of new requirements, many of which will be phased in over a number of years. The CRD IV Regulations leave a number of important interpretational issues to be resolved through binding technical standards that will be adopted in the future, and leave certain matters to the discretion of the regulator. The manner in which the requirements under the CRD IV Regulations will be applied to the Issuer remains uncertain.

The Aggregate Nominal Amount of the Additional Tier 1 Notes is rather low. Therefore, an active trading market for the Additional Tier 1 Notes is unlikely to develop.

The Additional Tier 1 Notes constitute a new issue of securities. Prior to this offering, there has been no public market for the Additional Tier 1 Notes. Furthermore, the Aggregate Nominal Amount of the Additional Tier 1 Notes is rather low. Although application has been made for the Additional Tier 1 Notes to be listed on the official list of and to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, there can be no assurance that an active public market for the Additional Tier 1 Notes will develop, nor can there be an assurance about the ability of Holders to sell their Additional Tier 1 Notes or the price at which Holders may be able to sell their Additional Tier 1 Notes. In fact, there is a high risk that there will be no liquidity at all in the secondary market.

Even if such a market develops, there remains a risk that the Additional Tier 1 Notes trade at prices which are lower than the initial offering price. This depends on many factors, such as prevailing interest rates, GRENKE Group's operating results, the market of similar securities, general economic conditions, performance and prospects, as well as recommendations of securities analysts. The liquidity of, and the trading market for, the Additional Tier 1 Notes may also be adversely affected by declines in the market for debt securities in general. Such a decline may affect any liquidity and trading of the Additional Tier 1 Notes independent of GRENKE Group's financial performance and prospects. If a market develops, the Manager is under no obligation to maintain such a market. In an illiquid market, an investor might not be able to sell the Additional Tier 1 Notes at all or at any time at fair market prices. The possibility to sell the Additional Tier 1 Notes might additionally be restricted due to country-specific reasons. Furthermore, there can be no assurance that a market for the Additional Tier 1 Notes will not be subject to disruptions. Any such disruptions may have an adverse effect on the Holders.

The Holders are exposed to risks relating to the reset of Interest rates based on the 5 year Swap Rate. A reset of Interest rates may result in a decline of yield.

From and including the relevant First Reset Date to but excluding the date on which the Issuer redeems the Additional Tier 1 Notes in whole and not in part pursuant to § 6 of the Terms and Conditions, the Additional Tier 1 Notes generally entitle the Holders to Interest at a rate which will be determined on each Reset Date (as defined in § 4 (2) of the Terms and Conditions) at the 5 year Swap Rate (as defined in § 4 (2) of the Terms and Conditions) for the relevant Reset Interest Period (as defined in § 4 (2) of the Terms and Conditions) plus the initial credit spread. Unless previously redeemed, creditors of securities paying a fixed interest rate which will be reset during the term of the securities, as will be the case for the Additional Tier 1 Notes, are exposed to the risk of fluctuating interest rate levels and uncertain Interest income. Potential investors should be aware that the performance of the 5 year Swap Rate cannot be anticipated. Due to varying Interest income and the Issuer’s option to generally cancel Interest payments, potential investors are not able to determine a definite yield to maturity of the Additional Tier 1 Notes at the time of purchase. Therefore, their return on investment cannot be compared with that of investments with longer fixed interest rate periods.

Potential investors in the Additional Tier 1 Notes should bear in mind that neither the current nor the historical level of the 5 year Swap Rate is an indication of the future development of such 5 year Swap Rate.

Furthermore, during each Reset Interest Period, there remains a risk of decreasing prices of the Additional Tier 1 Notes as a result of changes in the market interest rate. This is because the market interest rate fluctuates. During each of these periods, the Holders are exposed to the risks as described under

"*Resettable Fixed rate securities have a market risk*".

Resettable fixed rate securities have a market risk.

A holder of fixed rate securities is particularly exposed to the risk that the price of such securities falls as a result of changes in the market interest rate. While the nominal interest rate of the Additional Tier 1 Notes is fixed until the relevant First Reset Date and will thereafter be reset every 5 years on the basis of the Reference Rate plus the relevant margin as set out in § 3 (2) (a) of the Terms and Conditions, the current interest rate on the capital market (the "**market interest rate**") typically changes on a daily basis. These changes of the market interest rate result in changes of the price of the Additional Tier 1 Notes. If the market interest rate increases, the price of the Additional Tier 1 Notes with a fixed interest rate would typically fall. If the market interest rate falls, the price of the fixed rate Additional Tier 1 Notes would typically increase. Potential investors should be aware that movements in these market interest rates can adversely affect the market price of the Additional Tier 1 Notes and can lead to losses for Holders seeking to sell the Additional Tier 1 Notes.

In addition, the initial credit spread of the Issuer, which is referred to in § 3 (2) (a) of the Terms and Conditions has not yet been determined. A credit spread is the margin payable by the Issuer to the Holders as a premium for the assumed credit risk of the Issuer. Credit spreads are offered and sold as premiums on current risk-free interest rates or as discounts on the price. The following factors may affect the credit spread: creditworthiness and rating of the Issuer, probability of default, recovery rate, liquidity situation, general level of interest rates, overall economic developments, and the currency, in which the relevant obligation is denominated may also have a positive or negative effect. Investors are exposed to the risk that the credit spread of the Issuer widens, resulting in a decrease in the price of the Additional Tier 1 Notes.

Risk of a change in market value.

The market value of the Additional Tier 1 Notes is influenced by a change in the creditworthiness (or the perception thereof) of the Issuer and by the credit rating of the Issuer and a number of other factors including, but not limited to, market interest, rate of return and certain market expectations with regard to the Issuer making use of a right to call the Additional Tier 1 Notes for redemption.

The value of the Additional Tier 1 Notes depends on a number of interacting factors. These include economic and political events in Germany or elsewhere as well as scenarios which generally affect the capital markets and the stock exchanges on which the Additional Tier 1 Notes are traded. The price at which a Holder can sell the Additional Tier 1 Notes might be considerably below the issue price or the purchase price paid by such Holder.

The credit rating of the Additional Tier 1 Notes may not reflect all associated risks.

The market value of the Additional Tier 1 Notes from time to time is likely to depend on the level of credit rating assigned to the long-term debt of the Issuer. Rating agencies may change, suspend or withdraw their ratings at short notice. A rating's change, suspension or withdrawal may affect the price and the market value of the outstanding Additional Tier 1 Notes. Therefore, an investor may incur financial disadvantages because he may not be able to sell the Additional Tier 1 Notes at a fair price. One or more independent credit rating agencies may assign credit ratings to the Additional Tier 1 Notes. The credit rating assigned to the Additional Tier 1 Notes may not reflect the potential impact of all risks related to their structure, market, the factors discussed above and other circumstances that may affect the market value of the Additional Tier 1 Notes. The trading price of the Additional Tier 1 Notes may be adversely affected, if the ratings of the Additional Tier 1 Notes are lowered. In addition, Moody's, S&P or any other rating agency may change its methodologies applied to rate securities with features similar to the Additional Tier 1 Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Additional Tier 1 Notes, sometimes called "notching". If the rating agencies change their practices for rating such securities in the future and the ratings of the Additional Tier 1 Notes are subsequently lowered, the trading price of the Additional Tier 1 Notes may be adversely affected. A credit rating is not a recommendation to buy, sell or hold Additional Tier 1 Notes and may be revised or withdrawn by the relevant rating agency at any time.

Certain rights of the Holders under the Terms and Conditions may be amended or reduced or even cancelled by Holders' resolutions. Any such resolution will bind all Holders. Any such resolution

may effectively be passed with the consent of less than a majority of the Aggregate Principal Amount of Additional Tier 1 Notes.

The Terms and Conditions may be amended in accordance with the provisions of the German Act on Debt Securities of 2009 (*Schuldverschreibungsgesetz* – "**SchVG**"). Amendments may not alter the qualification of the securities as Additional Tier 1 capital. Resolutions of Holders require a majority of 75 per cent. of the votes cast, unless they do not significantly amend the Terms and Conditions in which case a majority of 50 per cent. of the votes cast is sufficient. Therefore, any Holder is subject to the risk of being outvoted by a majority resolution of the Holders. The applicable provisions of the SchVG pertaining to resolutions of Holders are largely mandatory. Pursuant to the SchVG, the relevant majority for Holders' resolutions is generally based on votes cast, rather than on the Aggregate Principal Amount of the outstanding Additional Tier 1 Notes. Therefore, any such resolution may effectively be passed with the consent of less than a majority of the Aggregate Principal Amount of the Additional Tier 1 Notes outstanding. As such majority resolution is binding on all Holders of the Additional Tier 1 Notes, some of the Holders' rights against the Issuer under the Terms and Conditions may be amended, reduced or even cancelled.

If a Holders' representative is appointed for the Additional Tier 1 Notes, the Holders may be deprived of their individual right to pursue and enforce their rights under the respective Terms and Conditions against the Issuer.

Since the Terms and Conditions provide that the Holders are entitled to appoint a Holders' Representative by a majority resolution of such Holders, a Holder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions against the Issuer. This right then passes on to the Holders' Representative who is exclusively responsible to claim and enforce the rights of all the Holders.

Exchange rate risks and exchange controls.

The Additional Tier 1 Notes are denominated in euro. Potential investors should bear in mind that an investment in the Additional Tier 1 Notes involves currency risks. This includes the risks of amendments in currency exchange rates. An appreciation in the value of the investor's currency relative to the euro would decrease (i) the investor's currency-equivalent yield on the Additional Tier 1 Notes, (ii) the investor's currency equivalent value of the principal payable on the Additional Tier 1 Notes and (iii) the investor's currency-equivalent market value of the Additional Tier 1 Notes. In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, Holders may receive less interest or principal than expected, or no interest or principal.

Risks in relation to FATCA.

Whilst the Additional Tier 1 Notes are in global form and held within Euroclear or CBL, it is not expected that the reporting regime and potential withholding tax imposed by Sections 1471 through 1474 (including any agreements under Section 1471(b)) of the United States Internal Revenue Code of 1986, certain intergovernmental agreements relating thereto, or laws implementing any foregoing (collectively "**FATCA**") will affect the amount of any payment received by Euroclear or CBL. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary is not entitled (or has failed to establish its eligibility) to receive payments free of FATCA withholding. It may also affect payments to any ultimate investor that is a financial institution which is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Additional Tier 1 Notes are discharged once it has paid the common depositary or common safekeeper for Euroclear or CBL (as bearer of the Additional Tier 1 Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through Euroclear or CBL and subsequent custodians or intermediaries.

RISK FACTORS REGARDING GRENKE AG AND GRENKE GROUP

GRENKE AG's business, financial condition or results of operations could suffer adverse material effects due to any of the following risks. This could have an adverse effect on the market price of the Additional Tier 1 Notes, and the Issuer may ultimately not be able to meet its obligations under the Additional Tier 1 Notes. These notes could furthermore be written down. The risks which are considered material are described below. However, they are not the only risks which GRENKE AG faces. Additional risks, which are to date unknown to GRENKE AG or which it does not consider material, might also impair GRENKE AG's business operations.

Market Environment and Competition

The markets for lease assets in the IT-sector are subject to price and business competition. In addition, the current macroeconomic events may lead to reduced levels of investment in IT and therefore reduced new leasing business. Additionally, rising insolvencies may lead to less demand to new leasing business. Furthermore, it can not be excluded that in the future PCs and other equipment may be provided free of charge or with significant subsidies in return for a service arrangement through which the service provider sells its core products and refinances the cost of the equipment. In GRENKE AG's opinion business clients on whom it focuses will not accept these offers due to the related disadvantages (*e.g.* advertising and reduced flexibility). Additionally the already experienced decline in prices for IT-products has not had any impact on GRENKE AG's earnings. Finally GRENKE AG due to its intensive market screening will be in a position to anticipate these developments and adjust its business to the demand for other products in this sector and any other sectors. No assurance can be given that other competitors in the leasing sector will not seek access to this market segment and thus not impact the earnings situation of GRENKE AG.

Investments

Investments made through GRENKE AG or GRENKE AG's subsidiaries may lead to investment risks under counterparty default risk when quantifying risk-bearing capacity.

Credit Risks of the Lessees

Since 1994 GRENKE AG has assessed the creditworthiness of their lessees using a self-developed scoring system. The approval process incorporates the current risk strategy, portfolio characteristics and risk-return considerations. The system is being enhanced on an ongoing basis by GRENKE AG. The company believes that the quality of this system has been proven by the low levels of loss experienced since its implementation, which currently stand at 1.5% loss *p. a.* and have increased during the recession (until 1.9% in 2009) compared to the years before the recession (1.2%) as compared to acquisition values of new business volume. No assurance can be given that the deployment of the scoring-model and the assessment of the creditworthiness continue to be as successful as in the past. This is particularly the case should the current macroeconomic environment deteriorate even more than the previous recessions.

Concentration risk

GRENKE AG's leasing business is concentrated mainly in Germany, France, Italy and the United Kingdom. The related risks are manageable given the good to very good Standard & Poor's (as defined below under "*Loss of Financing Facilities*") ratings for Germany (AAA), the United Kingdom (AA) and France (AA) and the average rating for Italy (BBB-). Currently, there is no reason to believe that the expected loss rates in the four largest countries would be more volatile than in the past.

Rising losses

Rising losses have a material influence on GRENKE AG's earnings development, particularly during recessionary periods. Traditionally, losses have shown a certain degree of volatility over the course of the year as well as a time lag of about two years in comparison to the underlying transaction. Assuming and managing these types of risks is a core aspect of GRENKE AG's business model. The management of the GRENKE Group is aimed at assessing the risks as precisely as possible at the time of concluding the contract so that a sufficient premium can be set in the conditions offered for assuming these risks.

Major Cooperations

GRENKE AG has entered into an intensive network of cooperation agreements with manufacturers and dealers across Europe granting access to clients at the point of sale. The most important partners are Kärcher, Microsoft, Netapp, Telekom, swiss-com services, Sharp, Kyocera, and UBS Leasing. There can be no assurance that one or several of these cooperations will not be terminated thereby reducing the earnings and growth opportunities of GRENKE AG.

Dependence on Executive Officers

So far GRENKE AG's success has to a certain extent been based on the members of the Board of Management, in particular the CEO and shareholder Wolfgang Grenke. Although GRENKE AG has introduced a Management Team composed out of 19 members and responsible for day-to-day operations and operational implementation of the decisions taken by the Board of Management, the loss of one individual member of the GRENKE AG's Management Team could have a negative impact on its future development.

Management and Organisation of Growth

GRENKE AG has always been able to adjust its operational procedures and personnel structures to increased demand in connection with its growth. To cope with the growth of its pan-european and global activities, continuous adjustments will have to be made in the future with respect to the planned further expansion via foreign subsidiaries and Franchise Partners. The existing management and organisational structure is designed to adjust existing structures or creating new structures in a timely manner and to cope with the growth of GRENKE AG. No assurance can be given that GRENKE AG continues to be successful in adjusting the existing structures or in creating structures required in a timely manner.

Franchise Partner System

GRENKE AG successfully started a so-called Franchise Partner System with German and foreign partners for leasing. GRENKE AG aims to access targeted markets in utilising franchisees that have local market knowledge and personal commitment, assume start-up costs and risk. GRENKE AG as Franchiser supplies the complete know-how for fast and efficient processing (*e.g.* the IT and scoring-system, controlling, refinancing, marketing support) but does not have a stake. Franchisees exit is possible within four to six years following the set-up via a call-option priced on a peer-groups PE-ratio (GRENKE AG is option-holder, no put-option for the franchisees). Although GRENKE AG has a long-standing experience in the management of subsidiaries there is no assurance as regards the possible development of these Franchise Partners. No assurance can be given that a disruption of the system-availability would not influence GRENKE AG's ability to administrate all leasing contracts in a timely manner, and thus expose GRENKE AG to compensation claims from the franchisees.

Functionality of IT Systems and Data Security

Administration of leasing contracts depends to a large extent on IT systems, data storage and data security procedures. Therefore GRENKE AG deploys an extensive IT system with proprietary software technology with respect to the leasing business as well as standardised software products with respect to all other procedures (*e.g.* accounting, treasury, billing etc.). GRENKE AG depends on its equipment being available at any time. Any disruption could have a material impact on its operations and client relations and thus on its financial position. In order to secure safe processing and storage GRENKE AG's software development, data storage and processing procedures are audited by the TÜV SÜD Management Service GmbH (DIN EN ISO 9001: 2015). In order to secure safe storage at any time, data are stored on a daily basis at the Baden-Baden head office as well as by way of a backup copy outside the head office.

Development of Foreign Markets

The GRENKE Group is active in 30 countries and plans to further extend these activities. Credit risks are monitored via a self-developed scoring system and no assurance can be given that future markets entrance and therefore the adjustment of the scoring warrants to the same extent the exclusion of credit risks for foreign lessees. So far the transfer and adjustment procedures of the scoring system to every single country have proved to be very successful. There can be no assurance that the internally developed scoring procedure, which is well proven in the German market, will to the same extent warrant the

exclusion of credit risks for foreign lessees. In addition foreign markets may create political risks or economic risks especially if leases were concluded in currencies other than euros.

Tax Risks

The responsible German tax authorities have carried out tax audits at GRENKE AG for the periods up to and including 2004. In November 2010, the responsible German tax authorities began a tax audit of GRENKE AG for the years from 2005 to 2009, which has been completed in 2016. A revised tax assessment notice has been issued and GRENKE paid the outstanding amount accordingly in 2016. Meanwhile GRENKE AG lodged an appeal against that tax assessment notice. GRENKE AG beliefs that the tax court would not follow the revised tax assessment notice completely. Thus an uncertain tax asset in the amount of the expected value for a probable tax refund for the fiscal years 2005 – 2009 was recorded. There is still the risk that the appeal will be declined or the tax refund will be less than the uncertain tax asset.

In October 2015 the tax authorities announced a tax audit to GRENKE AG for the fiscal years 2010 to 2014. The tax audit commenced in October 2016. The incurrence of additional tax expenses for those periods cannot be ruled out. Based on the results of the tax audit for the years 2005 – 2009 GRENKE AG recorded additional uncertain tax and interest liabilities for fiscal years from 2010 onwards since Grenke AG concluded that it is not probable that the tax authorities will fully accept the appeal against the tax assessment notice for the years from 2005 to 2009. Therefore there is still the risk that the tax authority or the tax court will also issue a revised tax notice for the years from 2010 onwards.

There is also the risk of miscalculation of taxes and levies.

GRENKE AG applied Section 19 German Trade Tax Implementation Regulation to the assessment periods 2008-2015 when calculating the trade tax provisions for the German group companies, and did not include considerations and amounts treated as equivalent to such considerations and directly attributable to financial services within the meaning of Section 1 (1a) sentence 2 German Banking Act. In the case of GRENKE BANK AG, Section 19 German Trade Tax Implementation Regulation has been applied in the manner relevant to banks.

Amended supervisory law pursuant to German Banking Act (*Kreditwesengesetz – KWG*)

Since 25 December 2008, leasing and factoring companies are treated as financial services institutions within the meaning of Section 1(1a) sentence 2 nos. 9 and 10 German Banking Act. Consequently, they are also subject to the supervision of the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*) and the German Central Bank (*Deutsche Bundesbank*) as of 1 January 2009.

The supervision by the BaFin and the German Central Bank results in the corresponding obligations under supervisory law. For the year 2009, the leasing companies had been granted a transitional period for the implementation of the requirements. The implementation has been completed in 2010. The GRENKE Group (without Franchise) implemented the MaRisk (Minimum Requirements on Risk Management) in large parts in 2009. These minimum requirements comprise qualitative criteria for the risk management to be met by the institutions in accordance with their respective size and the type, scope and complexity of their businesses as well as the degree of risk involved therein. The appropriate risk management and controlling procedures required under the MaRisk for the main types of risk, i.e. credit and counterparty risks, market price risk, liquidity and operational risks, have been implemented within the GRENKE Group (without Franchise).

Since January 2014 the GRENKE Group (without Franchise) has to fulfil comprehensively the Capital Requirements Regulation (CRR), which was implemented by the European Commission. Due to the obligations under the German Banking Act the GRENKE Group (without Franchise) has to fulfil many other European regulations such as CRD IV or the EU Bank Recovery and Resolution Directive.

Earnings and Financial Performance

Clients reducing their investments in IT-products, following a decline in general economic environment, may have a negative impact on GRENKE AG's earnings and financial situation. Fluctuations in market prices on the financial markets can have a significant effect on cash flow and net profit. Changes in interest rates and in certain currencies affect the GRENKE Group.

Loss of Financing Facilities

GRENKE AG refinances its purchase of lease assets directly and indirectly via GRENKE FINANCE PLC mainly through five asset-backed security agreements sponsored by DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Landesbank Hessen-Thüringen Girozentrale (Helaba), HSBC FRANCE, Scandinavia Enskilda Banken AG and UniCredit Bank AG, a rated and Luxemburg Stock Exchange listed Debt Issuance Programme, two money market lines with Bayerische Landesbank and Commerzbank Aktiengesellschaft and six short-term revolving credit facilities with Deutsche Bank Aktiengesellschaft, Norddeutsche Landesbank Girozentrale, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, HSBC Trinkaus & Burkhardt AG, Scandinavia Enskilda Banken AG and Commerzbank Aktiengesellschaft, a rated Commercial Paper Programme and the sale of lease receivables to Norddeutsche Landesbank Girozentrale, Hanover only for English activities of GRENKE AG, to UBS Leasing AG, Switzerland only for the Swiss activities of GRENKE AG, Basel and the sale of lease receivables to mBank S.A., Warsaw, as well as a funding facility in Polish Zloty with Scandinavia Enskilda Banken AG only for Polish activities and the sale of lease receivables to Stadtsparkasse Baden-Baden Gaggenau, Sparkasse Karlsruhe Ettlingen and GRENKE BANK AG. GRENKE AG provides a guarantee for GRENKE Franchise Brazil for the sale of leasing receivables to Deutsche Bank S.A. Brazil and also a guarantee for GRENKE Franchise Chile for loans with HSBC Bank Chile. Furthermore, GRENKE AG provides a guarantee for GRENKE Franchise Factoring UK, GRENKE Franchise Factoring Hungary and GRENKE Franchise Croatia. GRENKE AG believes that this refinancing is secured by way of long-term contracts and long-outstanding business relations and is not dependent on any single refinancing transaction due to the number of reliable partners. However, there can be no assurance that GRENKE AG will not lose a refinancing facility possibly resulting in temporary deterioration of its earnings and liquidity position, unless GRENKE AG is able to replace this refinancing partner or facility. The current capital markets and sovereign debt crisis may make it more difficult than before to replace existing with new facilities. Moreover, terms or conditions of both existing and new facilities may adversely change due to the crisis.

GRENKE AG's counterparty rating of BBB+ (stable outlook)[1] by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**")[2] is of importance as a future rating downgrade of GRENKE AG could have a negative impact on the refinancing costs or loss of funding sources of GRENKE AG. The counterparty credit ratings are based on GRENKE AG's sound niche-market position in the very cyclical, small-ticket information-technology leasing segment, with high retail granularity, collateralisation, and strong risk-management systems to safeguard its solid profitability and strong capitalisation. Any development that could have a negative impact on the above mentioned factors could affect the current rating level.

Refinancing Risks

During financial year 2015 and 2016 a visible volatility of the interest rate spreads was observed on international financial markets as a result of the European capital markets and sovereign debt crisis and other political or economical crises. Especially bonds with medium to long-term durations are still subject to high risk. Moreover, strong competition in the deposit-taking business sector may adversely affect the currently favourable refinancing through GRENKE BANK AG. Risks may also result from communicating with analysts and shareholders.

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[1] A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. "BBB" means "adequate capacity to meet financial commitments, but more subject to adverse economic conditions". Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

[2] Standard & Poor's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

Lending Business at GRENKE BANK AG

In the past, the main financial risk at GRENKE BANK AG was its credit risks. Furthermore, in the past, the bank actively financed investments in closed-end funds *pro rata*. Thus, there is a possible systematic risk (concentration risk). This risk is taken into account by risk provisioning which is validated by intra-year reporting of anomalies in the lending business. GRENKE BANK AG's new business model is guided by GRENKE Group strategy: its asset business is currently still focused on the purchase of lease receivables from the GRENKE Group. GRENKE BANK AG also provides people who wish to start their own business access to "KfW-StartGeld" (KfW) or "Startfinanzierung 80" (L-Bank) and supported funds in cooperation with five German State Development Banks. Since May 2015, GRENKE BANK AG offers micro-credits (*Mikrokredite*) to small businesses, which are not getting financial support by their relationship bank. This new financing model is especially focused on small and young businesses that offer apprenticeship as well as to businesses managed by women and people with migration background. Although micro-credits are secured at 100% by Mikrokreditfonds Deutschland, GRENKE BANK AG is exposed to the credit risk of the Mikrokreditfonds Deutschland.

Factoring Business Risks

Owing to risk considerations, GRENKE AG essentially offers small-ticket factoring as "*notification factoring*". As opposed to non-notification factoring, this also means additional security as debtors will only be discharged in respect to their payment obligations if they pay directly to GRENKE AG. In the event of non-notification factoring, payments discharging obligations can usually only be paid to a bank account pledged to GRENKE AG. In both cases GRENKE AG assumes the default risk for the purchased receivables.

Fluctuations in Exchange and Interest Rates

In relation with the activities in non-euro countries and the general refinancing activities where the tenor of the financing does not exactly correspond with the tenor of the leasing contracts GRENKE AG is exposed to exchange rate and interest rate risks, in particular due to more restrictive monetary policies. GRENKE AG believes that the established risk management system together with the utilisation of hedging transactions is an effective procedure to protect GRENKE AG against important impacts on the financial and earnings situation. However, there can be no assurance that fluctuations in exchange or interest rates will not have a negative impact on the financial and earnings situation.

Risks from the Capital Markets and Sovereign Debt Crisis

Currently there are considerable risks for business development due to the ongoing capital markets and sovereign debt crisis and other political or economic crises. Political and geopolitical risks could lead to substantial short-term burdens on the capital markets. At present it is not yet clear how the market players will assess this development or how much volatility there will be in the markets in the near future. This means that GRENKE AG still cannot rule out the possibility that the group's refinancing costs may be negatively impacted in the short term.

Moreover, it is also possible that the sovereign debt crisis could again intensify and that this would have a considerable effect on the international banking system and thus on the availability of funds for refinancing in general, irrespective of the amount of the spreads. In the light of the support programmes carried out by governments and central banks across the world, this currently seems unlikely.

The current crisis is, however, characterised by historically unprecedented upheavals, meaning that it would be a mistake to see efforts made by governments and central banks as guaranteeing absolute security for the future. In addition, rising coupons for bonds of sovereign debtors as a result of economic developments could lead to a widening of spreads on the capital markets and therefore increase interest rate risks.

Finally, risks result from the possibility that the loss rate in the current market situation may exceed that of previous economic cycles. However, GRENKE AG considers that it has protected the GRENKE Group well both by taking into account a loss rate which is representative of the whole economic cycle in its conditions, even in economically prosperous periods, and also through the GRENKE Group's high profitability.

TERMS AND CONDITIONS

TERMS AND CONDITIONS OF THE ADDITIONAL TIER 1 NOTES

The German text of the Terms and Conditions of the Additional Tier 1 Notes is controlling and legally binding. The English translation is for convenience only.

Der deutsche Text der Anleihebedingungen der Nachrangigen Schuldverschreibungen ist maßgeblich und rechtsverbindlich. Die englische Übersetzung dient lediglich Informationszwecken.

ANLEIHEBEDINGUNGEN
der

Nichtkumulative, unbefristete Additional Tier 1 Fixed-to-Reset-Rate Schuldverschreibungen
der

GRENKE AG
(Baden-Baden, Bundesrepublik Deutschland)

§ 1
Gesamtnennbetrag, Stückelung, Form, Verwahrung

(1) *Gesamtnennbetrag; Währung; Stückelung.* Diese Serie von nachrangigen Schuldverschreibungen (die "**Schuldverschreibungen**") der GRENKE AG (die "**Emittentin**") wird in Euro ("**EUR**") im Gesamtnennbetrag von EUR 20.000.000 (in Worten: zwanzig Millionen Euro) (der "**Gesamtnennbetrag**") in einer Stückelung von EUR 200.000 (die "**festgelegte Stückelung**" oder der "**ursprüngliche Nennbetrag**") begeben.

(2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.

(3) *Vorläufige Globalurkunde – Austausch*.

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen in der festgelegten Stückelung, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**" und, gemeinsam mit der vorläufigen Globalurkunde, jeweils die "**Globalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die Unterschriften ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von der Zahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die vorläufige Globalurkunde wird frühestens an einem Tag (der "**Austauschtag**") gegen die Dauerglobalurkunde austauschbar, der 40 Tage nach dem Tag der Ausgabe der vorläufigen Globalurkunde liegt. Ein solcher Austausch soll nur

TERMS AND CONDITIONS
of the

Perpetual Non-cumulative Fixed to Reset Rate Additional Tier 1 Notes
issued by

GRENKE AG
(Baden-Baden, Federal Republic of Germany)

§ 1
Aggregate Principal Amount, Denomination, Form, Clearing System

(1) *Aggregate Principal Amount; Currency; Denomination.* GRENKE AG (the "**Issuer**") issues this series of subordinated notes (the "**Notes**") in Euro ("**EUR**") in the aggregate principal amount of EUR 20,000,000 (in words: twenty million euros) (the "**Aggregate Principal Amount**") in a denomination of EUR 200,000 (the "**Specified Denomination**" or the "**Principal Amount**").

(2) *Form*. The Notes are being issued in bearer form.

(3) *Temporary Global Note – Exchange*.

(a) The Notes are initially represented by a temporary global bond (the "**Temporary Global Bond**") without interest coupons. The Temporary Global Bond will be exchanged with Notes in the Principal Amount, which are represented by a permanent global bond (the "**Permanent Global Bond**" and together with the Temporary Global Bond each a "**Global Bond**") without interest coupons. The Temporary Global Bond and the Permanent Global Bond are both signed by authorised representatives of the Issuer and are both authenticated by or on behalf of the principal paying agent. Definitive Notes or interest coupons are not issued.

(b) The Temporary Global Bond will become exchangeable with the Permanent Global Bond on a date ("**Exchange Date**") which shall not be prior than 40 days after the Temporary Global Bond has been issued. The exchange shall only be made

nach Vorlage von Bescheinigungen gemäß U.S. Steuerrecht erfolgen, wonach der wirtschaftliche oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S. Person ist oder U.S. Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine vorläufige Globalurkunde verbriefte Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß § 1 (3) (b) auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) zu liefern.

upon delivery of certifications, required under U.S. tax law, which evidence that the beneficial owner or owners of the Notes, represented by the Temporary Global Bond, is not a U.S. person or are no U.S. persons (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payments of interest on Notes, which are represented by a Temporary Global Bond, are only made upon delivery of these certifications. A separate certification is required with respect to each payment of interest. Any certification which is received on or after the 40th day following the Issue Date of the Notes will be considered as a request to exchange the Temporary Global Note pursuant to § 1 (3) (b). Securities, which are delivered in exchange for the Temporary Global Bond, may only be delivered outside the United States (as defined in § 4 (3)).

(4) *Clearing System*. Die die Schuldverschreibungen verbriefende Globalurkunde wird von einem oder im Namen eines Clearing Systems verwahrt. "**Clearing System**" bedeutet jeweils Folgendes: Clearstream Banking, société anonyme, 42 Avenue JF Kennedy, 1855 Luxemburg, Großherzogtum Luxemburg ("**CBL**"), Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brüssel, Belgien ("**Euroclear**") (CBL and Euroclear jeweils ein "**ICSD**" und zusammen die "**ICSDs**") und jeder Funktionsnachfolger. Die Schuldverschreibungen werden in Form einer classical global note ("**CGN**") ausgegeben und von einer gemeinsamen Verwahrstelle im Namen beider ICSDs verwahrt.

(4) *Clearing System*. The Global Bond representing the Notes is deposited by or on behalf of a clearing system. "**Clearing System**" is understood as follows: Clearstream Banking, société anonyme, 42 Avenue JF Kennedy, 1855 Luxembourg, the Grand Duchy of Luxembourg ("**CBL**"), Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**") (CBL and Euroclear are each an "**ICSD**" and together the "**ICSDs**") as well as any successor in capacity. The Notes are issued in the form of a classical global note ("**CGN**") and are deposited with a common Depositary Bank on behalf of both ICSDs.

(5) *Gläubiger von Schuldverschreibungen.* "**Gläubiger**" bedeutet jeder Inhaber eines Miteigentumsanteils oder anderen Rechts an den Schuldverschreibungen.

(5) *Holder of Notes*. "**Holder**" means any holder of proportionate co-ownership or any other title in the Notes.

§ 2
Status

§ 2
Status

(1) Die Schuldverschreibungen begründen nicht besicherte, nachrangige Verbindlichkeiten der Emittentin, die untereinander und (vorbehaltlich der Nachrangregelung in Satz 2) mit allen anderen nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind. Im Fall der Auflösung, der Liquidation oder der Insolvenz der Emittentin oder eines Vergleichs oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Emittentin (jeweils ein "**Insolvenz- oder Liquidationsverfahren**") gehen die Verbindlichkeiten aus den Schuldverschreibungen (i) den Ansprüchen dritter Gläubiger der Emittentin aus nicht nachrangigen Verbindlichkeiten, (ii) den Ansprüchen aus Instrumenten des

(1) The Notes constitute unsecured and subordinated obligations of the Issuer, ranking *pari passu* among themselves and any other subordinated obligations of the Issuer (subject to the subordination provision in sentence 2). In the event of the dissolution, liquidation or insolvency of the Issuer, or composition or any other proceedings for the avoidance of insolvency of, or against, the Issuer (each of these proceedings hereinafter referred to as "**Insolvency/Liquidation Proceedings**"), the obligations under the Notes shall be fully subordinated to (i) the claims of other unsubordinated creditors of the Issuer, (ii) the claims under Tier 2 instruments and (iii) the claims specified in § 39 (1) nos. 1 to 5 of the German

Ergänzungskapitals sowie (iii) den in § 39 Absatz 1 Nr. 1 bis 5 Insolvenzordnung ("**InsO**") bezeichneten Forderungen im Range vollständig nach, so dass Zahlungen auf die Schuldverschreibungen solange nicht erfolgen, wie (i) die Ansprüche dieser dritten Gläubiger der Emittentin aus nicht nachrangigen Verbindlichkeiten, (ii) die Ansprüche aus den Instrumenten des Ergänzungskapitals sowie (iii) die in § 39 Absatz 1 Nr. 1 bis 5 InsO bezeichneten Forderungen nicht vollständig befriedigt sind.

Insolvency Code (*Insolvenzordnung* – "**InsO**") so that, in any such event, no amounts shall be payable in respect of the Notes until (i) the claims of such other unsubordinated creditors of the Issuer, (ii) the claims under such Tier 2 instruments, and (iii) the claims specified in § 39 (1) nos. 1 to 5 InsO have been satisfied in full.

Unter Beachtung dieser Nachrangregelung bleibt es der Emittentin unbenommen, ihre Verbindlichkeiten aus den Schuldverschreibungen auch aus dem sonstigen freien Vermögen zu bedienen. Auch vor Einleitung eines Insolvenz- oder Liquidationsverfahrens können Gläubiger Befriedigung aus den Schuldverschreibungen jedoch nur verlangen, wenn und soweit die Emittentin zur Zahlung aus ihrem ungebundenem Vermögen in der Lage ist. Die Gläubiger können eine Befriedigung aus den Schuldverschreibungen von der Emittentin auch dann nicht verlangen, wenn eine Überschuldung im Sinne des § 19 InsO oder Zahlungsunfähigkeit im Sinne des § 17 InsO der Emittentin entweder vorliegt oder als Folge der Befriedigung einträte.

Provided that this subordination is complied with, the Issuer may satisfy its obligations under the Notes from its other available assets. Even prior to the opening of Insolvency/Liquidation Proceedings, Holders may only request satisfaction from the Notes if and to the extent the Issuer is able to make such payments from available assets. Holders may not request satisfaction from the Notes if the Issuer is over-indebted within the meaning of § 19 InsO or illiquid within the meaning of § 17 InsO or if the payment resulted in over-indebtedness or illiquidity.

Diese Nachrangregelung begründet ein Zahlungsverbot dahingehend, dass Zahlungen auf die Schuldverschreibungen von der Emittentin nur nach Maßgabe der Bestimmungen dieser Nachrangregelung geleistet und von den Gläubigern verlangt werden dürfen. Verbotswidrige Zahlungen haben keine Tilgungswirkung.

This subordination provision constitutes a prohibition of payments with the effect that payments under the Notes may only be made by the Issuer, and requested by the Holders, in accordance with this subordination provision. Payments violating this subordination provision do not have releasing effect.

Kein Gläubiger ist berechtigt, mit Ansprüchen aus den Schuldverschreibungen gegen Ansprüche der Emittentin aufzurechnen. Den Gläubigern wird für ihre Rechte aus den Schuldverschreibungen weder durch die Emittentin noch durch Dritte irgendeine Sicherheit oder Garantie gestellt; eine solche Sicherheit oder Garantie wird auch zu keinem späteren Zeitpunkt gestellt werden.

No Holder may set off its claims arising under the Notes against any claims of the Issuer. No security or guarantee of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the Holders under the Notes.

(2) Nachträglich können der Nachrang gemäß § 2 (1) nicht beschränkt, jede anwendbare Kündigungsfrist nicht verkürzt und die unbefristete Laufzeit der Schuldverschreibungen nicht geändert werden. Werden die Schuldverschreibungen vorzeitig unter anderen als den in § 2 (1) beschriebenen Umständen oder infolge einer vorzeitigen Kündigung nach Maßgabe von § 5 (2), § 5 (3) oder § 5 (4) zurückgezahlt oder von der Emittentin zurückerworben, so ist der zurückgezahlte oder gezahlte Betrag der Emittentin ohne Rücksicht auf entgegenstehende Vereinbarungen zurück zu gewähren, sofern nicht die für die Emittentin zuständige Aufsichtsbehörde der vorzeitigen Rückzahlung oder dem Rückkauf zugestimmt hat. Eine Kündigung oder

(2) No subsequent agreement may limit the subordination pursuant to the provisions set out in § 2 (1), shorten any applicable notice period, or amend the perpetual character of the Notes. If the Notes are redeemed or repurchased by the Issuer otherwise than in the circumstances described in § 2 (1) or as a result of a redemption pursuant to § 5 (2), § 5 (3) or § 5 (4), then the amounts redeemed or paid must be returned to the Issuer irrespective of any agreement to the contrary unless the competent supervisory authority of the Issuer has given its permission to such redemption or repurchase. A termination or redemption of the Notes pursuant to § 5 or a repurchase of the Notes requires, in any event, the prior permission of the competent supervisory authority of the Issuer.

Rückzahlung der Schuldverschreibungen nach Maßgabe von § 5 oder ein Rückkauf der Schuldverschreibungen ist in jedem Fall nur mit vorheriger Zustimmung der für die Emittentin zuständigen Aufsichtsbehörde zulässig.

§ 3
Zinsen

(1) *Verzinsung für Festzinszeiträume.* Vorbehaltlich des Ausschlusses der Zinszahlung nach § 3 (6) werden die Schuldverschreibungen bezogen auf ihren Gesamtnennbetrag ab dem 22. Juli 2015 (der "**Emissionstag**" oder der "**Verzinsungsbeginn**") (einschließlich) bis zum 31. März 2021 (der "**Erste Rückzahlungstag**") (ausschließlich) mit einem Festzinssatz in Höhe von 8,25 % *per annum* verzinst (der "**Festzinssatz**"); im Falle einer Herabschreibung nach § 5 (8) (a) werden die Schuldverschreibungen, solange und soweit sie noch nicht nach § 5 (8) (b) wieder hochgeschrieben wurden, nur bezogen auf den entsprechend reduzierten Gesamtnennbetrag verzinst. Zinsen zum Festzinssatz sind jährlich nachträglich am 31. März eines jeden Jahres, erstmals am 31. März 2017, und bis zum ersten Rückzahlungstag zahlbar (jeweils ein "**Festzinszahlungstag**").

(2) *Verzinsung für Reset-Zinszeiträume*.

Vorbehaltlich des Ausschlusses der Zinszahlung nach § 3 (6) werden die Schuldverschreibungen bezogen auf ihren Gesamtnennbetrag, im Falle einer Herabschreibung nach § 5 (8) (a) solange und soweit sie noch nicht nach § 5 (8) (b) wieder hochgeschrieben wurden, nur bezogen auf den entsprechend reduzierten Gesamtnennbetrag, wie folgt verzinst:

(a) ab dem Ersten Rückzahlungstag (einschließlich) bis zum unmittelbar darauffolgenden Reset Tag (ausschließlich) und danach von jedem folgenden Reset Tag (einschließlich) bis zu jedem darauffolgendem Reset Tag (ausschließlich) in Höhe des jeweiligen Referenzsatzes zuzüglich 7,677 % *per annum* (der "**Initial Credit Spread**" oder die "**Marge**") (zusammen jeweils ein "**Reset-Zinssatz**"). Die Zinsen zum jeweiligen Reset-Zinssatz sind jährlich nachträglich am 31. März eines jeden Jahres, erstmals am 31. März 2022 zahlbar (jeweils ein "**Resetzinszahlungstag**").

"**Zinssatz**" bezeichnet den Festzinssatz und den jeweiligen Reset-Zinssatz.

(b) "**Referenzsatz**" bezeichnet jeweils den 5 Jahres Swapsatz (der "**5 Jahres Swapsatz**") wie er zwei Geschäftstage (wie in § 4 (5) definiert) vor Beginn des jeweiligen Resetzinszeitraums

§ 3
Interest

(1) *Interest payable during the initial interest period*. Subject to a cancellation of interest payments pursuant to § 3 (6), the Notes bear interest on their Aggregate Nominal Amount from and including the 22 July 2015 (the "**Issue Date**" or the "**Interest Commencement Date**") to but excluding 31 March 2021 (the "**First Reset Date**") at a fixed interest rate of 8.25 per cent. *per annum* (the "**Initial Interest**"). In the event of a write-down pursuant to § 5 (8) (a), the Notes will only bear Initial Interest on the reduced Aggregate Principal Amount, as long as they have not been subject to a write-up pursuant to § 5 (8) (b). The Initial Interest is payable annually in arrears on 31 March of each year to the First Reset Date, commencing on 31 March 2017 (each an "**Initial Interest Payment Date**").

(2) *Interest payable during the reset interest periods.*

Subject to a cancellation of interest payments pursuant to § 3 (6), the Notes bear interest on their Aggregate Principal Amount, in the event of a write-down pursuant to § 5 (8) (a), the Notes will only bear Interest on the reduced nominal amount, as long as they have not been subject to a complete write-up pursuant to § 5 (8) (b), as follows:

(a) From and including the First Reset Date to but excluding the immediately following Reset Date, and thereafter from and including each following Reset Date to but excluding the then following Reset Date, the interest rate will be determined on the basis of the then prevailing Reference Interest Rate plus a margin of 7.677 per cent. *per annum* (the "**Initial Credit Spread**" or the "**Margin**") (each a "**Reset Interest**"). The respective Reset Interest is payable annually in arrears on 31 March of each year, commencing on 31 March 2022 (each a "**Reset Interest Payment Date**").

"**Interest**" means any Initial Interest as well as any Reset Interest.

(b) "**Reference Rate**" means the 5 year swap rate (the "**5 year swap rate**") as determined two Business Days (as defined in § 4 (5)) prior to the respective reset interest period (the "**Reference**

festgelegt wird (der "**Referenz Reset Tag**"). Der Referenzsatz für einen Resetzinszeitraum wird von der Berechnungsstelle festgelegt. Er ist das rechnerische Mittel der nachgefragten und angebotenen Sätze für den halb-jährlichen Festzinszahlungsstrom (berechnet auf einer 30/360 Tage-Berechnungsbasis) einer fixed-for-floating EUR Zinsswap-Transaktion, (x) die eine 5-jährige Laufzeit hat und am Referenz Reset Tag beginnt, (y) die auf einen Betrag lautet, der dem einer repräsentativen einzelnen Transaktion in dem relevant relevanten Markt zur relevanten Zeit eines anerkannten Händlers mit guter Bonität im Swap-Markt entspricht, und (z) deren variabler Zahlungsstrom auf dem 6-Monats EURIBOR Satz beruht (berechnet auf einer Actual/360 Tage-Berechnungsbasis), wie es am Referenz Reset Tag um 11:00 Uhr (Frankfurter Zeit) auf dem Reuters Bildschirm "ISDAFIX2" unter der Überschrift „EURIBOR BASIS“ und dem Untertitel "11:00 AM Frankfurt time" (auf dem solche Überschriften und Untertitel von Zeit zur Zeit erscheinen) (die "**Reset-Bildschirmseite**") angezeigt wird.

Reset Date"). The Reference Rate of a reset interest period is determined by the Calculation Agent. It is the arithmetic mean of the bid and offered rates for the semi-annual fixed leg (calculated on a 30/360 basis) of a fixed-for-floating euro interest rate swap transaction which (x) has a term of 5 years commencing on the Reference Reset Date, (y) is denominated in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (z) which has a floating leg based on the 6 months EURIBOR rate (calculated on an actual/360 basis), as displayed on a Reuters screen "ISDAFIX2" under the heading “EURIBOR BASIS“ and the caption "11:00 AM Frankfurt time" (as such headings and captions appear from time to time) as at 11.00 a.m. Frankfurt time on the Reference Reset Date (the "**Reset-Screen**").

"**Reset Tag**" bezeichnet jeweils den Ersten Rückzahlungstag und jeden auf den Ersten Rückzahlungstag alle fünf Kalenderjahre folgenden Tag.

"**Reset Date**" means the First Reset Date and any Date following the First Reset Date in 5 calendar year intervals.

"**Resetzinszeitraum**" bezeichnet jeden Zeitraum ab dem Ersten Rückzahlungstag (einschließlich) bis zum nächstfolgenden Reset Tag (ausschließlich) und nachfolgend ab jedem Reset Tag (einschließlich) bis zu dem jeweils nächstfolgenden Reset Tag (ausschließlich).

"**Reset Interest Period**" means any period commencing on the First Reset Date (including) until the immediately following Reset Date (excluding) and thereafter commencing on any Reset Date (including) until the immediately following Reset Date (excluding).

Für den Fall, dass der 5 Jahres Swapsatz am Referenz Reset Tag nicht auf der Reset-Bildschirmseite erscheint, ist der 5 Jahres Swapsatz der Reset-Referenzbankensatz am Referenz Reset Tag. Der "**Reset-Referenzbankensatz**" ist der Prozentsatz, der auf Basis der 5 Jahres Swapsatz-Quotierungen, die der Berechnungsstelle ungefähr um 11:00 Uhr (Frankfurter Ortszeit) von fünf führenden Swap-Händlern im Interbankenhandel (die "**Reset-Referenzbanken**") gestellt werden, am Referenz Reset Tag festgelegt wird. Wenn mindestens drei Quotierungen genannt werden, wird der Reset-Referenzbankensatz das rechnerische Mittel der Quotierungen unter Ausschluss der höchsten Quotierung (bzw., für den Fall von gleich hohen Quotierungen, einer der höchsten Quotierungen) und der niedrigsten Quotierung (bzw., für den Fall von gleich hohen Quotierungen, einer der niedrigsten Quotierungen) sein. Werden nur zwei Quotierungen genannt, ist der Reset-Referenzbankensatz das rechnerische Mittel der beiden Quotierungen. Wird nur eine Quotierung genannt, ist der Reset-Referenzbankensatz diese Quotierung. Kann der Reset-Referenzbanksatz nicht gemäß der vorhergehenden Bestimmungen

In the event that the Reference Rate does not appear on the Reset-Screen on the relevant Reference Reset Date, the 5 year swap rate shall be determined by the Reset-Reference Banking Rate at the Reference Reset Date. The "**Reset-Reference Banking Rate**" means the percentage rate, which is determined on the Reference Reset Date on the basis of the 5 year Swap Rate Quotations provided to the Calculation Agent by five leading swap dealers in the interbank commerce at approximately 11.00 a.m. Frankfurt time (the "**Reset-Reference Banks**"). If at least three quotations are provided, the Reset-Reference Banking Rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset-Reference Banking Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset-Reference Banking Rate will be the quotation provided. If no quotations are provided, the Reset-Reference Banking Rate will be equal to the last available 5 year swap rate for euro swap transactions, on the Screen page.

dieses Absatzes bestimmt werden, entspricht der jeweilige Rest-Referenzbanksatz dem durch die Berechnungsstelle festgelegten 5 Jahres Swapsatz, welcher zuletzt auf der Reset-Bildschirmseite verfügbar war.

Hierbei bedeuten die "**5 Jahres Swapsatz-Quotierungen**" das rechnerische Mittel der nachgefragten und angebotenen Sätze für den jährlichen Festzinszahlungsstrom (berechnet auf einer 30/360 Tagesberechnungsbasis) einer fixed-for-floating Euro Zinsswap-Transaktion, die (i) eine 5 jährige Laufzeit hat und am Referenz Reset Tag beginnt, (ii) auf einen Betrag lautet, der dem einer repräsentativen einzelnen Transaktion in dem relevanten Markt zur relevanten Zeit eines anerkannten Händlers mit guter Bonität im Swap-Markt entspricht, und (iii) deren variabler Zahlungsstrom auf dem 6-Monats EURIBOR Satz beruht (berechnet auf einer Actual/360 Tageberechnungsbasis).

"**5 year Swap Rate Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 basis) of a fixed-for-floating euro interest rate swap transaction which (i) has a term of 5 years commencing on the Reference Reset Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the 6-months EURIBOR rate (calculated on an Actual/360 day basis).

(c) Unverzüglich nach Bestimmung des Referenzsatzes wird die Berechnungsstelle den jeweiligen Reset-Zinssatz für die Schuldverschreibungen bestimmen und den jeweiligen Zinsbetrag berechnen.

(c) The Calculation Agent will, without undue delay after the Reference Rate has been determined, determine the applicable Reset Interest and calculate the amount of interest payable on the Notes.

(d) Die Berechnungsstelle wird veranlassen, dass der jeweilige Reset-Zinssatz und der auf jede Schuldverschreibung zahlbare jeweilige Zinsbetrag (unter dem Vorbehalt der Anwendung von § 3 (6) und § 5 (8) (a) und (b)) der Emittentin, der Zahlstelle, und jeder Börse an der die Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, sowie den Gläubigern gemäß § 11 unverzüglich, aber keinesfalls später als am achten auf dessen Feststellung folgenden Geschäftstag (wie nachstehend in § 4 (5) definiert) mitgeteilt wird. Die Berechnungsstelle wird veranlassen, dass im Falle der Vornahme einer Herabschreibung gemäß § 5 (8) (a) oder einer Hochschreibung gemäß § 5 (8) (b) der geänderte jeweilige Zinsbetrag für den betreffenden Resetzinszeitraum baldmöglichst der (i) Emittentin, der Zahlstelle und den Gläubigern gemäß § 11 und (ii) jeder Börse, an der die betreffenden Schuldverschreibungen auf Veranlassung der Emittentin zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, mitgeteilt wird.

(d) The Calculation Agent will cause the Reset Interest and the amount of interest payable on each Note (unless otherwise provided by § 3 (6) and § 5 (8) (a) and (b)) to be notified to the Issuer, to the Paying Agent and, if required by the rules of any stock exchange on which the Notes are listed from time to time at the request of the Issuer, to such stock exchange and to the Holders in accordance with § 11 as soon as possible after their determination, but in no event later than the eighth Business Day (as defined in § 4 (5)) thereafter. In the event of a write-down in accordance with § 5 (8) (a) or a write-up in accordance with § 5 (8) (b), the Calculation Agent will, without undue delay after the determination, cause the amended amount of interest payable on each Note to be notified (i) to the Issuer, to the Paying Agent and to the Holders in accordance with § 11 and (ii), if required by the rules of any stock exchange on which the Notes are listed from time to time at the request of the Issuer, to such stock exchange.

(3) *Berechnung des Zinsbetrags*. Der an dem jeweiligen Zinszahlungstag zu zahlende Zinsbetrag je Schuldverschreibung ergibt sich aus der Multiplikation des jeweiligen Zinssatzes mit dem Nennbetrag je Schuldverschreibung (vorbehaltlich § 3 (6) und § 5 (8) (a)), wobei der daraus resultierende Betrag auf den nächsten Eurocent auf oder abgerundet wird, wenn die erste Nachkommastelle 5 oder mehr ist, und andernfalls abgerundet wird. Im Falle einer Herabschreibung

(3) *Calculation of the amount of interest payable*. The amount of interest payable on each Interest Payment Date on each Note is calculated by multiplying the relevant Interest with the Principal Amount of each Note (subject to § 3 (6) and § 5 (8) (b)). The so determined amount is rounded up to the next eurocent if the decimal is 0.5 or more, otherwise rounded down. In the case of a write-down in accordance with § 5 (8) (a), the amount of interest is calculated on the basis of the

gemäß § 5 (8) (a) wird der Zinsbetrag jedoch bis zur vollständigen Hochschreibung gemäß § 5 (8) (b) jeweils auf Grundlage des entsprechend verringerten Nennbetrags der Schuldverschreibungen berechnet. Ein Zinsbetrag, der für einen Zeitraum von weniger als einem Jahr zu berechnen ist, wird auf Basis der tatsächlichen Anzahl von verstrichenen Tagen im maßgeblichen Zeitraum geteilt durch die tatsächliche Anzahl von Tagen in dem jeweiligen Zinszeitraum.

reduced nominal amount of each Note unless the reduced nominal amount has been written up to the Principal Amount in accordance with § 5 (8) (b). An amount of interest, which must be calculated for a period of less than one year, is calculated on the basis of the number of days passed in the respective period divided by the number of days of the respective Reset Interest Period.

"**Zinszahlungstag**" bezeichnet jeden Festzinszahlungstag und jeden Resetzinszahlungstag.

"**Interest Payment Date**" means any Initial Interest Payment Date and any Reset Interest Payment Date.

(4) *Verbindlichkeit der Festsetzungen*. Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 3 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Zahlstelle und die Gläubiger bindend.

(4) *Determinations Binding.* All certifications, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Paying Agent and the Holders.

(5) *Auflaufende Zinsen*. Der Zinslauf der Schuldverschreibungen endet mit Beginn des Tages, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, ist der ausstehende Gesamtnennbetrag der Schuldverschreibungen vom Tag der Fälligkeit an (einschließlich) bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich) in Höhe des gesetzlich festgelegten Zinssatzes für Verzugszinsen[3] zu verzinsen.

(5) *Accrual of Interest*. The Notes shall cease to bear interest from the beginning of the day on which they become due for redemption. If the Issuer fails to make the relevant redemption payment under the Notes when due, the Notes will bear interest on their outstanding aggregate nominal amount from (and including) the due date to (but excluding) the day of actual redemption of the Notes at the statutory default rate of interest[3].

(6) *Ausschluss der Zinszahlung*.

(6) *Cancellation of Interest Payment.*

(a) Die Emittentin hat das Recht, die Zinszahlung nach freiem Ermessen ganz oder teilweise entfallen zu lassen, insbesondere (jedoch nicht ausschließlich) wenn dies notwendig ist, um ein Absinken der Harten Kernkapitalquote (wie in § 5 (8) definiert) unter die Mindest-CET1-Quote (wie in § 5 (8) definiert) zu vermeiden oder eine Auflage der zuständigen Aufsichtsbehörde zu erfüllen. Sie teilt den Gläubigern unverzüglich, spätestens jedoch am betreffenden Zinszahlungstag gemäß § 11 mit, wenn sie von diesem Recht Gebrauch macht.

(a) The Issuer has the right, in its sole discretion, to cancel all or part of any payment of interest, including (without limitation) if such cancellation is necessary to prevent the Common Equity Tier 1 Capital Ratio (as defined in § 5 (8)) from falling below the Minimum CET1 Ratio (as defined in § 5 (8)) or to meet a requirement imposed by the competent supervisory authority. If the Issuer makes use of such right, it shall give notice to the Holders in accordance with § 11 without undue delay but no later than on the relevant Interest Payment Date.

(b) Eine Zinszahlung auf die Schuldverschreibungen ist für die betreffende Zinsperiode ausgeschlossen (ohne Einschränkung

(b) Payment of interest on the Notes for the relevant Interest Period shall be cancelled (without prejudice to the exercise of sole discretion

[3] Der gesetzliche Verzugszinssatz beträgt gemäß §§ 288 Absatz l, 247 BGB für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz. / The statutory default rate of interest per year is five percentage points above the basic rate of interest published by the Deutsche Bundesbank from time to time pursuant to §§ 288 paragraph 1, 247 German Civil Code (BGB).

des freien Ermessens nach § 3 (6) (a)):

(i) soweit eine solche Zinszahlung zusammen mit den zeitgleich geplanten oder erfolgenden und den in dem laufenden Geschäftsjahr der Emittentin bereits erfolgten weiteren Ausschüttungen (wie in § 3 (7) definiert) auf Kernkapitalinstrumente und Instrumente des Zusätzlichen Kernkapitals (beide wie in § 3 (7) definiert) die Ausschüttungsfähigen Posten (wie in § 3 (7) definiert) übersteigen würde, wobei die Ausschüttungsfähigen Posten für diesen Zweck um einen Betrag erhöht werden, der bereits als Aufwand für Ausschüttungen in Bezug auf Kernkapitalinstrumente und Instrumente des Zusätzlichen Kernkapitals in die Ermittlung des Gewinns, der den Ausschüttungsfähigen Posten zugrunde liegt, eingegangen ist; oder

(ii) wenn und soweit die zuständige Aufsichtsbehörde anordnet, dass diese Zinszahlung insgesamt oder teilweise entfällt, oder ein anderes gesetzliches oder behördliches Ausschüttungsverbot besteht.

Reduzierungen von Zinszahlungen aufgrund von (i) erfolgen gleichrangig mit allen anderen Kernkapitalinstrumenten und Instrumenten des Zusätzlichen Kernkapitals, es sei denn, die Emittentin verstieße mit einem solchen Vorgehen gegen bereits übernommene vertragliche bzw. gesetzliche oder aufsichtsrechtliche Verpflichtungen; in diesem Fall gelten die sich insoweit aus den bestehenden Instrumenten zwischen ihr und den direkten oder indirekten Inhabern der Instrumente bzw. den betreffenden Gläubigern ergebenden zwingenden Rangverhältnisse.

(c) Die Emittentin ist berechtigt, die Mittel aus entfallenen Zinszahlungen uneingeschränkt zur Erfüllung ihrer eigenen Verpflichtungen bei deren Fälligkeit zu nutzen. Soweit Zinszahlungen entfallen, schließt dies sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge (wie dort definiert) ein. Entfallene Zinszahlungen werden nicht nachgezahlt.

(7) *Definitionen.*

"**Ausschüttung**" bezeichnet jede Art der Auszahlung von Dividenden oder Zinsen.

"**Ausschüttungsfähige Posten**" bezeichnet in Bezug auf eine Zinszahlung den Gewinn am Ende des dem betreffenden Zinszahlungstag unmittelbar vorhergehenden Geschäftsjahres der Emittentin, für das ein testierter Jahresabschluss vorliegt, zuzüglich (i) etwaiger vorgetragener Gewinne und ausschüttungsfähiger Rücklagen, jedoch abzüglich (ii) vorgetragener Verluste und gemäß anwendbarer Rechtsvorschriften oder der Satzung der Emittentin nicht ausschüttungsfähiger Gewinne und in die nicht ausschüttungsfähigen Rücklagen

pursuant to § 3 (6) (a)):

(i) to the extent that such payment of interest together with any additional Distributions (as defined in § 3 (7)) that are simultaneously planned or made or that have been made by the Issuer on the other Tier 1 Instruments and Additional Tier 1 Instruments (both as defined in § 3 (7)) in the then current financial year of the Issuer would exceed the Distributable Items (as defined in § 3 (7)), provided that, for such purpose, the Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for Distributions in respect of Tier 1 Instruments and Additional Tier 1 Instruments in the determination of the profit on which the Distributable Items are based; or

(ii) if and to the extent that the competent supervisory authority orders that all or part of the relevant payment of interest be cancelled or another prohibition of Distributions is imposed by law or by an authority.

Reductions of interest payments due to (i) occur *pari passu* with all other Tier 1 Instruments and Additional Tier 1 Instruments, unless the Issuer would violate contractual or statutory or banking regulatory obligations. In this case, the ranking applies as it has been agreed upon In the terms and conditions of these instruments between the Issuer, on the one side, and the direct or indirect holders or creditors, on the other side.

(c) The Issuer is entitled to use the funds from cancelled payments of interest without restrictions for the fulfilment of its own obligations when due. To the extent that payments of interest are cancelled, such cancellation includes all Additional Amounts as defined in § 7. Any payments of interest which have been cancelled will not be made at any later date.

(7) *Definitions.*

"**Distribution**" means any form of payment of dividends and interest.

"**Distributable Items**" means, with respect to any payment of interest, the profit as of the end of the financial year of the Issuer immediately preceding the relevant Interest Payment Date, for which audited annual financial statements are available, plus (i) any profits carried forward and distributable reserves, minus (ii) any losses carried forward and any profits which are non-distributable pursuant to applicable law or the Articles of Association of the Issuer and any amounts allocated to the non-distributable reserves, provided that such profits,

eingestellter Beträge, wobei diese Gewinne, Verluste und Rücklagen ausgehend von dem handelsrechtlichen Einzelabschluss der Emittentin und nicht auf der Basis des Konzernabschlusses festgestellt werden.

losses and reserves shall be determined on the basis of the unconsolidated financial statements of the Issuer prepared in accordance with German commercial law and not on the basis of its consolidated financial statements.

"**Kernkapitalinstrumente**" bezeichnet Kapitalinstrumente, die im Sinne der CRR zu den Instrumenten des harten Kernkapitals. zählen.

"**Tier 1 Instruments**" means capital instruments which, according to the CRR, qualify as Common Equity Tier 1 capital.

"**Instrumente des Zusätzlichen Kernkapitals**" bezeichnet Instrumente, die im Sinne der CRR als zusätzliches Kernkapital gelten, jedoch einschließlich der Schuldverschreibungen und anderer Wertpapiere der Emittentin mit vergleichbaren Ausstattungsmerkmalen, unabhängig von ihrer Anerkennung als zusätzliches Kernkapital auf konsolidierter Basis.

"**Additional Tier 1 Instruments**" means instruments which, pursuant to the CRR, qualify as Additional Tier 1 capital, but including the Notes, and other notes of the Issuer with similar features as the Notes, irrespective of their recognition as Additional Tier 1 capital on a consolidated basis.

"**CRR**" bezeichnet die Verordnung (EU) Nr. 575/2013 des Europäischen Parlaments und des Rates vom 26. Juni 2013 über Aufsichtsanforderungen an Kreditinstitute und Wertpapierfirmen und zur Änderung der Verordnung (EU) Nr. 648/2012 (einschließlich jeder jeweils anwendbaren aufsichtsrechtlichen Regelung, die diese Verordnung ergänzt); soweit Bestimmungen der CRR geändert oder ersetzt werden, bezieht sich der Begriff CRR in diesen Anleihebedingungen auf die geänderten Bestimmungen bzw. die Nachfolgeregelungen.

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (including any provisions of regulatory law supplementing this Regulation); to the extent that any provisions of the CRR are amended or replaced, the term CRR as used in these Terms and Conditions shall refer to such amended provisions or successor provisions.

§ 4
Zahlungen

§ 4
Payments

(1) *Allgemeines*.

(1) *General.*

(a) *Zahlungen auf Kapital*. Zahlungen auf Kapital in Bezug auf die Schuldverschreibungen erfolgen nach Maßgabe von § 4 (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems außerhalb der Vereinigten Staaten.

(a) *Payment of Principal.* Payment of principal in respect of the Notes shall be made in accordance with § 4 (2) to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System outside the United States.

(b) *Zahlungen von Zinsen*. Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von § 4 (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

(b) *Payment of Interest.* Payment of interest on Notes shall be made in accordance with § 4 (2) to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von § 4 (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 (3) (b).

Payment of interest on the Notes represented by the Temporary Global Note shall be made, subject to § 4 (2), to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System, upon due certification as provided in § 1 (3) (b).

(2) *Zahlungsweise*. Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of

Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in EUR.

(3) *Vereinigte Staaten*. Für die Zwecke des § 1 (3) und des § 4 (1) bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung*. Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag*. Fällt der Fälligkeitstag für eine Zahlung von Kapital in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Geschäftstag ist, dann haben die Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Geschäftstag und sind nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen. "**Geschäftstag**" bezeichnet jeden Tag (außer einem Samstag oder Sonntag), an dem das Trans-European Automated Real-time Gross Settlement Express Transfer System 2 (TARGET2) geöffnet ist.

(6) *Bezugnahmen auf Kapital und Zinsen*. Bezugnahmen in diesen Anleihebedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag der Schuldverschreibungen, den Vorzeitigen Rückzahlungsbetrag (wie in § 5 (4) definiert), jeden Aufschlag sowie sonstige auf oder in Bezug auf die Schuldverschreibungen zahlbaren Beträge. Bezugnahmen in diesen Anleihebedingungen auf Zinsen auf Schuldverschreibungen sollen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge (wie dort definiert) einschließen.

(7) *Hinterlegung von Kapital und Zinsen*. Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt und auf das Recht der Rücknahme verzichtet wird, erlöschen die jeweiligen Ansprüche der Gläubiger gegen die Emittentin.

amounts due in respect of the Notes shall be made in EUR.

(3) *United States.* For purposes of § 1 (3) and § 4 (1), "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Date.* If the date for payment of any principal in respect of any Note is not a Business Day, then the Holders shall not be entitled to payment until the next Business Day and shall not be entitled to further interest or other payment in respect of such delay. "**Business Day**" means any day (other than Saturday or Sunday) on which the Trans-European Automated Realtime Gross Settlement Express Transfer System 2 (TARGET2) is open.

(6) *References to Principal and Interest.* References in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable, the following amounts: the Redemption Amount of the Notes, Early Redemption Amounts as defined under § 5 (4), any premium and any other amounts which may be payable under or in respect of the Notes. References in the Terms and Conditions to interest shall be deemed to include, as applicable, any Additional Amounts as defined under § 7.

(7) *Deposit of Principal and Interest.* The Issuer may deposit with the local court (*Amtsgericht*) in Frankfurt amounts of interest or principal not claimed by the Holders within twelve months after the due date, even though such Holders may not be in default of acceptance of payment. If and to the extent that such deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 5
Rückzahlung; Herabschreibungen

(1) *Keine Endfälligkeit*. Die Schuldverschreibungen haben keinen Endfälligkeitstag.

§ 5
Redemption; Write-downs

(1) *No Maturity*. The Notes have no scheduled maturity date.

(2) *Vorzeitige Rückzahlung aus regulatorischen Gründen*. Die Schuldverschreibungen können jederzeit insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin und vorbehaltlich der vorherigen Zustimmung der zuständigen Aufsichtsbehörde mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen vorzeitig gekündigt und zu ihrem Rückzahlungsbetrag (wie nachstehend definiert) zuzüglich bis zum für die Rückzahlung festgesetzten Tag (ausschließlich) aufgelaufener Zinsen zurückgezahlt werden, falls die Emittentin feststellt, dass die Schuldverschreibungen für Zwecke der Eigenmittelausstattung der Emittentin und ihrer Tochtergesellschaften ("**GRENKE-Gruppe**") als zusätzliches Kernkapital (Additional Tier 1) nach Maßgabe der anwendbaren bankaufsichtsrechtlichen Vorschriften anrechnungsfähig werden, diese Anrechnungsfähigkeit jedoch wieder verloren geht oder sich nachteilig verändert.

(2) *Redemption for Regulatory Reasons*. If, on the basis of the classification under banking regulatory law, the Notes will qualify in their full aggregate nominal amount as Additional Tier 1 capital for the purposes of the Issuer's and its subsidiaries' (the "**GRENKE Group**") own funds, but after having been so qualified, have lost this qualification again or the qualification has changed to a less favorable degree, the Notes may be redeemed, in whole but not in part, at any time at the option of the Issuer, subject to the prior permission of the competent supervisory authority, upon not less than 30 and not more than 60 days' prior notice of redemption at their Redemption Amount (as defined below) together with the amount of interest accrued to (but excluding) the date fixed for redemption.

(3) *Vorzeitige Rückzahlung aus steuerlichen Gründen*. Die Schuldverschreibungen können jederzeit insgesamt jedoch nicht teilweise, nach Wahl der Emittentin und vorbehaltlich der vorherigen Zustimmung der zuständigen Aufsichtsbehörde mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen vorzeitig gekündigt und zu ihrem Rückzahlungsbetrag (wie nachstehend definiert) zuzüglich bis zum für die Rückzahlung festgesetzten Tag (ausschließlich) aufgelaufener Zinsen zurückgezahlt werden, falls sich die steuerliche Behandlung der Schuldverschreibungen ändert (insbesondere, jedoch nicht ausschließlich, im Hinblick auf die steuerliche Abzugsfähigkeit der unter den Schuldverschreibungen zu zahlenden Zinsen, die Verpflichtung zur Zahlung von zusätzlichen Beträgen (wie in § 7 definiert) oder die Nichtentstehung von Buchgewinnen im Falle einer Herabschreibung nach § 5 (8)) und diese Änderung für die Emittentin nach eigener Einschätzung wesentlich nachteilig ist.

(3) *Redemption for Reasons of Taxation.* If the tax treatment of the Notes changes (including but not limited to the tax deductibility of amounts of interest payable on the Notes, the obligation to pay Additional Amounts as defined under § 7 or the non-realisation of book profits in the event of a write-down pursuant to § 5 (8)) and the Issuer determines, in its own discretion, that such change is materially disadvantageous to the Issuer, the Notes may be redeemed, in whole but not in part, at any time at the option of the Issuer, subject to the prior permission of the competent supervisory authority, upon not less than 30 and not more than 60 days' prior notice of redemption at their Redemption Amount (as defined below) together with interest accrued to (but excluding) the date fixed for redemption.

(4) *Vorzeitige Rückzahlung nach Wahl der Emittentin*. Die Emittentin kann die Schuldverschreibungen insgesamt, jedoch nicht teilweise, vorbehaltlich der vorherigen Zustimmung der zuständigen Aufsichtsbehörde unter Einhaltung einer Kündigungsfrist von nicht weniger als 30 Tagen zum Ersten Rückzahlungstag und danach zu jedem Zinszahlungstag (jeweils ein "**Vorzeitiger Rückzahlungstag**") kündigen und zu ihrem Rückzahlungsbetrag (wie nachstehend definiert und unter Berücksichtigung einer etwaigen Herabschreibung nach § 5 (8)) zuzüglich bis zum jeweiligen Vorzeitigen Rückzahlungstag (ausschließlich) aufgelaufener Zinsen zurückzahlen.

(4) *Early Redemption at the Option of the Issuer*. The Issuer may redeem the Notes, in whole but not in part, at any time, subject to the prior permission of the competent supervisory authority, upon not less than 30 days' notice of redemption for the first time on the First Reset Date and on any Interest Payment Date thereafter (each a "**Redemption Date**") at their Redemption Amount (as defined below and subject to any write-downs pursuant to § 5 (8)) together with interest (if any) accrued to (but excluding) the Redemption Date.

(5) Eine Kündigung nach § 5 (2), (3) und (4) hat

(5) A redemption pursuant to § 5 (2), (3) and (4)

gemäß § 11 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin und im Falle einer Kündigung nach § 5 (2) oder (3) den Grund für die Kündigung nennen. Nach Eintritt eines Auslöseereignisses kann die Kündigung nicht mehr erklärt werden, bis die Voraussetzungen gemäß Absatz (6) erfüllt sind. Wurde die Kündigung erklärt, aber sind die Schuldverschreibungen noch nicht zurückgezahlt, wird die Kündigung mit Eintritt eines Auslöseereignisses unwirksam.

shall be made in accordance with § 11. Such notice shall be irrevocable and shall state the date fixed for redemption and, in the case of a notice pursuant to § 5 (2) or (3), the reason for the redemption. Once a Trigger Event has occurred, the Notes may no longer be redeemed unless the requirements stipulated under paragraph 6 are met. Upon the occurrence of a Trigger Event, a redemption becomes invalid, if the Issuer has declared to redeem the Notes but has not paid the Redemption Amounts to the Holders.

(6) *Kündigung nach erfolgter Hochschreibung; Rückzahlungsbetrag*. Die Emittentin kann ihr Kündigungsrecht nach § 5 (4) nur ausüben, wenn etwaige Herabschreibungen nach § 5 (8) wieder vollständig aufgeholt worden sind, es sei denn, die Gläubiger stimmen einer Kündigung zu einem heruntergeschriebenen Rückzahlungsbetrag zu. Eine Aufholung etwaiger Herabschreibungen ist bei einer Kündigung nach § 5 (2) und (3) nicht erforderlich. Im Übrigen steht die Ausübung der Kündigungsrechte nach § 5 (2), (3) und (4) im alleinigen Ermessen der Emittentin.

(6) *Redemption after Write-Up; Redemption Amount*. The Issuer may exercise its ordinary redemption rights pursuant to § 5 (4) only if any write-downs pursuant to § 5 (8) have been fully written up, unless the Holders have consented to a redemption at a written down redemption amount. The exercise of the redemption rights pursuant to § 5 (2) and (3) does not require a prior write-up. Otherwise, the exercise of the redemption rights pursuant to § 5 (2), (3) and (4) shall be at the sole discretion of the Issuer.

Der "**Rückzahlungsbetrag**" einer Schuldverschreibung entspricht ihrem ursprünglichen Nennbetrag, soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet. Im Fall, dass die Emittentin gemäß § 5 (4) mit Zustimmung der Gläubiger trotz erfolgter Herabschreibung nach § 5 (8) und noch nicht wieder erfolgter Hochschreibung kündigt, und im Falle einer Kündigung gemäß § 5 (2) und (3) nach erfolgter Herabschreibung nach § 5 (8) und noch nicht wieder erfolgter Hochschreibung, entspricht der "**Rückzahlungsbetrag**" einer Schuldverschreibung ihrem um Herabschreibungen verminderten (soweit nicht durch Hochschreibung(en) kompensiert) aktuellen Nennbetrag, soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet.

"**Redemption Amount**" of each Note, unless previously redeemed in whole or in part or repurchased and cancelled, shall be the Principal Amount of such Note, except in the event that the Issuer redeems the Notes in accordance with § 5 (2) or (3) at a written down redemption amount and nominal amount in accordance with § 5 (8), or if the Holders, pursuant to § 5 (4), have consented to a redemption at a written down redemption amount and nominal amount in accordance with § 5 (8); in these cases the "**Redemption Amount**" of each Note, unless previously redeemed in whole or in part or repurchased and cancelled, shall be the then current nominal amount of such Note as reduced by any write-downs (to the extent not made up for by write-up(s)).

(7) *Kein Kündigungsrecht der Gläubiger*. Die Gläubiger sind zur Kündigung der Schuldverschreibungen nicht berechtigt.

(7) *No Call Right of the Holders*. The Holders have no right to call the Notes for redemption.

(8) *Herabschreibung*.

(8) *Write down*.

(a) Bei Eintritt eines Auslöseereignisses sind der Rückzahlungsbetrag und der Nennbetrag jeder Schuldverschreibung um den Betrag der betreffenden Herabschreibung zu reduzieren.

(a) Upon the occurrence of a Trigger Event, the Redemption Amount and the nominal amount of each Note shall be reduced by the amount of the relevant write-down.

Ein "**Auslöseereignis**" tritt ein, wenn die in Artikel 92 Absatz 1 Buchstabe a CRR bzw. einer Nachfolgeregelung genannte harte Kernkapitalquote (die "**Harte Kernkapitalquote**") der GRENKE-Gruppe unter 5,125% (die "**Mindest-CET1-Quote**") fällt.

A "**Trigger Event**" occurs if the Common Equity Tier 1 capital ratio of the GRENKE Group pursuant to Article 92 (1) (a) CRR or any successor provision (the "**Common Equity Tier 1 Capital Ratio**") falls below 5.125 per cent. (the "**Minimum CET1 Ratio**").

Im Falle eines Auslöseereignisses ist eine Herabschreibung *pro rata* mit sämtlichen anderen Instrumenten des Zusätzlichen Kernkapitals sowie vergleichbar ausgestatteten Instrumenten, die eine Herabschreibung (gleichviel ob permanent oder temporär) bei Eintritt des Auslöseereignisses vorsehen (einschließlich, aber nicht beschränkt auf, Instrumente des Ergänzungskapitals) ("**Vergleichbare Instrumente**"), vorzunehmen. Der *pro rata* zu verteilende Gesamtbetrag der Herabschreibungen entspricht dabei dem Betrag, der zur vollständigen Wiederherstellung der Harten Kernkapitalquote der GRENKE-Gruppe bis zur Mindest-CET1-Quote erforderlich ist, höchstens jedoch der Summe der im Zeitpunkt des Eintritts des Auslöseereignisses ausstehenden Kapitalbeträge dieser Instrumente.

Upon the occurrence of a Trigger Event, a write-down shall be effected pro rata with all other Additional Tier 1 Instruments or other instruments with similar features, the terms of which provide for a write-down (whether permanent or temporary) upon the occurrence of the Trigger Event (including, but not limited to Tier 2 instruments) ("**Similar Instruments**)". For such purpose, the total amount of the write-downs to be allocated *pro rata* shall be equal to the amount required to fully restore the Common Equity Tier 1 Capital Ratio of the GRENKE Group to the Minimum CET1 Ratio but shall not exceed the sum of the nominal amounts of the relevant instruments outstanding at the time of occurrence of the Trigger Event.

Wenn im Falle eines Auslöseereignisses auch andere Instrumente des Zusätzlichen Kernkapitals sowie Vergleichbare Instrumente herabzuschreiben oder in Instrumente des harten Kernkapitals zu wandeln sind, die nach ihren jeweiligen Bedingungen als Auslöseereignis das Unterschreiten einer Harten Kernkapitalquote vorsehen, die von der Mindest-CET1-Quote abweicht, so sind alle Instrumente des Zusätzlichen Kernkapitals und Vergleichbare Instrumente, die von einem Auslöseereignisses betroffen sind, ungeachtet der Höhe der für das Auslösungsereignis nach ihren Bedingungen jeweils maßgeblichen CET1-Quote im Verhältnis ihrer Kapitalbeträge zueinander abzuschreiben oder in Instrumente des harten Kernkapitals zu wandeln. Falls diese Reihenfolge aufgrund für Instrumente des Zusätzlichen Kernkapitals anwendbarer gesetzlicher Vorschriften oder aufsichtsrechtlicher Praxis nicht oder nicht mehr zulässig sein sollte, richtet sich das Verhältnis bzw. die Reihenfolge, in welcher für die jeweils herabzuschreibenden oder in Instrumente des harten Kernkapitals zu wandelnden Instrumente eine Herabschreibung oder Umwandlung vorzunehmen ist, nach den gesetzlichen oder aufsichtsrechtlichen Vorschriften für Instrumente des Zusätzlichen Kernkapitals.

If, upon the occurrence of a Trigger Event, other Additional Tier 1 Instruments or Similar Instruments shall be written-down or converted into Common Equity Tier 1 instruments, the terms of which provide for a trigger event if the Common Equity Tier 1 Capital Ratio of the Issuer falls below a ratio which differs from the Minimum CET1 Ratio, then those Additional Tier 1 Instruments and Similar Instruments, which are affected by a trigger event, shall be written down or converted into Common Equity Tier 1 instruments on a *pro rata* basis, irrespective of the threshold provided for under their terms as the relevant CET1 Ratio. If this ranking is not or no longer compliant with statutory or banking regulatory provisions applicable in relation to Additional Tier 1 Instruments, the rata or the ranking, which applies to the relevant instruments to be written down or converted into Common Equity Tier 1 instruments, shall be determined in accordance with the statutory or banking regulatory requirements for Additional Tier 1 Instruments.

Die Summe der in Bezug auf die Schuldverschreibungen vorzunehmenden Herabschreibungen ist auf den ausstehenden Gesamtnennbetrag der Schuldverschreibungen zum Zeitpunkt des Eintritts des jeweiligen Auslöseereignisses beschränkt.

The sum of the write-downs to be effected with respect to the Notes shall be limited to the outstanding aggregate nominal amount of the Notes at the time of occurrence of the relevant Trigger Event.

Im Falle des Eintritts eines Auslöseereignisses wird die Emittentin:

Upon the occurrence of a Trigger Event, the Issuer shall:

(i) unverzüglich die für sie zuständige Aufsichtsbehörde sowie gemäß § 11 die Gläubiger der Schuldverschreibungen von dem Eintritt dieses Auslöseereignisses sowie des Umstandes, dass eine Herabschreibung vorzunehmen ist,

(i) inform the competent supervisory authority of the Issuer and, in accordance with § 11, the Holders of the Notes without undue delay about the occurrence of such Trigger Event and the fact that a write-down will have to be effected, and

unterrichten, und

(ii) unverzüglich, spätestens jedoch innerhalb eines Monats (soweit die für sie zuständige Aufsichtsbehörde diese Frist nicht verkürzt) die vorzunehmende Herabschreibung feststellen und (w) der zuständigen Aufsichtsbehörde, (x) den Gläubigern der Schuldverschreibungen gemäß § 11, (y) der Berechnungsstelle und der Zahlstelle sowie (z) jeder Börse, an der die betreffenden Schuldverschreibungen auf Veranlassung der Emittentin zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, mitteilen.

(ii) determine the write-down to be effected without undue delay, but not later than within one month (unless the competent supervisory authority of the Issuer shortens such period), and notify such write-down (w) to the competent supervisory authority, (x) to the Holders of the Notes in accordance with § 11, (y) to the Calculation Agent and the Paying Agent, and (z) if required by the rules of any stock exchange on which the Notes are listed from time to time at the request of the Issuer, to such stock exchange.

Die Herabschreibung gilt als bei Abgabe der Mitteilungen nach § 5 (8) (a) (i) und (ii) vorgenommen und der jeweilige Nennbetrag der Schuldverschreibungen (einschließlich Rückzahlungsbetrag) nach Maßgabe der festgelegten Stückelung zu diesem Zeitpunkt um diesen Betrag reduziert.

The write-down shall be deemed to be effected at the time when the notices pursuant to § 5 (8) (a) (i) and (ii) are given and the nominal amount of each Note (including the Redemption Amount) in the Specified Denomination shall be deemed to be reduced at such time by the amount of such write-down.

(b) Nach der Vornahme einer Herabschreibung können der Nennbetrag sowie der Rückzahlungsbetrag jeder Schuldverschreibung in jedem der Reduzierung nachfolgenden Geschäftsjahre der Emittentin bis zur vollständigen Höhe des ursprünglichen Nennbetrags (soweit nicht zuvor zurückgezahlt oder angekauft und entwertet) nach Maßgabe der folgenden Regelungen dieses § 5 (8) (b) wieder hochgeschrieben werden, soweit ein entsprechender Jahresüberschuss zur Verfügung steht und hierdurch kein Jahresfehlbetrag entsteht oder erhöht würde.

(b) After a write-down has been effected, the nominal amount and the Redemption Amount of each Note, unless previously redeemed or repurchased and cancelled, may be written up in accordance with the following provisions of this § 5 (8) (b) in each of the financial years of the Issuer subsequent to the occurrence of such write-down until the full Principal Amount has been restored, to the extent that a corresponding annual surplus is recorded and the write-up will not give rise to or increase an annual deficit.

Die Hochschreibung erfolgt gleichrangig mit der Hochschreibung anderer Instrumente des Zusätzlichen Kernkapitals, es sei denn die Emittentin bzw. die GRENKE-Gruppe verstieße mit einem solchen Vorgehen gegen bereits übernommene vertragliche, gesetzliche oder aufsichtsrechtliche Verpflichtungen.

The write-up shall be effected *pari passu* with any write-up of other Additional Tier 1 Instruments, unless this would cause the Issuer or the GRENKE Group to be in breach with any contractual obligation that has been assumed by the Issuer or with any statutory or regulatory obligation.

Die Vornahme einer Hochschreibung steht vorbehaltlich der nachfolgenden Vorgaben (i) bis (v) im Ermessen der Emittentin. Insbesondere kann die Emittentin auch dann ganz oder teilweise von einer Hochschreibung absehen, wenn ein entsprechender Jahresüberschuss zur Verfügung steht und die Vorgaben (i) bis (v) erfüllt wären.

Subject to the conditions (i) to (v) below, it shall be at the discretion of the Issuer to effect a write-up. In particular, even if a corresponding annual surplus is available and the conditions (i) to (v) were fulfilled, the Issuer may effect a write-up only in part or effect no write-up at all.

(i) Soweit der festgestellte bzw. festzustellende Jahresüberschuss für die Hochschreibung der Schuldverschreibungen (mithin jeweils von Nennbetrag und Rückzahlungsbetrag) und anderer, mit einem vergleichbaren Auslöseereignis (d.h. auch im Fall einer abweichenden harten Kernkapitalquote als Auslöser) und vergleichbaren Bedingungen bezüglich der Hochschreibung ausgestatteter Instrumente des Zusätzlichen Kernkapitals verwendet werden soll und nach

(i) To the extent that the annual surplus determined or to be determined is to be used for a write-up of the Notes (i.e. a write-up of the nominal amount and of the Redemption Amount) and of other Additional Tier 1 Instruments, the terms of which provide for a similar trigger event (also if such terms provide for a different CET1 Ratio as trigger) and similar write-up provisions, and is available in accordance with (ii) and (iii) below, such write-up shall be effected *pro rata* in

Maßgabe von (ii) und (iii) zur Verfügung steht, erfolgt die Hochschreibung *pro rata* nach Maßgabe der ursprünglichen Nennbeträge der Instrumente.

proportion to the Principal Amounts of the instruments.

(ii) Der Höchstbetrag, der insgesamt für die Hochschreibung der Schuldverschreibungen, anderer, herabgeschriebener Instrumente des Zusätzlichen Kernkapitals mit Hochschreibungsbedingungen sowie die Zahlung von Zinsen und anderen Ausschüttungen auf herabgeschriebene Instrumente des Zusätzlichen Kernkapitals verwendet werden kann, errechnet sich vorbehaltlich der jeweils geltenden technischen Regulierungsstandards im Zeitpunkt der Vornahme der Hochschreibung nach folgender Formel:

(ii) The maximum total amount that may be used for a write-up of the Notes, of other Additional Tier 1 Instruments that have been written down and the terms of which allow for a write-up, and for the payment of interest and other Distributions on Additional Tier 1 Instruments that have been written down shall be calculated in accordance with the following formula and is subject to the technical regulatory standards as applicable at the time the write-up is effected:

H = J x S/T1

H = J x S/T1

H bezeichnet den für die Hochschreibung der Instrumente des Zusätzlichen Kernkapitals und Ausschüttungen auf Kernkapitalinstrumente und herabgeschriebene Instrumente des Zusätzlichen Kernkapitals zur Verfügung stehenden Höchstbetrag;

H means the maximum amount available for the write-up of Additional Tier 1 Instruments and the Distributions on Tier 1 Instruments and Additional Tier 1 Instruments that have been written down;

J bezeichnet den festgestellten bzw. festzustellenden Jahresüberschuss der Emittentin des Vorjahres;

J means the annual surplus of the Issuer determined or to be determined for the previous year;

S bezeichnet die Summe der ursprünglichen Nennbeträge der Instrumente des Zusätzlichen Kernkapitals (d.h. vor Vornahme von Herabschreibungen infolge eines Auslöseereignisses oder eines vergleichbaren Ereignisses);

S means the sum of the Principal Amounts of the Additional Tier 1 Instruments (i.e. before write-downs are effected due to a Trigger Event or a similar event);

T1 bezeichnet den Betrag des Kernkapitals und des zusätzlichen Kernkapitals (einschließlich der Schuldverschreibungen) der GRENKE-Gruppe unmittelbar vor Vornahme der Hochschreibung.

T1 means the amount of the Tier 1 capital and the Additional Tier 1 capital (including the Notes) of the GRENKE Group immediately before the write-up is effected.

Die Bestimmung des Höchstbetrags **H** hat sich jeweils nach den geltenden technischen Regulierungsstandards für die Eigenmittelanforderungen an Institute zu richten. Der Höchstbetrag **H** ist von der Emittentin jeweils im Einklang mit den zum Zeitpunkt der Bestimmung geltenden Anforderungen zu bestimmen und der so bestimmte Betrag der Hochschreibung zugrunde zu legen, ohne dass es einer Änderung dieses Absatzes (ii) bedürfte.

The maximum amount **H** shall be determined in accordance with the technical regulatory standards relating to the own funds requirements of Institutions as applicable from time to time. The maximum amount **H** must be determined by the Issuer in accordance with other requirements applicable at that time to the Issuer and the write-up shall be based on the amount so determined without requiring any amendment to this subparagraph (ii).

(iii) Insgesamt darf die Summe der Beträge der Hochschreibungen auf Instrumente des Zusätzlichen Kernkapitals und zusammen mit etwaigen Dividenden und anderen Ausschüttungen in Bezug auf Geschäftsanteile, Aktien und andere Kernkapitalinstrumente sowie Instrumente des Zusätzlichen Kernkapitals der Emittentin bzw. der GRENKE-Gruppe (einschließlich der Zinszahlungen und anderen Ausschüttungen auf herabgeschriebene Instrumente des Zusätzlichen

(iii) In total, the sum of the amounts of the write-ups of Additional Tier 1 Instruments together with the amounts of any dividend payments and other Distributions on shares and other Tier 1 Instruments and Additional Tier 1 Instruments of the Issuer and GRENKE Group (including payment of interest and other Distributions on Additional Tier 1 Instruments that have been written down) for the relevant financial year must not exceed the maximum distributable amount as determined in

Kernkapitals) in Bezug auf das betreffende Geschäftsjahr den in Artikel 141 Absatz 2 CRD IV bzw. einer Nachfolgeregelung bezeichneten ausschüttungsfähigen Höchstbetrag (in der englischen Sprachfassung der sog. "**Maximum Distributable Amount**" oder "**MDA**"), wie in das nationale Recht umgesetzt, nicht überschreiten.

accordance with Article 141 (2) CRD IV or any successor provision (such term being referred to as the "**Maximum Distributable Amount**" or "**MDA**" in the English language version of Article 141 (2) CRD IV) as transposed into national law.

"**CRD IV**" bezeichnet die Richtlinie 2013/36/EU des Europäischen Parlaments und des Rates vom 26. Juni 2013 über den Zugang zur Tätigkeit von Kreditinstituten und die Beaufsichtigung von Kreditinstituten und Wertpapierfirmen, zur Änderung der Richtlinie 2002/87/EG und zur Aufhebung der Richtlinien 2006/48/EG und 2006/49/EG.

"**CRD IV**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

(iv) Hochschreibungen der Schuldverschreibungen gehen Dividenden und anderen Ausschüttungen in Bezug auf Geschäftsanteile, Aktien und andere Instrumente des harten Kernkapitals der Emittentin bzw. der GRENKE-Gruppe nicht vor, d.h. diese können auch dann vorgenommen werden, solange keine vollständige Hochschreibung erfolgt ist.

(iv) Write-ups of the Notes do not have priority over dividend payments and other distributions on shares and other Common Equity Tier 1 instruments of the Issuer and GRENKE Group, i.e. such payments and distributions are permitted even if no full write-up has been effected.

(v) Zum Zeitpunkt einer Hochschreibung darf kein Auslöseereignis fortbestehen. Eine Hochschreibung ist zudem ausgeschlossen, soweit diese zu dem Eintritt eines Auslöseereignisses führen würde.

(v) At the time of a write-up, no Trigger Event shall have occurred that is continuing. A write-up is also excluded if such write-up were to result in the occurrence of a Trigger Event.

Wenn sich die Emittentin für die Vornahme einer Hochschreibung nach den Bestimmungen dieses § 5 (8) (b) entscheidet, wird sie unverzüglich gemäß § 11 die Gläubiger der Schuldverschreibungen, die Berechnungsstelle, die Zahlstelle sowie jede Börse, an der die betreffenden Schuldverschreibungen auf Veranlassung der Emittentin zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, von der Vornahme der Hochschreibung (einschließlich des Hochschreibungsbetrags als Prozentsatz des ursprünglichen Nennbetrags der Schuldverschreibungen und des Tags, an dem die Hochschreibung bewirkt werden soll (jeweils ein "**Hochschreibungstag**")) unterrichten. Die Hochschreibung gilt als bei Abgabe der Mitteilung an die Gläubiger gemäß § 11 vorgenommen und der jeweilige Nennbetrag der Schuldverschreibungen (einschließlich Rückzahlungsbetrag) nach Maßgabe der festgelegten Stückelung um den in der Mitteilung angegebenen Betrag zum Zeitpunkt des Hochschreibungstags erhöht.

If the Issuer elects to effect a write-up in accordance with the provisions of this § 5 (8) (b), it shall notify the write-up (including the amount of the write-up as a percentage of the Principal Amount of the Notes and the effective date of the write-up (in each case a "**Write-up Date**")) without undue delay to the Holders of the Notes in accordance with § 11, to the Calculation Agent, to the Paying Agent and, if required by the rules of any stock exchange on which the Notes are listed from time to time at the request of the Issuer, to such stock exchange. The write-up shall be deemed to be effected at the time when the notice to the Holders is given in accordance with § 11 and the nominal amount of each Note in the Specified Denomination (including the Redemption Amount) shall be deemed to be increased by the amount specified in the notice with effect as of the Write-up Date.

§ 6
Die Zahlstelle und die Berechnungsstelle

§ 6
Paying Agent and Calculation Agent

(1) *Bestellung; bezeichnete Geschäftsstelle*. Die anfänglich bestellte Zahlstelle, die anfänglich

(1) *Appointment; Specified Office.* The initial Paying Agent and the initial Calculation Agent and

bestellte Berechnungsstelle und deren jeweilige anfänglich bezeichnete Geschäftsstelle lauten wie folgt:

Zahlstelle:

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt am Main
Deutschland

Berechnungsstelle:

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt am Main
Deutschland

Die Zahlstelle behält sich das Recht vor, jederzeit ihre bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

Die Zahlstelle handelt auch als Berechnungsstelle.

(2) *Änderung der Bestellung oder Abberufung*. Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Zahlstelle oder der Berechnungsstelle zu ändern oder zu beenden und eine andere oder zusätzliche Zahlstelle oder eine andere Berechnungsstelle zu bestellen. Die Emittentin wird zu jedem Zeitpunkt eine Zahlstelle und eine Berechnungsstelle unterhalten. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 11 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

(3) *Beauftragte der Emittentin*. Die Zahlstelle und die Berechnungsstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern, und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

§ 7
Steuern

Sämtliche auf die Schuldverschreibungen zu zahlenden Zinsbeträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der

their respective initial specified offices are:

Paying Agent:

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt am Main
Federal Republic of Germany

Calculation Agent:

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt am Main
Federal Republic of Germany

The Paying Agent and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same city.

The Paying Agent assumes the functions of the Calculation Agent.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent or the Calculation Agent and to appoint additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain a Paying Agent and a Calculation Agent. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) if notice has been given to the Holders in accordance with § 11 with a notice period of not less than 30 and not more than 45 days.

(3) *Agents of the Issuer.* The Calculation Agent and the Paying Agent act solely as agents of the Issuer and do not have any obligations towards, or relationship of agency or trust to, any of the Holders.

§ 7
Tax

All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature by or on behalf of the Federal Republic of Germany or by or on behalf of any

Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde der oder in der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, dieser Einbehalt oder Abzug ist gesetzlich vorgeschrieben und wird von der für die Emittentin zuständigen Steuerbehörde verlangt. In diesem Fall wird die Emittentin (vorbehaltlich § 3 (6) (b))[4] diejenigen zusätzlichen Beträge (die "**zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlichen Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law and is demanded by the tax authority which is the competent authority in relation to the Issuer. In such case, the Issuer (subject to § 3 (6) (b)) shall pay the additional amounts (the "**Additional Amounts**")[4], which are necessary in order that the net amounts received by the Holders, after such withholding or deduction, equal the respective amounts which would otherwise have been receivable by the Holders in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

(a) von einer als Depotbank oder Inkassobeauftragter des Gläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als dadurch, dass die Emittentin aus den von ihr zu leistenden Zinszahlungen einen Abzug oder Einbehalt vornimmt; oder

(a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of interest made by it; or

(b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zu Deutschland zu zahlen sind, und nicht allein deshalb, weil Zinszahlungen auf die Schuldverschreibungen aus Quellen in Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder

(b) are payable by reason of the Holder having, or having had, some personal or business connection with Germany and not merely by reason of the fact that payments of interest in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, Germany; or

(c) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der Deutschland oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder

(c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which Germany or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or

(d) von einer Zahlstelle einbehalten oder abgezogen werden, wenn die Zahlung von einer anderen Zahlstelle ohne den Einbehalt oder Abzug hätte vorgenommen werden können; oder

(d) are withheld or deducted by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such withholding or deduction; or

(e) wegen einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zinszahlung oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller

(e) are payable by reason of a change in a law that becomes effective more than 30 days after the relevant payment of interest becomes due, or all amount due are duly provided for and notice

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[4] Gem. EBA Report dürfen auch zusätzliche Beträge nur aus Ausschüttungsfähigen Posten gezahlt werden. / Pursuant to an EBA Report, Additional Payments may only be made out of Distributable Items.

fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 11 wirksam wird; oder

thereof is published in accordance with § 11, whichever occurs later; or

(f) durch die Erfüllung von gesetzlichen Anforderungen oder durch die Vorlage einer Nichtansässigkeitserklärung oder durch die sonstige Geltendmachung eines Anspruchs auf Befreiung gegenüber der betreffenden Steuerbehörde vermeidbar sind oder gewesen wären; oder

(f) are avoidable or would have been avoidable through fulfilment of statutory requirements or through the submission of a declaration of non-residence or by otherwise enforcing a claim for exemption vis à vis the relevant tax authority; or

(g) abgezogen oder einbehalten werden, weil der wirtschaftliche Eigentümer der Schuldverschreibungen nicht selbst rechtlicher Eigentümer (Gläubiger) der Schuldverschreibungen ist und der Abzug oder Einbehalt bei Zahlungen an den wirtschaftlichen Eigentümer nicht erfolgt wäre oder eine Zahlung zusätzlicher Beträge bei einer Zahlung an den wirtschaftlichen Eigentümer nach Maßgabe der vorstehenden Regelungen hätte vermieden werden können, wenn dieser zugleich rechtlicher Eigentümer (Gläubiger) der Schuldverschreibungen gewesen wäre.

(g) are deducted or withheld because the beneficial owner of the Notes is not himself the legal owner (Holder) of the Notes and the deduction or withholding in respect of payments to the beneficial owner would not have been made or the payment of Additional Amounts in respect of a payment to the beneficial owner in accordance with the above provisions could have been avoided if the latter had also been the legal owner (Holder) of the Notes.

§ 8
Vorlegungsfrist

§ 8
Term of presentation

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre verkürzt.

The presentation period provided in § 801 (1) s. 1 of the German Civil Code (BGB) is reduced to five ten for the Notes.

§ 9
Änderung der Anleihebedingungen, Gemeinsamer Vertreter

§ 9
Amendments to the Terms and Conditions, Holders' Respresentative

(1) *Änderung der Anleihebedingungen.* Die Gläubiger können vorbehaltlich der Einhaltung der aufsichtsrechtlichen Voraussetzungen für die Anerkennung der Schuldverschreibungen als zusätzliches Kernkapital entsprechend den Bestimmungen des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz – "**SchVG**") durch einen Beschluss mit der in § 9 (2) bestimmten Mehrheit über einen im SchVG zugelassenen Gegenstand eine Änderung der Anleihebedingungen mit der Emittentin vereinbaren. Die Mehrheitsbeschlüsse der Gläubiger sind für alle Gläubiger gleichermaßen verbindlich. Ein Mehrheitsbeschluss der Gläubiger, der nicht gleiche Bedingungen für alle Gläubiger vorsieht, ist unwirksam, es sei denn, die benachteiligten Gläubiger stimmen ihrer Benachteiligung ausdrücklich zu.

(1) *Amendment to the Terms and Conditions*. In accordance with the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen* – "**SchVG**"), the Holders may, subject to compliance with the requirements of regulatory law for the recognition of the Notes as Additional Tier 1 capital, agree with the Issuer on amendments to the Terms and Conditions with regard to matters permitted by the SchVG by resolution with the majority specified in § 9 (2). Majority resolutions shall be binding on all Holders. Resolutions which do not provide for identical conditions for all Holders are void, unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.

(2) *Mehrheitserfordernisse.* Die Gläubiger entscheiden mit einer Mehrheit von 75% der an der Abstimmung teilnehmenden Stimmrechte.

(2) *Majority*. Resolutions shall be passed by a majority of not less than 75% of the votes cast. Resolutions relating to amendments to the Terms

Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen nicht geändert wird und die keinen Gegenstand des § 5 Absatz 3, Nr. 1 bis Nr. 8 SchVG betreffen, bedürfen zu ihrer Wirksamkeit einer einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte.

and Conditions which are not material and which do not relate to the matters listed in § 5 (3) nos. 1 to 8 SchVG require a simple majority of the votes cast.

(3) *Abstimmung ohne Versammlung.* Alle Abstimmungen werden ausschließlich im Wege der Abstimmung ohne Versammlung durchgeführt. Eine Gläubigerversammlung und eine Übernahme der Kosten für eine solche Versammlung durch die Emittentin findet ausschließlich im Fall des § 18 Absatz 4 Satz 2 SchVG statt.

(3) *Vote without a meeting.* All votes will be taken exclusively by vote taken without a meeting. A meeting of Holders and the assumption of the fees by the Issuer for such a meeting will only take place in the circumstances of § 18 (4) s. 2 SchVG.

(4) *Leitung der Abstimmung.* Die Abstimmung wird von einem von der Emittentin beauftragten Notar oder, falls der gemeinsame Vertreter zur Abstimmung aufgefordert hat, vom gemeinsamen Vertreter geleitet.

(4) *Chair of the vote.* The vote will be chaired by a notary appointed by the Issuer or, if the Holders' Representative (as defined below) has convened the vote, by the Holders' Representative.

(5) *Stimmrecht.* An Abstimmungen der Gläubiger nimmt jeder Gläubiger nach Maßgabe des Nennwerts oder des rechnerischen Anteils seiner Berechtigung an den ausstehenden Schuldverschreibungen teil.

(5) *Voting rights.* Each Holder participating in any vote shall cast votes in accordance with the Principal Amount or the notional share of its entitlement to the outstanding Notes.

(6) *Gemeinsamer Vertreter*.

(6) *Holders' Representative*.

Die Gläubiger können durch Mehrheitsbeschluss zur Wahrnehmung ihrer Rechte einen gemeinsamen Vertreter für alle Gläubiger bestellen.

The Holders may by majority resolution appoint a common representative to exercise the Holders' rights on behalf of each Holder.

Der gemeinsame Vertreter hat die Aufgaben und Befugnisse, welche ihm durch Gesetz oder von den Gläubigern durch Mehrheitsbeschluss eingeräumt wurden. Er hat die Weisungen der Gläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Gläubiger ermächtigt ist, sind die einzelnen Gläubiger zur selbständigen Geltendmachung dieser Rechte nicht befugt, es sei denn, der Mehrheitsbeschluss sieht dies ausdrücklich vor. Über seine Tätigkeit hat der gemeinsame Vertreter den Gläubigern zu berichten. Für die Abberufung und die sonstigen Rechte und Pflichten des gemeinsamen Vertreters gelten die Vorschriften des SchVG.

The Holders' Representative shall have the duties and powers provided by law or granted by majority resolution of the Holders. The Holders' Representative shall comply with the instructions of the Holders. To the extent that the Holders' Representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The Holders' Representative shall provide reports to the Holders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the Holders' Representative.

§ 10
Begebung weiterer Schuldverschreibungen, Ankauf und Entwertung

§ 10
Further Issues, Purchases and Cancellation

(1) *Begebung weiterer Schuldverschreibungen*. Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des

(1) *Further Issues*. The Issuer may from time to time, without the consent of the Holders, issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to

Verzinsungsbeginns und/oder des Ausgabekurses) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

form a single series with the Notes.

(2) *Ankauf*. Die Emittentin ist (mit vorheriger Zustimmung der für die Emittentin zuständigen Aufsichtsbehörde) berechtigt, Schuldverschreibungen im regulierten Markt oder anderweitig zu jedem beliebigen Kurs zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Zahlstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Rückkaufangebot erfolgen, muss dieses Rückkaufangebot allen Gläubigern gemäß § 11 gemacht werden.

(2) *Purchases.* The Issuer may (with prior permission of the competent supervisory authority of the Issuer, if required) purchase Notes on the regulated market or elsewhere at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Paying Agent for cancellation. If purchases are made by public tender, tenders for such Notes must be made available to all Holders of such Notes alike pursuant to § 11.

(3) *Entwertung*. Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 11
Mitteilungen

§ 11
Notices

(1) Alle die Schuldverschreibungen betreffenden Mitteilungen erfolgen durch elektronische Publikation auf der Website der Luxemburger Börse (www.bourse.lu). Solange Schuldverschreibungen in der offiziellen Liste der Luxemburger Börse notiert sind, findet dieser Absatz (1) Anwendung. Soweit die Mitteilung den Zinssatz betrifft oder die Regeln der Luxemburger Börse dies sonst zulassen, kann die Emittentin eine Veröffentlichung nach diesem Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger ersetzen; jede derartige Mitteilung gilt am siebten Kalendertag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.

(1) All notices concerning the Notes will be made by means of electronic publication on the website of the Luxembourg Stock Exchange (www.bourse.lu). This subparagraph (1) shall apply so long as any Notes are listed on the official list of the Luxembourg Stock Exchange. In the case of notices regarding the Interest or if the rules of the Luxembourg Stock Exchange otherwise so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders in lieu of publication as set forth in this subparagraph (1); any such notice shall be deemed to have been given to the Holders on the seventh calendar day after the day on which the said notice was given to the Clearing System.

(2) *Form der Mitteilung der Gläubiger*. Mitteilungen, die von einem Gläubiger gemacht werden, müssen schriftlich erfolgen und zusammen mit dem Nachweis seiner Inhaberschaft gemäß § 13 (3) an die Zahlstelle geleitet werden. Eine solche Mitteilung kann von einem Gläubiger an die Zahlstelle über das Clearing System in der von der Zahlstelle und dem Clearing System dafür vorgesehenen Weise erfolgen.

(2) *Form of Notice of Holders*. Notices to be given by any Holder shall be made by means of a written declaration to be delivered together with an evidence of the Holder's entitlement in accordance with § 13 (3) to the Paying Agent. Such notice may be given through the Clearing System in such manner as the Paying Agent and the Clearing System may approve for such purpose.

§ 12
Zusätzliches Kernkapital

§ 12
Additional Tier 1 Capital

Zweck der Schuldverschreibungen ist es, der Emittentin auf unbestimmte Zeit als zusätzliches Kernkapital zu dienen, wenn und solange sich das auf die Schuldverschreibungen eingezahlte Kapital dafür qualifiziert.

The purpose of the Notes is to serve as Additional Tier 1 capital of the Issuer for an indefinite period of time if and for so long as the principal paid in in respect of the Notes qualifies as such.

§ 13
Anwendbares Recht; Gerichtsstand

§ 13
Governing Law and Place of Jurisdiction

(1) *Anwendbares Recht*. Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht.

(1) *Governing Law*. The Notes, with regard to both form and content, as well as all rights and obligations of the Holders and the Issuer shall in all respects be governed by German law.

(2) *Gerichtsstand*. Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main, Bundesrepublik Deutschland.

(2) *Place of Jurisdiction*. The regional court (*Landgericht*) in Frankfurt am Main, Federal Republic of Germany, shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Notes.

Für Entscheidungen gemäß § 9 Absatz 2, § 13 Absatz 3 und § 18 Absatz 2 SchVG ist gemäß § 9 Absatz 3 S. 1 1. Alt. SchVG das Amtsgericht Baden-Baden, Bundesrepublik Deutschland zuständig. Für Entscheidungen über die Anfechtung von Beschlüssen der Gläubiger ist gemäß § 20 Absatz 3 S. 3 1. Alt. SchVG das Landgericht Baden-Baden, Bundesrepublik Deutschland ausschließlich zuständig.

Pursuant to § 9 (3) s. 1 no. 1 SchVG, the local court of Baden-Baden, Federal Republic of Germany, has jurisdiction for decisions under § 9 (2), § 13 (3) and § 18 (2) SchVG. The regional court of Baden-Baden, Federal Republic of Germany, has exclusive jurisdiction for decision pursuant to § 20 (3) s. 3 Alt. 1 SchVG,

(3) *Gerichtliche Geltendmachung*. Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (i) indem er eine Bescheinigung der Depotbank (wie nachfolgend definiert) beibringt, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) indem er eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vorlegt, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder dessen Verwahrers bestätigt hat, ohne dass eine Vorlage der Originalbelege oder

(3) *Enforcement.* Any Holder of Notes may in any Proceedings against the Issuer, or to which the Holder and the Issuer are parties, protect and enforce in its own name its rights arising under these Notes on the following basis: (i) by submitting a certificate issued by its Depositary Bank (as defined below) with which he maintains a securities account in respect of the Notes, which (a) states the full name and address of the Holder, (b) specifies the Aggregate Principal Amount of the Notes credited on the date of such certificate to such Holder's securities account and (c) confirms that the Depositary Bank has given a written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) by bearing a copy of the relevant Permanent Global Note representing the Notes, which conformity with the original is certified by a duly authorized officer of the Clearing System or its depositary without any requirement to submit original documents or originals of the relevant Permanent Global Note. For the purposes of the foregoing, "**Depositary Bank**" means any bank or other financial institution of recognized standing authorized to engage in securities deposit business with which the Holder maintains a securities account in respect of the Notes, and includes the Clearing System. Without prejudice to

der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land der Rechtsstreitigkeit prozessual zulässig ist.

the foregoing, any Holder may also protect and enforce its rights arising under these Notes in any other way, which is admitted in the country of the Proceedings.

§ 14
Sprache

Diese Anleihebedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigefügt oder bei der Emittentin erhältlich. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

§ 14
Language

These Terms and Conditions are written in the German language and provided with an English language translation. The German version shall be the only legally binding version. The English language translation is provided for convenience only.

INTEREST PAYMENTS AND DISTRIBUTABLE ITEMS OF THE ISSUER

Pursuant to the Terms and Conditions, payments of interest in respect of the Additional Tier 1 Notes are entirely discretionary (i.e. interest will not accrue if the Issuer has elected, at its sole discretion, to cancel payments of interest (non-cumulative), in whole or in part, on any Interest Payment Date) and subject to the fulfillment of certain conditions.

In particular, the Additional Tier 1 Notes will not bear interest, in whole or in part, on any Interest Payment Date if and to the extent that the competent supervisory authority orders that all or part of the relevant payment of interest be cancelled or another prohibition of Distribution is imposed by law or by authority.

Further, pursuant to § 3 (6) (b) (i) of the Terms and Conditions, the Additional Tier 1 Notes will not bear interest, in whole or in part, on any Interest Payment Date

> *"to the extent that such payment of interest together with any additional Distributions (as defined in § 3 (7)) that are simultaneously planned or made or that have been made by the Issuer on the other Tier 1 Instruments (as defined in § 3 (7)) in the then current financial year of the Issuer would exceed the Distributable Items (as defined in § 3 (7)), provided that, for such purpose, the Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for Distributions in respect of Tier 1 Instruments (including payments of interest on the Notes) in the determination of the profit on which the Distributable Items are based;"*

In order to determine whether the Issuer will be permitted, pursuant to the preceding sentence, to make an Interest Payment on the Additional Tier 1 Notes on any Interest Payment Date, the Issuer will first determine the Distributable Items in accordance with the Terms and Conditions by:

- determining the profit (*Gewinn*)[5] as of the end of the financial year of the Issuer immediately preceding the relevant Interest Payment Date on the basis of the unconsolidated financial statements of the Issuer for the financial year of the Issuer immediately preceding the relevant Interest Payment Date;

- adding, as applicable, any profits carried forward and distributable reserves *(ausschüttungsfähige Rücklagen)* on the basis of the unconsolidated financial statements of the Issuer for the financial year of the Issuer immediately preceding relevant Interest Payment Date; and

- subtracting, as applicable, any losses carried forward and any profits which are non-distributable pursuant to applicable law or the Articles of Association of the Issuer and any amounts allocated to the non-distributable reserves, each as determined on the basis of the unconsolidated financial statements of the Issuer for the financial year of the Issuer immediately preceding the relevant Interest Payment Date.

The issuer will then increase such amount by the aggregate amount of interest reflected as expenses in respect of Tier 1 Instruments (i.e. capital instruments which, according to CRR, qualify as Common Equity Tier 1 capital instruments or Additional Tier 1 capital instruments, which will include the Additional Tier 1 Notes) in the unconsolidated financial statements of the Issuer for the financial year of the Issuer immediately preceding the relevant Interest Payment Date.

It will then, by the time the Issuer intends to make the respective Interest payment on the Additional Tier 1 Notes, count against such determined sum every Distribution on other Tier 1 Instruments that have already been made by the Issuer in the then current financial year of the Issuer. From the remaining amount Issuer would be permitted to make an Interest Payment on the Additional Tier 1 Notes, unless Distributions on other Tier 1 Instruments need to be made simultaneously on the relevant Interest Payment Date in which case, subject to the terms and conditions of such other Tier 1 Instruments, such remaining amount would need to be allocated on a pro rata or other basis to the Additional Tier 1 Notes and such other Tier 1 Instruments and the Issuer would only be permitted to make an Interest Payment on the Notes in an amount equal the portion allocated to the Notes.

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[5] The terms "profit" (*Gewinn*) are being used in the CRR and have therefore also been used in the Terms and Conditions. The corresponding line item from the Issuer's unconsolidated financial statements is "net income (*Jahresüberschuss*)"

Available Distributable Items of GRENKE AG

Available Distributable Items of GRENKE AG determined on the basis of the audited unconsolidated financial statements of GRENKE AG as of and for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013.

	Financial Year ended 31 December 2015	Financial Year ended 31 December 2014	Financial Year ended 31 December 2013
	in EUR million	in EUR million	in EUR million
Distributable Profit (*Bilanzgewinn*)	22.7	16.5	14.8
Net income (*Jahresüberschuss*)	22.4	16.4	10.4
Profit carried forward from previous year (*Gewinnvortrag aus dem Vorjahr*)	0.3	0.1	0.1
Net income attribution to other revenue reserves (*Einstellungen[-]/ Entnahmen[+] in/aus anderen Gewinnrücklagen*)	0.0	0.0	4.3
Other revenue reserves (after net income attribution to other revenue reserves) (*Andere Gewinnrücklagen (nach Einstellungen/Entnahmen in/aus anderen Gewinnrücklagen*)	87.0	87.0	87.0
= Total dividend potential before amount blocked (*)	109.7	103.6	101.8
./. Dividend amount blocked under Section 268 (8) German Commercial Code (*ausschüttungsgesperrte Beträge gemäß § 268 (8) HGB*) (*)	-	-	-
= Available Distributable Items as defined in § 3 (7) of the Terms and Conditions (*)	109.7	103.6	101.8

(*) Unaudited figures for information purposes only.

Potential write-down and Common Equity Tier 1 Capital Ratio of the Issuer.

Pursuant to the Terms and Conditions, upon the occurrence of a Trigger Event, the Redemption Amount and the nominal amount of the Additional Tier 1 Notes shall be automatically reduced by the amount of the relevant write-down. If and as long as the nominal amount of the Additional Tier 1 Notes is below their Prinicipal Amount, any repayment upon redemption of the Additional Tier 1 Notes pursuant to § 5 (2) or (3) of the Terms and Conditions, or pursuant to § 5 (4) of the Terms and Conditions, if the Holders have consented hereto, will be at the reduced Principal Amount and, with effect from the beginning of the interest period in which such write-down occurs, any payment of interest will be calculated on the basis of the reduced nominal amount of the Additional Tier 1 Notes.

A Trigger Event will have occurred if the Issuer's Common Equity Tier 1 Capital Ratio, determined on a consolidated basis, falls below 5.125 per cent.

As of 30 September 2016, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 11.8 per cent.

As of 30 June 2016, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.1 per cent.

As of 31 March 2016, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.4 per cent.

As of 31 December 2015, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 11.5 per cent.

As of 30 September 2015, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.1 per cent.

As of 30 June 2015, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.3 per cent.

As of 31 March 2015, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 13.1 per cent.

As of 31 December 2014, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.1 per cent.

As of 30 September 2014, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.0 per cent.

As of 30 June 2014, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.4 per cent.

As of 31 March 2014, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.6 per cent.

As of 31 December 2013, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.1 per cent.

As of 30 September 2013, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.5 per cent.

As of 30 June 2013, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.7 per cent.

As of 31 March 2013, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 11.9 per cent.

GENERAL INFORMATION ABOUT GRENKE AG AS ISSUER

Selected Financial Information

The following table shows selected financial information of GRENKE AG (until 10 May 2016: GRENKELEASING AG) as of 31 December 2014 and 31 December 2015 as well as of 30 September 2016.

The selected financial information of GRENKE AG as of 31 December 2015 and 31 December 2014 has been extracted or derived from its audited consolidated financial statements as of and for the financial year ended 31 December 2015. These consolidated financial statements have been prepared on the basis of the International Financial Reporting Standards, as adopted by the EU, (IFRS) and the additional requirements of German commercial law pursuant to Section 315 a (1) German Commercial Code (HGB).

The selected financial information of GRENKE AG as of 30 September 2016 has been extracted or derived from the condensed interim consolidated financial information of GRENKE AG as of and for the nine-month period ended 30 September 2016 (consisting of consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and additional information on the condensed interim consolidated financial information) contained in its Quarterly Statement for the 3rd quarter and the first 9 months 2016. Such condensed interim consolidated financial information has been prepared on the basis of the applicable recognition, measurement and consolidation principles of IFRS applicable to interim financial reporting. The condensed interim consolidated financial information of GRENKE AG as of and for the nine-month period ended 30 September 2016 has neither been audited nor reviewed.

Where financial information in the following tables is labelled “audited”, this means that it has been extracted from the audited consolidated financial statements of GRENKE AG as of and for the financial year ended 31 December 2015. The label “unaudited” is used in the following tables to indicate financial information that has not been extracted from the aforementioned audited consolidated financial statements but rather was extracted or derived from the unaudited condensed interim consolidated financial information of GRENKE AG as of and for the nine-month period ended 30 September 2016 contained in the Quarterly Statement for the third quarter and the first nine months 2016 or is based on calculations of financial information from the above mentioned sources.

Consolidated Statement of Financial Position Data

	30 Sep. 2016	31 Dec. 2015	31 Dec. 2014
	(unaudited)	(audited unless otherwise indicated)	
		(in EUR thousand)	
Total assets	3,743,836	3,474,530	2,924,950
Current and non-current lease receivables (unaudited)	3,120,949	2,854,172	2,456,098
Current and non-current liabilities from the refinancing of the leasing business (unaudited)	2,535,713	2,341,080	1,998,684
Total equity	641,310	590,654	492,986

Consolidated Capitalisation of GRENKE AG

	30 Sep. 2016	31 Dec. 2015	31 Dec. 2014
	(unaudited)	(audited, unless otherwise indicated)	
		(in EUR thousand)	
Current liabilities			
Liabilities from the refinancing of the leasing business[1)]	848,278	858,787	607,923
Current liabilities from deposit business	220,616	200,997	159,582

Deferred lease payments	32,716	82,908	26,872
Miscellaneous current liabilities[2)] (unaudited)	76,983	56,404	55,597
Total current liabilities	1,178,593	1,199,096	849,974
Non-current liabilities			
Liabilities from the refinancing of the leasing business[3)]	1,687,435	1,482,293	1,390,761
Non-current liabilities from deposit business	177,581	148,307	140,775
Deferred tax liabilities	53,722	48,619	45,692
Miscellaneous non-current liabilities[4)] (unaudited)	5,195	5,561	4,762
Total non-current liabilities	1,923,933	1,684,780	1,581,990
Equity			
Share capital	18,881	18,859	18,859
Capital reserves	119,043	116,491	116,491
Retained earnings	471,514	419,068	355,389
Other components of equity	999	5,465	2,247
Additional equity components[5)]	30,873	30,771	0
Total equity	641,310	590,654	492,986
Total liabilities and equity	3,743,836	3,474,530	2,924,950

1) Liabilities from the refinancing of the leasing business comprise current asset-based, current senior unsecured and current committed development loans.

2) Miscellaneous current liabilities comprise current bank liabilities, current liability financial instruments, trade payables, tax liabilities, deferred liabilities, current provisions and other current liabilities.

3) Liabilities from the refinancing of the leasing business comprise non-current asset-based, non-current senior unsecured and non-current committed development loans.4) Miscellaneous non-current liabilities comprise non-current bank liabilities, non-current liability financial instruments, pensions and non-current provisions.

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

History and Development of GRENKE AG

GRENKE AG is both the legal and commercial name of the Issuer.

Since 1998, GRENKE AG continues the leasing operation which was founded by Wolfgang Grenke in 1978 as a sole proprietorship and contributed to a limited partnership in 1979, which has been extended all over the Federal Republic of Germany with the establishment of additional limited partnerships since 1990. GRENKE AG was founded under the registered company name of GRENKELEASING AG on 9 November 1997 and is registered in the commercial register of the local court of Mannheim under number HRB 201836. On 3 May 2016, the general meeting of the Issuer adopted a resolution pursuant to which the registered company name of the Issuer changed from GRENKELEASING AG to GRENKE AG. This change has been registered with the commercial register on 11 May 2016.

The company is a stock corporation under German law and operates under German law and was established for an unlimited period of time. The registered office is located at Neuer Markt 2, 76532 Baden-Baden, Federal Republic of Germany (phone +49 7221 50070).

Investments

Due to the expansion of the group, GRENKE AG's management board decided to enlarge the existing building on the site of the registered office at Neuer Markt 2 in Baden-Baden, Federal Republic of Germany. The investment was around EUR 7 million was financed through ongoing business. The new offices were occupied during the third quarter of 2013. In 2015, GRENKE AG's management board decided to relocate the IT software development teams to Karlsruhe due to increasing demand for flexible

IT project instalments. The investment was around EUR 5.5 million. In 2016, GRENKE AG continues to invest in hard- and software for their IT-systems.

Known Trends

GRENKE Group is in the process of adding new financing products to the GRENKE Group's product range for SMEs. GRENKE Group will continue the on-going preparations of a further international expansion by entering new regional markets and increasing the presence in existing markets.

Business Overview and Principal Markets

GRENKE AG is a specialised service provider for the financing of mainly IT Products and additional distribution assistance, focussing on the so-called "small-ticket" area, i. e. capital goods at acquisition costs of less than EUR 25,000. Approximately 81% (as of 30 September 2016: 78%) of the leasing contracts relate to IT products such as notebooks, personal computers, monitors and other peripheral units, servers, software telecommunication and copying equipment. The remaining is amongst others medical, wellness and cleaning equipment, small machinery and security equipment.

Since the beginning of 2004, GRENKE AG has been offering medium sized end-customers (lessees) with investment requirements of at least EUR 500 the services of managing their office technology on an IT-Asset-Management platform.

GRENKE AG had started to use a so-called franchise model to enable the cost-effective establishment of new business in other countries (GC Renting Malta Ltd., Malta, GC Renting Malta Ltd., Malta, , GC Renting Croatia d.o.o., Croatia, GC Locação de Equipamentos LTDA, Brazil, GC Rent Chile SpA, Chile, GC Leasing Middle East FZCO, Dubai, United Arabian Emirates, GC Leasing Ontario Inc., Canada and GC Crédit-Bail Québec Inc., Canada, GC Lease Singapore Pte Ltd, Singapore) or other product types (GC FACTORING Ltd., United Kingdom, GF Faktor Zrt., Hungary, GRENKE INVOICE FINANCE, Ireland). GRENKE AG does not hold an interest in the locally operating companies, but provides it with the expertise, operating infrastructure, refinancing and services.

In September 2015, GRENKE BANK AG opened a branch in Oslo (Norway) and carries out leasing business

In the Federal Republic of Germany, the leasing business and consequently GRENKE AG is regulated and supervised by BaFin and the German Central Bank.

GRENKE AG is globally active. It has 119 locations in 30 countries and cooperates with a dealer network of around 25.000 IT dealers. Principal markets of GRENKE AG are the following:

1. German Market

The German market is serviced by branches and sales offices in 29 German cities. GRENKEFACTORING GmbH has been set-up to conduct specialised business in factoring. GRENKE BANK AG allows the GRENKE Group to meet the needs of small and medium-sized enterprises with even more tailored solutions.

2. European Market

GRENKE AG has subsidiaries in Austria (three branches), Belgium (three branches), Czech Republic, Denmark (two branches), Finland (two branches), France (seventeen branches), Ireland (three branches), Italy (twelve branches), Luxembourg, the Netherlands (three branches), Hungary, Romania (two branches), Poland (four branches), Portugal (three branches), Slovakia, Slovenia, Spain (five branches), Sweden (two branches), Switzerland (six branches), Turkey and the United Kingdom (eight branches). GRENKE AG is represented in Malta, Hungary, Croatia, Ireland and the United Kingdom with a franchise system. GRENKE AG is represented in Norway through a leasing branch run by GRENKE BANK AG.

3. Non-European Market

GRENKE AG is represented in Canada (two branches), Dubai, Brazil (two branches), Chile and Singapore with a franchise system.

Organisational Structure

GRENKE AG is the ultimate parent company of GRENKE Group. The following table shows the group's subsidiaries and structured entities and the interest held in these subsidiaries by GRENKE AG.

Name	Registered office	Equity investment
Germany		
GRENKE SERVICE AG	Baden-Baden	100%
Grenke Investitionen Verwaltungs Kommanditgesellschaft auf Aktien (84.4% directly, 15.6% indirectly via GRENKE SERVICE AG)	Baden-Baden	100%
GRENKE BANK AG	Baden-Baden	100%
GRENKEFACTORING GmbH	Baden-Baden	100%
International		
GRENKELEASING s. r. o.	Prague/Czech Republic	100%
GRENKE ALQUILER S. L.	Barcelona/Spain	100%
Grenkefinance N. V.	Vianen/Netherlands	100%
GRENKELEASING AG	Zurich/Switzerland	100%
GRENKELEASING GmbH	Vienna/Austria	100%
GRENKELEASING ApS	Herlev/Denmark	100%
GRENKE LIMITED	Dublin/Ireland	100%
GRENKE FINANCE Plc	Dublin/Ireland	100%
GRENKE LOCATION SAS	Schiltigheim/France	100%
GRENKE Locazione SRL	Milan/Italy	100%
GRENKELEASING AB	Stockholm/Sweden	100%
GRENKE LEASE Sprl	Brussels/Belgium	100%
Grenke Leasing Ltd.	Guildford/UK	100%
GRENKELEASING Sp.z o.o.	Poznan/Poland	100%
GRENKE RENTING S.A.	Lisbon/Portugal	100%
GRENKELEASING Oy	Vantaa/Finland	100%
GRENKELEASING s.r.o.	Bratislava/Slovakia	100%
Grenke Renting S.R.L.	Bucharest/Romania	100%
GRENKELEASING d.o.o.	Ljubljana/Slovenia	100%
GRENKE RENT S.L.	Madrid/Spain	100%
GRENKELEASING Magyarország Kft.	Budapest/Hungary	100%
GRENKELOCATION SARL	Munsbach/Luxembourg	100%
GRENKEFACTORING AG	Basel/Switzerland	100%
GRENKE Kiralama Ltd. Sti.	Istanbul/Turkey	100%
FCT "GK"-COMPARTMENT "G2"[1)]	Pantin/France	100%
FCT "GK"-COMPARTMENT "G3"	Pantin/France	--
Opusalpha Purchaser II Limited	Dublin/Ireland	--
Kebnekaise Funding Limited	St. Helier/Jersey	--
CORAL PURCHASING Limited	St. Helier/Jersey	--

1) GRENKE AG holds indirect interests through its Irish subsidiary GRENKE FINANCE Plc and its German subsidiary GRENKE SERVICE AG of 50% each.

GRENKE AG does not hold any interest in the Franchise Partners GC Renting Malta Ltd., Sliema, Malta, GC Locação de Equipamentos LTDA, Sao Paulo, Brazil, GC Leasing Middle East FZCO, Dubai, United Arabian Emirates, GC Leasing Ontario Inc., Ontario, Canada, GC Crédit-Bail Québec Inc., Québec, Canada, GC Factoring Limited, London, United Kingdom, GC Renting Croatia d.o.o., Zagreb, Croatia, GC Rent Chile SpA, Santiago de Chile, Chile, GF Faktor Zrt., Budapest, Hungary and GC Lease Singapore Pte Ltd., Singapore.

GRENKE AG holds direct interests in the amount of EUR 1,749,000 in its subsidiary GRENKE LEASE Sprl in Brussels/Belgium. Additionally it holds indirect interests in the amount of EUR 1,000 through its German subsidiary GRENKE SERVICE AG.

GRENKE AG concluded a control and profit-and-loss-transfer agreement with Grenke Investitionen Verwaltungs KGaA, Baden-Baden in 2002. After the GRENKELEASING AG Annual General Meeting on 12 May 2009 a profit transfer agreement has been concluded between GRENKE BANK AG and GRENKELEASING AG.

GRENKE AG concluded a control and profit-and-loss-transfer agreement with GRENKE SERVICE AG, Baden-Baden on 10 March 2010.

GRENKE AG concluded a profit-and-loss-transfer agreement with GRENKEFACTORING GmbH, Baden-Baden on 28 March 2011.

In 2013 GRENKELEASING S.r.l., Milan, Italy, was merged with GRENKE Locazione S.r.l.

Acquisitions

On 5 March 2015, GRENKE AG entered into a purchase agreement with GC Leasing d.o.o., Ljubljiana/Slovenia for the purpose of acquiring 100% of the voting shares in GC Leasing d.o.o., Ljubljiana/Slovenia. On 31 March 2015, GRENKE AG assumed control over GC Leasing d.o.o., Ljubljiana/Slovenia.

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

On 6 December 2016, GRENKE AG announced the acquisition of all shares of Europa Leasing GmbH. A binding purchase agreement was concluded for the acquisition. The transaction, which will have a volume in the low double-digit million euros, is still subject to the necessary regulatory approvals. Europa Leasing GmbH has a business model similar to that of GRENKE AG and has a strong focus and sales expertise in the area of lease financing of medical equipment.

Material adverse change in the prospects of the Issuer

There has been no material adverse change in the prospects of GRENKE AG since the date of its last published audited consolidated financial statements (31 December 2015).

Administrative, Management and Supervisory Bodies

Management Board

Wolfgang Grenke, Chairman of the Management Board
Strategy, business development, e-business, franchise, external accounting, tax, investor relation (in charge of since November 1, 2016)

Antje Leminsky, Deputy Chairman of the Management Board
Information technology, internal audit

Jörg Eicker

Investor relations, treasury, supervisory reporting, corporate communications (in charge of all until October 31, 2016)

Gilles Christ
Marketing, sales, key account management, market research

Mark Kindermann
Quality management, human resources, factoring, controlling, legal, administration, internal accounting, facility management

Changes to the Management Board

As per December 31, 2016, Mr. Jörg Eicker will leave the Management Board of GRENKE AG.

The Supervisory Board intends to appoint Mr. Sebastian Hirsch to the GRENKE AG Management Board as of January 1, 2017.

Since November 1, 2016, Mr. Hirsch assumes responsibility for the areas refinancing and treasury, Mr. Wolfgang Grenke is responsible for the area investor relations, and Mr. Sven Noppes, General Representative, took over responsibility for risk management and supervisory reporting.

Supervisory Board

Prof. Dr. Ernst-Moritz Lipp, Chairman, Baden-Baden
Professor of International Finance and General manager of ODEWALD & COMPAGNIE Gesellschaft für Beteiligungen mbH

Gerhard E. Witt, Deputy Chairman, Baden-Baden
Public auditor and tax advisor, Legal counsel for succession law, company law and insolvency law

Florian Schulte, Baden-Baden
General Manager of Fines Holding GmbH, and General Manager of S.K. Management- und Beteiligungs GmbH, chairman of the Supervisory Board of Global Group Dialog Solutions AG, Idstein, member of the Supervisory Board of Deltavista International AG, Küsnacht and member of the Supervisory Board of Syntellix AG, Hanover

Erwin Staudt, Leonberg
Economics Graduate

Tanja Dreilich, Iserlohn
Economics Graduate, MBA, Managing Director and CFO of Kirchhoff Ecotec GmbH

Dr. Ljiljana Mitic, Munich
Executive Vice President and independent consultant specialised in IT, Financial Services and start-ups

Prof. Dr. Lipp is also the Chairman of the Supervisory Board of GRENKE BANK AG, Baden-Baden and he is a member of the Supervisory Board of OYSTAR Holding GmbH, Stutensee and Oberberg Klinik Holding GmbH, Berlin.

Gerhard Witt is simultaneously Chairman of the Supervisory Board of Grenke Investitionen Verwaltungs KGaA, Baden-Baden, a subsidiary of GRENKE AG.

Erwin Staudt is a member of the Supervisory Board of PROFI Engineering Systems AG, Darmstadt, USU Software AG, Möglingen, and a member of the Administrative Board of Hahn Verwaltungs-GmbH, Fellbach. Additionally, Mr. Staudt is a member of the Advisory Board of Interstuhl Büromöbel GmbH & Co. KG, Meßstetten-Tieringen

At the same time, Mr. Florian Schulte is Chairman of the Supervisory Board of Global Group Dialog Solutions AG, Idstein, a member of the Board of Directors of Deltavista International AG, Küsnacht, and a member of the Supervisory Board of Syntelix AG, Hannover.

The members of the Management Board and of the Supervisory Board can be contacted at the address of the headquarters of GRENKE AG.

Conflict of Interests

None of the persons referred to above has declared that there are potential conflicts of interest between any duties of the issuing entity and their private interests and / or other duties.

Board Practices

Pursuant to § 161 German Stock Corporation Act (*AktG*), all listed companies have the duty to disclose their compliance with the requirements of the German Corporate Governance Code. The Management Board, the Supervisory Board and managers of GRENKE AG identify with these principles and view the duty of corporate governance as an important measure to increase the confidence of current and future customers, shareholders, lenders, employees, business partners and the public. GRENKE AG's corporate governance principles and declaration of compliance are published in full on the GRENKE AG's website (http://www.grenke.de/en/investor-relations.html). In addition, GRENKE AG's Supervisory Board has set up an audit committee. The audit committee deals primarily with external and internal accounting issues, the company's risk management and compliance, auditor independence, hiring of the auditor, the audit priorities, and the fee arrangement with the auditor. The audit committee includes the following members of the supervisory board: Prof. Dr. Lipp, Mr. Witt, Mrs. Dreilich.

Controlling Persons

GRENKE AG's 14,771,034 registered shares are listed on the Frankfurt Stock Exchange (ISIN DE 000A161N30. According to 2.3 of the *Deutsche Börse* current Stock Indices Guide the shareholder structure is as follows:

Grenke Beteiligung GmbH & Co. KG:	42.66%
Freefloat:	57.34%

In July 2014, Mr and Mrs Grenke, together with their sons Moritz Grenke, Roland Grenke, and Oliver Grenke (the "**Grenke family**"), have established a family company under the name of Grenke Beteiligung GmbH & Co. KG, to which the Grenke family contributed all of their shares held in GRENKE AG on 17 September 2014. Following the contribution, Grenke Beteiligung GmbH & Co. KG now holds a total of 6,301,986 shares in GRENKE AG. This represents the Grenke family's unchanged interest in GRENKE AG's share capital of approximately 42.66%.

Historical Financial Information

The audited consolidated financial statements of GRENKE AG (until 10 May 2016: GRENKELEASING AG) as of and for the financial years ended 31 December 2015 and 31 December 2014 as well as the unaudited condensed interim consolidated financial information of GRENKE AG as of and for the nine-month period ended 30 September 2016 are incorporated by reference in and form part of this Prospectus.

GRENKE AG prepares interim consolidated financial information on a quarterly basis.

Auditors

The auditor of GRENKE AG is currently Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Stuttgart, Flughafenstraße 61, 70629 Stuttgart, Federal Republic of Germany ("**Ernst & Young**"), a member of the Chamber of Public Accountants, Berlin.

Ernst & Young conducted the audit of the consolidated financial statements of GRENKE AG (until 10 May 2016: GRENKELEASING AG) as of and for the financial years ended 31 December 2015 and 31 December 2014 in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*IDW*). Ernst & Young, in both cases, issued an unqualified audit opinion (*Bestätigungsvermerk*).

The condensed interim consolidated financial information of GRENKE AG as of and for the nine-month period ended 30 September 2016 hase neither been audited nor reviewed.

Legal, Arbitration Proceedings and Other Proceedings

As of the date of this Prospectus, GRENKE AG is not and has not been involved in the last 12 months in any governmental, legal or arbitration proceedings nor is GRENKE AG aware of any such proceedings pending or being threatened, the results of which have had during the previous 12 months, or which could, at present or in future, have a significant effect on its financial position or profitability.

According to § 342b HGB the German Financial Reporting Enforcement Panel (*Deutsche Prüfstelle für Rechnungslegung DPR e.V.*) (the "**FREP**") is authorized to examine whether the company's financial statements comply with statutory requirements, including generally accepted accounting principles or other accounting standards authorized by law. In particular, the FREP conducts an examination (i) with cause if indications exist of a breach of accounting standards, (ii) upon request by the BaFin, or (iii) on a random-

sampling basis without immediate cause ("sampling examination"). On 6 May 2014, the FREP notified GRENKE AG of its intention to conduct a sampling examination of GRENKE AG's most recent financial statements and respective management report. The notification relates to GRENKE AG's audited consolidated financial statements as of and for the financial year ended 31 December 2013 and GRENKE AG's respective group management report. The sampling examination was concluded in October 2015. The result of the examination was a faultless financial reporting for the consolidated financial statements and the respective group management report as of and for the financial year ended 31 December 2013.

Significant Change in GRENKE AG's Financial or Trading Position

There has been no significant change in the financial or trading position of GRENKE AG since 30 September 2016.

Share Capital

As of 30 September 2016 the share capital of GRENKE AG amounted to EUR 18,880,774.47 (=14,771,034 ordinary registered shares *(Namensaktien)*, all of which were issued and fully paid up). The authorised but unissued contingent capital of GRENKE AG amounts to EUR 1,863,870.

Articles of Association

GRENKE AG is registered in the Commercial Register of the local court (*Amtsgericht*) of Mannheim under HRB 201836.

According to GRENKE AG's Articles of Association (Art. 2), its statutory object includes the implementation of leasing transactions for all types of movable assets, the administration of leasing contracts for third parties, the brokerage of property insurance for leased assets, factoring as well as any other transactions related thereto. In addition, GRENKE AG is entitled to carry out all transactions and measures which are directly or indirectly conducive to its object. For these purposes it may establish branch offices in the Federal Republic of Germany and abroad, establish, acquire or participate in other enterprises of the same or related nature.

Rating

Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**")[6] has assigned a rating of BBB+ (stable outlook)[7] to both GRENKE AG as counter party and to its long term senior unsecured debt.

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[6] Standard & Poor's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

[7] A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. "BBB" means "adequate capacity to meet financial commitments, but more subject to adverse economic conditions". Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

TAXATION

The following is a general discussion of certain German and Luxembourg tax consequences of the acquisition and ownership of the Additional Tier 1 Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Additional Tier 1 Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws (including tax treaties) currently in force and as applied on the date of this Prospectus in the Federal Republic of Germany and the Grand Duchy of Luxembourg currently in force and as applied on the date of this Prospectus which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF ADDITIONAL TIER 1 NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF ADDITIONAL TIER 1 NOTES INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY AND THE GRAND DUCHY OF LUXEMBOURG AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

1. Federal Republic of Germany

Income tax

Additional Tier 1 Notes held by tax residents as private assets

- Taxation of Remuneration

Payments of Remuneration on the Additional Tier 1 Notes to Holders who are tax residents of the Federal Republic of Germany (i.e. persons whose residence or habitual abode is located in the Federal Republic of Germany) are subject to German income tax. In each case where German income tax arises, a solidarity surcharge (*Solidaritätszuschlag*) is levied in addition. Furthermore, church tax may be levied, where applicable. If coupons or Remuneration claims are disposed of separately *(*i.e. without the Additional Tier 1 Notes), the proceeds from the disposition are subject to income tax. The same applies to proceeds from the redemption of coupons or Remuneration claims if the Subordinated Note is disposed of separately.

On payments of Remuneration on the Additional Tier 1 Notes to individual tax residents of the Federal Republic of Germany income tax is generally levied as a flat income tax at a rate of 25 per cent. (plus solidarity surcharge in an amount of 5.5 per cent. of such tax, resulting in a total tax charge of 26.375 per cent., plus, if applicable, church tax). As from 1 January 2015, church tax is generally levied by way of withholding unless the Holder has filed a blocking notice (*Sperrvermerk*) with the German Federal Tax Office (*Bundeszentralamt für Steuern*). The total investment income of an individual will only be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples and registered partners filing jointly), not by a deduction of expenses actually incurred.

If the Additional Tier 1 Notes are held in a custodial account which the Holder maintains with a German branch of a German or non-German bank or financial services institution or with a securities trading business or bank in the Federal Republic of Germany (the "**Disbursing Agent**") the flat income tax will be levied by way of withholding at the aforementioned rate from the gross Remuneration payment to be made by the Disbursing Agent.

In general, no withholding tax will be levied if the Holder is an individual (i) whose Subordinated Note does not form part of the property of a trade or business and (ii) who filed a withholding exemption certificate *(Freistellungsauftrag)* with the Disbursing Agent but only to the extent the Remuneration income derived from the Subordinated Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Holder has submitted to the Disbursing Agent a certificate of non-assessment *(Nichtveranlagungsbescheinigung)* issued by the relevant local tax office.

If no Disbursing Agent (as defined above) is involved in the payment process the Holder will have to include its income on the Additional Tier 1 Notes in its tax return and the flat income tax of 25 per cent. plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent. Pursuant to the current view of the German tax authorities (which has recently been rejected by a fiscal court in a non-binding ruling appealed to the German Federal Fiscal Court

(*Bundesfinanzhof*)), in this case as well income-related expenses cannot be deducted from the investment income, except for the aforementioned annual lump sum deduction.

- Taxation of capital gains

Capital gains realised by individual tax residents of the Federal Republic of Germany from the disposition or redemption of the Additional Tier 1 Notes will be subject to the flat income tax on investment income at a rate of 25 per cent. (plus solidarity surcharge in an amount of 5.5 per cent. of such tax, resulting in a total tax charge of 26.375 per cent., plus, if applicable, church tax), irrespective of any holding period. As from 1 January 2015, church tax is generally levied by way of withholding unless the Holder has filed a blocking notice with the German Federal Tax Office. This will also apply to Additional Tier 1 Notes on which the principal is effectively repaid in whole or in part although the repayment was not guaranteed.

If the Additional Tier 1 Notes are held in a custodial account which the Holder maintains with a Disbursing Agent (as defined above) the flat income tax will be levied by way of withholding from the difference between the proceeds from the sale or redemption reduced by expenses directly and factually related to the sale or redemption and the acquisition costs of the Additional Tier 1 Notes. Where the Additional Tier 1 Notes are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted into Euro at the time of sale and the difference will then be computed in Euro. If the Additional Tier 1 Notes are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale. Losses from the sale of Additional Tier 1 Notes can only be offset against other savings income and, if there is not sufficient other positive savings income, carried forward in subsequent assessment periods.

Pursuant to a tax decree issued by the Federal Ministry of Finance, a sale shall be disregarded where the transaction costs exceed the sales proceeds, which means that losses suffered from such "sale" shall not be tax-deductible. The same applies where, based on an agreement with the depositary institution, the transaction costs are calculated on the basis of the sale proceeds taking into account a deductible amount. Similarly, a bad debt loss (*Forderungsausfall*), i.e. should the relevant Issuer become insolvent, and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden contribution, shall not be treated like a sale. Accordingly, losses suffered upon such bad debt loss or waiver shall not be tax-deductible.

If the Additional Tier 1 Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, and no evidence on the acquisition data has been provided to the new Disbursing Agent by the Disbursing Agent which previously kept the Additional Tier 1 Notes in its custodial account, withholding tax will be levied on 30 per cent. of the proceeds from the disposition or redemption of the Additional Tier 1 Notes. When computing the tax base for withholding tax purposes, the German Disbursing Agent has to deduct any negative savings income except for capital losses derived from equities (*negative Kapitalerträge*) or paid accrued interest (*Stückzinsen*) in the same calendar year or unused negative savings income of previous calendar years.

If no Disbursing Agent is involved in the payment process the Holder will have to include capital gains from the disposition or redemption of the Additional Tier 1 Notes in its tax return and the flat income tax of 25 per cent. plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent. Pursuant to the current view of the German tax authorities (which has recently been rejected by a fiscal court in a non-binding ruling appealed to the *Bundesfinanzhof*), in this case as well income-related expenses cannot be deducted from the investment income, except for the aforementioned annual lump sum deduction.

Additional Tier 1 Notes held by tax residents as business assets

Payments of Remuneration on Additional Tier 1 Notes and capital gains from the disposition or redemption of Additional Tier 1 Notes held as business assets by German tax resident individuals or corporations, i.e. corporations whose seat or place of management is located in the Federal Republic of Germany (including via a partnership, as the case may be), are generally subject to German income tax or corporate income tax (in each case plus solidarity surcharge and, if applicable, church tax). The Remuneration and capital gain will also be subject to trade tax if the Additional Tier 1 Notes form part of the property of a German trade or business.

If the Additional Tier 1 Notes are held in a custodial account which the Holder maintains with a Disbursing Agent (as defined above) tax at a rate of 25 per cent. (plus a solidarity surcharge of 5.5 per cent. of such

tax and, if applicable, church tax) will also be withheld from Remuneration payments on Additional Tier 1 Notes and generally also from capital gains from the disposition or redemption of Additional Tier 1 Notes held as business assets. In these cases the withholding tax does not satisfy the income tax liability of the Holder, as in the case of the flat income tax, but will be credited as advance payment against the personal income or corporate income tax liability and the solidarity surcharge (and, if applicable, against the church tax) of the Holder.

With regard to capital gains no withholding will generally be required in the case of Additional Tier 1 Notes held by corporations resident in Germany, provided that in the case of corporations of certain legal forms the status of corporation has been evidenced by a certificate of the competent tax office, and upon application in the case of Additional Tier 1 Notes held by individuals or partnerships as business assets.

Additional Tier 1 Notes held by non-residents

Remuneration and capital gains are not subject to German taxation in the case of non-residents, i.e. persons having neither their residence nor their habitual abode nor legal domicile nor place of effective management in the Federal Republic of Germany, unless the Additional Tier 1 Notes form part of the business property of a permanent establishment maintained in the Federal Republic of Germany. Remuneration may, however, also be subject to German income tax if it otherwise constitutes income taxable in Germany, such as income from the letting and leasing of certain German-situs property or income from certain capital investments directly or indirectly secured by German-situs real estate.

Non-residents of the Federal Republic of Germany are in general exempt from German withholding tax on Remuneration and capital gains and from solidarity surcharge thereon. However, if the Remuneration or capital gain is subject to German taxation as set forth in the preceding paragraph and the Additional Tier 1 Notes are held in a custodial account with a Disbursing Agent (as defined above), withholding tax will be levied as explained above at " *Additional Tier 1 Notes held by tax residents as business assets*" or at " *Additional Tier 1 Notes held by tax residents as private assets*", respectively.

Inheritance and Gift Tax

No inheritance or gift taxes will generally arise with respect to any Subordinated Note under the laws of the Federal Republic of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of the Federal Republic of Germany and such Subordinated Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in the Federal Republic of Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in the Federal Republic of Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in the Federal Republic of Germany in connection with the issuance, delivery or execution of the Additional Tier 1 Notes. Currently, net assets tax (*Vermögensteuer)* is not levied in the Federal Republic of Germany.

2. Grand Duchy of Luxembourg

Non-Residents

Under the existing laws of the Grand Duchy of Luxembourg, there is no withholding tax on the payment of Remuneration on, or reimbursement of principal of, the Additional Tier 1 Notes made to non-residents of the Grand Duchy of Luxembourg through a paying agent established in Luxembourg. As from 1 January 2015, the Grand Duchy of Luxembourg applies the exchange of information procedure provided for under the Luxembourg laws of 21 June 2005 (or the relevant Accords).

Residents

Pursuant to the law of 23 December 2005, as amended. Remuneration on Additional Tier 1 Notes paid by a Luxembourg paying agent or paying agents established in the EU the EEA, or in a State which has concluded with Luxembourg an international agreement related to the EU Savings Tax Directive to an individual holder of Additional Tier 1 Notes who is a resident of Luxembourg or to a residual entity established in another EU Member State or in the dependent and associated territories securing the payment for such individual will be subject to a withholding tax of 10 per cent. In case of payment through a paying agent established in the EU, the EEA or in a State which has concluded with Luxembourg an international agreement related to the EU Savings Tax Directive, the Luxembourg resident individual holder of Additional Tier 1 Notes must under a specific procedure remit 10 per cent. tax to the Luxembourg Treasury.

If the individual holder holds the Additional Tier 1 Notes in the course of the management of his or her private wealth, the aforementioned 10 per cent. withholding tax will operate a full discharge of income tax due on such payments.

Remuneration on Additional Tier 1 Notes paid by a Luxembourg paying agent to a holder of a Subordinated Note who is not an individual is not subject to withholding tax.

"*Interest*" (herein referred to as "*Remuneration*"), "*paying agent*" and "*residual entity*" have the meaning given thereto in the Luxembourg laws of 21 June 2005 (or the relevant Accords) and 23 December 2005, as amended. "*Interest*" will include accrued or capitalised Remuneration at the sale, repayment or redemption of the Additional Tier 1 Notes.

Payments of Remuneration or similar income under the Additional Tier 1 Notes to Clearstream Banking AG, Clearstream Banking, société anonyme and Euroclear Bank SA/NV and payments by or on behalf of Clearstream Banking, société anonyme to financial intermediaries will not give rise to a withholding tax under Luxembourg law.

3. EU Savings Tax Directive

Under the EU Council Directive 2003/48/EC dated 3 June 2003 on the taxation of savings income in the form of interest payments (the "**EU Savings Tax Directive**"), each EU Member State must require paying agents (within the meaning of such directive) established within its territory to provide to the competent authority of this state details of the payment of Remuneration made to or collected by such a person for any individual resident in another EU Member State or certain limited types of entity (called "**Residual Entities**" within the meaning of Article 4.2 of the EU Savings Directive) established in that other EU Member State as the beneficial owner of the Remuneration. The competent authority of the EU Member State of the paying agent is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the Remuneration is a resident.

For a transitional period, Luxembourg and Austria instead opted to withhold tax from Remuneration payments within the meaning of the EU Savings Tax. Since 1 January 2015, however, Luxembourg applies the information procedure described above. Regarding Austria, EU withholding taxation at a rate of meanwhile 35 per cent. does not have to be imposed if a particular information process is fulfilled. Further, Austria has undertaken to implement an automatic exchange of information as of September 2017.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or a Residual Entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or a Residual Entity established in one of those territories.

In Germany, provisions for implementing the EU Savings Tax Directive were enacted by legislative regulations of the Federal Government. These provisions apply since 1 July 2005.

On 24 March 2014, the European Council adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the EU Savings Tax Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the EU Savings Tax Directive, to also include (in addition to individuals) certain types of entities and legal arrangements. EU Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

Holders who are individuals should note that the Issuer will not pay additional amounts under § 7 (c) of the Terms and Conditions of the Additional Tier 1 Notes in respect of any withholding tax imposed as a result of the EU Savings Tax Directive.

4. The proposed Financial Transaction Tax

The European Commission has published a proposal for a Directive for a common Financial Transaction Tax ("**FTT**") in certain participating Member States. The proposed FTT has very broad scope and could apply to certain dealings in financial instruments (including secondary market transactions). The FTT could apply to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and either (i) at least one party is established or deemed to be established in a participating Member State or (ii) the

financial instruments are issued in a participating Member State. Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016. However, the proposed Directive remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation.

SUBSCRIPTION AND SALE OF THE ADDITIONAL TIER 1 NOTES

General

The Issuer has agreed in an agreement to be signed on or about 16 December 2016 to sell to HSBC Bank plc (the "**Manager**"), and the Manager has agreed, subject to certain customary closing conditions, to purchase, on the Issue Date the Additional Tier 1 Notes at a price of 103 per cent. of the Aggregate Principal Amount. Proceeds to the Issuer will be net of commissions payable to the Manager. The Issuer has furthermore agreed to reimburse the Manager for certain expenses incurred in connection with the issue of the Additional Tier 1 Notes.

The Manager is entitled, under certain circumstances, to terminate the agreement reached with the Issuer. In such event, no Additional Tier 1 Notes will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Manager against certain liabilities in connection with the offer and sale of the Additional Tier 1 Notes.

The Manager or its affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Manager or its affiliates have received or will receive customary fees and commissions.

There are no interests of natural and legal persons involved in the issue, including conflicting ones, which are material to the issue.

SELLING RESTRICTIONS

The Additional Tier 1 Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

1. General

The Manager has represented and agreed that it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Additional Tier 1 Notes or possesses or distributes the Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Additional Tier 1 Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor the Manager shall have any responsibility therefor.

2. United States of America (the "United States")

The Manager has acknowledged that the Additional Tier 1 Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States to or for the account or benefit of, United States persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Manager has represented and agreed that neither it nor any persons acting on its behalf has offered or sold and delivered, and will not offer or sell and deliver, any Additional Tier 1 Note constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act ("**Regulation S**"). Accordingly, the Manager further has represented and agreed that neither it, nor its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to a Subordinated Note. Terms used in this subparagraph have the meaning given to them by Regulation S.

The Additional Tier 1 Notes will be issued in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(D) (the "**D Rules**") (or, any successor rules in substantially the same form as D Rules, as applicable, for purposes of Section 4701 of the U.S. Internal Revenue Code).

The Manager has represented and agreed that:

(i) except to the extent permitted under the D Rules, (i) it has not offered or sold, and during the restricted period will not offer or sell, Additional Tier 1 Notes to a person who is within the United States or its possessions or to a United States person, and (ii) such Manager has not delivered and will not deliver within the United States or its possessions Additional Tier 1 Notes that are sold during the restricted period;

(ii) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Additional Tier 1 Notes are aware that such Additional Tier 1 Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(iii) if such Manager is a United States person, it represents that it is acquiring the Additional Tier 1 Notes for purposes of resale in connection with their original issuance and if such Manager retains Additional Tier 1 Notes for its own account, it will only do so in accordance with the requirements of the D Rules;

(iv) with respect to each affiliate that acquires from such Manager Additional Tier 1 Notes for the purposes of offering or selling such Additional Tier 1 Notes during the restricted period, such Manager either (x) repeats and confirms the representations and agreements contained in sub-clauses (i), (ii) and (iii) on such affiliate's behalf or (y) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-clauses (i), (ii) and (iii).

Terms used in this paragraph (e) have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

In addition, the Manager has represented and agreed that it has not entered and will not enter into any contractual arrangement with any distributor (as that term is defined for purposes of Regulation S and the D Rules) with respect to the distribution of the Additional Tier 1 Notes, except with its affiliates or with the prior written consent of the Issuer.

3. European Economic Area

In relation to each Member State of the European Economic Area (the EU plus Iceland, Norway and Liechtenstein) which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Manager has represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of Additional Tier 1 Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Additional Tier 1 Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Manager nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3 (2) of the Prospectus Directive,

provided that no such offer of Additional Tier 1 Notes shall require the Issuer or the Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Additional Tier 1 Notes to the public**" in relation to any Additional Tier 1 Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Additional Tier 1 Notes to be offered so as to enable an investor to decide to purchase or subscribe the Additional Tier 1 Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes the relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

4. United Kingdom of Great Britain and Northern Ireland ("United Kingdom")

The Manager has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) received by it in

connection with the issue or sale of any Additional Tier 1 Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Additional Tier 1 Notes in, from or otherwise involving the United Kingdom.

5. Japan

The Manager has represented and agreed that the Additional Tier 1 Notes have not been and will not be registered under the Financial Instrument and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the "**Financial Instrument and Exchange Act**"). The Manager has represented and agreed that it will not offer or sell any Additional Tier 1 Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except only pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instrument and Exchange Act and any applicable laws, regulations and guidelines of Japan.

GENERAL INFORMATION

Application has been made to the *Commission de Surveillance du Secteur Financier* which is the Luxembourg competent authority for the purpose of the Prospectus Directive for its approval of this Prospectus. By approving this Prospectus, the Commission does not give any undertaking as to the economic and financial soundness of the operation or the quality or solvency of the Issuer in accordance with Article 7(7) of the Luxembourg Law of 10 July 2005 on prospectuses for securities.

Authorisation

The issue of the Additional Tier 1 Notes complies with the articles of association of GRENKE AG and with its internal rules of procedure. The establishment of the Notes to be issued was authorised by the management board of the Issuer on 13 December 2016 and by the supervisory board of the Issuer on 13 December 2016.

Use of proceeds

In connection with the offering of the Additional Tier 1 Notes, the Issuer expects to receive net proceeds of approximately EUR 21,793,000 after deducting expenses and commissions payable to the Bookrunner. The Issuer intends to initially invest in instruments issued by GRENKE BANK AG qualifying as Additional Tier 1 capital for GRENKE BANK AG.

Listing and Admission to Trading

Application has been made to the Luxembourg Stock Exchange for the Additional Tier 1 Notes to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange on or around the Issue Date. The total expenses related to the admission to trading of the Additional Tier 1 Notes will approximately amount to EUR 315,000.

Clearing Systems

The Additional Tier 1 Notes have been accepted for clearance through Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium. The Additional Tier 1 Notes have been assigned the following securities codes:

Additional Tier 1 Notes: temporary ISIN XS1535994328, temporary Common Code 153599432, temporary WKN A2DAGY, ISIN XS1262884171, Common Code 126288417, WKN A161ZB.

Credit rating

The Additional Tier 1 Notes are expected to have the same rating as the outstanding EUR 30,000,000 Perpetual Non-cumulative Fixed to Reset Rate Additional Tier 1 Notes issued on 22 July 2015 with which they will be consolidated and form a single series. The outstanding EUR 30,000,000 Perpetual Non-cumulative Fixed to Reset Rate Additional Tier 1 Notes have a rating of BB- by Standard and Poor's.[8]

Documents on Display

So long as Additional Tier 1 Notes are outstanding, copies of the following documents will, when published, be available free of charge during normal business hours from the registered office of the Issuer and from the specified offices of the Principal Paying Agent for the time being in Frankfurt am Main:

(i) the constitutional documents (with an English translation where applicable) of the Issuer;

(ii) the audited consolidated financial statements of GRENKE AG as of and for the financial years ended 31 December 2014 and 31 December 2015, respectively, in each case including the audit opinion thereon;

(iii) the unaudited condensed interim consolidated financial information of GRENKE AG as of and for the nine-month period ended 30 September 2016

[8] Standard & Poor's is established in the European Community and is registered under the CRA Regulation. The European Securities and Markets Authority publishes on its website (www.esma.europa.eu) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation (last updated 1 December 2015). The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

(iv) List of shareholdings according to § 313 HGB as per 31 December 2015;

(v) a copy of this Prospectus;

(vi) any supplements to this Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

Documents incorporated by Reference

The pages specified below of the following source documents (English language translations) which have been published or which are published simultaneously with this Prospectus and filed with the Commission shall be incorporated in, and form part of, this Prospectus:

the audited consolidated financial statements of GRENKE AG (until 10 May 2016: GRENKELEASING AG) as of and for the financial year ended 31 December 2014 and 31 December 2015, in each case including the respective audit opinion thereon, included in the GRENKE AG Group Financial Reports 2014 and 2015 as source documents, respectively.

the unaudited condensed interim consolidated financial information of GRENKE AG as of and for the nine-month period ended 30 September 2016, included in the GRENKE AG Group Quarterly Statement for the 3rd quarter and the first 9 months 2016 as source document.

Comparative Table of Documents incorporated by Reference

Pages of source document incorporated by reference

Audited consolidated financial statements (IFRS) of GRENKE AG as of and for the financial year ended 31 December 2014 (English language translation) (p. 74 – 174 and p. 176 of GRENKE AG Group Financial Report 2014)

- p. 74: Consolidated Income Statement
- p. 75: Consolidated Statement of Comprehensive Income
- p. 76 – 77: Consolidated Statement of Financial Position
- p. 78 – 79: Consolidated Statement of Cash Flows
- p. 80: Consolidated Statement of Changes in Equity
- p. 81 – 174: Notes to the Consolidated Financial Statements
- p. 176: Audit Opinion(*)

Audited consolidated financial statements (IFRS) of GRENKE AG as of and for the financial year ended 31 December 2015 (English language translation) (p. –96-197 of GRENKE AG Group Financial Report 2015)

- p. 96: Consolidated Income Statement
- p. 97: Consolidated Statement of Comprehensive Income
- p. 98-99: Consolidated Statement of Financial Position
- p. 100-101: Consolidated Statement of Cash Flows
- p. 102: Consolidated Statement of Changes in Equity
- p. 103-196: Notes to the Consolidated Financial Statements
- p. 197: Audit Opinion(*)

Unaudited condensed interim consolidated financial information of GRENKE AG as of and for the nine month period ended 30 September 2016 (English language translation) (p. 14 - 26 of GRENKE AG Group Quarterly Statement of the third quarter and the first nine months of 2016l)

- p. 14: Consolidated Income Statement
- p. 15: Consolidated Statement of Comprehensive Income
- p. 16 – 17: Consolidated Statement of Financial Position
- p. 18 – 19: Consolidated Statement of Cash Flows
- p. 20: Consolidated Statement of Changes in Equity
- p. 21 - 26: Additional Information on the Condensed Interim Consolidated Financial Information (including Group Segment Reporting)

(*) The audit opinion (*Bestätigungsvermerk*) refers to the consolidated financial statements and the combined management report of GRENKE AG as a whole and not solely to the consolidated financial statements as incorporated by reference.

Any information incorporated by reference that is not included in the above list, is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) 809/2004, as amended.

Availability of incorporated Documents

Any document incorporated herein by reference can be obtained without charge at the offices of GRENKE AG as set out at the end of this Prospectus and will also be available on its website www.grenke.de. Additionally, such documents will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

NAMES AND ADDRESSES

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To the Bookrunner as to German law

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