GRENKE AG

(Baden-Baden, Federal Republic of Germany)

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

GRENKE 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 75,000,000 (the "**Aggregate Principal Amount**") on 5 December 2019 (the "**Issue Date**") at an issue price of 100 per cent. of the Aggregate Principal Amount (plus accrued interest). 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 2026 (the "**First Reset Date**") at a fixed rate of 5.375 per cent. *per annum* (the "**Initial Interest**"), payable annually in arrears on 31 March of each year, commencing on 31 March 2020 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 2027 (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, *i.e.* 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 (each a "**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 Aggregate Principal Amount of the Additional Tier 1 Notes as amended from time to time. The Aggregate Principal Amount may be reduced 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 as adopted by the European Union (the "**GRENKE Group**") falls below 5.125 per cent. (the "**Trigger Event**"). In this case, the redemption amount and the Principal 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 Aggregate Principal Amount that is 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 Principal 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 Aggregate Principal 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 redeems the Additional Tier 1 Notes at a reduced Aggregate Principal 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 event of the dissolution, liquidation or insolvency of the Issuer or the commencement of insolvency proceedings against the assets of the Issuer or any other public or private proceedings serving to wind up and/or avert the insolvency of the Issuer, the obligations under the Additional Tier 1 Notes shall be fully subordinated to (i) the claims of unsubordinated creditors of the Issuer, (ii) the claims specified in § 39(1) of the German Insolvency Code, (iii) the claims under Tier 2 Instruments pursuant to Article 62 of the CRR (as defined below in the section "*Risk factors – Risk Factors regarding the Additional Tier 1 Notes*"), (iv) the claims of subordinated creditors of the Issuer which do not rank *pari passu* with, or junior to, the claims under the Additional Tier 1 Notes, and (v) the claims under other instruments which pursuant to their terms or mandatory provisions of law rank pari passu with, or senior to, Tier 2 instruments. The Additional Tier 1 Notes rank *pari passu* among themselves and among any other claims which are equally subordinated to all of the claims mentioned in the foregoing sentence.

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**Commission**") in its capacity as competent authority under Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the "**Prospectus Regulation**") (the "**Prospectus**"). This Prospectus constitutes a prospectus within the meaning of Article 6 of the Prospectus Regulation 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 Directive 2014/65/EU on markets in financial instruments, as amended (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 6 (4) of the Luxembourg act relating to prospectuses for securities dated July 16, 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en œuvre du règlement (UE) 2017/1129* - the "**Luxembourg Law**"). The Commission only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer or of the quality of the Additional Tier 1 Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Additional Tier 1 Notes.

The Additional Tier 1 Notes have been assigned the following securities codes: ISIN XS2087647645, Common Code 208764764, WKN A255D1. The Additional Tier 1 Notes are expected to be 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 Advisers to the Issuer / Bookrunners

Deutsche Bank **HSBC**

IMPORTANT NOTICE

Restrictions on marketing and sales to retail investors

The Additional Tier 1 Notes described 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**").

In addition, (i) on 1 January 2018, the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products ("**PRIIPs**") became directly applicable in all European Economic Area ("**EEA**") member states and (ii) the Markets in Financial Instruments Directive 2014/65/EU (as amended) ("**MiFID II**") was required to be implemented in EEA member states by 3 January 2018. Together, the PI Instrument, PRIIPs and MiFID II are referred to as the "**Regulations**".

The Regulations set out various obligations in relation to (i) the manufacture and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write down or convertible securities, such as the Additional Tier 1 Notes.

Potential investors in the Additional Tier 1 Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Additional Tier 1 Notes (or any beneficial interests therein) including the Regulations.

Each Manager (as defined below) is required to comply with some or all of the Regulations. By accessing the Prospectus and/or purchasing, or making or accepting an offer to purchase, any Additional Tier 1 Notes (or a beneficial interest in such Additional Tier 1 Notes) from the Issuer and/or the Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and the Managers that:

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

2. whether or not it is subject to the Regulations, it will not:

(A) sell or offer the Additional Tier 1 Notes (or any beneficial interest therein) to retail clients in the EEA (as defined in MiFID II); or

(B) communicate (including the distribution of the 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 MiFID II).

In selling or offering the Additional Tier 1 Notes or making or approving communications relating to the Additional Tier 1 Notes each prospective investor may not rely on the limited exemptions set out in the PI Instrument;

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) the Regulations (as applicable) and any other applicable 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.

Each prospective investor further acknowledgse that:

(i) the identified target market for the Additional Tier 1 Notes (for the purposes of the product governance obligations in MiFID II) is eligible counterparties and professional clients (each as defined in MiFID II);

(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and

(iii) no key information document ("**KID**") under PRIIPs has been prepared and therefore offering or selling the Additional Tier 1 Notes or otherwise making them available to any retail investor in the EEA may be unlawful under PRIIPs.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the

Additional Tier 1 Notes has led to the conclusion that: (i) the target market for the Additional Tier 1 Notes is eligible counterparties and professional clients, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"), (ii) all channels for distribution to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Additional Tier 1 Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Additional Tier 1 Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Additional Tier 1 Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Additional Tier 1 Notes or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Additional Tier 1 Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

RESPONSIBILITY STATEMENT

GRENKE AG ("**GRENKE AG**" or the "**Issuer**", and together with its consolidated subsidiaries and structured entities pursuant to International Financial Reporting Standards as adopted by the European Union 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 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 that this Prospectus makes 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 Bookrunners set forth on the cover page (the "**Managers**"). The Managers have 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 Managers 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 Managers 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 Managers have 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 Managers 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 Prospectus Regulation) 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.

Notice of Product Classification by the Issuer under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA") – The Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Additional Tier 1 Notes are classified as prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on

Recommendations on Investment Products).

The Additional Tier 1 Notes may only be offered and sold in Hong Kong to professional investors, as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO.

Interest amounts payable under the Additional Tier 1 Notes will, after the First Reset Date (as defined in the Terms and Conditions) be calculated by reference to the 5 year EUR swap rate which is provided by the European Money Markets Institute (EMMI). As at the date of this Prospectus, EMMI appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (ESMA) pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011).

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 Managers 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.

The validity of the prospectus will expire 12 months after its approval as of the date hereof. The obligation to supplement a prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when a prospectus is no longer valid.

The information on any website included in the Prospectus, except for the website www.bourse.lu in the context of the documents incorporated by reference, do not form part of the Prospectus and has not been scrutinised or approved by the Commission.

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 Managers assume 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.

TABLE OF CONTENTS

Page

RISK FACTORS

The following is a description of material risks that are specific to GRENKE AG and/or may affect its ability to fulfil its 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 whether 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

The risk factors regarding the Additional Tier 1 Notes are presented in the following categories depending on their nature with the most material risk factor presented first in each category:

1. Risks related to the nature of the Additional Tier 1 Notes
2. Risks related to specific Terms and Conditions of the Additional Tier 1 Notes
3. Risks related to the ranking of the Additional Tier 1 Notes
4. Other related Risks

1. Risks related to the nature of the Additional Tier 1 Notes

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 Managers are 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.

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.

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.

Risk of the Additional Tier 1 Notes being written down or converted to equity by the resolution authority.

The Additional Tier 1 Notes are relevant capital instruments within the meaning of Article 3 (2) no. 51 of Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund ("**SRM Regulation**") and § 2 (2) of the German Act of 10 December 2014 on the Recovery and Resolution of Credit Institutions and Groups of Credit Institutions, as amended, (Gesetz zur Sanierung und Abwicklung von Instituten und Finanzgruppen vom 10. Dezember 2014, in der jeweils gültigen Fassung, (*Sanierungs- und Abwicklungsgesetz* – "**SAG**")) which are issued at the level of GRENKE AG, the parent undertaking of GRENKE BANK AG, and intended to be recognized for the purposes of meeting own funds requirements on a consolidated basis. Under Article 7 (3), sub-paragraph 1 item (f) SRM Regulation and § 65 (1) no. 2 SAG, the German Federal Agency for Financial Market Stabilisation (*Bundesanstalt für Finanzmarktstabilisierung* – "**FMSA**")) has the power to write down or convert the Additional Tier 1 Notes, in whole or in part, into shares of the Issuer where the conditions for resolution are met with respect to GRENKE Group. Such conditions for resolution are met in accordance with §§ 65 (2), 62 (1) SAG if GRENKE Group violates or is likely to violate regulatory requirements on a consolidated basis in a manner justifying supervisory measures under § 45 (1) sentence 3 KWG, there is no reasonable prospect that alternative private measures would prevent such existing or likely violation within a reasonable timeframe, and such write-down or conversion is necessary in the public interest.

In this case the Holder of the Additional Tier 1 Notes might lose the entire or a substantial part of its

investment. 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 GRENKE Group'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 GRENKE Group'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 GRENKE Group.

Potential investors should consider the risk that they may lose all of their investment, including the nominal amount plus any accrued interest if a write-down or conversion of the Additional Tier 1 Notes into shares of the Issuer occurs. In addition, the statutory provisions allowing for resolution action in respect of GRENKE Group 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 write-down (as described above) or conversion.

2. Risks related to specific Terms and Conditions of the 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 Available 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 the occurrence of a Trigger Event (as defined in the Terms and Conditions).

In the event 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 Available Distributable Items, provided, however, that for purposes of this determination the Available 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 Available Distributable Items, 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 Available 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.

"**Available Distributable Items**" means, with respect to any Interest payment, the distributable items as defined in Article 4 (1) no. 128 of the 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 as amended or replaced from time to time, in particular by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 and Regulation (EU) No 648/2012 ("**CRR**"), at the time of the issuance of the Additional Tier 1 Notes, such term refers to 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 any profits brought forward and reserves available for that purpose, before distributions to holders of own funds instruments, less any losses brought forward and any profits which are non-distributable pursuant to the applicable laws of the European Union or Germany or the Articles of Association of the Issuer and any sums placed in non-distributable reserves in accordance with the applicable laws of Germany or the Articles of Association of the Issuer, in each case with respect to the

specific category of own funds of the Additional Tier 1 Notes as AT1 Instruments to which the applicable laws of the European Union or Germany or the Articles of Associations of the Issuer relate, provided that the distributable items and the relevant profits, 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. For an overview of GRENKE AG's Available Distributable Items for the preceding financial years see the section *"Available Distributable Items of GRENKE AG"*.

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

"**Tier 1 Instruments**" means capital instruments which, according to the CRR, qualify as Common Equity Tier 1 Instrument or AT1 Instruments.

"**Common Equity Tier 1 Instrument**" has the meaning given to it in the CRR and means any instrument that fulfills the conditions set out in Article 28 of the CRR.

"**AT1 Instruments**" mean any (directly or indirectly issued) capital instrument of the Issuer that qualifies as additional tier 1 instrument pursuant to Article 52 CRR (including, but not limited to, any capital instrument or other instrument that qualifies as additional tier 1 instrument pursuant to transitional provisions under the CRR).

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 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) (*Kreditwesengesetz* - "**KWG**"). Under the relevant provisions, regulatory action can be taken in cases of inadequate own funds or inadequate liquidity. CRD also contains 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 Instruments. The respective CRD 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. As per 31 December 2018, the aggregate capital ratio pursuant to Article 92 (2) b CRR amounted to 16.03 percent (previous 14.9 percent). A minimum total capital ratio of up to 11.75 percent was complied with in the 2018 reporting year. In addition to the 8 percent under Article 92 CRR, this ratio also included the capital conservation buffer and the countercyclical capital buffer. As of 30 September 2019, the minimum total capital ratio was compiled as 11.73%, and included the capital conservation buffer, a countercyclical capital buffer and a buffer requirement on account of the Supervisory Review and Evaluation Process (SREP). 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 determined in accordance with § 10 (1) sentence 1 no. 5 (e) KWG in connection with § 37 SolvV for the combined capital buffer requirement in accordance with § 10i KWG (currently transposing Article 141 (2) CRD into German law) which is to be determined by the Issuer on the basis of GRENKE Group or of solo requirements, if applicable. In particular, it 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**" 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 as amended or replaced from time to time, in particular by the Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.

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 § 5 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 § 3 (2) of the Terms and Conditions) at the 5 year swap rate (as defined in § 3 (2) of the Terms and Conditions) for the relevant Reset Period (as defined in § 3 (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 Period, there remains a risk of decreasing prices of the Additional Tier 1 Notes as a result of changes in the fluctuating market interest rate. During each of these periods, the Holders are exposed to the risks as described under "*Resettable Fixed rate securities have a market risk*.".

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) to the extent that a write-up would be possible from the annual profit of the Issuer 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.

Specific risks linked to EURIBOR.

The Reference Rate and the Reset-Reference Banking Rate is determined by reference to the EUR swap rate which is linked to the Euro Interbank Offered Rate (EURIBOR). EURIBOR is deemed to be a "benchmark" ("**Benchmark**") which is subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause the relevant Benchmark to perform differently than in the past, or have other consequences which cannot be predicted.

Key international proposals for reform of benchmarks include (i) IOSCO's Principles for Oil Price Reporting Agencies (October 2012) and Principles for Financial Benchmarks (July 2013), (ii) ESMA-EBA's Principles for the benchmark-setting process (June 2013), and (iii) the Benchmark Regulation EU 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**"). In addition to the aforementioned reforms, there are numerous other proposals, initiatives and investigations which may impact Benchmarks.

Any changes to a Benchmark as a result of the Benchmark Regulation or other initiatives could have a material adverse effect on the costs of obtaining exposure to a Benchmark or the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the disappearance of certain benchmarks.

Although it is uncertain whether or to what extent any of the above-mentioned changes and/or any further changes in the administration or method for determining a Benchmark could have an effect on the value of the Additional Tier 1 Notes, investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under the Additional Tier 1 Notes.

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 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 Additional Tier 1 Notes, they 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.

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.

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 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/currency 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.

3. Risks related to the ranking of 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 equally 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). There is a significant risk that a Holder of Additional Tier 1 Notes will lose all or some of its investment.

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.

Although the Additional Tier 1 Notes may pay a higher rate of distributions than other debt instruments which are not subordinated, there is a substantial risk that investors in subordinated notes such as the Additional Tier 1 Notes will lose all or some of their investment, should the Issuer become insolvent or, following a write-down, either have an insufficient annual profit to write up the Additional Tier 1 Notes or decide in its sole discretion to not (or not fully) write up its Additional Tier 1 Notes at all.

Furthermore, claims of the Issuer are not permitted to be set-off or netted against payment obligations of the Issuer under the Additional Tier 1 Notes which are not, and may not become secured or subject to a guarantee or any other arrangement that enhances the seniority of the claim under the Additional Tier 1 Notes. A Holder should therefore not expect to be able to set-off any obligations of the Issuer under the Additional Tier 1 Notes against obligations of the Holder vis-à-vis the Issuer.

Risk of legislative changes.

Various legislative changes could occur that, if adopted and once implemented, may affect and impose further restrictions on the Issuer's ability to make distributions on the Additional Tier 1 Notes. It is difficult to predict for Holders of the Notes if and how these legislative changes occur and to which extent they may affect the Issuer's ability to make distributions on the Additional Tier 1 Notes.

In particular, in December 2017, the Basel Committee on Banking Supervision ("**BCBS**") published changes (the "**Basel III Proposals**") to the standardised approaches for credit, operational and market risk, as well as on the level of capital floors. This package of reforms, intended to finalise the Basel III regulatory capital framework, would reduce the ability of banks to apply internal models for the calculation of regulatory capital requirements, while making the standardised approaches more risk-sensitive and granular. As part of the Basel III Proposals, the BCBS proposes a floor on the amount of regulatory capital benefits that banks could achieve by using internal models. The level of that proposed output floor has been set at 72.5% of the total risk-weighted assets calculated using only the standardised approaches. In addition, the BCBS proposes the introduction of a leverage ratio buffer for global systemically important banks ("**G-SIB**")to be met with Tier 1 capital and set at 50% of the risk-weighted higher loss-absorbency requirements for such GSIBs. The BCBS proposes that the G-SIB leverage ratio buffer takes the form of a capital buffer akin to the capital buffers in the risk-weighted capital framework with capital distribution constraints imposed on a G-SIB that does not meet its leverage ratio buffer requirement. The BCBS proposes an implementation date of this package for 1 January 2022 (including the G-SIB leverage ratio buffer) with a phase-in period of five years until 1 January 2027 for the output floor.

4. Other related Risks

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.

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

It exists the risk that the Additional Tier 1 Notes, in particular with respect to their specific terms, are not suitable for an investor and are not appropriate to fulfil an investor’s goals. 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, and be aware of the risk that an investment in the Additional Tier 1 Notes may not be suitable at all times until maturity bearing in mind the following key aspects when assessing the suitability of the Additional Tier 1 Notes which may change over time and could lead to the risk of non-suitability:

(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 reference rate 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.

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. 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.

The risk factors regarding GRENKE AG and GRENKE Group are presented in the following categories depending on their nature in each category the most material risk factor is mentioned first:

1. Risks related to the Issuer's business activities and industry

2. Risks related to the Issuer's financial situation

3. Legal and regulatory risks

1. Risk related to the issuer's business activities and industry

Lessees Credit risks

It exists the risk for the Issuer of a deterioration of the liquidity or general creditworthiness of their lessees which could lead to failures of the lessees to meet their payment obligations during the term of the contract or only pay parts thereof, resulting in payment defaults. Such risk generally increases with a worsening economic climate, as it can trigger more payment defaults of leasing customers. Since 1994 GRENKE has assessed the creditworthiness of their lessees using a self-developed scoring system, which is based on a scientific statistical approach. The approval process incorporates the current risk strategy, portfolio characteristics and risk-return considerations. The company believes that the quality of this system has been proven by the low levels of loss experienced since its implementation, especially the low level of deviations between expected losses and real losses.

However 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. There is a possibility that the loss rate in the current market situation may exceed that of previous economic cycles. GRENKE constantly strives to keep the lessee's data up to date and therefore uses its own experience and current information from credit agencies. Furthermore, GRENKE is active in 32 countries and plans to further extend these activities. 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.

Concentration risks

GRENKE 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 Brother, Kärcher, Kyocera, Netapp, Ricoh and Sharp. 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. Furthermore GRENKE's core leasing business activities are 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) 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. However, if that would occur it could have a negative impact on the Issuer's financial situation.

Market growth risks

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. Due to the ongoing unresolved trade dispute between the United States and China, the global economy could lose some momentum this year. Furthermore, Brexit could have a negative impact on the business in the United Kingdom, the banking crisis and budget dispute in Italy could be detrimental to the business in Italy, and a potential reversal of important reform steps in France due to growing public pressure on the government might also adversely affect the business in France. Moreover, it is also possible that the sovereign debt crisis could again intensify. On the other hand the past showed that GRENKE is in a good position whenever the macroeconomic cycle is on a downturn due to reduced supply from competitors for SMEs (small and medium size enterprises).

Additionally, rising insolvencies may lead to less demand to new leasing business. Furthermore, it cannot 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'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 can impact GRENKE's earnings. Finally GRENKE 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.

Segment risks

Next to leasing, GRENKE's business segments are Banking via GRENKE BANK AG and Factoring via different subsidiaries and Franchises. The main financial risks at GRENKE BANK AG are its credit risks as well as concentration risks. Concentration risk is taken into account by risk provisioning which is validated by intra-year reporting of anomalies in the lending business. GRENKE BANK AG offers micro-credits (*Mikrokredite*) to small businesses, which are not getting financial support by their relationship bank. Although micro-credits are secured at 100% by Mikrokreditfonds Deutschland, GRENKE BANK AG is exposed to the credit risk of the Mikrokreditfonds Deutschland. There is an additional risk of losing GRENKE BANK AG's deposit business if GRENKE BANK AG will not be able to fulfill the requirements of the Deposit Protection Fund of the Association of German Banks.

Owing to risk considerations, GRENKE essentially offers small-ticket factoring via its Factoring subsidiaries and Franchises 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. In the event of non-notification factoring, payments discharging obligations can usually

only be paid to a bank account pledged to GRENKE. In both cases GRENKE assumes the default risk for the purchased receivables.

Franchise risks

GRENKE successfully started a so-called Franchise Partner System with German and foreign partners for leasing. GRENKE aims to access targeted markets in utilizing franchisees that have local market knowledge and personal commitment, assume start-up costs and risk. GRENKE 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 is option-holder, no put-option for the franchisees). Although GRENKE 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's ability to administrate all leasing contracts in a timely manner, and thus expose GRENKE to compensation claims from the franchisees.

IT and Data Security risks

Administration of leasing contracts depends to a large extent on IT systems, data storage and data security procedures. Therefore GRENKE deploys an extensive IT system with proprietary software technology with respect to the leasing business as well as standardized software products with respect to all other procedures (*e.g.* accounting, treasury, billing etc.). GRENKE 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'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.

Risks related to operational procedures and Personnel

GRENKE 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 organizational structure is designed to adjust existing structures or creating new structures in a timely manner and to cope with the growth of GRENKE. So far GRENKE's success has to a certain extent been based on the members of the Board of Management. Although GRENKE has 21 Vice Presidents responsible for day-to-day operations and operational implementation of the decisions taken by the Board of Management, the loss of one board member of GRENKE could have a negative impact on its future development.

No assurance can be given that GRENKE continues to be successful in adjusting the existing structures or in creating structures required in a timely manner. Furthermore no assurance can be given that any investment in or acquisition of other businesses or companies will be successful.

2. <u>Risks related to the issuer's financial situation</u>

Loss risks

Rising losses have a material influence on GRENKE'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's business model. The management of the GRENKE 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. If this is not successful it could have a negative impact on the Issuer's results of operation.

Refinancing risks

During fiscal year 2019 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 favorable refinancing through GRENKE BANK AG. Risks may also result from communicating with analysts and shareholders. The U.S. Federal Reserve's interest rate policy may have also an effect on interest rates

in Europe. The current negative interest rate environment and decisions made by the European Central Bank (ECB) may lead to strong changes in the general refinancing situation.

Exchange and Interest Rates risks

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 is exposed to exchange rate and interest rate risks, in particular due to more restrictive monetary policies. GRENKE believes that the established risk management system together with the utilization of hedging transactions is an effective procedure to protect GRENKE 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. The U.S. Federal Reserve's interest rate policy may have also an effect on interest rates in Europe. The current negative interest rate environment and decisions made by the European Central Bank (ECB) may lead to strong changes in the general refinancing situation.

Liquidity and credit risks

GRENKE refinances its purchase of lease assets mainly through asset-backed security agreements, the Debt Issuance Programme, several short-term revolving credit facilities, a rated Commercial Paper Programme and the sale of lease receivables. Further, there are various collaborations in the form of global loans. As GRENKE AG has given unconditional and irrevocable guarantees for the majority of the above liabilities, to its franchisees as well as to the loans granted to its subsidiaries there exists the risk that those contingent liabilities might be realized.

GRENKE believes that the 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 and its diversification. However, there can be no assurance that GRENKE will not lose a refinancing facility possibly resulting in temporary deterioration of its earnings and liquidity position, unless GRENKE 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 credit rating of BBB+ (stable outlook) by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") or GRENKE AG's counterparty credit rating of A (stable outlook)[3] by GBB-Rating Gesellschaft für Bonitätsbeurteilung mbH ("**GBB**") are of importance as a future rating downgrade of GRENKE could have a negative impact on the refinancing costs or loss of funding sources of GRENKE. The counterparty credit ratings are based on GRENKE'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.

Investment risk

Reduced investments made through clients in IT-products, following a decline in general economic environment, may have a negative impact on GRENKE's earnings and financial situation. Fluctuations on the financial markets, in market prices, interest rates and certain currencies can have a significant effect on cash flow and net profit. Additional, investment made through GRENKE or GRENKE's subsidiaries may lead to investment risks under counterparty default risk when quantifying risk-bearing capacity.

3. Legal and regulatory risks

Tax Risks

The tax authorities commenced tax audits of GRENKE in November 2010 covering the previous 4 years, November 2016 (which also included several subsidiaries of GRENKE) covering the years 2010 to 2014 and another tax audit in August 2018 for the period 2012 to 2017 which was extended to insurance tax. The tax audits which started in 2010 and 2016 are completed in the meantime and in both cases revised tax assessment notices has been issued. GRENKE paid the outstanding balances. GRENKE lodged an appeal against that tax assessment notice from the tax audit in 2010. GRENKE believes that the tax authority or the tax court will partially annul the revised tax assessment notice. Thus a tax asset in the amount of the expected value for a probable tax refund for the fiscal years 2005 – 2009 was recognized. There is the risk that the appeal will be declined or the tax refund will be less than the recognized tax asset. For the

assessment periods 2015 and 2016 a tax accrual is still reflected based on the findings of the audit. Thus, no further tax risks should result from this audit. Up to today the final assessment for the tax audit commencing in 2018 is still outstanding. Based on the existing findings of this audit the respective insurance tax for the period April to December 2018 was subsequently declared and reflected as an accrual. The incurrence of additional tax expenses for those periods cannot be totally ruled out. Therefore there is the risk of higher tax expenses for the years under audit.

GRENKE applied Section 19 German Trade Tax Implementation Regulation to the assessment periods 2008 – 2018 when calculating the trade tax provisions for the German group companies, and did not include considerations for liabilities 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.

Legislation and Supervisory risk

TGRENKE (without franchise companies) is supervised by the European Central Bank ("**ECB**") which delegates the supervision to the German Central Bank (*Deutsche Bundesbank*) and the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**"). GRENKE fulfils the Capital Requirements Regulation (Regulation (EU) No 575/2013) (CRR) and the German Banking Act (*Kreditwesengesetz* – "**KWG**") on the consolidated basis. Due to requirements of the KWG, GRENKE also complies with the requirement of the Capital Requirements Directive (Directive 2013/36/EU) (CRD IV), the minimum requirements on risk management ("**MaRisk**") and the Banking supervisory requirements for IT ("**BAIT**"). Any violations of the aforementioned regulatory frameworks might have adverse financial consequences – including substantial monetary fines –, that might harm GRENKE's reputation and ultimately affect its commercial success.

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 75.000.000 (in Worten: fünfundsiebzig Millionen Euro) (der "**Gesamtnennbetrag**") in einer Stückelung von EUR 200.000 (die "**festgelegte Stückelung**" oder der "**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 nach Vorlage von Bescheinigungen gemäß U.S.

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 75,000,000 (in words: seventy-five 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 note (the "**Temporary Global Note**") without interest coupons. The Temporary Global Note will be exchanged with Notes in the Specified Denomination, which are represented by a permanent global note (the "**Permanent Global Note**" and together with the Temporary Global Note each a "**Global Note**") without interest coupons. The Temporary Global Note and the Permanent Global Note 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 Note will become exchangeable with the Permanent Global Note on a date ("**Exchange Date**") which shall not be prior than 40 days after the Temporary Global Note has been issued. The exchange shall only be made upon delivery of certifications, required under 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.

tax law, which evidence that the beneficial owner or owners of the Notes, represented by the Temporary Global Note, 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 Note, 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 Note, may only be delivered outside the United States (as defined in § 4 (3)).

(4) *Clearing System*. Jede 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*. Each Global Note 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, der oder das nach Maßgabe des anwendbaren Rechts und der jeweils geltenden Regelwerke des Clearing Systems übertragen werden kann.

(5) *Holder of Notes*. "**Holder**" means any holder of proportionate co-ownership or any other right in the Notes which may be transferred in accordance with applicable law and the applicable rules of the Clearing System.

§ 2
Status

§ 2
Status

(1) Die Schuldverschreibungen begründen nicht besicherte, nachrangige Verbindlichkeiten der Emittentin, die untereinander und (vorbehaltlich der Nachrangregelung in Satz 2 und weiter spezifiziert in § 2 (1a)) mit allen anderen ebenso nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind. Im Fall der Auflösung, der Liquidation oder der Insolvenz der Emittentin oder der Einleitung eines Insolvenzverfahrens über die Vermögenswerte der Emittentin oder eines anderen der Abwicklung und/oder Abwendung der Insolvenz der Emittentin dienenden öffentlichen oder privaten Verfahrens (jeder Fall jeweils ein

(1) The Notes constitute unsecured and subordinated obligations of the Issuer, ranking *pari passu* among themselves and any other equally subordinated obligations of the Issuer (subject to the subordination provision in sentence 2 and further specified in § 2 (1a)). In the event of the dissolution, liquidation or insolvency of the Issuer or the commencement of insolvency proceedings against the assets of the Issuer or any other public or private proceedings serving to wind up and/or avert the insolvency of the Issuer (in each case an "**Insolvency or Liquidation Proceeding**"), the obligations under the Notes shall be fully

"**Insolvenz- oder Liquidationsverfahren**")gehen die Verbindlichkeiten aus den Schuldverschreibungen (i) den Ansprüchen dritter Gläubiger der Emittentin aus nicht nachrangigen Verbindlichkeiten (einschließlich, Ansprüche gegen die Emittentin aus deren etwaigen nicht bevorrechtigten, nicht nachrangigen Schuldtiteln im Sinne von § 46f Absatz 6 Satz 1 KWG), (ii) den in § 39 Absatz 1 Nr. 1 bis 5 InsO bezeichneten Forderungen (iii) den Ansprüchen aus Tier 2 Instrumenten, (iv) den Ansprüchen dritter Gläubiger der Emittentin aus nachrangigen Verbindlichkeiten, die nicht gemäß § § 2 (1a) im gleichen Rang zu den Ansprüchen aus den Schuldverschreibungen stehen oder diesen im Rang nachgehen, sowie (v) den Ansprüchen aus anderen Instrumenten, die nach ihren Bedingungen oder zwingendem Recht mit Tier 2 Instrumenten gleichrangig oder zu diesen vorrangig sind und nicht bereits unter (i) oder (ii) erfasst sind, im Rang vollständig nach (die Verbindlichkeiten der Emittentin unter (i) bis (v) zusammen die "**Vorrangigen Verbindlichkeiten**"); Zahlungen auf die Schuldverschreibungen erfolgen in einem solchen Fall solange nicht bis die Vorrangigen Verbindlichkeiten vollständig befriedigt sind.

subordinated to (i) the claims of unsubordinated creditors of the Issuer (including, but not limited to, claims against the Issuer under non-preferred senior debt instruments within the meaning of § 46f(6) sentence 1 KWG, if any), (ii) the claims specified in § 39(1) nos. 1 to 5 InsO, (iii) the claims under Tier 2 Instruments, (iv) the claims of subordinated creditors of the Issuer which do not, pursuant to paragraph § 2 (1a), rank *pari passu* with, or junior to, the claims under the Notes, and (v) the claims under other instruments which pursuant to their terms or mandatory provisions of law rank pari passu with, or senior to, Tier 2 Instruments unless already captured in (i) or (ii) (the obligations of the Issuer referred to in (i) through (v), together the "**Senior Ranking Obligations**"); in any such event no amounts shall be payable in respect of the Notes until the Senior Ranking Obligations of the Issuer 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 darf die Emittentin eine Zahlung von Zinsen auf die Schuldverschreibungen nur nach Maßgabe von § 3 (6) (b) (Zwingender Ausschluss der Zinszahlung) leisten, die Schuldverschreibungen nur nach Maßgabe von § 5 (2)-(6) zurückzahlen und Schuldverschreibungen nur nach Maßgabe von § 10 (2) zurückerwerben.

Provided that this subordination is complied with, the Issuer may satisfy its obligations under the Notes from its other distributable assets. Even prior to the opening of Insolvency or Liquidation Proceedings, the Issuer may make a payment of interest on the Notes only in accordance with § 3 (6) (b) (*mandatory cancellation of interest payment*), the Notes may only be redeemed in accordance with § 5 (2)-(6) and any repurchase of the Notes may only be made in accordance with § 10 (2).

Diese Nachrangregelung begründet ein Zahlungsverbot dahingehend, dass Zahlungen auf die Schuldverschreibungen von der Emittentin nur nach Maßgabe der Bestimmungen dieser Nachrangregelung geleistet werden dürfen; dies schließt Zahlungen im Zusammenhang mit einem Rückkauf der Schuldverschreibungen durch die Emittentin ein. 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 in accordance with this subordination provision; this includes payments in connection with a repurchase of the Notes by the Issuer. 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.

(1a) Im Fall eines Insolvenz- oder

(1a) In the event of Insolvency or Liquidation

Liquidationsverfahrens stehen die Ansprüche aus den Schuldverschreibungen im gleichen Rang wie die Ansprüche gegen die Emittentin aus anderen AT1 Instrumenten (und zwar Grenke 8.25% Perpetual AT1 XS1262884171 und Grenke 7.000% Perpetual AT1 ISIN XS1689189501) sowie aus anderen Instrumenten, die nach zwingendem Recht mit AT1 Instrumenten gleichrangig sind.

(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 beschriebenen Umständen oder infolge einer vorzeitigen Kündigung nach Maßgabe von § 5 (2)-(6) oder § 10 (2) 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 Zuständige Behörde der vorzeitigen Rückzahlung oder dem Rückkauf zugestimmt hat. Eine Kündigung oder Rückzahlung der Schuldverschreibungen nach Maßgabe von § 5 oder ein Rückkauf der Schuldverschreibungen ist in jedem Fall nur mit vorheriger Zustimmung der Zuständigen Behörde zulässig.

"**Tier 2 Instrument**" bezeichnet jedes (unmittelbar oder mittelbar begebene) Kapitalinstrument oder nachrangige Darlehensinstrument der Emittentin, das als Ergänzungskapitalinstrument gemäß Artikel 63 CRR qualifiziert (einschließlich, jedoch nicht ausschließlich, eines jeden Kapitalinstruments, nachrangigen Darlehensinstruments oder anderen Instruments, das nach den Übergangsbestimmungen der CRR als Ergänzungskapitalinstrument qualifiziert).

Proceedings, claims under the Notes rank *pari passu* with the claims against the Issuer under other AT1 Instruments (namely Grenke 8.25% Perpetual AT1 XS1262884171 and Grenke 7.000% Perpetual AT1 ISIN XS1689189501), and claims under other instruments which pursuant to mandatory provisions of law rank *pari passu* with AT1 Instruments.

(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 or as a result of a redemption pursuant to § 5 (2)-(6) or § 10 (2) then the amounts redeemed or paid must be returned to the Issuer irrespective of any agreement to the contrary unless the Competent Authority 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 Authority.

"**Tier 2 Instrument**" means any (directly or indirectly issued) capital instrument or subordinated loan instrument of the Issuer that qualifies as a Tier 2 instrument pursuant to Article 63 CRR (including, but not limited to, any capital instrument or subordinated loan instrument or other instrument that qualifies as Tier 2 instrument pursuant to transitional provisions under the CRR).

§ 3
Zinsen

(1) *Verzinsung für Festzinszeiträume.* Vorbehaltlich des Ausschlusses der Zinszahlung nach § 3 (6) werden die Schuldverschreibungen bezogen auf ihren Gesamtnennbetrag ab dem 5. Dezember 2019 (der "**Emissionstag**" oder der "**Verzinsungsbeginn**") (einschließlich) bis zum 31. März 2026 (der "**Erste Reset Tag**") (ausschließlich) mit einem Festzinssatz in Höhe von 5,375% *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,

§ 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 Principal Amount from and including 5 December 2019 (the "**Issue Date**" or the "**Interest Commencement Date**") to but excluding 31 March 2026 (the "**First Reset Date**") at a fixed interest rate of 5.375 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 2020 (each an "**Initial Interest Payment Date**") (short first coupon).

erstmals am 31. März 2020, und bis zum Ersten Reset Tag zahlbar (jeweils ein "**Festzinszahlungstag**") (erster kurzer Kupon).

(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 vollständig hochgeschrieben wurden, nur bezogen auf den entsprechend reduzierten Gesamtnennbetrag, wie folgt verzinst:

(a) ab dem Ersten Reset Tag (einschließlich) bis zum nächsten Reset Tag (ausschließlich) und danach von jedem folgenden Reset Tag (einschließlich) bis zu jedem darauffolgendem Reset Tag (ausschließlich) in Höhe des jeweiligen Referenzsatzes zuzüglich 5,545% *per annum* (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 2027 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 Resetzeitraums festgelegt wird (der "**Referenz Reset Tag**"). Der Referenzsatz für einen Resetzeitraum 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 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 Bloomberg Bildschirm "EUAMDB05 Index" (die "**Reset-Bildschirmseite**") angezeigt wird.

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

"**Zinsperiode**" bezeichnet den Zeitraum beginnend

(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 Aggregate Principal 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 next 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 Rate plus a margin of 5.545 per cent. *per annum* (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 2027 (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 Period (the "**Reference Reset Date**"). The Reference Rate of a Reset 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 Bloomberg screen "EUAMDB05 Index" at 11.00 a.m. Frankfurt time on the Reference Reset Date (the "**Reset-Screen**").

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

"**Interest Period**" means the period commencing on and including the Issue Date to but excluding

am Emissionstag (einschließlich) bis zum ersten Festzinszahlungstag (ausschließlich) oder den Zeitraum von jedem Zinszahlungstag (einschließlich) bis zum jeweils darauffolgenden Zinszahlungstag (ausschließlich). "**Zinszahlungstag**" bezeichnet den ersten Zinszahlungstag und jeden 31. März jedes Jahres und die vorzeitigen Rückzahlungstage.

the Initial Interest Payment Date or the period commencing on and including each Interest Payment Date to but excluding the next Interest Payment Date. "**Interest Payment Date**" means the first interest payment date and any 31 March of each year and the redemption dates.

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

"**Reset Period**" means any period commencing on the First Reset Date (including) until the next 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, jedoch kein Ersatzrate-Ereignis eingetreten ist (wie untenstehend definiert), 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 (auf Anforderung der Emittentin) 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-Referenzbankensatz nicht gemäß der vorhergehenden Bestimmungen dieses Absatzes bestimmt werden, entspricht der jeweilige Reset-Referenzbankensatz dem durch die Berechnungsstelle festgelegten 5 Jahres Swapsatz, welcher zuletzt auf der Reset-Bildschirmseite verfügbar war.

In the event that the Reference Rate does not appear on the Reset-Screen on the relevant Reference Reset Date, but no Rate Replacement Event has occurred (as defined below), 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 (at the request of the Issuer) 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 Reset-Screen.

Falls ein Ersatzrate-Ereignis eintritt (wie untenstehend definiert), wird der Referenzsatz für jeden Reset-Zinssatz Zeitraum, der an oder nach der Bestimmung eines Ersatzrate-Ereignisses beginnt (wie in § 3(7)(a) definiert) gemäß § 3(7) bestimmt.

If a Rate Replacement Event occurs (as defined below), the Reference Rate for each Reset Interest period commencing on or after the determination of a Rate Replacement Event (as defined in § 3(7)(a)) will be determined in accordance with § 3(7).

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-

"**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

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).

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 auf Veranlassung der Emittentin 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 Resetzeitraum 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 for the relevant Reset Period 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.

(e) Zur Klarstellung: Die Höhe der Zinszahlung wird nicht aufgrund der Bonität der Emittentin oder eines mit ihr verbundenen Unternehmens angepasst.

(e) For the avoidance of doubt: The amount of the interest payment is not adjusted on the basis of the creditworthiness of the Issuer or one of its affiliates.

(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) und (b)), 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 gemäß § 5 (8) (a) wird der Zinsbetrag für die gesamte betreffende Zinsperiode, in welcher eine Herabschreibung erfolgt und für alle weiteren Zinsperioden (es sei denn, der Nennbetrag wurde

(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) (a) and (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 reduced Principal Amount of each Note for the full respective Interest Period in which a write-down occurs, and (unless the reduced Principal Amount has been written up to the Principal Amount in

gemäß § 5 (8) (b) wieder hochgeschrieben) jeweils auf Grundlage des entsprechend reduzierten Nennbetrags der Schuldverschreibungen berechnet. Eine etwaige Hochschreibung wird erstmals für die Zinsperiode berücksichtigt, die an dem Zinszahlungstag beginnt, zu welchem gemäß § 5 (8) (b) die Hochschreibung erfolgt. 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 Resetzeitraum.

accordance with § 5 (8) (b)) for all other Interest Periods. A potential write-up will only be considered for the Interest Period commencing on the Interest Payment Date on which the write-up occurs pursuant to § 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 Period.

(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) *Ende des Zinslaufs*. 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[1] zu verzinsen.

(5) *End 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 Principal 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) *Entfallenlassen der Zinszahlung im Ermessen der Emittentin.* Die Emittentin hat das Recht, die Zinszahlung nach freiem Ermessen ganz oder teilweise entfallen zu lassen. Sie teilt den Gläubigern unverzüglich, spätestens jedoch am betreffenden Zinszahlungstag gemäß § 11 mit, wenn sie von diesem Recht Gebrauch macht. Ein Unterlassen der Benachrichtigung der Gläubiger berührt nicht die Wirksamkeit des Ausfalls der Zinszahlungen und stellt in keinem Fall eine Pflichtverletzung dar. Eine bis zum betreffenden Zinszahlungstag nicht erfolgte Benachrichtigung ist unverzüglich nachzuholen.

(a) *Cancellation of Interest Payment at Issuer's discretion*. The Issuer has the right, in its sole discretion, to cancel all or part of any payment of interest. If the Issuer exercises 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. Any failure to give such notice shall not affect the validity of the cancellation and shall not constitute a default for any purpose. A notice which has not been given until the relevant Interest Payment Date shall be given without undue delay thereafter.

(b) *Zwingender Ausschluss der Zinszahlung.* Eine Zinszahlung auf die Schuldverschreibungen ist für die betreffende Zinsperiode ausgeschlossen und entfällt:

(b) *Mandatory cancellation of interest payment*. Payment of interest on the Notes for the relevant Interest Period shall be excluded and cancelled:

[1] Der gesetzliche Verzugszinssatz beträgt gemäß §§ 288 Absatz I, 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).

(i) soweit eine solche Zinszahlung zusammen mit den für den selben Tag geleisteten oder geplanten und den in dem laufenden Geschäftsjahr der Emittentin (bis einschließlich dem Tag, an dem diese Zinszahlung vorgesehen ist) bereits erfolgten

(1) weiteren Ausschüttungen (wie in § 3 (9) definiert) auf die anderen Kernkapitalinstrumente (wie in § 3 (9) definiert) und

(2) Hochschreibungen nach § 5 (8)(b) oder auf andere AT1 Instrumente

die Ausschüttungsfähigen Posten (wie in § 3 (8) 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 (einschließlich Zinszahlungen auf die Schuldverschreibungen) in die Ermittlung des Gewinns, der den Ausschüttungsfähigen Posten zugrunde liegt, eingegangen ist; oder

(ii) wenn und soweit die Zuständige Behörde anordnet, dass diese Zinszahlung insgesamt oder teilweise entfällt, oder ein anderes gesetzliches oder behördliches Ausschüttungsverbot oder irgendeine andere Beschränkung von Ausschüttungen unter den anwendbaren aufsichtsrechtlichen Vorschriften besteht (einschließlich der Berechnung und der Einhaltung des MDA (wie in § 3 (8) definiert)) besteht.

Die Emittentin wird den Ausschluss einer Zinszahlung auf die Schuldverschreibungen für die betreffende Zinsperiode nach diesem § 3 (6) (b) unverzüglich, spätestens jedoch fünf Geschäftstage nach dem betreffenden Zinszahlungstag gemäß § 11 bekannt machen. Ein Unterlassen der Benachrichtigung der Gläubiger berührt nicht die Wirksamkeit des Ausfalls der Zinszahlungen und stellt in keinem Fall eine Pflichtverletzung dar. Eine bis zum betreffenden Zinszahlungstag nicht erfolgte Benachrichtigung ist unverzüglich nachzuholen.

(c) *Folgen ausgefallener Zinszahlungen.* 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. Der Ausfall einer Zinszahlung berechtigt die Gläubiger nicht zur Kündigung der Schuldverschreibungen und stellt keine Pflichtverletzung der Emittentin

(i) to the extent that such payment of interest together with

(1) any additional Distributions (as defined in § 3 (9)) on the other Tier 1 Instruments (as defined in § 3 (9)) and

(2) any write-ups in accordance with § 5 (8)(b) or in respect of other AT1 Instruments

that are scheduled to be made or have been made on the same day or that have been made by the Issuer in the then current financial year of the Issuer (up to and including the day for which such interest payment is scheduled) would exceed the Available Distributable Items (as defined in § 3 (8)), provided that, for such purpose, the Available 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 profits on which the Available Distributable Items are based; or

(ii) if and to the extent that the Competent Authority orders that all or part of the relevant payment of interest be cancelled or another prohibition of Distributions is imposed by law or an authority or any other restriction to make Distributions exists under the applicable supervisory regulations (including the calculation of, and the compliance with, the MDA (as defined in § 3 (8)).

The Issuer will give notice of the cancellation of an interest payment on the Notes for the relevant Interest Period pursuant to this § 3 (6) (b) in accordance with § 11 without undue delay but no later than five Business Days after the relevant Interest Payment Date. Any failure to give such notice shall not affect the validity of the cancellation and shall not constitute a default for any purpose. A notice which has not been given until the relevant Interest Payment Date shall be given without undue delay thereafter.

(c) *Consequence of cancelled interest payments.* 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) payable pursuant to § 7. Any payments of interest which have been cancelled will not be made at any later date. The cancellation of an interest payment shall not entitle the Holders to call the Notes for redemption and

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(7) *Ersatzrate.*

Stellt die Emittenin (in Abstimmung mit der Berechnungstelle) fest, dass vor oder an einem Referenz Reset Tag ein Ersatzrate-Ereignis eingetreten ist, wird die Jeweilige Festlegende Stelle (i) die Ersatzrate, (ii) die etwaige Anpassungsspanne und (iii) die Ersatzrate-Anpassungen (wie jeweils in § 3(7)(b)(aa) bis (cc) und (hh) definiert) zur Bestimmung des Zinssatzes für die auf den Referenz Reset Tag bezogene Zinsperiode und jede nachfolgende Zinsperiode (vorbehaltlich des nachfolgenden Eintretens etwaiger weiterer Ersatzrate-Ereignisse) festlegen und rechtzeitig die Emittentin, sofern relevant, und die Berechnungsstelle darüber informieren. Die Anleihebedingungen gelten mit Wirkung ab dem relevanten Referenz Reset Tag (einschließlich) als durch die Ersatzrate-Anpassungen geändert (einschließlich einer etwaigen Änderung dieses Referenz Reset Tag, falls die Ersatzrate-Anpassungen dies so bestimmen). Zur Vermeidung von Zweifeln ist der Reset-Zinssatz dann die Ersatzrate (wie nachfolgend definiert) angepasst durch die etwaige Anpassungsspanne zuzüglich der Marge (wie vorstehend definiert).

Die Emittentin wird den Gläubigern die Ersatzrate, die etwaige Anpassungsspanne und die Ersatzrate-Anpassungen unverzüglich nach einer solchen Festlegung gemäß § 11 mitteilen. Darüber hinaus wird die Emittentin das Clearing System auffordern, die Anleihebedingungen zu ergänzen oder zu ändern, um die Ersatzrate-Anpassungen wiederzugeben, indem sie der Globalurkunde die vorgelegten Dokumente in geeigneter Weise beifügt.

(b) *Definitionen.*

(aa) "**Ersatzrate-Ereignis**" bezeichnet in Bezug auf den Referenzsatz eines der nachfolgenden Ereignisse:

(i) der Referenzsatz wurde in den letzten zehn Geschäftstagen vor und bis einschließlich des relevanten Referenz Reset Tags nicht veröffentlicht; oder

(ii) der Eintritt des durch den Administrator des Referenzsatzes öffentlich bekannt gegebenen Tages bzw. des auf Grundlage der öffentlichen Bekanntmachung bestimmbaren Tages, an dem (x) der Administrator die Veröffentlichung des Referenzsatzes dauerhaft oder auf unbestimmte Zeit beendet (wenn kein Nachfolgeadministrator ernannt worden ist, der die Veröffentlichung des Referenzsatzes fortsetzen wird), oder (y) der Referenzsatz dauerhaft oder auf unbestimmte Zeit eingestellt wird; oder

shall not constitute a default of the Issuer.

(7) *Rate Replacement.*

(a) If the Issuer determines (in consultation with the Calculation Agent) that a Rate Replacement Event has occurred on or prior to an Reference Reset Date, the Relevant Determining Party shall determine and duly inform the Issuer, if relevant, and the Calculation Agent of (i) the Replacement Rate, (ii) the Adjustment Spread, if any, and (iii) the Replacement Rate Adjustments (each as defined below in § 3(7)(b)(aa) to (cc) and (hh)) for purposes of determining the Rate of Interest for the Interest Period related to that Reference Reset Date and each Interest Period thereafter (subject to the subsequent occurrence of any further Rate Replacement Event). The Terms and Conditions shall be deemed to have been amended by the Replacement Rate Adjustments with effect from (and including) the relevant Reference Reset Date (including any amendment of such Reference Reset Date if so provided by the Replacement Rate Adjustments). For the avoidance of doubt, the Reset Interest shall then be the Replacement Rate (as defined below) adjusted by the Adjustment Spread, if any, plus the Margin (as defined above).

The Issuer shall notify the Holders pursuant to § 11 as soon as practicable (*unverzüglich*) after such determination of the Replacement Rate, the Adjustment Spread, if any, and the Replacement Rate Adjustments. In addition, the Issuer shall request the Clearing System to supplement or amend the Terms and Conditions to reflect the Replacement Rate Adjustments by attaching the documents submitted to the Global Note in an appropriate manner.

(b) *Definitions*.

(aa) "**Rate Replacement Event**" means, with respect to the Reference Rate:

(i) the Reference Rate not having been published on the Screen Page for the last ten Business Days prior to and including the relevant Reference Reset Date; or

(ii) the occurrence of the date, as publicly announced by or, as the case may be, determinable based upon the public announcement of the administrator of the Reference Rate on which (x) the administrator will cease to publish the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue the publication of the Reference Rate), or (y) the Reference Rate will permanently or indefinitely be discontinued; or

(iii) der Eintritt des durch die Aufsichtsbehörde des Administrators des Referenzsatzes, die Zentralbank für die Festgelegte Währung, einen Insolvenzbeauftragten mit Zuständigkeit über den Administrator des Referenzsatzes, die Abwicklungsbehörde mit Zuständigkeit über den Administrator des Referenzsatzes, ein Gericht (rechtskräftige Entscheidung) oder eine Organisation mit ähnlicher insolvenz- oder abwicklungsrechtlicher Hoheit über den Administrator des Referenzsatzes öffentlich bekannt gegebenen Tages, an dem der Administrator des Referenzsatzes die Bereitstellung des Referenzsatzes dauerhaft oder auf unbestimmte Zeit beendet hat oder beenden wird (wenn kein Nachfolgeadministrator ernannt worden ist, der die Veröffentlichung des Referenzsatzes fortsetzen wird); oder

(iii) the occurrence of the date, as publicly announced by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the Specified Currency, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court (unappealable final decision) or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, on which the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue the publication of the Reference Rate); or

(iv) der Eintritt des durch die Aufsichtsbehörde des Administrators des Referenzsatzes öffentlich bekannt gegebenen Tages bzw. des auf Grundlage der öffentlichen Bekanntmachung bestimmbaren Tages, von dem an die Nutzung des Referenzsatzes allgemein verboten ist; oder

(iv) the occurrence of the date, as publicly announced by or, as the case may be, determinable based upon the public announcement of the supervisor of the administrator of the Reference Rate, from which the Reference Rate will be prohibited from being used; or

(v) der Eintritt des durch den Administrator des Referenzsatzes öffentlich bekannt gegebenen Tages bzw. des auf Grundlage der öffentlichen Bekanntmachung bestimmbaren Tages, materiellen Änderung der Methode mittels derer der Referenzsatz festgelegt wird; oder

(v) the occurrence of the date, as publicly announced by or, as the case may be, determinable based upon the public announcement of the administrator of the Reference Rate, of a material change in the methodology of determining the Reference Rate; or

(vi) die Veröffentlichung einer Mitteilung durch die Emittentin gemäß § 11(1), dass die Verwendung des Referenzsatzes zur Berechnung des Zinssatzes für die Emittentin, die Berechnungsstelle oder eine Zahlstelle rechtswidrig geworden ist.

(vi) the publication of a notice by the Issuer pursuant to § 11(1) that it has become unlawful for the Issuer, the Calculation Agent or any Paying Agent to calculate any Rate of Interest using the Reference Rate.

(bb) "**Ersatzrate**" bezeichnet eine öffentlich verfügbare Austausch-, Nachfolge-, Alternativ- oder andere Rate, welche entwickelt wurde, um durch Finanzinstrumente oder –kontrakte, einschließlich der Schuldverschreibungen, in Bezug genommen zu werden, um einen unter solchen Finanzinstrumenten oder –kontrakten zahlbaren Betrag zu bestimmen, einschließlich aber nicht ausschließlich eines Zinsbetrages. Bei der Festlegung der Ersatzrate sind die Relevanten Leitlinien (wie nachstehend definiert) zu berücksichtigen.

(bb) "**Replacement Rate**" means a publicly available substitute, successor, alternative or other rate designed to be referenced by financial instruments or contracts, including the Notes, to determine an amount payable under such financial instruments or contracts, including, but not limited to, an amount of interest. In determining the Replacement Rate, the Relevant Guidance (as defined below) shall be taken into account.

(cc) "**Anpassungsspanne**" bezeichnet die Differenz (positiv oder negativ) oder eine Formel oder Methode zur Bestimmung einer solchen Differenz, welche nach Festlegung der Jeweiligen Festlegenden Stelle auf die Ersatzrate anzuwenden ist, um eine Verlagerung des

(cc) "**Adjustment Spread**" means a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, which the Relevant Determining Party determines is required to be applied to the Replacement Rate to reduce or eliminate, to the extent reasonably

wirtschaftlichen Wertes zwischen der Emittentin und den Gläubigern, die ohne diese Anpassung infolge der Ersetzung des Referenzsatzes durch die Ersatzrate entstehen würde (einschließlich aber nicht ausschließlich infolgedessen, dass die Ersatzrate eine risikofreie Rate ist), soweit sinnvollerweise möglich, zu reduzieren oder auszuschließen. Bei der Festlegung der Anpassungsspanne sind die Relevanten Leitlinien (wie nachstehend definiert) zu berücksichtigen.

practicable, any transfer of economic value between the Issuer and the Holders that would otherwise arise as a result of the replacement of the Reference Rate against the Replacement Rate (including, but not limited to, as a result of the Replacement Rate being a risk-free rate). In determining the Adjustment Spread, the Relevant Guidance (as defined below) shall be taken into account.

(dd) "**Jeweilige Festlegende Stelle**" bezeichnet

(dd) "**Relevant Determining Party**" means

(i) die Emittentin, wenn die Ersatzrate ihrer Meinung nach offensichtlich ist und als solches ohne vernünftigen Zweifel durch einen Investor, der hinsichtlich der jeweiligen Art von Schuldverschreibungen, wie beispielsweise diese Schuldverschreibungen, sachkundig ist, bestimmbar ist; oder

(i) the Issuer if in its opinion the Replacement Rate is obvious and as such without any reasonable doubt determinable by an investor that is knowledgeable in the respective type of bonds, such as the Notes; or

(ii) andernfalls ein Unabhängiger Berater (wie nachfolgend definiert), der von der Emittentin zu wirtschaftlich angemessenen Bedingungen unter zumutbaren Bemühungen als ihr Beauftragter für die Vornahme dieser Festlegungen ernannt wird.

(ii) failing which, an Independent Advisor (as defined below), to be appointed by the Issuer at commercially reasonable terms, using reasonable endeavours, as its agent to make such determinations.

(ee) "**Unabhängiger Berater**" bezeichnet ein unabhängiges, international angesehenes Finanzinstitut oder einen anderen unabhängigen Finanzberater mit entsprechender Erfahrung im internationalen Kapitalmarkt.

(ee) "**Independent Advisor**" means an independent financial institution of international repute or any other independent advisor of recognised standing and with appropriate experience in the international debt capital markets.

(ff) "**Relevante Leitlinien**" bezeichnet (i) jede auf die Emittentin oder die Schuldverschreibungen anwendbare gesetzliche oder aufsichtsrechtliche Anforderung, oder, wenn es keine gibt, (ii) jede anwendbare Anforderung, Empfehlung oder Leitlinie der Relevanten Nominierungsstelle oder, wenn es keine gibt, (iii) jede relevante Empfehlung oder Leitlinie von Branchenvereinigungen (einschließlich ISDA), oder wenn es keine gibt, (iv) jede relevante Marktpraxis.

(ff) "**Relevant Guidance**" means (i) any legal or supervisory requirement applicable to the Issuer or the Notes or, if none, (ii) any applicable requirement, recommendation or guidance of a Relevant Nominating Body or, if none, (iii) any relevant recommendation or guidance by industry bodies (including by ISDA), or, if none, (iv) any relevant market practice.

(gg) "**Relevante Nominierungsstelle**" bezeichnet

(gg) "**Relevant Nominating Body**" means

(i) die Zentralbank für die Festgelegte Währung oder eine Zentralbank oder andere Aufsichtsbehörde, die für die Aufsicht über den Referenzsatz oder den Administrator des Referenzsatzes zuständig ist; oder

(i) the central bank for the Specified Currency, or any central bank or other supervisor which is responsible for supervising either the Replacement Rate or the administrator of the Replacement Rate; or

(ii) jede Arbeitsgruppe oder jeder Ausschuss, befürwortet, unterstützt oder einberufen durch oder unter dem Vorsitz von bzw. mitgeleitet durch (w) die Zentralbank für die Festgelegte Währung, (x) eine Zentralbank oder andere Aufsichtsbehörde, die für die Aufsicht über den Referenzsatz oder den Administrator des Referenzsatzes zuständig ist, (y) einer Gruppe der zuvor genannten Zentralbanken oder anderen Aufsichtsbehörden

(ii) any working group or committee officially endorsed, sponsored or convened by or chaired or co-chaired by (w) the central bank for the Specified Currency, (x) any central bank or other supervisor which is responsible for supervising either the Reference Rate or the administrator of the Reference Rate, (y) a group of the aforementioned central banks or other supervisors or (z) the Financial Stability Board or any part thereof.

oder (z) den Finanzstabilitätsrat (Financial Stability Board) oder einem Teil davon.

(hh) "**Ersatzrate-Anpassungen**" bezeichnet solche Anpassungen der Anleihebedingungen, die als folgerichtig festgelegt werden, um die Funktion der Ersatzrate zu ermöglichen (wovon unter anderem Anpassungen an der anwendbaren Geschäftstagekonvention, der Definition von Geschäftstag, am Referenz Reset Tag, am Zinstagequotient oder jeder Methode oder Definition, um die Ersatzrate zu erhalten oder zu berechnen, erfasst sein können). Bei der Festlegung der Ersatzrate-Anpassungen sind die Relevanten Leitlinien (wie vorstehend definiert) zu berücksichtigen.

(hh) "**Replacement Rate Adjustments**" means such adjustments to the Terms and Conditions as are determined consequential to enable the operation of the Replacement Rate (which may include, without limitation, adjustments to the Day Count Fraction, the definition of Business Day, the Reference Reset Date, the payment frequency, the Reset-Screen page and any methodology or definition for obtaining or calculating the Replacement Rate). In determining any Replacement Rate Adjustments the Relevant Guidance shall be taken into account.

(c) *Kündigung.* Können eine Ersatzrate, eine etwaige Anpassungsspanne oder die Ersatzrate-Anpassungen nicht gemäß § 3(7)(a) und (b) bestimmt werden, ist der Referenzsatz in Bezug auf den relevanten Referenz Reset Tag die letzte auf der Reset-Bildschirmseite angezeigt Rate. Die Emittentin wird die Berechnungsstelle entsprechend informieren.

(c) *Termination*. If a Replacement Rate, an Adjustment Spread, if any, or the Replacement Rate Adjustments cannot be determined pursuant to § 3(7)(a) and (b), the Reference Rate in respect of the relevant Reference Reset Date shall be the last rate displayed on the Reference Screen. The Issuer will inform the Calculation Agent accordingly.

(8) *Zinstagsquotient.*

(8) *Day Count Fraction.*

"**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung eines Zinsbetrages auf die Schuldverschreibungen für einen beliebigen Zeitraum ab dem ersten Tag dieses Zeitraums (einschließlich) bis zum letzten Tag dieses Zeitraums (ausschließlich) (der "**Zinsberechnungszeitraum**"),

"**Day Count Fraction**" means, in respect of the calculation of any Initial Interest or Reset Interest on the Notes for any period of time from (and including) the first day of that period to (but excluding) the last day of that period (the "**Calculation Period**"),

(i) wenn der Zinsberechnungszeitraum der Feststellungsperiode, in die er fällt, entspricht oder kürzer als diese ist, die Anzahl der Tage in dem Zinsberechnungszeitraum dividiert durch das Produkt aus (x) der Anzahl der Tage in dieser Feststellungsperiode und (y) der Anzahl von Feststellungsperioden, die normalerweise in einem Jahr enden würden;

(i) if the Calculation Period is equal to or shorter than the Determination Period in which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in that Determination Period and (y) the number of Determination Periods that would normally end in one year;

(ii) wenn der Zinsberechnungszeitraum länger als eine Feststellungsperiode ist, die Summe aus:

(ii) if the Calculation Period is longer than a Determination Period, the sum of:

(A) der Anzahl der Tage in diesem Zinsberechnungszeitraum, die in die Feststellungsperiode fallen, in der der Zinsberechnungszeitraum beginnt, dividiert durch das Produkt aus (x) der Anzahl der Tage in dieser Feststellungsperiode und (y) der Anzahl von Feststellungsperioden, die normalerweise in einem Jahr enden würden; und

(A) the number of days in this Calculation Period falling within the Determination Period in which the Calculation Period begins, divided by the product of (x) the number of days in that Determination Period and (y) the number of Determination Periods that would normally end in one year; and

(B) der Anzahl der Tage in diesem Zinsberechnungszeitraum, die in die nachfolgende Feststellungsperiode fallen, dividiert durch das Produkt aus (x) der Anzahl der Tage, in dieser Feststellungsperiode und (y) der Anzahl von

(B) the number of days in this Calculation Period falling within the Determination Period divided by the product of (x) the number of days in that assessment period and (y) the number of Determination Periods that would normally end in

Feststellungsperioden, die normalerweise in einem Jahr enden würden.

one year.

"Feststellungstermin" bezeichnet jeden 31. März.

"**Determination Date**" means each 31 March.

"Feststellungsperiode" bezeichnet jeden Zeitraum ab einem Feststellungstermin (einschließlich), der in ein beliebiges Jahr fällt, bis zum nächsten Feststellungstermin (ausschließlich).

"**Determination Period**" means each period from (and including) a Determination Date falling within any year up to (but excluding) the next Determination Date.

(9) *Definitionen.*

(9) *Definitions.*

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

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

"**Ausschüttungsfähige Posten**" bezeichnet in Bezug auf eine Zinszahlung die ausschüttungsfähigen Posten wie in Artikel 4 Absatz 1 Nr. 128 CRR definiert; zum Zeitpunkt der Begebung der Schuldverschreibungen bezeichnet dieser Begriff den Gewinn am Ende des dem betreffenden Zinszahlungstag unmittelbar vorhergehenden Geschäftsjahres der Emittentin, für das ein testierter Jahresabschluss vorliegt, zuzüglich etwaiger vorgetragener Gewinne und für diesen Zweck verfügbarer Rücklagen, vor der Ausschüttung an die Eigner von Eigenmittelinstrumenten, jedoch abzüglich vorgetragener Verluste und gemäß anwendbarer Rechtsvorschriften der Europäischen Union oder Deutschlands oder der Satzung der Emittentin nicht ausschüttungsfähiger Gewinne und die gemäß anwendbarer Rechtsvorschriften Deutschlands oder der Satzung der Emittentin in nicht ausschüttungsfähige Rücklagen eingestellter Beträge, jeweils in Bezug auf die spezifische Eigenmittelkategorie der Schuldverschreibungen als AT1 Instrumente, auf die sich die anwendbaren Rechtsvorschriften der Europäischen Union oder Deutschlands oder die Satzung der Emittentin beziehen, wobei die ausschüttungsfähigen Posten und die betreffenden Gewinne, Verluste und Rücklagen ausgehend von dem handelsrechtlichen Einzelabschluss der Emittentin und nicht auf der Basis des Konzernabschlusses festgestellt werden.

"**Available Distributable Items**" means, with respect to any payment of interest, the distributable items as defined in Article 4 (1) no. 128 CRR; at the time of the issuance of the Notes, such term refers to 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 any profits brought forward and reserves available for that purpose, before distributions to holders of own funds instruments, less any losses brought forward and any profits which are non-distributable pursuant to the applicable laws of the European Union or Germany or the Articles of Association of the Issuer and any sums placed in non-distributable reserves in accordance with the applicable laws of Germany or the Articles of Association of the Issuer, in each case with respect to the specific category of own funds of the Notes as AT1 Instruments to which the applicable laws of the European Union or Germany or the Articles of Associations of the Issuer relate, provided that the distributable items and the relevant profits, 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.

"**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 in der Fassung wie jeweils geändert oder ersetzt, insbesondere durch die Verordnung (EU) 2019/876 des Europäischen Parlaments und des Rates vom 20. Mai 2019 zur Änderung der Verordnung (EU) Nr. 575/2013 in Bezug auf die Verschuldungsquote, die strukturelle Liquiditätsquote, Anforderungen an Eigenmittel und berücksichtigungsfähige Verbindlichkeiten, das Gegenparteiausfallrisiko, das Marktrisiko,

"**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 as amended or replaced from time to time, in particular by the Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large

Risikopositionen gegenüber zentralen Gegenparteien, Risikopositionen gegenüber Organismen für gemeinsame Anlagen, Großkredite, Melde- und Offenlegungspflichten und der Verordnung (EU) Nr. 648/2012; soweit Bestimmungen der CRR geändert oder ersetzt werden, bezieht sich der Begriff CRR in diesen Anleihebedingungen auf die geänderten Bestimmungen bzw. die Nachfolgeregelungen.

exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012; to the extent that any provisions of the CRR are amended or replaced, the reference to provisions of the CRR as used in these Terms and Conditions shall refer to such amended provisions or successor provisions.

"**Instrument des harten Kernkapitals**" hat die in der CRR zugewiesene Bedeutung und bezeichnet jedes Instrument, das die in Artikel 28 der CRR genannten Bedingungen erfüllt.

"**Common Equity Tier 1 Instrument**" has the meaning given to it in the CRR and means any instrument that fulfills the conditions set out in Article 28 of the CRR.

"**Instrumente des Zusätzlichen Kernkapitals**" oder "**AT1 Instrumente**" bezeichnet jedes (unmittelbar oder mittelbar begebene) Kapitalinstrument der Emittentin, das als Instrument des zusätzlichen Kernkapitals gemäß Artikel 52 CRR qualifiziert (einschließlich, aber nicht beschränkt auf, eines jeden Kapitalinstruments oder anderen Instruments, das nach den Übergangsbestimmungen der CRR als Instrument des zusätzlichen Kernkapitals qualifiziert).

"**Additional Tier 1 Instruments**" or "**AT1 Instruments"** mean any (directly or indirectly issued) capital instrument of the Issuer that qualifies as additional tier 1 instrument pursuant to Article 52 CRR (including, but not limited to, any capital instrument or other instrument that qualifies as additional tier 1 instrument pursuant to transitional provisions under the CRR).

"**Kernkapitalinstrumente**" bezeichnet Kapitalinstrumente, die im Sinne der CRR zu den Instrumenten des harten Kernkapitals oder AT1 Instrumenten zählen.

"**Tier 1 Instruments**" means capital instruments which, according to the CRR, qualify as Common Equity Tier 1 Instrument or AT1 Instruments.

"**MDA**" bezeichnet den (in gegenwärtiger Umsetzung von Artikel 141 (2) CRD in deutsches Recht) nach § 10 Abs. 1 Satz 1 Nr. 5 e) KWG i.Vm. § 37 SolvV ermittelten maximal ausschüttungsfähigen Betrag für die kombinierte Kapitalpufferanforderung nach § 10i KWG die von der Emittentin auf der Grundlage der GRENKE-Gruppe oder ggf. von Soloanforderungen festzulegen ist.

"**MDA**" means the maximum distributable amount determined in accordance with § 10 (1) sentence 1 no. 5 (e) KWG in connection with § 37 SolvV for the combined capital buffer requirement in accordance with § 10i KWG (currently transposing Article 141 (2) CRD into German law) which is to be determined by the Issuer on the basis of GRENKE Group or of solo requirements, if applicable.

"SolvV" bezeichnet die Verordnung zur angemessenen Eigenmittelausstattung von Instituten, Institutsgruppen, Finanzholding-Gruppen und gemischten Finanzholding-Gruppen (Solvabilitätsverordnung – SolvV), in der Fassung wie jeweils geändert oder ersetzt; soweit Bestimmungen der SolvV geändert oder ersetzt werden, bezieht sich der Verweis auf Bestimmungen der SolvV in diesen Anleihebedingungen auf die jeweils geänderten Bestimmungen bzw. die Nachfolgeregelungen.

"**SolvV**" means the regulation on the capital adequacy of institutions, groups of institutions, financial holding groups and mixed financial holding groups (*Solvabilitätsverordnung – SolvV*), as amended or replaced from time to time; to the extent that any provisions of the SolvV are amended or replaced, the reference to provisions of the SolvV as used in these Terms and Conditions shall refer to such amended provisions or successor provisions from time to time.

"**SSM-VO**" bezeichnet die Verordnung (EU) Nr. 1024/2013 des Europäischen Parlaments und des Rates vom 15. Oktober 2013 zur Übertragung besonderer Aufgaben im Zusammenhang mit der Aufsicht über Kreditinstitute auf die Europäische Zentralbank (einschließlich jeder jeweils anwendbaren aufsichtsrechtlichen Regelung, die diese Verordnung ergänzt); soweit Bestimmungen

"**SSM Regulation**" means Regulation (EU) No 1024/2013 of the European Parliament and of the Council of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (including any applicable regulatory instrument supplementing that Regulation); to the extent that provisions of the

der SSM-VO geändert oder ersetzt werden, bezieht sich der Verweis auf die SSM-VO in diesen Anleihebedingungen auf die geänderten Bestimmungen bzw. die Nachfolgeregelungen.

"**Zuständige Behörde**" bezeichnet die zuständige Behörde im Sinne von Artikel 4 Absatz 1 Nr. 40 CRR und/oder Artikel 9 Absatz 1 SSM-VO, die im betreffenden Fall zur Beaufsichtigung der Emittentin (ggf. auf konsolidierter Basis) befugt ist.

SSM Regulation are amended or replaced, reference in these Terms and Conditions to the SSM Regulation shall refer to such amended provisions or to successor provisions.

"**Competent Authority**" means the competent authority within the meaning of Article 4 (1) no. 40 CRR and/or Article 9 (1) SSM Regulation, which in the relevant case is empowered to supervise the Issuer (on a consolidated basis if applicable).

§ 4
Zahlungen

(1) *Allgemeines*.

(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.

(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.

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).

(2) *Zahlungsweise*. Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in EUR (die "**Festgelegte Währung**").

(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

§ 4
Payments

(1) *General.*

(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) *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.

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) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in EUR (the "**Specified Currency**").

(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

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.

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) *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 Wahl-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.

(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, Call 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) *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.

(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

§ 5
Redemption; Write-downs

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

(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 Behörde, vorausgesetzt, dass bei einer Rückzahlung vor dem fünften Jahrestag des Tags der Begebung der Schuldverschreibungen die Bedingungen in Artikel 78 (4) (a) CRR erfüllt sind, mit einer Kündigungsfrist von nicht weniger als 15 und nicht mehr als 30 Tagen vorzeitig gekündigt und zu ihrem Rückzahlungsbetrag (wie nachstehend definiert) zuzüglich bis zum für die Rückzahlung festgesetzten Tag (ausschließlich) aufgelaufener Zinsen (vorbehaltlich der Aussetzung der Zinszahlung gemäß § 3 (6)) 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

(2) *Redemption for Regulatory Reasons*. If, on the basis of the classification under banking regulatory law, the Notes will qualify in their full Aggregate Principal 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, there is a change in the regulatory classification of the Notes under applicable banking regulation that was not reasonably foreseeable at the time of the Notes issuance and that would be likely to result in their exclusion in full or in part from the Issuer's own funds (other than as a consequence of write-down or conversion, where applicable) or in reclassification as a lower quality form of the Issuer's own funds, provided that in respect of a redemption prior to the fifth anniversary of the issue date of the Notes the conditions in Article 78 (4) (a) CRR are met, the issuer may, subject to the prior permission of the Competent Authority, upon not less than 15 and not more than 30 days' prior

Maßgabe der anwendbaren bankaufsichtsrechtlichen Vorschriften anrechnungsfähig werden, aufgrund einer zum Emissionszeitpunkt vernünftigerweise nicht vorhersehbaren Änderung in der Beurteilung der Schuldverschreibungen nach anwendbarem Bankaufsichtsrecht es aber wahrscheinlich erscheint, dass die Schuldverschreibungen zumindest teilweise ihre Anrechnungsfähigkeit als Eigenkapital der Emittentin (außer in Folge einer etwaigen Herabschreibung oder Umwandlung) verlieren oder als Eigenkapital niedrigerer Art beurteilt würden.

notice redeem the Notes at their Redemption Amount (as defined below) together with the amount of interest (subject to cancellation of interest payment pursuant to § 3 (6)) accrued to (but excluding) the date fixed for redemption.

Zur Klarstellung: Die Nichterteilung der Zustimmung durch die Zuständige Behörde zu einer Rückzahlung nach § 5 (2) berechtigt die Gläubiger nicht zur Kündigung der Schuldverschreibungen und stellt keine Pflichtverletzung der Emittentin dar. Eine verminderte Anrechenbarkeit infolge einer Herabschreibung nach § 5 (2) begründet kein Aufsichtsrechtliches Ereignis.

For the avoidance of doubt: Any refusal of the Competent Authority to grant permission to a redemption in accordance with § 5 (2) shall not entitle the Holders to call the Notes for redemption and shall not constitute a default of the Issuer. A reduced recognition as a result of a write-down in accordance with § 5 (2) does not constitute a regulatory event.

(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 Behörde mit einer Kündigungsfrist von nicht weniger als 15 und nicht mehr als 30 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)), zum Emissionszeitpunkt der Schuldverschreibungen vernünftigerweise nicht vorhersehbar gewesen 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 such change was not reasonably foreseeable at the time of the issuance of the Notes 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 Authority, upon not less than 15 and not more than 30 days' prior notice of redemption at their Redemption Amount (as defined below) together with interest accrued to (but excluding) the date fixed for redemption.

Zur Klarstellung: Die Nichterteilung der Zustimmung durch die Zuständige Behörde zu einer Rückzahlung nach § 5 (3) berechtigt die Gläubiger nicht zur Kündigung der Schuldverschreibungen und stellt keine Pflichtverletzung der Emittentin dar.

For the avoidance of doubt: Any refusal of the Competent Authority to grant permission to redeem in accordance with § 5 (3) shall not entitle the Holders to call the Notes for redemption and shall not constitute a default of the Issuer.

(4) *Vorzeitige Rückzahlung nach Wahl der Emittentin*.

(4) *Early Redemption at the Option of the Issuer*.

Die Emittentin kann, nachdem sie gemäß § 5 (5) S. 3 gekündigt hat, die Schuldverschreibungen insgesamt, jedoch nicht teilweise, vorbehaltlich der

The Issuer may, upon notice in accordance with § 5 (5) s. 3, redeem the Notes, in whole but not in part, subject to the prior permission of the

vorherigen Zustimmung der Zuständigen Behörde, an jedem Tag vom 30. September 2025 (einschließlich) bis (einschließlich) dem Ersten Reset Tag und danach an jedem folgenden Zinszahlungstag (jeder Tag ein "**Wahl-Rückzahlungstag**") zu ihrem/ihren Wahl-Rückzahlungsbetrag/-beträgen (wie nachstehend definiert und unter Berücksichtigung einer etwaigen Herabschreibung nach § 5 (8)) zuzüglich etwaiger bis zum jeweiligen Wahl-Rückzahlungstag (ausschließlich) aufgelaufener Zinsen zurückzahlen.

Competent Authority, on every day from and including 30 September 2025 to and including the First Reset Date and subsequently on every Interest Payment Date thereafter (each such date being a "**Call Redemption Date**") at the Call Redemption Amount(s) (as set forth below and subject to any write-downs pursuant to § 5 (8)) together with accrued interest, if any, to (but excluding) the Call Redemption Date.

(5) Eine Kündigung nach § 5 (2), (3) und (4) hat 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. Im Fall einer Kündigung gemäß § 5 (4) ist den Gläubigern der Schuldverschreibungen die Kündigung durch die Emittentin 15 bis 30 Tage vor dem Wahl-Rückzahlungstag gemäß § 11 unter Angabe des Wahl-Rückzahlungsbetrags, zu welchem die Schuldverschreibungen zurückgezahlt werden, und des Wahlrückzahlungstages bekannt zu geben. 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.

(5) A redemption pursuant to § 5 (2), (3) and (4) 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. In the case of a notice pursuant to § 5 (4) notice of redemption shall be given by the Issuer to the Holders, 15 to 30 days prior to the Call Redemption Date, in accordance with § 11 and such notice shall state the Call Redemption Date and the Call Redemption Amount at which such Notes are to be redeemed. 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 "**Wahl-Rückzahlungsbetrag**" einer Schuldverschreibung entspricht ihrem 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

"**Call 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 Principal 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 Principal 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 Principal Amount of such Note as reduced by any write-downs (to the extent not made up for

teilweise zurückgezahlt oder angekauft und entwertet.

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 Principal 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. Das Auslöseereignis kann jederzeit und mehrfach eintreten und die hierfür relevante Harte Kernkapitalquote wird nicht nur in Bezug auf bestimmte Stichtage ermittelt.

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**"). The Trigger Event may occur at any time and on more than one occasion, and the relevant Common Equity Tier 1 Capital Ratio is not only determined in relation to certain reporting dates.

Ob ein Auslöseereignis zu irgendeinem Zeitpunkt eingetreten ist, wird von der Emittentin, der Zuständigen Behörde oder einem für diesen Zweck von der Zuständigen Behörde Beauftragten festgestellt; eine solche Bestimmung ist bindend für die Gläubiger.

Whether a Trigger Event has occurred at any time, shall be determined by the Issuer, the Competent Authority or any agent appointed for such purpose by the Competent Authority, and such determination will be binding on the Holders.

Zur Klarstellung: Der Eintritt eines Auslöseereignisses berechtigt die Gläubiger nicht zur Kündigung der Schuldverschreibungen und stellt keine Pflichtverletzung der Emittentin dar.

For the avoidance of doubt: The occurrence of a Trigger Event shall not entitle the Holders to call the Notes for redemption and shall not constitute a default of the Issuer.

Im Falle eines Auslöseereignisses ist eine Herabschreibung *pro rata* mit sämtlichen anderen Instrumenten der Emittentin des Zusätzlichen Kernkapitals, in Bezug auf welche ebenfalls ein Auslöseereignis, und zwar unabhängig von der Schwelle eines solchen Auslöseereignisses, eingetreten ist (insbesondere, aber nicht beschränkt auf, etwa Grenke 8.25% unbefristete AT1 ISIN XS1262884171 und Grenke 7.000% unbefristete AT1 ISIN XS1689189501) sowie anderen Instrumenten, die eine Herabschreibung (gleichviel ob permanent oder temporär) vorsehen oder AT1 Instrumente, die in Instrumente des harten Kernkapitals wandelbar sind, die nach ihren jeweiligen Bedingungen als Auslöseereignis das Unterschreiten einer harten Kernkapitalquote vorsehen, die über der Mindest-CET1-Quote liegt ("**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

Upon the occurrence of a Trigger Event, a write-down shall be effected pro rata with all of the Issuer's other Additional Tier 1 Instruments in respect of which a Trigger Event has also occurred irrespective of the level of such Trigger Event (including, but not limited to Grenke 8.25% Perpetual AT1 ISIN XS1262884171 and Grenke 7.000% Perpetual AT1 ISIN XS1689189501) or other instruments the terms of which provide for a write-down (whether permanent or temporary) or AT1 Instruments that are subject to conversion into Common Equity Tier 1 Instruments, which according to their respective conditions, provide for a Trigger Event if the Common Equity Tier 1 Capital Ratio falls below the Minimum CET1 Ratio ("**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.

Kapitalbeträge dieser Instrumente.

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 Vornahme von Herabschreibungen in Bezug auf die Schuldverschreibungen erfolgt unabhängig von einer Herabschreibung oder Wandlung bei anderen Instrumenten und hängt keinesfalls von der Durchführung einer solchen Herabschreibung oder Wandlung bei anderen Instrumenten ab. Zur Klarstellung: Soweit die Herabschreibung oder die Wandlung in Instrumente des harten Kernkapitals unter einem oder mehreren der anderen AT1 Instrumente der Emittentin aus irgendeinem Grund nicht wirksam ist oder nicht durchgeführt wird, wird diese unwirksame oder nicht durchgeführte Herabschreibung oder Wandlung bei der Bestimmung des Betrags der Herabschreibung der Schuldverschreibungen nach diesem § 5 (8) (a) nicht berücksichtigt.

The performance of any write-downs in respect of the Notes is not dependent on the effectiveness of a write-down or conversion of other instruments and in no way depends upon the implementation of such a write-down or conversion of other instruments. For the avoidance of doubt: to the extent that the write-down or the conversion into Common Equity Tier 1 Instruments of one or more of the other AT1 Instruments of the Issuer is not effective or is not implemented for any reason, such non-effective or non-implemented write-down or conversion will not be taken into account when determining the written-down amount in respect of the Notes under this § 5 (8) (a).

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 Principal 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 Zuständige Behörde sowie gemäß § 11 die Gläubiger der Schuldverschreibungen von dem Eintritt dieses Auslöseereignisses sowie des Umstandes, dass

(i) inform the Competent Authority 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

eine Herabschreibung vorzunehmen ist, unterrichten, und

have to be effected, and

(ii) unverzüglich, spätestens jedoch innerhalb eines Monats (soweit die Zuständige Behörde diese Frist nicht verkürzt) die Herabschreibung vorzunehmen und (w) der Zuständigen Behörde, (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) effect the write-down without undue delay, but not later than within one month (unless the Competent Authority shortens such period), and notify such write-down (w) to the Competent 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), jedoch spätestens einen Monat (soweit die Zuständige Behörde diese Frist nicht verkürzt) nach Eintritt des betreffenden Auslöseereignisses vorgenommen und der jeweilige Nennbetrag jeder noch ausstehenden Schuldverschreibung gilt zu diesem Zeitpunkt um den mitgeteilten Herabschreibungsbetrag reduziert. Ein Unterlassen der Mitteilungen berührt nicht die Wirksamkeit einer Herabschreibung und diese gilt jedenfalls spätestens einen Monat (soweit die Zuständige Behörde diese Frist nicht verkürzt) nach Eintritt des betreffenden Auslöseereignisses in der Höhe des von der Emittentin festgestellten Betrags als vorgenommen. Eine nicht erfolgte Mitteilung ist unverzüglich nachzuholen.

The write-down shall be deemed to be effected at the time when the notices pursuant to § 5 (8) (a) (i) are given, however no later than one month (unless the Competent Authority shortens this period) after the occurrence of the relevant Trigger Event and the nominal amount of each outstanding Note at the time shall be deemed to be reduced by the amount of such notified write-down amount. Any failure by the Issuer to give notice shall not affect the operation of the write-down and this applies no later than one month (unless the Competent Authority shortens this period) after the occurrence of the relevant Trigger Event in the amount determined by the Issuer. Any failure to notify must be remedied without undue delay.

(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 eine Hochschreibung aus dem im Rahmen einer pro forma-Rechnung (oder ggf. auf Grundlage des aufgestellten Jahresabschlusses) zu ermittelnden Einzel-Jahresüberschusses der Emittentin auf nicht-konsolidierter Basis, oder falls niedriger, auf konsolidierter Basis der GRENKE-Gruppe, des letzten abgeschlossenen Geschäftsjahres möglich wäre.

(b) After a write-down has been effected, the Principal 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 write-up would be possible from the annual profit of the Issuer, calculated on an unconsolidated basis of the Issuer or, if lower, consolidated basis of GRENKE Group, of the prior fiscal year to be determined on the basis of a pro forma calculation (or, as the case may be, on the basis of the prepared annual financial statements).

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

Subject to the conditions (i) to (v) below, it shall be at the discretion of the Issuer to effect a write-up.

(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.

In particular, even if a corresponding annual profit 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 Maßgabe von (ii) und (iii) zur Verfügung steht, erfolgt die Hochschreibung *pro rata* nach Maßgabe der ursprünglichen Nennbeträge der Instrumente.

(i) To the extent that the annual profit determined or to be determined is to be used for a write-up of the Notes (i.e. a write-up of the Principal 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 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 Jahresüberschuss der Emittentin des Vorjahres berechnet auf nicht konsolidierter Basis der Emittentin oder, falls niedriger, auf konsolidierter Basis der GRENKE-Gruppe;

J means the annual profit of the Issuer determined for the previous year calculated on an unconsolidated basis of the Issuer or, if lower, consolidated basis of GRENKE Group;

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 original 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

The maximum amount **H** shall be determined in accordance with the technical regulatory standards

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.

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 Kernkapitals) in Bezug auf das betreffende Geschäftsjahr den MDA oder einen anderen nach den anwendbaren aufsichtsrechtlichen Vorschriften für diesen Zweck zu beachtenden Höchstbetrag, nicht überschreiten.

(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 MDA or any other maximum amount that may have to be observed for this purpose under the applicable supervisory regulations.

"**CRD**" 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 in der Fassung wie jeweils geändert oder ersetzt, insbesondere durch die Richtlinie (EU) 2019/878 des Europäischen Parlaments und des Rates vom 20. Mai 2019 zur Änderung der Richtlinie 2013/36/EU im Hinblick auf von der Anwendung ausgenommene Unternehmen, Finanzholdinggesellschaften, gemischte Finanzholdinggesellschaften, Vergütung, Aufsichtsmaßnahmen und -befugnisse und Kapitalerhaltungsmaßnahmen; soweit Bestimmungen der CRD geändert oder ersetzt werden, bezieht sich der Verweis auf Bestimmungen der CRD in diesen Anleihebedingungen auf die jeweils geänderten Bestimmungen bzw. die Nachfolgeregelungen.

"**CRD**" 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 as amended or replaced from time to time, in particular by the Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures; to the extent that any provisions of the CRD are amended or replaced, the reference to provisions of the CRD as used in these Terms and Conditions shall refer to such amended provisions or successor provisions from time to time.

(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 Principal 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

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

§ 6
Paying Agent and Calculation Agent

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

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

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.

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) *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.

(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
Steuern

§ 7
Tax

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 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. In diesem Fall wird die Emittentin (vorbehaltlich § 3 (6) (b)) 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:

Interest 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 political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such case, the Issuer (subject to § 3 (6) (b)) shall pay the additional amounts (the "**Additional Amounts**"), 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

(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,

Besteuerung so behandelt werden) oder dort besichert sind; oder

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

(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 amounts due are duly provided for and notice 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.

FATCA. Die Verpflichtung der Emittentin zur Zahlung von zusätzlichen Beträgen soll keine Anwendung finden auf Steuern, die nur zu zahlen sind auf Grund einer Nichteinhaltung von Anforderungen durch den Gläubiger oder den wirtschaftlichen Eigentümer (oder ein Finanzinstitut, durch das der Gläubiger oder der wirtschaftliche Eigentümer die Schuldverschreibungen hält oder durch die eine Zahlung auf die Schuldverschreibungen zu leisten ist) in Bezug auf eine Zertifizierung, Information, Identifikation, Dokumentation oder andere

FATCA. The obligation of the Issuer to pay Additional Amounts shall not apply to any tax that would not have been imposed but for a failure by the Holder or beneficial owner (or any financial institution through which the Holder or beneficial owner holds any Note or through which payment on the Note is made) to comply with any certification, information, identification, documentation or other reporting requirements (including entering into and complying with an agreement with the U.S. Internal Revenue Service) imposed pursuant to, or under an

Mitteilungen (einschließlich dem Abschluss und der Einhaltung von Vereinbarungen mit dem U.S. Internal Revenue Service) gemäß Sections 1471 bis 1474 des U.S. Internal Revenue Code (in der am Tag der Ausgabe der Schuldverschreibungen geltenden Fassung oder gemäß geänderter oder nachfolgender Bestimmungen, soweit diese geänderten oder nachfolgenden Bestimmungen nicht wesentlich beschwerlicher sind als jene am am Tag der Ausgabe geltenden Fassung) oder gemäß zwischenstaatlicher Abkommen zwischen den Vereinigten Staaten und einem anderen Staat zur Umsetzung der Anforderungen aus diesen Normen.

intergovernmental agreement entered into between the United States and the government of another country in order to implement the requirements of, Sections 1471 through 1474 of the U.S. Internal Revenue Code (as in effect on the date of issuance of the Notes or any successor or amended version of these provisions, to the extent such successor or amended version is not materially more onerous than these provisions as enacted on such date).

§ 8
Vorlegungsfrist

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

§ 8
Term of presentation

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

§ 9
Änderung der Anleihebedingungen, Gemeinsamer Vertreter

(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.

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

(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. 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.

(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 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.

(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

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. Ist die Beschlussfähigkeit bei einer Abstimmung ohne Versammlung gemäß 18 Abs. 4 S. 2 SchVG nicht gegeben, so ist eine Gläubigerversammlung mit erleichterten Anforderungen an die Beschlussfähigkeit gemäß § 15 Abs. 3 S. 3 SchVG abzuhalten.

by the Issuer for such a meeting will only take place in the circumstances of § 18 (4) s. 2 SchVG. If the quorum in a vote without a meeting is not met according to § 18 (4) s. 2 SchVG, a meeting of Holders has to be held with eased quorum requirements pursuant to § 15 (3) s. 3 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 Verzinsungsbeginns und/oder des Ausgabekurses) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(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 form a single series with the Notes.

(2) *Ankauf*. Die Emittentin ist (mit vorheriger Zustimmung der Zuständigen Behörde) berechtigt, Schuldverschreibungen im regulierten Markt oder anderweitig zu jedem beliebigen Kurs zu kaufen. Wenn eine Mitteilung gemäß § 5 (8) (a) (i) über den Eintritt eines Auslöseereignisses erfolgt ist, darf die Emittentin keine Schuldverschreibungen nach diesem § 10 (2) kaufen, solange eine hieraus folgende Herabschreibung noch nicht erfolgt ist. Zur Klarstellung: Die Nichterteilung der Zustimmung durch die Zuständige Behörde zu einem Ankauf nach § 10 (2) berechtigt die Gläubiger nicht zur Kündigung der Schuldverschreibungen und stellt keinen Ausfall der Emittentin dar. 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 Authority, if required) purchase Notes on the regulated market or elsewhere at any price. If a notification in accordance with § 5 (8) (a) (i) of the occurrence of a Trigger Event is made, the Issuer may not purchase any Notes pursuant to this § 10 (2) if and so long as a write-down resulting herefrom has not been effected. For the avoidance of doubt: Any refusal of the Competent Authority to grant permission for a purchase pursuant to § 10 (2) shall not entitle the Holders to call the Notes for redemption and shall not constitute a default of the Issuer. 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

(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.

(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

§ 11
Notices

(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 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.

erfolgen.

§ 12
Zusätzliches Kernkapital

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.

§ 12
Additional Tier 1 Capital

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

(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.

(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.

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.

(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

§ 13
Governing Law; Place of Jurisdiction

(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) *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.

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) *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

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 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.

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 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 AVAILABLE 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 (1) any additional Distributions (as defined in § 3 (9)) on the other Tier 1 Instruments (as defined in § 3 (9)) and (2) any write-ups in accordance with § 5 (8)(b) or in respect of other AT1 Instruments that are scheduled to be made or have been made on the same day or that have been made by the Issuer in the then current financial year of the Issuer (up to and including the day for which such interest payment is scheduled) would exceed the Available Distributable Items (as defined in § 3 (8)), provided that, for such purpose, the Available 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 profits on which the Available Distributable Items are based; or;"*

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 Available Distributable Items in accordance with the Terms and Conditions by:

- determining the profit (*Gewinn*)[2] 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 brought forward and reserves available for that purpose, before distributions to holders of own funds instruments; and

- subtracting, as applicable, any losses brought forward and any profits which are non-distributable pursuant to the applicable laws of the European Union or Germany or the Articles of Association of the Issuer and any sums placed in non-distributable reserves in accordance with the applicable laws of Germany or the Articles of Association of the Issuer, in each case with respect to the specific category of own funds of the Notes as AT1 Instruments to which the applicable laws of the European Union or Germany or the Articles of Associations of the Issuer relate, provided that the distributable items and the relevant profits, losses and reserves shall be 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 Instruments or Additional Tier 1 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

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[2] 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*)"

amount the Issuer would be permitted to make an Interest Payment on the Additional Tier 1 Notes, unless Distributions on other Tier 1 Instruments would 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 Additional Tier 1 Notes in an amount equal to the portion allocated to the Additional Tier 1 Notes.

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 2018 and 31 December 2017. As a result of rounding effects the figures may not add up exactly to the subtotals and totals in the following table.

	Financial Year ended 31 December 2018 in EUR million	Financial Year ended 31 December 2017 in EUR million
Distributable Profit (*Bilanzgewinn*)	**43.0**	**43.6**
Net income (*Jahresüberschuss*)	30.5	34.8
Profit carried forward from previous year (*Gewinnvortrag aus dem Vorjahr*)	12.5	8.8
Net income attribution to revenue reserves (*Einstellungen[-] /Entnahmen[+] in/aus Gewinnrücklagen*)	-	-
Other revenue reserves (after net income attribution) (*Andere Gewinnrücklagen (nach Einstellungen/Entnahmen in/aus Gewinnrücklagen*)	87.0	87.0
Capital reserve (*Kapitalrücklage*)	**295.3**	**97.4**
./. Dividend amount blocked under Section 268 (8) German Commercial Code [(1)] (*ausschüttungsgesperrte Beträge gemäß § 268 Abs. 8 HGB*) [(2)]	-	-
./. Amounts not distributable pursuant to § 150 (3) and (4) AktG [(3)] *(allgemeine Ausschüttungssperre bezogen auf die Kapitalrücklage)* [(4)]	-295.3	-97.4
= Available Distributable Items (*)	**130.0**	**130.6**

(*) Unaudited figures for information purposes only.

(1) HGB - German Commercial Code

(2) Amounts blocked for distribution to shareholders under § 268 (8) HGB need to be removed from 'distributable items' under CRR as applicable on 31 December 2018 and 31 December 2017, respectively, and must be deducted from the distributable profits (see former Article 4 (1) no. 128 CRR). However, the

Issuer takes the view that these amounts are no longer blocked under CRR II for purposes of the distributable items referring to AT1 instruments such as the Additional Tier 1 Notes under the revised Article 4 (1) no. 128 under the CRR II framework.

(3) AktG - German Stock Corporation Act

(4) Capital reserve pursuant to § 272 (2) no. 1 to 3 HGB (Kapitalrücklage) need to be removed from 'distributable items' under CRR as applicable on 31 December 2018 and 2017, respectively (see former Article 4 (1) no. 128 CRR). However, the Issuer takes the view that the capital reserve is captured and constitutes an eligible distributable item under the revised Article 4 (1) no. 128 CRR under the CRR II framework.

(5) "CRR II" refers to the 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 as amended by the Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 and, in particular, with regard to the amendment of Article 4 (1) no. 128 CRR into force from 27 June 2019.

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 Principal 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 2019, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.81 per cent.

As of 30 June 2019, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 13.51 per cent.

As of 31 March 2019, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 14.23 per cent.

As of 31 December 2018, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 13.55 per cent.

As of 30 September 2018, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 10.09 per cent.

As of 30 June 2018, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 10.24 per cent.

As of 31 March 2018, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 11.04 per cent.

As of 31 December 2017, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 11.88 per cent.

As of 30 September 2017, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.74 per cent.

As of 30 June 2017, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 12.6 per cent.

As of 31 March 2017, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 13.2 per cent.

As of 31 December 2016, the Common Equity Tier 1 Capital Ratio determined on a consolidated basis amounted to 11.3 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.

GRENKE AG AS ISSUER

General Information

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). GRENKE AG's Legal Entity Identifier (LEI) is 529900BHRYZ464GFD289. The website of the Issuer is www.grenke.de. The information on this website does not form part of the Prospectus and has not been scrutinised or approved by the Commission.

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. GRENKELEASING AG was founded 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.

Investments

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. In 2016 GRENKE AG invested in the expansion of the IT data centre. Since 2017 GRENKE AG has been investing 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 € 25,000. Approximately 63.3% of the new 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 € 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 LEASING MELBOURNE PTY LTD, Australia, GC LEASING SYDNEY PTY LTD, Australia, SIA GC Leasing Baltic, Latvia, GC Rent Chile SpA, Chile, GC Leasing Ontario Inc., Canada, GC Crédit-Bail Québec Inc., Canada, GL Leasing British Columbia Inc., Canada and GC Lease Singapore Pte Ltd, Singapore) or other product types (GC FACTORING Ltd., United Kingdom, GF Faktor Zrt., Hungary, GRENKE INVOICE FINANCE, Ireland, GC Faktoring Polska Sp.z.o.o, Poland). 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 does leasing business.

In October 2017 GRENKE BANK AG opened a branch in Milan (Italy) and does factoring business.

In March 2019 GRENKE BANK AG opened a branch in Lisbon (Portugal) and does factoring business.

In the Federal Republic of Germany, the leasing business and consequently GRENKE AG is regulated and supervised by the German Federal Financial Supervisory Authority ("**BaFin**") and the German Central Bank.

Principal markets of GRENKE AG are the following:

1. German Market

The German market is serviced by branches and sales offices in 32 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 (four branches), Belgium (four branches), Croatia (two branches), Czech Republic, Denmark (four branches), Finland (four branches), France (nineteen branches), Ireland (three branches), Italy (eighteen branches), Luxembourg, the Netherlands (five branches), Hungary, Romania (two branches), Poland (four branches), Portugal (four branches), Slovakia, Slovenia, Spain (seven branches), Sweden (three branches), Switzerland (six branches), Turkey, and the United Kingdom (nine branches). GRENKE AG is represented in Hungary, Ireland, Poland, Latvia and United Kingdom with a franchise system. GRENKE AG is represented in Norway through a leasing branch and in Italy and in Portugal through a factoring branch run by GRENKE BANK AG.

3. Non-European Market

GRENKE AG has two subsidiaries in Brazil and two in the United Arabian Emirates. GRENKE AG is represented in Australia (two branches), Canada (three 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%
GRENKE digital GmbH	Karlsruhe	100%
GRENKE Business Solutions GmbH & Co. KG	Baden-Baden	100%
GRENKE MANAGEMENT SERVICES 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 [1]	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%
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%
GRENKE LOCAÇÃO DE EQUIPAMENTOS LTDA (99.9% directly, 0.1% indirectly via GRENKE RENTING S.A.)	São Paulo/Brazil	100%
GC Locação de Equipamentos LTDA (99.0% directly, 1.0% indirectly via GRENKE RENTING S.A.)	São Paulo/Brazil	100%
GRENKELEASING d.o.o.	Ljubljiana/Slovenia	100%
GRENKE RENTING LTD....	Sliema/Malta	100%
GC Leasing Middle East FZCO	Dubai/UAE	100%
GRENKE Hrvatska d.o.o.	Zagreb/Croatia	100%
FCT "GK"-COMPARTMENT "G2" [2]	Pantin/France	100%
FCT "GK"-COMPARTMENT "G4" [2]	Pantin/France	100%
FCT "GK"-COMPARTMENT "G3"	Pantin/France	0%
Opusalpha Purchaser II Limited	Dublin/Ireland	0%
Kebnekaise Funding Limited	St. Helier/Jersey	0%
CORAL PURCHASING Limited	St. Helier/Jersey	0%
Associated entities		
Cash Payment Solution GmbH	Berlin	25.01%
finux GmbH	Kassel	44%

1) GRENKE AG holds a direct interest in GRENKE LEASE Sprl in Brussels/Belgium and an indirect interest through its German subsidiary, GRENKE Service AG.

2) 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 LEASING MELBOURNE PTY LTD, Melbourne, Australia, GC LEASING SYDNEY PTY LTD, Sydney, Australia, GC Leasing Ontario Inc., Ontario, Canada, GC Crédit-Bail Québec Inc., Québec, Canada, GL Leasing British Columbia Inc., Vancouver, Canada, GC FACTORING Ltd., London, United Kingdom, GC Rent Chile SpA, Santiago de Chile, Chile, GRENKE INVOICE FINANCE, Dublin, Ireland, GC Lease Singapore Pte Ltd, Singapore, GC Faktoring Polska Sp.z.o.o, Poznan, Poland and GF Faktor Zrt., Budapest, Hungary.

GRENKE AG holds direct interests in its subsidiary GRENKE LEASE Sprl in Brussels/Belgium. Additionally it holds indirect interests 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 GRENKE AG Annual General Meeting on 12 May 2009 a profit transfer agreement has been concluded between GRENKE BANK AG and GRENKE 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.

On 1 July 2017 GRENKE digital GmbH, a 100% subsidiary of GRENKE AG, commenced operations.

GRENKE AG concluded a profit-and-loss-transfer agreement with Europa Leasing GmbH, Kieselbronn on 10 March 2017. The agreement came into force on 1 January 2018.

Europa Leasing GmbH, Kieselbronn/Germany, was merged into GRENKE AG with retroactive effect as per 1 January 2019.

Trend information

There has not been a material adverse change in the prospects of GRENKE AG since the date of the last published audited financial statements as of 31 December 2018 and there has not been any significant change in the financial performance of GRENKE AG since 30 September 2019, the end of the last financial period for which financial information has been published, to the date of the Prospectus.

Administrative, Management and Supervisory Bodies

Management Board

Antje Leminsky, Chair of the Management Board
Information Technology and Human Resources Strategy, Group Strategy, Risk Controlling and the Credit Center

Sebastian Hirsch
Controlling, Mergers&Acquisitions, Treasury, Legal, Taxes and Investor Relations

Gilles Christ
Marketing, Sales and the Franchise system

Mark Kindermann
Group Administration, ICS, Human Resources, Accounting, Quality Management, Internal Services, Disposals and Property and Facility Management

Change to the Management Board

Wolfgang Grenke has left the Management Board at the end of his term on 28 February 2018. The Supervisory Board unanimously appointed his former deputy, Ms Antje Leminsky, as Mr Grenke's successor as Chairman of the Management Board. On 1 March 2018 Ms Leminsky has assumed her new position. There is currently no plan to appoint a new member to the Management Board.

Supervisory Board

Prof. Dr. Ernst-Moritz Lipp, Chairman, Baden-Baden
Professor of International Finance and General Manager of ODEWALD & COMPAGNIE Gesellschaft für Beteiligungen mbH, Berlin, Chairmen of the Supervisory Board of GRENKE BANK AG, Baden-Baden.

Mr Wolfgang Grenke, Deputy Chairman, Baden-Baden
Founder of GRENKE AG, Memberships in the following statutory supervisory boards and comparable domestic and foreign controlling bodies: GRENKE Service AG, Baden-Baden, Germany (Chairman of the Supervisory Board), GRENKE BANK AG, Baden-Baden (member of the Supervisory Board), KSC GmbH & Co. KGaA (Chairman of the Supervisory Board), GRENKEFACTORING AG, Basel, Switzerland (non-executive member and President of the Board of Directors), GRENKELEASING AG, Zurich, Switzerland (non-executive member and President of the Board of Directors.

Mr Florian Schulte, Baden-Baden
General Manager of Fines Holding GmbH and of S.K. Management- und Beteiligungs GmbH, Memberships in the following statutory supervisory boards and comparable domestic and foreign controlling bodies: Upside Beteiligungs AG, Munich, Germany (member of the Supervisory Board).

Dr. Ljiljana Mitic, Munich
Managing Director at Venture Value Partners GmbH, Munich, Germany, Partner at Impact51 AG, Küsnacht, Switzerland and self-employed management consultant specialising in IT, financial services and start-ups.

Ms Claudia Karolina Krcmar, Baden-Baden
Managing Director of AMPIT GmbH in Baden-Baden.

Mr. Jens Rönnberg, Mainz
Independent Tax advisor and auditor in Mainz.

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.

Controlling Persons

GRENKE AG's 46,353,918 registered shares are listed on the Frankfurt Stock Exchange (ISIN DE 000A161N30). According to No. 2.3 of the *Guide to the Equity Indices of Deutsche Börse AG* the shareholder structure is as follows:

Grenke Beteiligung GmbH & Co. KG:	40.79%
Freefloat:	59.21%

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 18,907,763 shares in GRENKE AG. This represents the Grenke family's interest in GRENKE AG's share capital of approximately 40.79%.

Historical Financial Information

The audited consolidated financial statements of GRENKE AG as of and for the financial years ended 31 December 2018 and 2017 as well as the unaudited condensed interim consolidated financial statements of GRENKE AG (IFRS) as of and for the nine-month period ended 30 September 2019 are incorporated by reference in and form part of this Prospectus.

Auditors

The auditor of the financial statements of GRENKE AG as of and for the financial year ended 31 December 2018 was KPMG AG Wirtschaftsprüfungsgesellschaft, THE SQUAIRE / Am Flughafen, 60549 Frankfurt am Main, Federal Republic of Germany, a member of the Chamber of Public Accountants, Berlin.

KPMG has audited in accordance with Section 317 German Commercial Code (*Handelsgesetzbuch* – "**HGB**") and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in the Federal Republic of Germany (*IDW*) the consolidated financial statements of GRENKE AG as of and for the financial years ended 31 December 2018 prepared on the basis of International Financial Reporting Standards, as adopted by the EU, ("**IFRS**") and the additional requirements of German commercial law pursuant to Section 315e(1) and Section 315a(1) German Commercial Code (HGB), respectively, and has issued an unqualified independent auditor's report/audit opinion.

The auditor of the financial statements of GRENKE AG as of and for the financial years ended 31 December 2017 of GRENKE AG was Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Stuttgart, Flughafenstraße 61, 70629 Stuttgart, Federal Republic of Germany ("**EY Germany**"), a member of the Chamber of Public Accountants, Berlin.

EY Germany has audited in accordance with Section 317 German Commercial Code (Handelsgesetzbuch – "**HGB**") and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in the Federal Republic of Germany (IDW) the consolidated financial statements of GRENKE AG as of and for the financial years ended 31 December 2017 and 2016 prepared on the basis of International Financial Reporting Standards, as adopted by the EU, ("**IFRS**") and the additional requirements of German commercial law pursuant to Section 315e(1) and Section 315a(1) German Commercial Code (HGB), respectively, and has issued an unqualified independent auditor's report/audit opinion in each case.

Legal, Arbitration 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 Section 342b of the German Commercial Code (HGB) the German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung DPR e.V.) (the "**FREP**") is authorised to examine whether the company's financial statements comply with statutory requirements, including generally accepted accounting principles or other accounting standards authorised 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. The last FREP examination took place between September 2017 and April 2018 for the consolidated financial statements as of 31 December 2016. The FREP did not find any accounting errors for the 2016 financial year.

Significant Change in GRENKE AG's Financial Position

There has been no significant change in the financial position of GRENKE AG since 30 September 2019.

Share Capital

As of 31 December 2017 the share capital of GRENKE AG amounted to € 44,313,102 (= 44,313,102 ordinary registered shares (*Namensaktien*), all of which were issued and fully paid up). The authorised but unissued contingent capital of GRENKE AG amounts to € 1,863,870.

By resolution of the Annual General Meeting on 11 May 2017, GRENKE AG executed a capital increase from company funds in the amount of € 25,432,327.53 and a subsequent stock split at a 1:3 ratio. The conversion was executed as per July 2017. Trading the new shares on the regulated market of the Frankfurt Stock Exchange commenced on 10 July 2017.

On 14 June 2018, GRENKE AG increased its share capital against cash contribution by € 2,040,816.00 from € 44,313,102.00 to € 46,353,918.00 by making partial use of the Company's authorized capital that was resolved on by the Annual General Meeting on 3 May 2018.

As of 31 December 2018, the share capital of GRENKE AG amounted to € 46,353,918 (= 46,353,918 ordinary registered shares (*Namensaktien*), all of which were issued and fully paid up). The authorised but unissued contingent capital of GRENKE AG amounts to € 2,359,184.

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**")[1,4] has assigned a rating of BBB+ (stable outlook)[2] to GRENKE AG as counterparty, a rating of BBB+ to its long term senior unsecured debt and a rating of BBB- to its long term senior subordinated debt.

GBB-Rating Gesellschaft für Bonitätsbeurteilung mbH ("**GBB**")[3,4] has assigned a rating of A (stable outlook)[5] to GRENKE AG as counterparty and to its long term senior unsecured debt.

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1 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**").

2 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.

3 GBB is established in the European Community and is registered under the CRA Regulation.

4 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.

5 A credit rating assesses the creditworthiness of an entity and informs therefore about the probability of the entity being able to redeem its financial obligations fully and timely. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. "A" means "high financial standing". 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 non-business assets

- Taxation of interest payments

Payments of interest on the Additional Tier 1 Notes to Holders who are individuals and 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.

On payments of interest on the Additional Tier 1 Notes to individuals who are tax residents of the Federal Republic of Germany, income tax is generally levied as a flat income tax at a rate of 25% (plus solidarity surcharge in an amount of 5.5% of such tax, resulting in a total tax charge of 26.375%, plus, if applicable, church tax). The total positive investment income of an individual will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of € 801 (€ 1,602 for individuals filing jointly), not by a deduction of expenses actually incurred.

If the Additional Tier 1 Notes are held in custody, or are administered, or if their disposal is executed, by a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank and such entity credits or pays out the investment income (the "**Disbursing Agent**"), the flat income tax will be levied by way of withholding at the aforementioned rate from the gross interest payment to be made by the Disbursing Agent. The 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*).

In general, no withholding tax will be levied if the Holder is an individual (i) whose Additional Tier 1 Notes do 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 interest income derived from the Additional Tier 1 Notes 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 *(Nichtveranlagungs-Bescheinigung)* which also includes the tax identification number and which has been issued by the relevant local tax office.

If no withholding tax has been withheld, the Holder will have to include its income on the Additional Tier 1 Notes in its tax return and the tax on its investment income of generally 25% 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%. 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

Also capital gains realised by individual tax residents of the Federal Republic of Germany from the disposal or redemption of the Additional Tier 1 Notes (including gains from the assignment or hidden contribution of the Additional Tier 1 Notes) will be subject to the flat income tax on investment income at a rate of 25% (plus solidarity surcharge in an amount of 5.5% of such tax, resulting in a total tax charge of 26.375%, plus, if applicable, church tax), irrespective of any holding period. 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 coupons or interest claims are disposed of separately (*i.e.* without the Additional Tier 1 Notes), the gains from the disposal are subject to income tax. The same applies to gains from the redemption of coupons or interest claims realized by the former Holder of the Additional Tier 1 Notes. The separation (e.g. by first-time assignment) of a coupon or interest claim from the Note is treated as a disposal of the Note.

If the Additional Tier 1 Notes are held in custody, or are administered, or if their disposal is executed, by a Disbursing Agent (as defined above), the flat income tax will be levied by way of withholding from the positive difference between the redemption amount or the proceeds from the disposal (after the deduction of actual expenses directly related thereto) and the issue price or the purchase price of the Additional Tier 1 Notes, Church tax is generally levied by way of withholding unless the Holder has filed a blocking notice with the German Federal Tax Office. If Additional Tier 1 Notes kept or administered in the same custodial account have been acquired at different points in time, the Additional Tier 1 Notes first acquired will be deemed to have been sold first for the purpose of determining the capital gains. Where the Additional Tier 1 Notes are acquired or sold in a currency other than Euro, the acquisition costs and sale proceeds will be converted in Euro on the basis of the exchange rate applicable at the time of sale, respectively, the time of acquisition. 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 validly 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% of the proceeds from the disposal or redemption of the Additional Tier 1 Notes.

If no withholding tax has been withheld, the Holder will have to include capital gains from the disposal or redemption of the Additional Tier 1 Notes in its tax return and the tax on its investment income of generally 25% 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%. Further, if the withholding tax on a disposal or redemption has been calculated from 30% of the respective proceeds (rather than from the actual gain), a Holder who is an individual tax resident may and in case the actual gain is higher than 30% of the respective proceeds must also apply for an assessment on the basis of his or her actual acquisition costs. In this case as well income-related expenses cannot be deducted from the investment income, except for the aforementioned annual lump sum deduction.

Any capital loss incurred from the disposal or redemption of the Additional Tier 1 Notes can only be offset against positive income from capital investments. The Disbursing Agent will offset the losses with positive income from capital investments entered into through or with the same Disbursing Agent and carry forward any losses that cannot be offset to the following calendar year. If losses cannot be offset in full against positive investment income by the Disbursing Agent, the Holder can, instead, request that the Disbursing Agent issues a certificate stating the losses in order for them to be offset against other positive income from capital investments or carried forward in the assessment procedure. The request must reach the Disbursing Agent by 15 December of the current year and is irrevocable.

Pursuant to administrative guidance, a disposal shall be disregarded and losses shall not be tax-deductible if (i) the transaction costs exceed the proceeds from the disposal,(ii) losses are incurred by a Holder from bad debt (*Forderungsausfall*), or (iii) losses are incurred from a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden contribution. Payments based on an insolvency plan shall be a disposal with a capital gain of EUR 0 if the payments are lower than the nominal value of the receivable and the receivable was acquired at the nominal value. The part of the nominal value not being repaid shall be a mere bad debt and therefore irrelevant for income tax purposes. However, the German Federal Fiscal Court (*Bundesfinanzhof*) recognizes disposals and deems losses to be tax-deductible in cases of a bad debt once it has become certain that the principal amount cannot be recovered (decision dated 24 October 2017, docket number VIII R 13/15) and in cases in which the

transaction costs exceed or equal the proceeds from the disposal (decision dated 12 June 2018, docket number VIII R 32/16). So far, the tax authorities have not changed their view as regards a bad debt (*Forderungsausfall*) or a waiver of a receivable (*Forderungsverzicht*). As regards their view that a disposal shall be disregarded if the transaction costs exceed the proceeds from the disposal, however, a draft letter of the German federal ministry of finance (*Bundesministerium der Finanzen*) dated 1 January 2019 indicates that the tax authorities will change their view.

Additional Tier 1 Notes held by tax residents as business assets

Payments of interest on Additional Tier 1 Notes and capital gains from the disposal or redemption of Additional Tier 1 Notes held as business assets by German tax resident individuals or tax resident corporations (*i.e.*, corporations whose legal domicile or place of effective 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 interest 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 custody, or are administered, or if their disposal is executed, by a Disbursing Agent (as defined above), tax at a rate of 25% (plus a solidarity surcharge of 5.5% of such tax and, if applicable, church tax) will also be withheld from interest payments on Additional Tier 1 Notes and generally also from capital gains from the disposal 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, or will be redunded in the amount of any excess.

With regard to capital gains from the disposal or redemption of Additional Tier 1 Notes no withholding will generally be required in the case of Additional Tier 1 Notes held by corporations tax resident in the 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. The same applies upon notification by use of the officially prescribed form towards the Disbursing Agent in the case of Additional Tier 1 Notes held by individuals or partnerships as business assets.

Additional Tier 1 Notes held by non-residents

Payments of interest on Additional Tier 1 Notes and capital gains from the disposal or redemption of Additional Tier 1 Notes 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 Germany, unless the Additional Tier 1 Notes form part of the business property of a permanent establishment maintained in the Germany, or for which a permanent representative has been appointed in the Federal Republic of Germany. Interest may, however, also be subject to German income tax if it otherwise constitutes income taxable in the Federal Republic of 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 Germany are in general exempt from German withholding tax on interest and capital gains and from solidarity surcharge thereon. However, if the interest or capital gain is subject to German taxation as set forth in the preceding paragraph and the Notes are held in custody, or are administered, or if their disposal is executed, by 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 non-business assets*", respectively.

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Note will generally arise 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 tax resident of the Federal Republic of Germany and such 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 interest 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.

However, the exchange of information rules and requirements provided for by the Luxembourg law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation apply.

Residents

According to the law of 23 December 2005, as amended, interest on Additional Tier 1 Notes paid by a Luxembourg paying agent or paying agents established in the EU or in the EEA to an individual Holder of Additional Tier 1 Notes who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. In case of payment through a paying agent established in the EU or in the EEA, the Luxembourg resident individual Holder of Additional Tier 1 Notes must under a specific procedure remit 20 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 20 per cent. withholding tax will operate a full discharge of income tax due on such payments.

Interest on Additional Tier 1 Notes paid by a Luxembourg paying agent to a resident Holder of Additional Tier 1 Notes who is not an individual is not subject to withholding tax.

When used in the preceding paragraphs "*interest*" and "*paying agent*" have the meaning given thereto in the Luxembourg law of 23 December 2005, as amended. "*Interest*" will include accrued or capitalised interest at the sale, repayment or redemption of the Additional Tier 1 Notes. Payments of interest or similar income under the Additional Tier 1 Notes to Clearstream Banking AG, Clearstream Banking S.A. and Euroclear Bank SA/NV and payments by or on behalf of Clearstream Banking S.A. to financial intermediaries will not give rise to a withholding tax under Luxembourg law.

3. U.S. Foreign Account Tax Compliance Act Withholding ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Germany) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Additional Tier 1 Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Additional Tier 1 Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Additional Tier 1 Notes, such withholding would not apply before the date that is two years after the date of publication of final regulations with the U.S. Federal Register defining the term "foreign passthru payments." Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Additional Tier 1 Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Additional Tier 1 Notes, the Issuer will not pay any additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE OF THE ADDITIONAL TIER 1 NOTES

General

The Issuer has agreed in an agreement to be signed on or about 29 November 2019 to sell to Deutsche Bank Aktiengesellschaft and HSBC Bank plc (the "**Managers**"), and the Managers have agreed, subject to certain customary closing conditions, to purchase, on the Issue Date the Additional Tier 1 Notes at a price of 100 per cent. of the Aggregate Principal Amount. Proceeds to the Issuer will be net of commissions payable to the Managers. The Issuer has furthermore agreed to reimburse the Managers for certain expenses incurred in connection with the issue of the Additional Tier 1 Notes.

The Managers are 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 Managers against certain liabilities in connection with the offer and sale of the Additional Tier 1 Notes.

Each of the Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and their affiliates, for which the Managers or their 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

1. General

Each 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 any Manager shall have any responsibility therefor.

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

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.

Each 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. Each 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, each 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).

Each 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, each 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

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Additional Tier 1 Notes to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression an "**offer**" includes 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.

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

Each 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

Each 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**"). Each 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.

6. Republic of Singapore ("Singapore")

The Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Additional Tier 1 Notes may not be offered or sold, or be made the subject of an invitation for subscription or purchase, nor may the Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Additional Tier 1 Notes may not be circulated or distributed, whether directly or indirectly, to any person in Singapore other than:

(a) to an institutional investor (as defined in the Securities and Futures Act, Chapter 289 of Singapore, as amended or modified (the "**SFA**")) pursuant to Section 274 of the SFA;

(b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and where applicable in accordance with the conditions in Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or

(c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Additional Tier 1 Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 2(1) of the SFA) or securities-based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Additional Tier 1 Notes pursuant to an offer made under Section 275 of the SFA, except:

(i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

7. Hong Kong

Each Manager has represented and agreed that (a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Additional Tier 1 Notes other than (i) to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, or (ii) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong ("**CO**") or (iii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) ("**SFO**") and any rules made under the SFO, or (iv) in other circumstances which do not result in the document being a "prospectus" within the meaning of the CO; and (b) it has not issued, or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Additional Tier 1 Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Additional Tier 1 Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

GENERAL INFORMATION

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 23 October 2019 and by the supervisory board of the Issuer on 25 October 2019.

Use of proceeds

In connection with the offering of the Additional Tier 1 Notes, the Issuer expects to receive net proceeds of approximately EUR 73,700,000 after deducting expenses and commissions payable to the Bookrunners. The Issuer intends to use the net proceeds for general financing purposes.

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 amount to approximately EUR 15,000.

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: ISIN XS2087647645, Common Code 208764764, WKN A255D1.

Credit rating

The Additional Tier 1 Notes are expected to receive a rating of BB- by Standard and Poor's Credit Market Services Europe Limited.[1]

Documents Available

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 and on the website https://www.grenke.com/investor-relations:

(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 2018 and 31 December 2017, respectively, in each case including the audit opinion thereon;

(iii) the unaudited condensed interim consolidated financial statements of GRENKE AG as of and for the nine-month period ended 30 September 2019, including the review report thereon;

(iv) List of shareholdings according to § 313 HGB as per 31 December 2018;

(v) a copy of this Prospectus; and

(vi) any supplements to this Prospectus.

[1] Standard & Poor's Credit Market Services Europe Limited 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 29 March 2017). The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

DOCUMENTS INCORPORATED BY REFERENCE

Documents incorporated by Reference

The following 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 as of and for the financial years ended 31 December 2018 and 31 December 2017, in each case including the respective audit opinion thereon,
- the unaudited condensed interim consolidated financial statements of GRENKE AG as of and for the nine-month period ended 30 September 2019.

Comparative Table of Documents incorporated by Reference

Pages of source document incorporated by reference

Audited consolidated financial statements of GRENKE AG (IFRS) as of and for the financial year ended 31 December 2017 (English language translation) (p. 76 – 159, p. 163 – 168) of GRENKE Consolidated Group Annual Report 2017)

– p. 76: Consolidated Income Statement
– p. 77: Consolidated Statement of Comprehensive Income
– p. 78 – 79: Consolidated Statement of Financial Position
– p. 80 – 81: Consolidated Statement of Cash Flows
– p. 82: Consolidated Statement of Changes in Equity
– p. 83 – 159: Notes to the Consolidated Financial Statements
– p. 163 - 168: Independent Auditor's Report**

https://media.grenke.com/download/downloadgateway.dll/getfile?p_inst_id=32279944&p_session_id=&p_obt_id=2135476&p_spec_id=1

Audited consolidated financial statements of GRENKE AG (IFRS) as of and for the financial year ended 31 December 2018 (English language translation) (p. 70 – 76, p. 78 – 143, p. 147 – 152) of GRENKE Consolidated Group Annual Report 2018)

– p. 70: Consolidated Income Statement
– p. 71: Consolidated Statement of Comprehensive Income
– p. 72 – 73: Consolidated Statement of Financial Position
– p. 74 – 75: Consolidated Statement of Cash Flows
– p. 76: Consolidated Statement of Changes in Equity
– p. 78 – 143: Notes to the Consolidated Financial Statements
– p. 147 - 152: Independent Auditor's Report*

https://media.grenke.com/download/downloadgateway.dll/getfile?p_inst_id=32279944&p_session_id=&p_obt_id=2237639&p_spec_id=1

Unaudited Condensed Interim Consolidated Financial Statements of GRENKE AG (IFRS) as of and for the nine-month period ended 30 September 2019 (English language translation)

– p. 18: Consolidated Income Statement
– p. 19: Consolidated Statement of Comprehensive Income
– p. 20-21: Consolidated Statement of Financial Position
– p. 22-23: Consolidated Statement of Cash Flows
– p. 24-25: Consolidated Statement of Changes in Equity
– p. 26-39: Notes to the Condensed Interim Consolidated Financial Statements

https://media.grenke.com/download/downloadgateway.dll/getfile?p_inst_id=32279944&p_session_id=&p_obt_id=2624009&p_spec_id=1

* The auditor's report, prepared in accordance with § 322 HGB ("Handelsgesetzbuch": "German Commercial Code"), refers to the complete consolidated financial statements, comprising consolidated statement of financial, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements, together with the combined group management report of

GRENKE AG for the financial year from January 1, 2018 to December 31, 2018. The combined group management report is not included in this prospectus. The auditor‘s report and consolidated financial statements are both translations of the respective German-language documents.

** The auditor's report, prepared in accordance with § 322 HGB ("Handelsgesetzbuch": "German Commercial Code"), refers to the complete consolidated financial statements, comprising consolidated statement of financial, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements, together with the combined group management report of GRENKE AG for the financial year from January 1, 2017 to December 31, 2017. The combined group management report is not included in this prospectus. The auditor‘s report and consolidated financial statements are both translations of the respective German-language documents.

Any information contained in the source documents that is not included in the above comparative table of documents incorporated by reference, is considered as additional information and is not required by the relevant annexes of the Prospectus Regulation.

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

THE ISSUER

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Neuer Markt 2
76532 Baden-Baden
Federal Republic of Germany

PRINCIPAL PAYING AGENT

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Federal Republic of Germany

LEGAL ADVISER

To the Bookrunners as to German law

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Partnerschaft von Rechtsanwälten mbB
Bockenheimer Landstraße 24
60323 Frankfurt am Main
Federal Republic of Germany

AUDITORS TO THE ISSUER

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Federal Republic of Germany

STRUCTURING ADVISERS AND BOOKRUNNERS

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