Deutsche Leasing

2018

ANNUAL REPORT 2018/2019

2019

TEAM D

Finanzgruppe

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Go to:

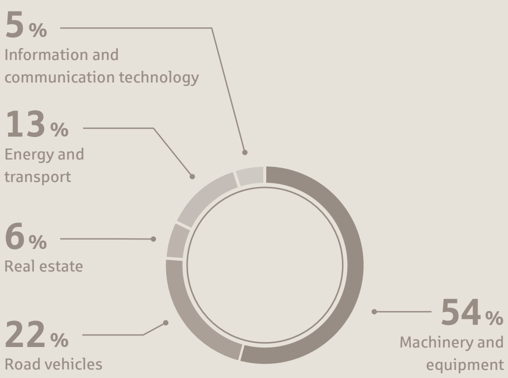
CONTENTS

Go to:

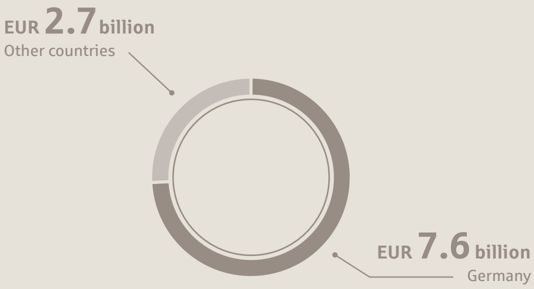
OVERVIEW OF THE DEUTSCHE LEASING GROUP

Figures in EUR million	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
New business	**10,297**	**9,181**	**8,856**	**8,658**	**8,218**
New business: movables	9,630	8,474	8,095	8,132	7,417
New business: real estate	667	707	761	526	801
Assets under management	**40,426**	**38,561**	**36,830**	**35,316**	**33,695**
Assets under management: movables	31,465	29,489	27,970	26,716	24,896
Assets under management: real estate	8,961	9,072	8,860	8,600	8,799
Balance-sheet total	22,147	20,784	19,355	18,682	16,589
Net asset value	2,070	1,969	1,923	1,855	1,793
Equity	927	857	799	765	673
Economic result	170	159	153	148	137
Employees	**2,624**	**2,575**	**2,526**	**2,481**	**2,312**
Number of employees at Deutsche Leasing	1,751	1,774	1,826	1,777	1,737
Number of employees at DAL	331	324	261	252	247
Number of employees at investments	542	477	439	452	328

New business of the Deutsche Leasing Group by business segment



New business of the Deutsche Leasing Group Germany/other countries



Go to:

Kai Ostermann
Chief Executive Officer

Rainer Weis
Management Board member

Matthias Laukin
Management Board member

Sonja Kardorf
Management Board member

Markus Strehle
Management Board member

MANAGEMENT BOARD'S LETTER

Dear clients and business partners of Deutsche Leasing,

All in all, we can look back on a successful financial year for the Deutsche Leasing Group in which we continued to resolutely pursue our strategic projects and benefited from major business deals in several target markets. However, in view of the prevailing outline conditions, our achievement in maintaining the same performance trend as in the past few years should not be taken for granted.

In the financial year 2018/2019, we were faced with an economic downturn, both in Germany and internationally. The effects of a series of world political events which had already played a role in shaping the political and economic agenda in the previous year likewise had an economic impact in the period under review: the trade conflict triggered by the USA with China in particular; the uncertain outcome of the United Kingdom's withdrawal from the European Union; and the continuation of the ECB's low interest rate policy. This political and economic uncertainty influenced world trade and global investment activities. Nor did the German economy emerge unscathed from this slowdown in economic activity. Following almost a decade of uninterrupted growth, Germany's export-oriented sectors and its key industries in particular experienced a headwind. Besides these factors, German companies were preoccupied with issues such as digitalisation, transition and alternative technologies as well as the sustainability debate.

The fact that we were nonetheless able to hold our own in this rapidly evolving environment reflects not only the strong domestic economy (particularly in the construction sector) but also the resilience of Germany's SME sector in such challenging times. Now more than ever, networking at many different levels is critical for companies. This is the only way to deal with the current challenges and exploit synergies and opportunities meaningfully and in a future-proof manner. Deutsche Leasing pursues a network-oriented business philosophy, both as a member of Sparkassen-Finanzgruppe and through its partnerships with trade and industry. Together we monitor the changes unfolding, adapt to the market's needs and provide the capacity for innovation which the German SME sector requires. We would like to thank you – our customers, Sparkassen-Finanzgruppe and our partners – for the confidence you have placed in us. We would also like to thank our employees in Germany and other countries, whose considerable commitment and expertise contributed to this success in the financial year 2018/2019.

Go to:

EUR 10 billion limit exceeded for the first time

With a new business growth rate in excess of 12 per cent, providing a volume of EUR 10.3 billion, we exceeded the “EUR 10 billion limit” for the first time. Our economic result once again increased, while our net asset value registered significant growth, benefiting from the current new business trend in particular. Our equity developed positively in line with expectations. With that we have further strengthened our financial basis to ensure our continuous ongoing development and targeted future investments.

Financial year 2018/2019 shaped by satisfactory new business in general as well as major projects in some segments

Overall, the distribution of new business in our various business segments by asset class was shaped by a few major projects. In a few relevant segments – such as real estate, energy and transport – a small number of projects had a relatively strong influence on the volume of new business. We know from past experience that these fluctuations tend to even themselves out over time.

- In the **machinery and equipment** segment, we increased our volume of new business by 5 per cent on the previous year. Our domestic business with SME customers and our foreign activities both contributed to this. Together with our foreign companies, we support machinery and equipment manufacturers in their international sales markets and assist German companies with their foreign investments.

- In a highly competitive environment, we achieved a growth rate of 2 per cent in the **road vehicles** segment, which comprises commercial vehicles in particular as well as passenger car fleet business. On the basis of a conservative residual value calculation in the financial year 2018/2019, despite the continuing diesel issue positive resale results were once again achieved. We are actively supporting the development of new drive technologies and mobility concepts. Since the autumn of 2019, Deutsche Leasing has offered its customers an all-round e-mobility package, including the necessary charging infrastructure.

- The performance of our segments shaped by large-scale transactions varied in terms of their proportion of new business: while the **real estate** segment fell short of the previous year’s level, with a figure of around 6 per cent, **energy and transport** more than doubled its proportion of new business, which rose to 13 per cent. In the regional rail passenger transport sector, several major projects were completed which contributed to the positive trend in this sector by comparison with the previous year. In the energy segment, the changes to the German Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz, EEG) continue to make themselves felt, but had less of a dampening impact than in the previous year.

- New business in the **information and communication technology** segment was 16 per cent higher than in the previous year. Project business is our area of specialisation and our strategic focus here. Our partnerships with major software manufacturers and IT service providers likewise reflect this orientation.

Go to:

Investments maintain stable trend

Deutsche Factoring Bank achieved factoring turnover of EUR 18.2 billion in 2019 and thus maintained the previous year's successful performance level. With a share of around 27 per cent of the sales volume, import and export factoring continued to gain in significance. In cooperation with the savings banks, Deutsche Factoring Bank offers SME customers comprehensive solutions in the field of receivables financing and debt management. Almost 90 per cent of the contracts signed in the past financial year were brokered by savings banks. The S-Compact product accounted for most of these contracts. This is specifically designed for the savings banks' smaller corporate and commercial customers.

Bad Homburger Inkasso gained a large number of new customers, particularly in the housing and energy sector, and now has more than 1,100 clients – including over 300 savings banks and other Sparkassen-Finanzgruppe companies. As an associated company of the Deutsche Leasing Group, Bad Homburger Inkasso offers bad loan collection solutions as well as the market-oriented resale of movable and real estate collateral on behalf of its shareholders, the savings banks and other companies and institutions.

S-Kreditpartner successfully continued its growth strategy in 2019. With a volume of loans in excess of EUR 8 billion and more than 180 fully fledged partnerships with savings banks, Deutsche Leasing's joint venture with Landesbank Berlin/Berliner Sparkasse further expanded its position within Sparkassen-Finanzgruppe as a product specialist for vehicle and consumer loans. More than 330 savings banks use the online product offering S Kredit-per-Klick.

Strategic development maintained in the financial year 2018/2019

In the financial year 2018/2019, we continued to firmly pursue the path adopted through our "Deutsche Leasing 2025" corporate strategy by means of various measures.

In view of the increased integration of our range of services within **Sparkassen-Finanzgruppe**, we further developed and expanded our role in the business and commercial customers segment in particular. Since the end of the financial year 2018/2019, alongside its well-known leasing and hire-purchase products Deutsche Leasing has offered the savings banks' business and commercial customers a simple and flexible business loan ("S-Gewerbekredit") for financing of plant and equipment expenditures up to a value of EUR 70,000. In addition, we continued to pursue the development of digital services for SME customers via the savings banks' online channels.

We stepped up our **international activities** in 22 countries worldwide besides Germany, in cooperation with the savings banks and our partners in trade and industry. The Brenner Base Tunnel – which will be the world's longest subterranean railway line – stands for our multiple-country networking approach, which extends to complex financing schemes for major projects and the specific investment asset requirements of our customers and partners.

Within Deutsche Leasing, we have taken further steps in the areas of **digitalisation and automation**. In the past financial year, we established the foundations for the use of robot-controlled process automation systems (RPA). From the financial year 2019/2020 onwards, the company will utilise its first RPA applications with the goal of achieving greater process efficiency in a targeted fashion.

In line with our strategic orientation, we have continued to develop **innovative services which are independent of interest rates**. The insurance activities pooled within a Group-wide unit for the savings banks and their customers realised additional revenue potential in Germany and other countries.

In order to be even more broadly positioned to finance our envisaged growth, in the past financial year we launched an **ABS bond** with a transaction volume of EUR 750 million and successfully placed this on the market as a new issuer. In the context of the unchanged, stable financial position of the Deutsche Leasing Group, we have thus further expanded our secured and diversified financing base and our group of investors.

Outlook for the financial year 2019/2020

In order to realise our "Deutsche Leasing 2025" goals even faster and with more focus, at the start of the financial year 2019/2020 we initiated an action and investment programme. This comprehensive programme has laid the foundations for the Group's transformation into a Digital Deutsche Leasing. With the establishment of our digital innovation unit in 2017, we were already a pioneer in the development of innovative business and customer models for the asset finance sector. With our action and investment programme, we will now take the next few steps. Besides the modernisation of our IT systems and designing our products and processes with greater efficiency, we will continue to develop and expand our business solutions – both digital and independent of interest rates – and will focus even more strongly on our partnership with the savings banks in our domestic and foreign business activities. Our various growth areas are consistent with these goals.

This includes resolutely pushing ahead with the **digitalisation** of products, processes and services on the basis of the experience gained to date from pilot projects and in view of the market's and our customers' needs. We are focusing on opening up online sales channels as well as developing web-based platforms in line with customers' specific requirements and new business solutions.

Together with the savings banks, we intend to further consolidate and expand our leading role as a partner to the German SME sector, even in the new digital world. In order to leverage the market potential of Sparkassen-Finanzgruppe for business and commercial customers in particular with even more focus, we will pursue the development of processes, systems and products such as S-Gewerbekredit on the basis of a comprehensive digital approach.

In our **international business**, we have strong market opportunities not least thanks to the German economy's strong export focus together with our extensive foreign presence. We will continue to strengthen and expand our business in Germany, Austria and Switzerland (the "DACH" region) over the next few years. For this purpose, in the financial year 2019/2020 we will establish a new foreign subsidiary in Switzerland, among other things. In order to expand our product portfolio, we will also continue to forge ahead in a targeted manner with our ECA (export credit agency)-backed business worldwide. Our goal is to enable financing solutions for our customers, the savings banks and their customers even in case of transactions involving a smaller volume of investment ("small tickets"). With this end in mind, we have signed an agreement with the 25 largest savings banks and with AKA Ausfuhrkredit-Gesellschaft. The central pillars of our international activities remain our partnerships with machinery and equipment manufacturers (vendor business) and our support for German companies' direct investments, particularly in partnership with the savings banks.

The subdued economic sentiment seen in the past year is expected to continue to shape the German economy in 2020. Economic risks on the world markets and global political uncertainty are likely to continue to preoccupy German companies with a strong international focus and influence their international order position as well as their own investment behaviour. Alongside this economic outlook are factors influencing many different industries, such as digitalisation, future-proof infrastructures and sustainability.

The expected outline conditions will remain challenging for Deutsche Leasing too in the financial year 2019/2020, particularly since low interest rates and regulatory requirements are putting pressure on the entire financial sector. In the new financial year, rising rates of insolvency once again cannot be ruled out, particularly in industry. The challenging environment contrasts with the market opportunities and the potential which is available to us together with the savings banks and our partners in trade and industry in our target segments. At the same time, we will single-mindedly push forward with important developments and necessary investments, so as to safeguard the future-proof digital evolution of the Deutsche Leasing Group. Our partners and our SME customers in our region and the world over expect nothing less of us.

The exploitation of synergies and networked thinking are key success factors for mastering the common challenges which the SME sector and our industry face, as demonstrated by the current articles on the subject of "Networking" on Deutsche Leasing's website: we are digital, we are international and we are on the move throughout our region.

Kai Ostermann | Sonja Kardorf | Matthias Laukin | Markus Strehle | Rainer Weis

Go to:

SUPERVISORY BOARD'S REPORT

For the Supervisory Board
Chairman of the Supervisory Board
Alexander Wüerst

In accordance with its function and its understanding of its role, the Supervisory Board is continuously, promptly and comprehensively notified of the company's development and of important business transactions. All key questions concerning the company's position and development, strategic and operational planning, risk management and regulatory requirements were extensively discussed. In regular communication between the chairman of the Supervisory Board and the chairman of the Management Board of the managing shareholder, current operational matters were discussed and strategic planning was initiated.

Structure of the Supervisory Board

As of 30 September 2019, the Supervisory Board consisted of 19 persons, almost all of whom were Management Board members of savings banks. To improve the efficiency of its operations, the Supervisory Board has established two committees: a loans and investments committee and an audit committee. The Supervisory Board is comprehensively notified of the agenda and outcome of meetings of these committees through the committee chairman at regular meetings and through receipt of the minutes.

Supervisory Board's activities

The Supervisory Board's four regular meetings entailed detailed reporting from the Management Board on commercial and risk policy, outline economic conditions, the financial and profit situation and planning as well as related discussions. Investment issues, realisation of the Group's foreign strategy and regulatory requirements were discussed in detail with the Management Board.

Issues of particular relevance were followed up in greater depth in committee meetings.

Go to:

At its four meetings, the loans and investments committee held detailed discussions concerning risk decisions on commitments beyond the scope of the Management Board's responsibility as well as risk policy issues for the company, and intensively prepared Supervisory Board resolutions in the field of investments.

At a total of two meetings and through a conference call, the audit committee focused on the following issues: the financial statements and consolidated financial statements as well as the combined management report of Deutsche Sparkassen Leasing AG & Co. KG and also, with the auditor, its audit findings, in preparation for the Supervisory Board's financial statements meeting. The auditor's findings concerning the supervisory requirements relating to the audit of the financial statements and consolidated financial statements as well as the combined management report of Deutsche Sparkassen Leasing AG & Co. KG as of 30 September 2019 and the appendix were extensively reviewed. The audit committee also discussed medium-term equity planning and tax compliance requirements in detail.

The Supervisory Board verified the orderliness of the company's management and made all decisions which were required of it and which fell within the scope of its competence. It was involved in decisions of material significance for the company and, where necessary, provided its consent, following an extensive discussion and review process. The Supervisory Board discussed with the Management Board the company's strategy and resulting measures for realisation of its medium- and long-term goals and provided its approval.

Financial statements and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft has been appointed as the auditor and has issued unqualified auditor's reports for the financial statements and consolidated financial statements of Deutsche Sparkassen Leasing AG & Co. KG for the financial year 2018/2019 as well as the combined management report. The auditor has notified the Supervisory Board's audit committee of its audit findings and has discussed them in detail with its members. The audit committee has notified the Supervisory Board of the outcome of its review of the auditor's reports and its discussions and has recommended the endorsement of the financial statements and the consolidated financial statements and the presentation of the financial statements to the shareholders' meeting for approval.

The auditor has provided a comprehensive report on its audit findings at the Supervisory Board's financial statements meeting and has replied to questions.

Following its own audit and discussion of the financial statements and the combined management report with the appointed auditor, the Supervisory Board has approved the auditor's audit findings and has not raised any objections. The Supervisory Board endorses the financial statements presented to it and proposes the approval of the financial statements by the shareholders' meeting.

Proposal for appropriation of profits

The Supervisory Board has discussed the proposal for appropriation of the profit for the year and recommends that the shareholders allocate an amount of EUR 10,307,048.10 out of the parent company's net income for the year of EUR 50,307,048.10 to the non-withdrawable reserves.

The Supervisory Board would like to thank the members of the Supervisory Board who left their positions during the year under review, Ms Barbara Degenkolb, Mr Ulrich Boike, Mr Hans-Michael Heitmüller and Mr Robert Restani, for their valuable service. The Supervisory Board would also like to express its thanks and recognition to the Management Board and to all of the company's employees for their sustained commitment and for all of their work in the financial year 2018/2019.

Bad Homburg v. d. Höhe,
February 2020

For the Supervisory Board

Alexander Wüerst
Chairman

Combined management report Deutsche Leasing Group

Go to:

Combined management report

Financial year 2018 / 2019
Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe

Business performance

- **New business volume exceeds EUR 10 billion limit for the first time, while outline conditions remain challenging**
- **Large-scale and vendor business drives organic growth**

Earnings position

- **Further increase in net asset value – economic result at a high level**
- **Persistent margin pressure on the income side and increasing expense pressures due to more stringent regulatory requirements as well as strategic investments**

Net assets and financial position

- **Consolidated balance-sheet total grows by 6.6 per cent to EUR 22.1 billion**
- **Portfolio structure remains stable**
- **Equity shown in the balance sheet increases by 8.2 per cent to EUR 927 million**
- **Financing base for further growth safeguarded and expanded through the issue of an ABS bond**

Opportunities and risk management

- **Default situation remains satisfactory, with a declining trend**
- **Risk-bearing capacity remains clearly intact, even in stress scenarios**
- **Robust market position strengthened through further diversification with factoring and insurance products**

Outlook

- **Growth opportunities in the asset finance / asset service market, while environment remains highly competitive with a persistently low interest rate level**
- **Expanded online presence as well as traditional offline offering and increasing digitalisation of business processes are providing the foundations for successful development**
- **Goal of new business growth slightly in excess of overall economic trend**
- **Continuous organic net asset value growth**
- **Further increase in equity as well as provisions in accordance with §§ 340f and 340g HGB (German Commercial Code)**

Basic information regarding the Deutsche Leasing Group

Overview

Deutsche Sparkassen Leasing AG & Co. KG, headquartered in Bad Homburg v. d. Höhe, (also referred to hereinafter as “DL KG”) is the parent company of the Deutsche Leasing Group. As a financial services provider, it is supervised by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and by the German Bundesbank.

As one of the leading asset finance and asset service partners in Germany and Europe, the Deutsche Leasing Group offers investment-related financing solutions (asset finance) as well as supplementary services (asset services) for both fixed and current assets. On the basis of a broad product range, the Deutsche Leasing Group supports its customers in their realisation of investment projects. These encompass small-volume investments and financing, individual, complex major projects, factoring business, needs-oriented bank products and debt management. In terms of its customers, Deutsche Leasing – as a central group partner of the savings banks – mainly focuses on SMEs in Germany, which it also supports at an international level.

On 30 September 2019, overall the Group had 2,624 employees in 23 countries.

Products and services

The solutions offered by the Deutsche Leasing Group continue to mainly comprise leasing and asset financing for machinery and equipment, vehicles, IT and communication equipment, medical technology, real estate, intangible assets and large-scale movable assets (such as rail vehicles and energy generation plants) and also factoring. It offers its partners sales financing products as well as dealer purchase finance.

In line with the requirements of its customers, the Deutsche Leasing Group provides asset-related services for the entire investment life cycle. Asset finance solutions form the core of the business model for the Deutsche Leasing Group. Its range of services runs from purchasing of assets via brokerage of asset-related insurance and administrative activities to resale of assets and includes, for instance, full-service products as well as a certified return process in the vehicle fleet segment, construction management services for real estate leasing and life cycle management including services and logistics in the IT sector. In its factoring and collection segment, the Deutsche Leasing Group offers comprehensive debt management services.

Its in-depth asset know-how and its understanding of specific industry requirements enable targeted ongoing development and fine-tuning of its range of services in line with prevailing market conditions. Throughout the asset life cycle, starting points are sought that support the ongoing development and the fine-tuning of its range of solutions. In particular, the goal is to identify early on any market segments with relevant investment requirements and to support customers during the planning of their investments and right up to their realisation, thus laying the foundations for successful long-term partnerships.

Go to:

Organisation and structure

The Deutsche Leasing Group is represented on the market through its different business segments, its subsidiaries DAL Deutsche Anlagen-Leasing GmbH & Co. KG (DAL) and Deutsche Factoring Bank GmbH & Co. KG (DFB) as well as further investments specialising in the asset finance and asset service segments. Companies in 23 countries in Europe, Asia and America provide an international platform for the Deutsche Leasing Group's services.

As the market leader in Germany and one of the leading providers of leasing in Europe, Deutsche Leasing concentrates on business-to-business operations with SMEs: Deutsche Leasing is the asset finance solutions provider for the SME sector. In combining asset, industry, service and product competence, the Deutsche Leasing Group offers its customers a significant advantage.

Through its **Savings Banks and SMEs business segment**, Deutsche Leasing serves the German market via two different distribution channels: the savings banks and direct distribution, supplemented with services marketed through online channels. Within the framework of a generalist sales model, the Savings Banks and SMEs business segment offers its corporate and company customers a comprehensive service portfolio in the fields of leasing and movable investment asset financing, from solutions-oriented support for individual projects to processing of small-volume standard transactions. Since the end of the financial year 2018/2019, alongside its well-known leasing and hire-purchase products this business segment has offered the savings banks' business and commercial customers a simple and flexible business loan for financing of plant and equipment expenditures. In addition, in cooperation with the International business segment the savings banks and their customers receive needs-oriented support for their foreign activities through so-called "German desks" in Deutsche Leasing's foreign companies.

Through its **Fleet business segment**, Deutsche Leasing offers a range of vehicle-related investment and service solutions as well as efficient fleet management for SMEs in Germany especially. Tailored mobility solutions are provided for customers via asset-oriented financing know-how as well as modular services. Through AutoExpo Deutsche Auto-Markt GmbH (AutoExpo), the Fleet business segment has its own specialised reselling company which resells returned leasing assets to private and commercial purchasers in Germany and other countries.

This business segment aims to be the preferred finance and service partner for the SME sector's mobility concepts. It is preparing for market changes both strategically – through continuous market monitoring – and by developing an appropriate network. These changes are associated with trends such as the growing significance of alternative drive types and car-sharing concepts. At the same time, this business segment is developing new products and services in a digital context, such as a digital configuration and calculation service as part of its small business strategy. As a first step, the digital product range for this group of target customers will be provided through intermediaries (dealer/manufacturer partnerships as well as cooperating savings banks). At the same time, the customer portal will be redesigned so that customers can comfortably generate specific reports 24/7 and the existing app will be redeveloped in order to support direct communication with the driver and for further digitalisation of standard processes. The purpose of these measures is increased customer satisfaction and retention.

The activities of the **International business segment** focus on support for German industrial enterprises as partners for sales financing in Germany and other countries. The Deutsche Leasing Group aims to position itself strategically as an international centre of excellence for asset finance and asset services within Sparkassen-Finanzgruppe. Via its international network, Deutsche Leasing offers selected vendors and their customers asset finance solutions in line with local requirements in 23 countries. It also supports customers of Deutsche Leasing and the savings banks with their foreign investments through “German desks” established in Deutsche Leasing’s foreign companies. The International business segment also supports its vendors in Germany and handles business with customers in the construction and agricultural sectors.

Within the Deutsche Leasing Group, **DAL** operates as a centre of excellence for real estate as well as specialist transactions and project business. It offers its customers finance solutions for long-term and large-scale investments in the following business segments: real estate (including construction management), energy, transport, logistics, medical technology, IT as well as special products (such as financing solutions for intangible assets and current assets) and specialises in the arrangement and structuring of major projects.

Deutsche Leasing Finance GmbH (DLF) offers asset-related credit financing, primarily purchasing, rental park and warehouse financing for dealers in the construction machinery, agricultural technology and material handling vehicle segments. DLF also enables the inclusion of public development funds in leasing financing and serves as a conduit for development loans. In addition, this bank assists the subsidiaries of the Deutsche Leasing Group in case of financing requirements, including outside Germany, and provides intra-Group guarantees and overdraft facilities within the scope of its financing activities.

Deutsche Leasing Insurance Services GmbH (DL Ins) is a central service provider and global centre of excellence for the Deutsche Leasing Group’s insurance services. Group-wide responsibility for insurance services has been pooled within a central entity in order to optimise processes, purchasing and product development. All German and foreign insurance activities are pooled within the Insurance Services market unit. This business unit develops tailored insurance services which it markets to the Deutsche Leasing Group and its customers and partners through the full range of distribution channels.

Deutsche Factoring Bank GmbH & Co. KG (DFB) is Sparkassen-Finanzgruppe’s factoring centre of excellence under the umbrella of the Deutsche Leasing Group. The savings banks and their customers are offered comprehensive receivables financing and debt management solutions in addition to the range of services designed for the SME sector.

Bad Homburger Inkasso GmbH (BHI) – an associated company of the Deutsche Leasing Group – offers distressed-debt solutions as well as the market-oriented resale of movable and real estate collateral on behalf of its shareholders, the savings banks and other companies and institutions.

S-Kreditpartner GmbH (SKP), a Deutsche Leasing investment, focuses on the fields of car and consumer loans in Germany. It pursues its sales activities within the scope of partnerships with the savings banks; SKP also offers financing of sales and purchasing activities for the vehicle industry.

Thanks to the intensive cooperation of all of the Deutsche Leasing Group’s business segments/investments, its centre-of-excellence function within Sparkassen-Finanzgruppe is to be deepened and expanded while making optimal use of existing potential, in particular cross-selling opportunities and increasing digitalisation of the Group’s product range.

Go to:

Positioning within Sparkassen-Finanzgruppe

Within Sparkassen-Finanzgruppe, Deutsche Leasing is the centre of excellence for leasing, factoring and other SME-oriented asset finance solutions as well as supplementary services. As a central group partner and internationally focused asset finance partner, it helps the savings banks to realise their customers' investments both nationally and internationally, through leasing and other asset finance solutions. Savings bank business focuses on corporate and company customers, who are supervised within the scope of individual business, as well as commercial and business customers who receive support for their investments by means of highly standardised small-ticket business initiatives together with savings banks. The development of a market-oriented, digital product portfolio which is available online will consistently strengthen Deutsche Leasing's centre-of-excellence function within Sparkassen-Finanzgruppe. As well as close market cooperation, the savings banks serve as Deutsche Leasing's key financing partner. Moreover, overall 358 savings banks are shareholders in Deutsche Leasing, as direct and indirect limited partners.

Distribution channels

The Deutsche Leasing Group exploits its markets through three different distribution channels:

Direct business: With a network of branch offices throughout Germany, DL KG and DAL exploit the market independently, through direct acquisition. Direct business sales focus especially on those customers and markets whose potential the savings banks or partners / vendors have not yet fully exhausted. Direct business promotes the expansion of the Group's existing customer base through the acquisition of new customers and safeguards its know-how as well as its outstanding level of customer and industry insight, thus underlining the independence of the Deutsche Leasing Group.

Savings banks: The Deutsche Leasing Group enables savings banks to access and exploit its full range of services. Overall, through a broad-based and coordinated market approach the savings banks and the Deutsche Leasing Group cooperate to ensure optimal fulfilment of the needs of the savings banks' customers and improved exploitation of existing potential. The savings banks are able to select from an extensive range of services: from standardised product lines to tailored specialist solutions. Moreover, German desks have been established in the foreign companies of the Deutsche Leasing Group; German-speaking employees serve here as on-site contacts for the savings banks and their customers.

Partners / vendors: The Deutsche Leasing Group's partners are its dealers, vendors and cooperation partners. By working with dealers and vendors, the Deutsche Leasing Group achieves efficient and early access to customers, thus ensuring broad sales coverage in Germany and other countries. In factoring business, in particular, exploitation of the market is supplemented by means of cooperation agreements with brokers and other intermediaries.

Locations

Germany is the core market of the Deutsche Leasing Group. Through its foreign network, it also supports German companies' exports and their international presence. It does so through cooperation with international vendors – mainly in Germany, Austria and Switzerland ("DACH") – which are able to rely on the financing expertise of the Deutsche Leasing Group's international network to support their sales activities.

On the other hand, the Group assists German companies' foreign direct investment programmes as well as the foreign subsidiaries of German corporate groups throughout its network of 23 countries.

In the year under review, as well as its headquarters in Bad Homburg v. d. Höhe the Deutsche Leasing Group had one German branch office, in Berlin, and seven other German sales offices. The Deutsche Leasing Group is also represented in its various regions through its investments.

International presence of the Deutsche Leasing Group

Deutsche Leasing locations

Go to:

Economic report

Overall economic and industry-specific environment

The world economy suffered a loss of momentum during the past financial year. Trade in goods had already begun to decline in the autumn of 2018. Output in the manufacturing sector stagnated globally from the start of the year, and in some advanced economies it even fell. These trends contrasted with services, which continued to enjoy significant growth and were buoyed by robust consumer goods demand in many places. Private households benefited from stronger wage growth and the positive labour market situation; contrary to the weak output trend in industry, global employment once again picked up in the period under review. The downturn in manufacturing and the fall in the volume of global trade were attributable, above all, to the trade conflicts triggered by the USA. In particular, the conflict between the USA and China drastically reduced trade in goods between these two countries. In the period from January to July 2019, US exports to China fell by 18% year-on-year, while Chinese exports to the USA declined by 12%. This also affected third countries.

At the start of the year, the USA registered further very strong economic output growth, although this growth was significantly weaker in the second quarter at 0.5%. Private and public consumer spending underpinned this growth, while inventory and corporate investments declined. Foreign trade also had a dampening impact. The intensification of the trade conflict with China had a negative impact on exports. The US Federal Reserve reacted to the growing signals pointing to a slowdown in economic activity and cut its key interest rate by 25 basis points in July and again in September.

The Chinese economy also remained subdued, but stabilised over the course of the year due to impetus provided by economic policy. However, in the second quarter gross domestic product growth continued to fall year-on-year and amounted to 6.2%. With a figure of 4.2% for August 2019, the latest industrial output figures point to the weakest year-on-year growth since 2002.

In the Eurozone, the somewhat subdued growth trend of the previous year continued. In the first half of 2019, overall economic output in the Eurozone rose only moderately, at a rate of 0.4% in the first quarter and 0.2% in the second. Export growth was subdued and the weak growth figure for imports once again declined in the first six months of the year. The trade dispute between China and the USA and the continuing lack of clarity over how Brexit will play out are depressing trade-intensive industry in particular. Italy's gross domestic product virtually stagnated. On the other hand, the French economy was robust and overall economic output picked up moderately. Spain recorded strong growth, buoyed by its stable domestic economy as well as the momentum provided by foreign trade. Elsewhere in the Eurozone, in the Netherlands, Portugal and Greece especially, output growth was slightly stronger than the average level for the single-currency area.

The slowdown of the German economy continued in the past financial year. Since the start of the downturn at the turn of the year 2017/2018, much of the previously very pronounced overutilisation of production capacities has fallen away. This economic slowdown was primarily attributable to industry. Since demand for investment goods in particular has weakened in key sales markets, output in industry has been on the decline since halfway through last year, although utilisation continues to exceed the long-term average. The slowdown in industry is having a knock-on effect on business service providers.

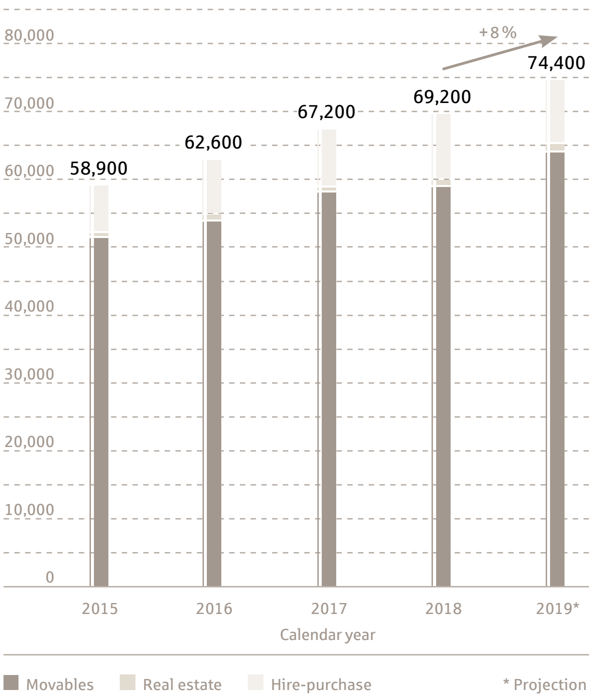
For the calendar year 2019, in its assessment of the overall economic trend the German council of economic experts assumes gross domestic product growth of 0.5 per cent (previous year: 1.5 per cent). Industrial output in particular has been declining for around eighteen months. The weak trend for plant and equipment expenditures and exports is adversely affecting growth, while consumption can be expected to provide further positive growth contributions. The German council of economic experts now expects an increase in plant and equipment expenditures of just 1.6 per cent (previous year: 4.4 per cent). The difficult order situation together with a pessimistic business outlook means that there is no prospect of a rapid recovery. In addition, there is a subdued outlook for exports since political uncertainty is prompting increased restraint among companies in relation to investments and employment.

In the calendar year 2019, the leasing sector in Germany envisages new business growth of 7.5 per cent. The trend for new business was mainly shaped by the increased share of externally financed investments accounted for by leasing, Berlin (Federal Association of German Leasing Companies (Bundesverband Deutscher Leasing-Unternehmen e. V., BDL)/ifo investment test).

Demand for leasing was significantly stronger in 2019 than in the previous year and thus outstripped the overall economic trend, which was strongly shaped by the continuing low interest rate phase, political uncertainties and associated investment restraint among companies. This continues to demonstrate the attractiveness of leasing and the strength of the leasing sector. As the market leader in the asset finance segment, in the financial year 2018/2019 Deutsche Leasing participated in the general environment in line with its position and achieved a decent level of growth in overall terms.

Leasing investments in Germany

EUR million



* Projection
Source: Federal Association of German Leasing Companies/ifo investment test

Financial performance indicators

As in the previous year, the Deutsche Leasing Group is managed on the basis of a Group-wide integrated logic which focuses on the development of new business as well as its net asset value and equity, with due consideration of risk-bearing capacity.

New business

The development of new business is a key factor in the Deutsche Leasing Group's activities. New business comprises all of the (confirmed) transactions within a specific reporting period, including the total historical costs for all associated investment assets from leasing,

Go to:

hire-purchase and rental as well as investment loans and the services stipulated under service agreements as well as the average level of recourse to credit lines within the scope of dealer purchase finance. Turnover and debt volumes in factoring and collection business are not included in this definition on grounds of limited comparability but are nonetheless separately considered for internal management purposes.

On the development of new business, please refer to the comments on the Group's › "Business performance" below.

Net asset value

Leasing companies use the net asset value calculation in addition to annual financial statements prepared in accordance with German commercial law. The net asset value calculation presents hidden reserves and hidden liabilities within the scope of the volume/portfolio entered into and thus provides information on the present-value future net earnings potential which will be reflected in the profit and loss accounts for subsequent periods. The net asset value calculation thus transcends the inherent weaknesses associated with a profit and loss account prepared in accordance with commercial law (periodisation, inevitable establishment and release of hidden reserves) and helps to avoid the potential mismanagement which would result in case of a purely P&L-based performance assessment.

As well as equity shown in the balance sheet, the net asset value includes the earnings potential/profit contributions of future profit and loss accounts on the basis of the portfolio as of the key date, established by means of prior offsetting of expenses (declining interest rate trend, start-up costs from acquisition and advance depreciation, by comparison with their straight-line leasing instalment equivalents) and calculated profits in a given portfolio.

While the net asset value calculation plays a less prominent role than the financial statements, it is a materially essential precondition for an overall assessment and serves as an indicator of a leasing company's risk coverage potential, as determined on a value-oriented basis. At the same time, as a financial measure of total equity a company's net asset value is used for financing purposes, since the net cash returns from the transactions entered into are used to provide liquidity for the company.

As a necessary supplement to the profit and loss account prepared in accordance with commercial law, the net asset value calculation provides the basis for a general indication of net income realised within a given period. This is referred to as the economic result for the period. Deutsche Leasing calculates this figure throughout its Group on the basis of the industry standard developed by the Federal Association of German Leasing Companies.

On the development of the net asset value, please refer to the comments on the Group's › "Earnings position" position on page 24.

Equity

To ensure adequate economic foundations for its growth objectives and as cover against possible unexpected risks, Deutsche Leasing is continuing to strengthen its equity base on an ongoing basis (including provisions in accordance with §§ 340f and 340g HGB) through its own resources.

On the development of equity, please refer to the comments on the Group's › "Earnings position" position on page 24.

Business performance

For the financial year 2018/2019, the Deutsche Leasing Group had predicted a volume of new business growth slightly in excess of the overall economic trend and a continuously rising net asset value, with a further strengthening of equity as well as provisions in accordance with §§ 340f and 340g HGB. This forecast was based on a moderately optimistic prediction of its business and earnings trends, according to the prevailing market potential.

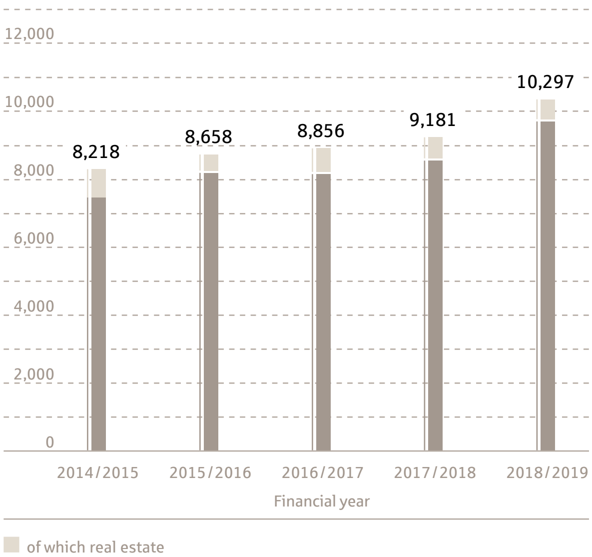
In line with expectations, the financial year 2018/2019 for the Deutsche Leasing Group was shaped in particular by the continuing low interest rate phase, the strong competitive and margin pressure as well as the uncertain political developments ("Brexit", trade conflicts, etc.). With over 12 per cent growth in the volume of new business to EUR 10.3 billion, in an environment which remained challenging the Group was nonetheless able to maintain its market leadership in Germany and its leading position among European leasing providers. The Group also clearly exceeded its target figure, passing the EUR 10 billion limit for the first time. The following summary shows the development of new business over a period of five years, with an average annual growth rate of approx. 6%.

With a stable trend in the Savings Banks and SMEs business segment – which matched the level seen in the dynamic previous year – and also in the Fleet business segment, the new business trend for DAL and for the International business segment in particular contributed to the Group's positive new business trend.

The distribution of new business by asset class is as follows:

New business of the Deutsche Leasing Group

EUR million



New business by asset class

Asset class	2017/2018 New business In EUR million	2017/2018 New business Share in per cent	**2018/2019 New business** In EUR million	**2018/2019 New business** Share in per cent	Change in EUR million in relation to previous year
Machinery and equipment	5,250	57	5,528	54	278
Road vehicles	2,176	24	2,225	22	49
Energy and transport	601	6	1,360	13	759
Real estate	707	8	667	6	-40
Information and communication technology	447	5	517	5	70
Deutsche Leasing Group	**9,181**	**100**	**10,297**	**100**	**1,116**

Supported by SME business in Germany as well as the development of the Group's foreign companies, the **machinery and equipment** segment – which is the main focus of the asset finance business – achieved a growth rate of 5 per cent by comparison with the previous year.

In a highly competitive market environment, the **road vehicles** segment – which includes commercial vehicles in particular, as well as passenger car fleet business – registered 2 per cent growth on the previous year.

The **energy and transport** and **real estate** segments are shaped by large-scale structured financing transactions. This regularly results in volatility in terms of the development of new business, but this volatility is an inherent characteristic of these segments and tends to even itself out over time. The real estate segment achieved a result which was around 6 per cent lower than in the previous year, while energy and transport achieved more than double the figure for the previous year, partly through the completion of large-scale projects in the publicly owned regional rail passenger transport sector.

New business in the **information and communication technology** segment was 16 per cent higher than the previous year's low level – the strategic slant of this segment is specialisation and a focus on project business and related partnerships, including with major software manufacturers.

The gross margins entered into which are the focus of new business management increased by comparison with the new business volumes realised. The relative contribution margins were stable for the overall Group, at the same level as in the previous year. The resale results – including the contributions provided by extended contracts – once again made a significant contribution to the Group's performance and helped to compensate for the increased costs due to more stringent regulatory requirements as well as digitalisation and strategic investments. With another decent risk result and taking into consideration earnings contributions provided by the Group's investments among other sources, the Deutsche Leasing Group achieved a satisfactory financial year.

In summary, in particular the margins achieved relative to new business growth have supported the Deutsche Leasing Group's long-term strategy of organically strengthening its equity. This is reflected in results such as the significant increase in its net asset value. In the year under review, this exceeded the EUR 2 billion mark for the first time – with stronger growth than in the previous year – and amounted to EUR 2,070 million as of the balance-sheet date (see the comments on the earnings position for further details). In the same context, Group equity shown in the balance sheet rose to EUR 927 million, while the contingency reserves in accordance with §§ 340f and 340g HGB were also increased (overall: EUR 425 million). The Group thus continued to implement its strategically envisaged strengthening strategy and will pursue this equally rigorously in future. New business growth exceeds the predicted rate of overall economic growth for the calendar year 2019.

Economic situation

EARNINGS POSITION

On the basis of a significant increase in the volume of new business, the Deutsche Leasing Group has considerably boosted the earnings potential of its portfolio; however, due to the periodisation requirement the margins entered into will only gradually make themselves felt, in the profit and loss accounts for subsequent periods. Upstream personnel and material expenses to generate this potential are resulting in an asynchronous trend for the earnings components of the profit and loss account which is reflected in the significantly increased net asset value as of 30 September 2019.

Go to:

Leasing income resulting from leasing and hire-purchase business and from the sale of second-hand leasing assets increased by EUR 923 million or approx. 13 per cent on the previous year to EUR 8,062 million, due to the higher volume of business. This was despite the further decline in the interest rate level which affected the net interest margin contributions achievable on the market as well as the rate of interest for interest-free liabilities tied up in lending business and the liquid capital base. This increase has more than made up for the EUR 815 million absolute rise in **leasing expenses** to EUR 4,981 million.

Due to the continuously growing balance-sheet volume, **depreciation and valuation adjustments on leasing assets** have increased by EUR 90 million or approx. 4 per cent to EUR 2,615 million. In principle, scheduled depreciation on newly acquired leasing assets included in this amount in the period remains in line with the term of the underlying leasing contracts.

The continuing low interest rate phase is also adversely affecting interest income, which has failed to keep up with the trend for interest expenses. Interest expenses have increased in line with the volume of new business growth. **Interest income** declined by comparison with the previous year.

General administrative expenses amounted to EUR 384 million and thus increased on the previous year (EUR 346 million). In line with expectations, expenses for wages and salaries have increased due to regular salary rises as well as scheduled recruitment of personnel; moreover, the further fall in the interest rate level has resulted in increased allocations of provisions for pensions and similar obligations. The rise in administrative expenses also reflected increased expenditure for external support services (relating to strategic initiatives, the regulatory system, IT projects, etc.), the placement of Deutsche Leasing's first ever ABS bond and IT-related expenses (systems and software). The increased costs partly relate to strategic project initiatives which are intended, above all, to strengthen the centre-of-excellence functions within Sparkassen-Finanzgruppe as well as gradually developing and piloting digital services.

Risk provisions under commercial law, in the form of **depreciation and valuation adjustments on receivables** (including the allocation to the provisions in accordance with §§ 340f and 340g HGB) amounted to EUR 30 million; the amount allocated in the previous year was EUR 14 million higher, but a larger amount was transferred to the provisions according to §§ 340f and 340g HGB in the previous year.

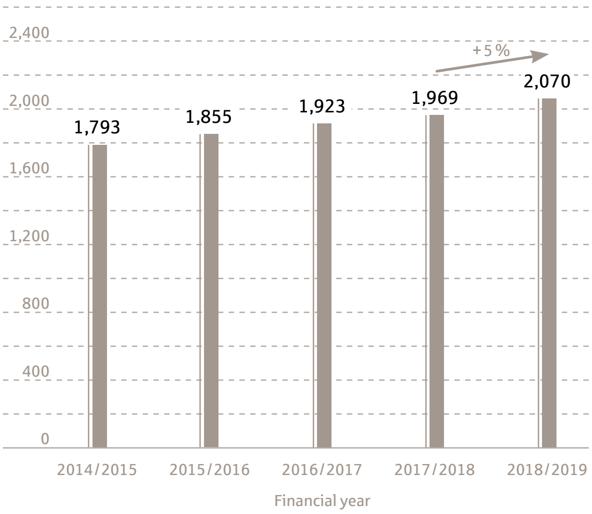
Overall, these effects have resulted in a **net profit for the year** for the Group of EUR 74.7 million, which is roughly in line with the previous year's level (EUR 77.2 million). The Group's **net income for the year** amounted to EUR 86.5 million (previous year: EUR 91.1 million).

Equity shown in the balance sheet has increased by EUR 70 million, from EUR 857 million to EUR 927 million. Deutsche Leasing has thus continued to adhere to its strategy of strengthening its equity.

In the past financial year, the net asset value increased to EUR 2,070 million. Despite the continuing adverse impact on margins due to the interest rate level, future income has increased on account of the development of new business and has more than made up for the higher future expenses. The net asset value is calculated according to the standard developed by the Federal Association of German Leasing Companies in terms of its structure and substance. The auditor reviews this value in line with the "IDW Audit Standard: Net Asset Value Calculation Auditing for Leasing Companies (IDW PS 810)" issued by the Institute of Public Auditors in Germany, Düsseldorf. The net asset value reflects the value of the Deutsche Leasing Group's equity, after disclosure of hidden reserves. It is a key element for calculation of the economic result – a recognised, summary ratio indicating period net income for leasing companies.

Net asset value of the Deutsche Leasing Group

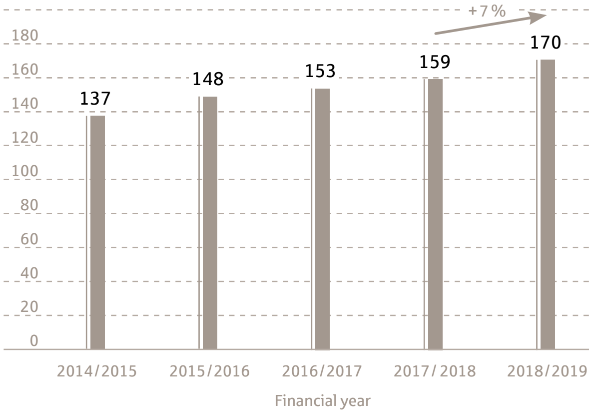
EUR million



Allowing for the dividend distributed by Deutsche Sparkassen Leasing AG & Co. KG, with a value of EUR 170 million for the financial year 2018/2019, the **economic result** exceeded the previous year's level (EUR 159 million). Deutsche Leasing has thus achieved its target earnings level. Appropriate distributions, the implementation of necessary future investments and the equity trend which is required for its growth from an economic point of view are thus guaranteed.

Economic result of the Deutsche Leasing Group

EUR million

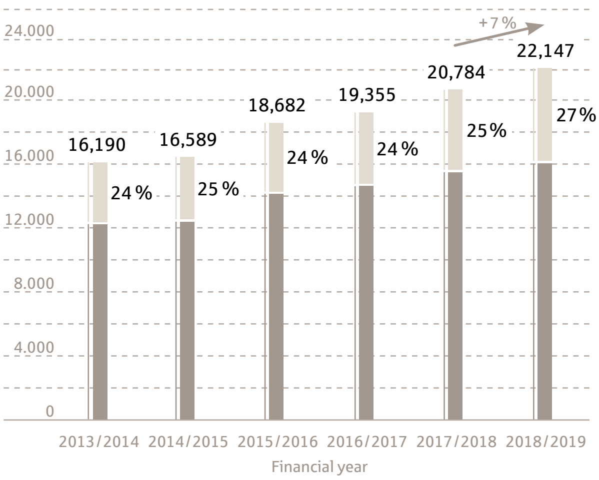


NET ASSET SITUATION

Deutsche Leasing's **consolidated balance-sheet total** increased by 6.6 per cent or EUR 1,363 million, from EUR 20.8 billion to EUR 22.1 billion at the end of the year under review. This was mainly due to the growth in the overall volume of new customer business documented in receivables from customers (+EUR 1,061 million) and leasing assets (+EUR 266 million).

Development of consolidated balance-sheet total

EUR million



% share accounted for by foreign business

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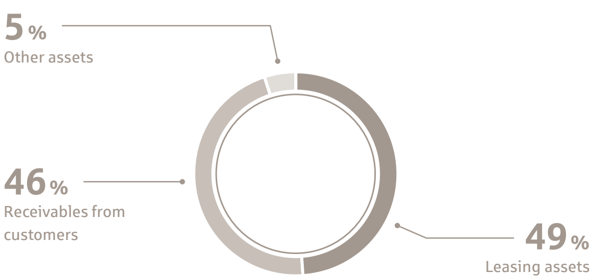
At EUR 18.0 billion, leasing assets at historical costs were higher than in the previous year (EUR 17.8 billion). Leasing assets measured at residual book values – which remain a key element of the consolidated balance-sheet total – had the following structure on 30 September 2019, with a breakdown for individual business segments:

Leasing assets measured at residual book values	2018/2019		2017/2018		Change	
Asset class	In EUR million	Share in per cent	In EUR million	Share in per cent	In EUR million	Share in per cent
Machinery and equipment	5,871	54	5,648	53	223	4
Road vehicles	3,288	30	3,308	31	-20	-1
Information and communication technology	1,000	9	951	9	49	5
Energy and transport	604	6	589	6	15	2
Real estate	104	1	105	1	-1	-1
Total residual book values	**10,867**	**100**	**10,601**	**100**	**266**	**2**

The residual book values of leasing assets thus accounted for 49 per cent of the overall consolidated balance-sheet total (previous year: 51 per cent). Receivables from customers (mainly hire-purchase receivables and receivables from banking and factoring transactions) amounted to 46 per cent of the consolidated balance-sheet total (previous year: 44 per cent). These include the leasing business of foreign subsidiaries which is generally reported as hire-purchase business in accordance with the German Commercial Code. Foreign subsidiaries account for around 27 per cent of the Group's total assets.

Structure of assets as of 30 September 2019



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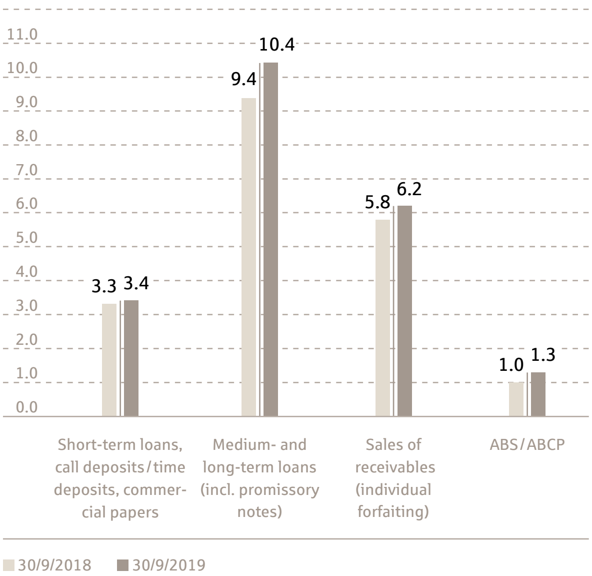
FINANCIAL POSITION

The debt capital borrowed in the financial year 2018/2019 served to finance the customer business of the Deutsche Leasing Group, in particular the acquisition of leasing assets and the grant of loans to customers. Borrowed funds of the Group's domestic and foreign companies (without DAL's non-recourse business but including DFB) increased by around 9 per cent on the previous year, in line with the growth trend for new business. On 30 September 2019, they amounted to EUR 21.3 billion (previous year: EUR 19.5 billion). The following figure shows the development of the financing volume by financing instrument:

Development of financing volume by financing instrument

EUR billion



Medium- and long-term borrowing (including promissory note loans) from savings banks and other banks and forfaiting – which jointly accounted for around four fifths of the total debt capital borrowed – remained the key elements of Deutsche Leasing's financing structure. Loan financing growth was slightly disproportionate. In particular, this was influenced by the above-average growth of new business outside Germany and of borrowing from public business development banks.

Money market borrowing was mainly for the purpose of financing short-term customer business. Around one quarter of money market borrowing served to finance DFB's factoring business.

The completion of Deutsche Leasing's first ever ABS bond transaction further diversified the range of financing instruments as well as the group of investors.

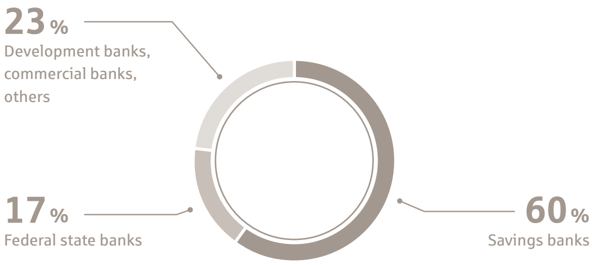
The funds borrowed mainly had original maturities of up to six years and fixed-rate agreements which were generated by means of interest rate derivatives where necessary. In terms of the capital commitment and fixed interest-rate periods as well as the respective currency, in almost all cases funds were borrowed on terms matching the structures of the customer transactions. Maturity transformations were thus not implemented to any significant extent.

As before, derivative financing instruments for management of interest and currency risks (mainly interest rate swaps) were exclusively entered into for hedging purposes. Since the volume, term and capital commitment periods of the derivative financing instruments entered into were determined on the basis of the structures of the underlying customer transactions and borrowed funds (mainly as a macro hedge on the basis of interest-rate gap analyses and in some cases as a micro hedge), risk is effectively covered. A documented, appropriate and functional risk management system is used for these transactions.

The volume of financing (Germany and other countries, excluding DAL's non-recourse business, including DFB) was distributed as follows between the financing partners as of 30 September 2019:

Financing volume

(Germany and other countries, excl. DAL's non-recourse business)



The Deutsche Leasing Group continues to receive almost all of its funding from institutions within Sparkassen-Finanzgruppe. As of 30 September 2019, the savings bank and federal state banks provided more than three-quarters of all borrowed funds. Public business development banks accounted for around two-thirds of the remaining borrowing.

In its financial management, the Deutsche Leasing Group seeks to safeguard permanent solvency and to cover financing requirements on the best possible terms, with the goals of hedging financial risks and achieving the greatest possible level of independence in relation to developments on the financial markets.

In the financial year 2018/2019, Deutsche Leasing maintained a broadly diversified debt financing structure, in terms of the number of financing partners and the financing instruments used. Financing reserves were further increased, at a high level, in the financial year 2018/2019, despite the rise in borrowed funds on account of business growth. As of 30 September 2019, Deutsche Leasing's "free liquidity" was in excess of EUR 4 billion. Through the ongoing development of structures for forfaiting and securitisation over the past financial year, as well as financing by means of conventional credit lines, further options were safeguarded and expanded for debt financing and in order to ensure liquidity. Overall, on the basis of its anchoring in Sparkassen-Finanzgruppe, its stable long-term business relationships with credit institutions and a diversified range of financing instruments, Deutsche Leasing thus has a broad financing base for its planned further growth.

The Deutsche Leasing Group was able to fulfil its payment obligations at all times in the financial year 2018/2019.

Within the scope of the **statement of cash flows**, cash and cash equivalents amounted to TEUR 104,998 at the start of the financial year and to TEUR 61,038 at the end of the financial year. The structure of the statement of cash flows reflects the specific characteristics of the leasing sector.

The cash inflow from current business activities amounted to TEUR 21,106 (previous year: TEUR 165,355), while the cash outflow from investing activities totalled TEUR -22,294 (previous year: TEUR -22,540). The cash outflow from financing activities amounted to TEUR -42,772 (previous year: TEUR -37,853).

Contingent liabilities under suretyships and guarantee agreements amounted to EUR 350.2 million at the end of the financial year (previous year: EUR 380.3 million). On the balance-sheet date, irrevocable loan commitments were valued at EUR 256.3 million (previous year: EUR 219.7 million).

Go to:

General statement by the Management Board on the economic situation

Despite a persistently challenging environment (uncertainty over political developments, the development of drive technologies, etc.) including strong competitive and margin pressure together with the increased requirements relating to digitalisation and the regulatory system, in the financial year 2018 / 2019 the business performance of the Deutsche Leasing Group was in line with the Management Board's expectations. The new business volumes which surpassed expectations and exceeded the EUR 10 billion mark for the first time helped to further strengthen the economic capital base.

Thanks to the increase in its economic result to EUR 170 million and in its net asset value to EUR 2,070 million, on the basis of its sustainable business and risk model the Deutsche Leasing Group achieved its income and capital goals.

The financial position of the Deutsche Leasing Group is unchanged and remains stable. Due to its anchoring in Sparkassen-Finanzgruppe and its long-term business relationships with credit institutions, the Deutsche Leasing Group has a solid and broadly diversified financing base which was further diversified in the past financial year through the issue of an ABS bond, so as to ensure that it is prepared for its envisaged future growth.

DL KG, as the Group's parent company, reported a net income for the year of EUR 50.3 million. This provides the basis for the proposed distribution to the shareholders of DL KG in the amount of EUR 40.0 million (previous year: EUR 40.0 million), in line with the adopted equity strategy. Deutsche Leasing thus continues to adhere to its sustainable dividend policy, at the previous year's increased level.

The Deutsche Leasing Group's net asset, financial and earnings position remains in good order.

Non-financial performance indicators

EMPLOYEES

As well as a sustainable business model, well-qualified, motivated and committed employees both in Germany and other countries, who are flexible in adapting to changing outline conditions, and a high level of attractiveness as an employer are critical to the business success of the Deutsche Leasing Group. In view of the demographic trend, transparent labour markets and regional factors (such as the "Rhine-Main banking sector"), a company's attractiveness as an employer is increasingly important.

The dedication and expertise of Deutsche Leasing's employees are vital to its success in ensuring a high level of satisfaction on the part of its customers and partners. Through comprehensive qualification and training measures, employees and managers are supported in their career and personal development. Key areas of focus are a customer orientation, teaching sales skills and strengthening advisory and asset finance expertise. Moreover, for international business employees also require linguistic and intercultural skills.

All of Deutsche Leasing's employees set great store by its corporate culture and its central values of "Trust", "Team spirit", "Passion" and "Commitment". The four cornerstones of this culture – "Assuming real responsibility", "Market orientation", "Focus on getting things done" and "Learning from errors" – play a key role in the company's targeted and continuous, ongoing development. This corporate culture is the key foundation of the Deutsche Leasing Group's success and represents the basis for an improvement in the level of customer and employee satisfaction.

On the balance-sheet date, the Deutsche Leasing Group had a total of 2,624 (previous year: 2,575) employees, of which 505 outside Germany (previous year: 480).

Go to:

The average length of employees' service in Germany amounted to approx. 11.3 years (previous year: 12.0 years), with an average age of 45.3 years (previous year: 45.6 years). The fluctuation rate amounted to 6.4 per cent (previous year: 5.5 per cent) and the sickness level to 6.1 per cent (previous year: 6.4 per cent).

A performance-oriented remuneration system links individual employees' goals with the company's strategic objectives and thus provides an additional framework for the company's consistent management.

On the basis of our employees' in-depth expertise and many years of experience, numerous projects and strategic realignments were initiated and successfully implemented within the company in the period under review. A key factor in this success was the early and target-oriented inclusion of our employees, who operated with a high level of commitment and dedication as specialists, multipliers and ambassadors on behalf of "their project". Getting involved – in the sense of assuming genuine responsibility – remains a key element of our corporate culture development process. In addition, initiatives were implemented with the key goals of strengthening employees' willingness to embrace change and their ability to do so.

Deutsche Leasing is aware that it is necessary to approach ever faster and increasingly complex cycles of change professionally and confidently, as a basic precondition in order to ensure a company's future viability. Deutsche Leasing organises its initial training, its dual courses and its programmes for trainees and young and upcoming managers on the basis of a far-sighted approach within the context of its corporate strategy, and does so with outstanding results. This is an investment which pays off and which in the reporting period enabled an increased number of technical and management positions at a wide range of different levels to be filled internally, with former apprentices, dual-course students and trainees in particular.

Deutsche Leasing currently has 16 trainees (previous year: 11) with permanent employment contracts. The company's initial training programme is currently offering 18 apprentices a career in office administration and also, through dual courses, apprenticeships leading to a Bachelor of Arts degree in International Business Administration (in partnership with the accadis university of applied sciences). After successfully completing their training or courses of study, all of Deutsche Leasing's apprentices and students enrolled on Bachelor degree programmes were offered full-time employment positions. All of these trainees have taken on more advanced roles in line with the core areas of their training and their interests.

Social commitment

As an important member of Sparkassen-Finanzgruppe, the Deutsche Leasing Group lives up to its social responsibility in various ways, for example through commitments to art and culture, science, social issues and sport.

Besides purely financial initiatives, many Deutsche Leasing Group employees also show a high level of social engagement through the company's "Socially Active Employees" (SAM) scheme. Since 2011, employees have demonstrated commitment to social projects on their own initiative through this scheme. A large number of projects were once again realised in the financial year 2018/2019. Moreover, the Group supports SAM projects financially and by granting leave to employees as well as through external commitments, by enabling the company's employees to actively contribute to various organisations, e.g. by registering as sponsors. Deutsche Leasing also promotes team spirit. In the financial year 2018/2019, many of its employees took part in the "Sports badge 70+" competition where teams are able to prove themselves in various sporting disciplines for a good cause.

Go to:

Deutsche Leasing continues to support and to assist a large number of organisations and associations through donations and funding.

Deutsche Leasing is also actively dedicated to sports funding, such as the German sport aid foundation (Stiftung Deutsche Sporthilfe). As part of Sparkassen-Finanzgruppe, Deutsche Leasing is also a "Top Partner of Team Germany" and thus supports the German Olympics teams and Paralympics team as well as young sportsmen and -women and grassroots sport.

In the field of art and culture, in the financial year 2018/2019 the Deutsche Leasing Group supported the "Blickachsen" (Sight Lines) sculpture exhibition at its headquarters in Bad Homburg v. d. Höhe. Deutsche Leasing has maintained this commitment for many years. A large number of cultural initiatives are also supported. Deutsche Leasing's relationship of several years' standing with the Rheingau Music Festival in the form of a premium partnership is notable here. The Rheingau Music Festival has enriched the Rhine-Main region's cultural scene for many years now, with almost 150 concerts at over 40 venues every summer.

Deutsche Leasing is also active in science funding and provides assistance for a wide range of research projects conducted by various institutions. Deutsche Leasing's long-standing membership of the funding association for the University of Cologne's leasing research institute documents the company's intensive relationships with universities. In addition, the lectures and forums supported by Deutsche Leasing and its membership of Sparkassen-Finanzgruppe's science funding association ensure an active exchange between the realms of theory and practice.

Moreover, for some years now Deutsche Leasing has been a member of Sparkassenstiftung für internationale Kooperation e.V. This foundation has been jointly established by all of the savings banks in Germany, with the goal of offering people in developing countries and emerging economies the prospect of a better life. The projects primarily focus on helping people to help themselves rather than providing financial support. Sparkassen-Finanzgruppe employees pass on their expertise on the ground and are supported by local colleagues in developing structures and providing training.

Report on risks and opportunities and forecast report

Report on opportunities

Deutsche Leasing seeks to identify opportunities at the earliest possible moment, to assess these opportunities and to take suitable action so that these opportunities can be transformed into commercial success.

Within the scope of its annual medium-term planning, organic growth opportunities are systematically identified on the basis of a comprehensive analysis of the market environment. As well as market potential, customer requirements and general and specific market and environment developments, the detailed analysis includes trends but also competitors and regulatory requirements. The goals and business activities defined in the company's business strategy on the basis of its "Strategy 2025" and the measures thus determined in accordance with the company's risk strategy serve as the basis for medium-term planning for the financial years 2019/2020 to 2021/2022 of the Deutsche Leasing Group. These strategies are reviewed and, if necessary, adjusted every year.

Deutsche Leasing sees future growth opportunities in the following areas in particular:

MARKET AND INTRA-GROUP POTENTIAL

Intra-Group business with the savings banks is one of the Group's largest growth areas. Having been successfully opened up, this business segment is undergoing further intensification and development, in close cooperation with the savings banks and with the structural involvement of regional associations and advisory boards. This will enable a targeted focus on the existing market potential offered by Sparkassen-Finanzgruppe and improved exploitation of this potential. SME customers are supervised together with the savings banks on a target-group-oriented basis. This is rounded off by means of segment-oriented sales management.

To comply with individual requirements, specific support concepts have been developed which ensure a high level of satisfaction on the part of the savings banks and their customers. Business with smaller corporate, business and commercial customers is a particular area of focus for the next few years.

This planned business development is underpinned by efficient processes and systems. For small-ticket business, credit and contract processes are combined within a specialised unit (encompassing multiple business segments) for transaction-volume-based bulk business. This unit supports the business segments through standardised, system-supported and cost-efficient procedures and services.

In addition, the Group is pushing forward in its expansion of the range of services offered through online channels, for more intensive exploitation of existing intra-Group potential.

INTERNATIONAL BUSINESS

Deutsche Leasing sees international business as a further growth field. Here, it supports vendors in their international sales markets and German companies in their foreign investments.

Due to the German business sector's strong export focus and international presence, Deutsche Leasing also provides international support for its customers and partners through its foreign network. In concrete terms, Deutsche Leasing enters into partnerships with international vendors and assists German companies and their foreign subsidiaries with direct investments. The German business sector's global presence offers market opportunities for the Deutsche Leasing Group which it accesses through its foreign network in 22 countries alongside its domestic German market.

FACTORING

The factoring business offers growth potential for the Deutsche Leasing Group, as a supplementary product to leasing for commercial and corporate customer business. The complementary nature of leasing and factoring gives rise to synergies that affect customer requirements, the customer structure as well as risk management. Factoring represents an indispensable component of the financing mix for SMEs.

Deutsche Factoring Bank exploits existing factoring potential through the following distribution channels: the savings banks, intermediaries and direct distribution. This is achieved through a modular package of services for financing, loss protection and debt management which undergoes systematic development.

INSURANCE

The development of Deutsche Leasing's activities in the field of insurance brokerage, which it offers as a supporting service in its business segments, continues to provide additional revenue potential. In principle, in future each of Deutsche Leasing's solutions is to include an insurance component.

DIGITAL PRODUCTS

An intensive analysis of the needs of the Deutsche Leasing Group's market environment clearly shows that digitalisation of business processes – alongside a range of products and services which meets the market's requirements – is increasingly important. In a "digital" world, many customers nowadays expect digital support from Deutsche Leasing. Over the past two financial years, an increasing number of digital products and services have been gradually developed and piloted with the goal of intensifying business relationships and cooperation with customers, savings banks and vendors. This includes opening up online sales channels as well as developing web-based platforms in line with customers' specific requirements. In addition, on the basis of continuous market monitoring the digital innovation unit which has been specially established for this purpose develops prototype digital capacities which are coordinated with potential customers and optimised over significantly shorter cycles. The ability to offer such services via portals, platforms and / or digital ecosystems on an integrated basis has a critical impact on maintenance of long-term business relationships as well as winning new business partners. This is thus a prerequisite in order to safeguard the future viability of the Deutsche Leasing Group while also developing its market positioning.

Go to:

Risk report

Risk management supports the management of the Deutsche Leasing Group in the implementation of its business and risk strategy and considers all relevant risk types and all of the Group's German and foreign companies.

Central Risk Management coordinates holistic, company-wide risk management for all types of risk. This department has technical competence and responsibility for methods and models of risk measurement, control and aggregation, for calculation of risk-relevant parameters, for internal risk control and for internal and external reporting.

This department also performs the risk controlling function prescribed in the German Federal Financial Supervisory Authority's minimum requirements for risk management (Mindestanforderungen an das Risikomanagement, MaRisk). The head of the Central Risk Management department is responsible for the risk controlling function and reports to the Chief Risk Officer.

Risk reporting provides quarterly reporting on the development of risk-bearing capacity (RBC) and all risks classified as key. In addition, an ad hoc reporting procedure has been established for information which is significant in terms of risk aspects. Action recommendations for risk control are also provided.

The management receives support and advice in its decision-making on risk-related issues through the central risk board of Deutsche Leasing. Information concerning the various risk types is jointly presented in this monthly committee.

Internal Audit regularly audits the Deutsche Leasing Group's risk management within the scope of its audit plan.

The goal of opportunities and risk management is to establish a balanced relationship between risk and opportunity/income at the level of the overall Group; adequate risk-bearing capacity is ensured in terms of the relationship between the level of capital available for risk coverage and overall risks. The risk-bearing capacity calculation provides the basis for the Deutsche Leasing Group's risk control strategy.

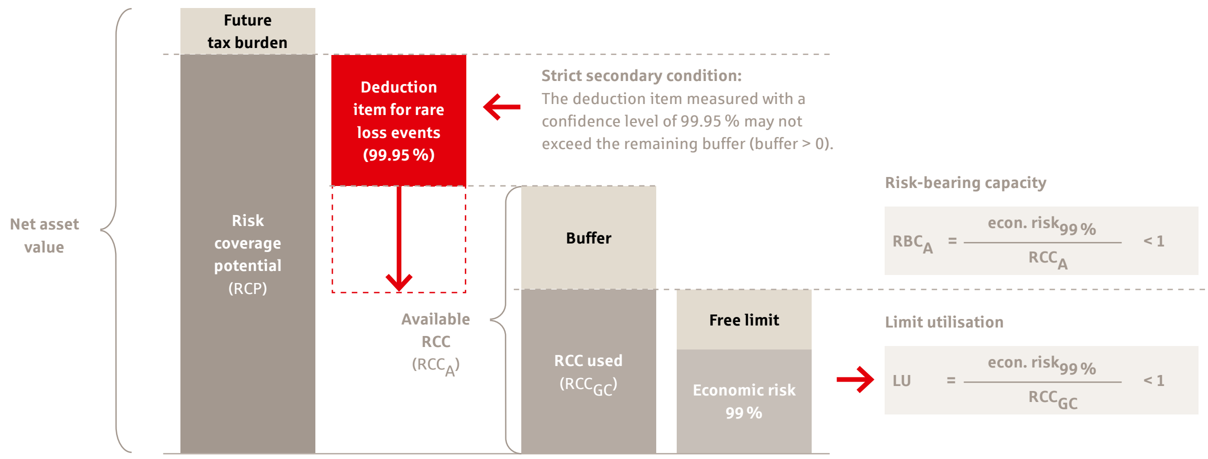
The Deutsche Leasing Group endeavours to continuously develop its risk measurement methods, so as to comply with the requirements for modern risk management as well as current regulatory trends. In the financial year 2018/2019, development activities comprised preparations for gradual compliance with the new regulatory requirements for risk-bearing capacity concepts and their incorporation in the overall management process.

RISK-BEARING CAPACITY

The risk-bearing capacity concept is based on the risk coverage potential calculated in line with the net asset value and a going-concern approach, with a confidence level of 99 per cent. In addition, a deduction item is maintained for coverage of rare loss categories. This is based on a risk calculated with a higher level of confidence (99.95 per cent). The Deutsche Leasing Group's risk-bearing capacity remained clearly intact in the financial year 2018/2019. As of 30 September 2019, its risk-bearing capacity was less than 50%. Customers' credit risk remained the most significant of the key risk types which can be appropriately limited by means of risk coverage capital.

Limits apply for all relevant quantifiable risk types/categories within the framework of the risk-bearing capacity concept. Overall, the risk coverage capital remains sufficient so as to be able to cover further risks in future.

Risk-bearing capacity concept of Deutsche Leasing



LA = limit utilisation; RCC = risk coverage capital; RCC_A= available risk coverage capital; RCC_{GC} = risk coverage capital used; RBC = risk-bearing capacity; RBC_A = risk-bearing capacity as of cut-off date; GC = going concern. The buffer varies in accordance with the development of the net asset value and the level of risk exposure.

The risk types credit and asset risk, market price risk, operational risk, business risk and translation risk are determined on the basis of value-at-risk methods. The risks determined through a historical stress test and a serious hypothetical stress test were covered by the available risk coverage capital. Risk-bearing capacity was thus intact in all stress scenarios. The historical stress test is a macroeconomic stress test covering multiple risk types. This is based on the historical scenario of the situation in the financial year 2008/2009 and reflects a serious economic downturn, as required by the minimum requirements for risk management.

In the financial year 2018/2019, risk-bearing capacity and capital requirements planning once again formed a component of the planning process of Deutsche Leasing, which involved, inter alia, a review of the VaR limits.

In accordance with the requirements of the new RBC guidelines, for management purposes changes have been made to the risk-bearing capacity concept from the financial year 2019/2020 onwards. These stipulate, inter alia, an increase in the confidence level for calculation of the exposure values from 99.0% to 99.9%. Further adjustments were made within the scope of the RBC planning and the related RBC limit planning.

RISK INVENTORY

Within the scope of the regular risk inventory, materiality analyses have been performed for all of the risks identified, enabling clear categorisation of risks as material and non-material. All risk categories/types continued to be classified as material and non-material risks. All quantifiable risks which may be usefully limited by means of the available risk coverage capital (RCC) are included in the RBC calculation.

Risks at Deutsche Leasing

Risk types

Credit risk	Asset risk	Market price risk	Liquidity risk	Operational risks	Equity investment risk	Business risk	Other risks
Customers' credit risk	Residual value risk – cars	Interest rate risk	Insolvency risk	Risks resulting from internal procedures, people or systems as well as external factors (incl. legal and validity risk)	Equity investment risk	Business risk	Translation risk
Counterparty risk	Residual value risk – EQUIP	Currency risk	Funding-spread risk				Strategic risk
Country risk	Residual value risk – ITK						Reputation risk
Lessor risk							Liability risk

Risk categories: material risk | material risk which cannot be usefully limited through RCC | non-material risk

CREDIT RISK

Credit risk is the risk of non-fulfilment of agreed payments or services under contracts concluded, resulting in a loss for Deutsche Leasing. The credit risk comprises the following risk categories:

- **Customers' credit risk:** Customers' credit risk refers to the risk of the customer failing to make the payments agreed under the leasing, hire-purchase, rental and loan agreements or related service contracts concluded with it on account of its default.
- **Counterparty risk:** Counterparty risk refers to the risk of the default of a professional market participant (counterparty) in relation to investments, credit balances, foreign exchange transactions and derivatives (with the replacement risk and the fulfilment risk considered separately).
- **Country risk:** Country risk refers to the risk of losses arising on account of crisis situations for individual countries which result due to political or economic events. Country risk applies in the form of transfer and sovereign risk.
- **Lessor risk:** Lessor risk refers to the risk of suffering losses due to the customer asserting rights under rental agreements upon non-fulfilment of service providers' contractually agreed services.

Asset risk

Asset risk (also referred to as residual value risk) applies for contracts with open residual values. In such contracts, the historical costs for the asset are not fully amortised through the lessee's agreed instalments. Residual value risk refers to the risk of a loss in the event of the selling price realised on the asset at the end of the period negatively deviating from the previously calculated and anticipated selling price, the residual value.

Go to:

Market price risk

Market price risk refers to the general risk of unexpected losses due to a change in market parameters (interest rates, share prices, exchange rates, commodity prices and resulting variables). At Deutsche Leasing, market price risk is limited to interest rate risk and currency risk.

Liquidity risk

Liquidity risk at Deutsche Leasing covers the following risk categories: insolvency risk and funding-spread risk. Insolvency risk is the risk of Deutsche Leasing no longer being able to fulfil its current and future payment obligations in full or no longer being able to do so in good time. Funding-spread risk is the risk of an unanticipated loss resulting from changes in Deutsche Leasing's refinancing curve because new borrowing is only possible at refinancing levels which are significantly higher than expected. In particular, increased funding spreads may result from a deterioration in Deutsche Leasing's credit rating or a general worsening of borrowing terms, on grounds relating to the market itself.

Operational risks

Operational risks comprise the risk of losses due to the inadequacy or failure of internal procedures and systems as well as people or external events. This definition includes legal risk and validity risk.

Equity investment risk

Equity investment risk is the risk of unanticipated losses in the event of the market value of an investment falling below its book value.

Business risk

Business risk describes the risk of business development yielding lower income and/or higher costs than envisaged and in this respect the depletion of the net asset value at the end of the monitoring period by comparison with the current risk coverage potential as of the reporting date.

Other risks

Other risks cover the risk of an unanticipated loss which cannot be allocated to credit risk, asset risk, market price risk, liquidity risk, operational risks, equity investment risk or business risk. Other risks include the following risk types:

- **Translation risk:** Translation risk refers to the risk of the foreign-currency net asset value of the foreign companies leading to unanticipated losses due to exchange-rate fluctuations.
- **Strategic risk:** Strategic risk refers to the risk of unanticipated losses resulting from poor management decisions in relation to the business-policy positioning of the Deutsche Leasing Group.
- **Reputation risk:** Reputation risk refers to the risk of losses in the event that the reputation of the Deutsche Leasing Group suffers harm or deteriorates. Such losses may also result, directly or indirectly, from other risk types which have materialised or may amplify these other risk types.
- **Liability risk:** Deutsche Leasing is exposed to a liability risk in terms of the risk of losses resulting from its position as an owner or importer of assets.

RISK MANAGEMENT FOR RELEVANT RISKS

Credit risks

Customers' credit risk

Deutsche Leasing calculates the VaR for customers' credit risk on the basis of a credit portfolio model in the 99% quantile.

The credit worthiness structure of Deutsche Leasing's own-risk portfolio remained stable at a positive level in the financial year 2018/2019; almost 80% of its commitments are in good or very good rating classes. In the context of the looming economic slowdown in Germany, the acceptance policy was tightened up for new business.

Go to:

New business was thus mainly entered into on the basis of strong credit ratings or subject to appropriate hedges.

As of 30 September 2019, the Group's portfolio by sector remains characterised by a high level of granularity and thus no specific risk concentration. No sector exceeds the concentration limits laid down in the risk strategy.

In the financial year 2018/2019, the volume of default once again declined by comparison with the calculated risk costs. However, due to the weaker economic environment this was unable to match the strong figure for the previous year.

Counterparty risk

The value at risk (VaR) for counterparty risk is determined on the basis of the same credit portfolio model which is applied for customers' credit risk.

As a rule, Deutsche Leasing only accepts banks as counterparties, as business partners whose credit risk is low or close to zero. In accordance with the risk principles for transactions with banks, the risk volume for credit balances, investments, foreign exchange transactions and derivatives is limited through maximum limits and maturity periods in accordance with the credit rating and size of the counterparties. A balanced credit rating structure focusing on the upper to medium investment-grade segment and a strongly diversified portfolio have thus been safeguarded.

Country risk

Deutsche Leasing calculates the value at risk for the country risk on the basis of an expert-based scenario approach for the assessment of losses in the 99% quantile.

The potential losses upon realisation of a specific country risk event – such as a foreign exchange transfer restriction – are determined for selected countries.

For quantification of the risk potential, the determined losses are included for those countries which are of particular relevance for Deutsche Leasing on account of current or persistently negative trends and their risk relevance in its country portfolio. The individual countries are assigned limits and these limits are monitored for operational management of country risks.

Asset risks

Asset risk is calculated for the automotive portfolio (passenger cars and vans) by means of a portfolio model, on the basis of the 99% quantile. On the other hand, the loss potential in the equip portfolio is determined by means of an expert assessment.

The **automotive** business segment (passenger cars and vans) continues to utilise long-term normal market residual value assessments and transfers residual value risks to solvent third-party guarantors in some cases. In addition, a high level of diversification is ensured in the contract portfolio. Residual value assessments and diversification in terms of makes, models and resale channels have a significant impact on the level of success in reselling vehicles.

Ongoing monitoring of the leasing and second-hand car market, stringent use and optimisation of all available asset management instruments, the professional development of sales and organisational structures and processes and vehicle-specific resale analyses provide a professional basis for sound residual value management. The residual value assessment is regularly reviewed by means of external asset-based validation (including Schwacke GmbH). Positive resale results were once again achieved in the financial year 2018/2019, on the basis of the conservative residual value calculation, even though the continuing diesel issue resulted in a decline in additional revenues by comparison with previous years. In the financial year 2018/2019, on grounds of caution Deutsche Leasing reduced the residual values for new business in order to avoid future burdens. Future developments in relation to diesel vehicles in particular are being closely monitored. The development of new drive technologies and mobility concepts are being analysed and corresponding measures initiated in this respect.

With adequate valuation methods in its **machinery and equipment** business segment, Deutsche Leasing has solid foundations for control and management of the risk resulting from open residual values. Residual value quotations are exclusively handled by specialised employees in Deutsche Leasing's Intensive Care & Asset Management department.

The results of expiring contracts featuring open residual values were once again positive in the financial year 2018/2019. The agreement of terms and conditions of use and return on a case-by-case basis has had a positive effect on the technical condition of assets leased under operating leasing contracts. Demand for second-hand assets in good condition remains strong in all market segments.

In the **information and communication technology** business segment, Deutsche Leasing also offers its customers in the **hardware asset category** (information and communication technology) true-lease contracts with open residual values. The residual value assessments which are required for this purpose are implemented by DAL's asset management unit in its service centre. Due to these regular resale activities, this unit has excellent market expertise, which enables reliable residual value forecasts on the basis of conservative benchmarks. This is reflected in the continuous additional revenue results in the asset resale segment over the past few years.

Market price risks

In line with the basic principle that financing activities provide for congruent interest-rate-optimised financing of customer business, the Deutsche Leasing Group does not pursue any own-account trading of money and capital market products.

To a limited extent, interest rate risks are entered into in order to realise additional income resulting from market trends, within the scope of original financing requirements, and are managed by means of a stringent limit system.

In terms of currency risks, customer transactions always have same-currency financing. Currency risks therefore apply only temporarily (if at all) during operational execution of transactions or through margin components of customer receivables which are not secured through same-currency financing.

The applicable rules for control of market price risks are based on the above-mentioned principles and consistently limit the scope of the risk position which is permissible for optimisation of financing costs through interest rate and currency risk limits in line with the economic risk. This limit is linked with sensitivity limits for operational control of interest rate risk.

a) Interest rate risk

Interest rate risks are subject to operational monitoring and control on the basis of sensitivities (basis point value concept), with corresponding limitations of the permitted interest-rate-induced changes in present values in line with the control guidelines. For calculation of the economic risk and for operational management purposes, value-at-risk calculations are performed for open interest rate positions. These calculations are based on the variance/covariance method and apply differentiating assumptions concerning the holding period of the open interest rate position and the inclusion of equity as a component of the financing portfolio.

Go to:

b) Currency risk

In Germany, foreign-currency risks are limited to a few transactions mainly executed in US dollars and (in a small number of cases) in British pounds, all of which have same-currency financing. The foreign subsidiaries' operating business is likewise financed in the same currency in principle. Transactions not denominated in the euro or in the respective national currency are also mainly denominated in US dollars. The risks of exchange-rate fluctuations which are inherently associated with such transactions generally apply in relation to those margin components included in receivables from customers that are not used for financing provided, as a rule, in the same currency. These currency risks are measured by means of the value-at-risk method, using the variance-covariance method.

c) Liquidity risk

The business activities and the continuing growth of the Deutsche Leasing Group are based on permanent availability of liquidity and financing through optimised interest rates. Deutsche Leasing adheres to the principle of financing its business at matching maturities, including in relation to liquidity maturities.

The guidelines applicable for liquidity control reflect this basic conservative orientation and limit the scope of the risk position which is permissible for optimisation of financing costs. In relation to insolvency risk, the limits defined for the liquidity risk refer to nominal minimum requirements for free liquidity. In regard to the funding-spread risk, the limits are based on the economic risk resulting from liquidity mismatches and are broken down into nominal position and sensitivity limits at the operational level.

In concrete terms, as a reflection of insolvency risk liquidity risk is controlled and monitored through liquidity planning which distinguishes between various planning periods.

Overall, in the past financial year a high volume of liquidity remained available on the financing markets. In this market environment, Deutsche Leasing continued to expand its relationships with savings banks and with other credit institutions (including business development banks) and increased the scope of available financing lines. At the end of the financial year, following coverage of the significantly increased financing requirement due to new business growth these free lines amounted to approx. EUR 4.3 billion and thus exceeded their target levels.

Economic risk resulting from funding-spread risk is quantified on the basis of scenario analyses. This is implemented according to sensitivity calculations (liquidity basis point value concept) on the basis of the extension requirements for borrowed funds resulting from the maturity structure for future liquidity inflows and outflows.

Operational risks

In principle, operational risks may result from any commercial activities and are thus inherent in the business activities of the Deutsche Leasing Group and are particularly dependent on the complexity of products and processes. Systematic risk management enables early identification of these risks and implementation of suitable control measures to avoid or limit them.

The risk management process encompasses regular risk identification and quantification in all departments of the company and an analysis of loss events actually arising. Moreover, an annual "risk analysis" is conducted to prevent other criminal acts which might jeopardise the Deutsche Leasing Group's net asset situation. This identifies, analyses and evaluates potential gateways for internal and external criminal activities. Deutsche Leasing focuses in particular on the early identification of new types of fraud and on how to prevent them.

Go to:

Deutsche Leasing has outsourced selected corporate functions to other companies in accordance with § 25b KWG (Banking Act). A regular risk analysis is performed in case of outsourced activities. This assesses the nature, scope, complexity and risk content of outsourced processes. A risk analysis is performed prior to the conclusion of a new outsourcing agreement or in case of changes to an existing outsourcing agreement. This risk assessment is used to determine whether outsourcing is material or immaterial from the point of view of risk. The assessment method applied for this purpose includes risk-sensitive assessment criteria and distinguishes between the materiality assessment and the evaluation of the service provider.

Equity investment risk, business risk, translation risk

The equity investment risk is determined using risk weightings prescribed according to regulatory requirements for equity investment exposures. The business risk is estimated on the basis of historical deviations in the actual values of relevant components of the company's business performance in relation to their target values. The translation risk is measured by means of a VaR approach. These risks are likewise restricted by specifying limits within the scope of the RBC concept and are monitored and controlled by means of internally prescribed processes.

Other risks (litigation and legal risks)

The potential risks for the Deutsche Leasing Group arising from current litigation are fully covered through provisions.

General comments

In summary, subject to unchanged conservative valuation benchmarks Deutsche Leasing has made appropriate provision for all discernible risks in its consolidated financial statements. Non-scheduled depreciation, provisions and valuation adjustments remain adequate and are calculated according to conservative benchmarks. In addition, Deutsche Leasing has established reserves in line with §§ 340f and 340g HGB; it has also established significant hidden risk provisions due to advance expenses typical of the leasing business.

Overall, no special business-model-related risks exceeding the normal level of risk and jeopardising going-concern status are discernible for the Deutsche Leasing Group.

Forecast report for the Deutsche Leasing Group

The slowdown of the **world economy** continued in the autumn of 2019. Since the start of the year, output in the manufacturing sector has stagnated or even declined in some advanced economies; the same is true of international trade in goods. The fall in the volume of global trade and the downturn in manufacturing were attributable not least to trade conflicts. In particular, according to the IMF the conflict between the USA and China had a significant adverse impact on trade in goods between these two countries. In general, the political outline conditions – including the terms of the United Kingdom's withdrawal from the EU, which had still not been clarified as of the reporting date – are a source of significant uncertainty for foreign trade and are depressing international economic activity. All in all, the IMF predicts global economic growth of approx. 3.0% for 2019, 3.4% for 2020 and 3.6% for 2021.

The **Eurozone** economy is currently only registering subdued growth. The basic economic trend has already clearly weakened since the start of 2018. This was attributable, in particular, to the decline in momentum provided by the international environment and thus also to increasingly weakening industry. Nonetheless, early indicators point to continuing – albeit moderate – overall economic output growth, and the economy will remain buoyed by low interest rates as well as mildly expansionary fiscal stimuli. Moreover, in the forecast period – unlike in the recent past – foreign trade is likely to once again provide a moderate contribution to economic growth in the Eurozone, assuming that Europe is not drawn into trade conflicts and the United Kingdom does not disruptively withdraw from the Single European Market. According to projections from the joint economic forecast and the Kiel Institute for the World Economy (IfW), the Eurozone's gross domestic product is thus likely to increase by 1.2% in 2019 and by 1.2% in 2020. In 2021, output growth should pick up slightly to 1.4 % (joint economic forecast) or 1.5 % (IfW).

In **Germany**, the economic slowdown continued in the current year. Since the start of the downturn, much of the previously very pronounced overutilisation of production capacities has now fallen away. The rate of utilisation still slightly exceeds the long-term average level.

Nevertheless, industry is in recession. Output has fallen for around eighteen months, which is the key factor behind the current economic slowdown. The German economy previously experienced a strong boom. The high level of political uncertainty worldwide resulting from the continuing trade conflicts is likely having a particularly negative impact on output in Germany. Exports will only gradually recover. Private consumer spending will continue to increase very strongly, but according to the economic research institutes corporate investments will initially experience a significant decline due to the weaker sales outlook. All in all, the authors of the joint economic forecast expect growth of 0.5% in 2019 and 0.9% in 2020, while in 2021 the economy should grow by 1.4%. The IMF predicts growth of 0.4% for 2019, 1.0% for 2020 and 1.4% for 2021.

Domestic turnover of investment goods producers once again fell in 2019, and the decline in domestic orders of investment goods since the start of the year points to continuing weak demand. For the remainder of the forecast period, the authors of the joint economic forecast envisage a gradual recovery of investment activity in the business sector, buoyed by the momentum provided by a slightly more dynamic global economy. The recovery of the domestic economy and the associated slight increase in the level of capacity utilisation in the manufacturing sector should also stimulate investment activity. Moreover, the financing terms for investors will remain attractive in the forecast period. In this context, the authors of the joint economic forecast assume a growth rate of 0.7 per cent for **plant and equipment expenditures** in 2019 and of 0.5 per cent in 2020 and 2.5 per cent in 2021.

In the coming financial year 2019/2020, **Deutsche Leasing** will continue to face challenging outline conditions owing to a competitive environment which will remain tough, since major banks and development banks will continue to strongly focus on the SME segment, alongside Deutsche Leasing's established competitors in the leasing sector. The competitive environment outlined above and the ongoing low interest rate phase – which is the result of the ECB's extremely loose low interest rate and monetary policies – continue to mean tight margins and associated pressures on the income side. Moreover, digitalisation and more stringent regulatory requirements are posing additional challenges.

Deutsche Leasing continues to have attractive growth areas in the asset finance and asset services markets which support its long-term growth and income goals. Intra-Group business with the savings banks and the development of international business, supporting customers and partners outside Germany, are key priorities here. In addition, Deutsche Leasing will focus even more strongly on the development of business which is independent of interest rates and will realise the growth potential offered by the insurance and factoring segments. This contrasts with the political uncertainties chiefly associated with the trade conflict

Go to:

between the USA and China as well as the lack of clarity over the terms of the United Kingdom's withdrawal from the European Union. A clear assessment of the consequences of these uncertainties is not possible, but companies' investment propensity is subdued. If the related setback risks – which cannot be ruled out – were to be realised, they would have a considerable negative impact on investment momentum as well as the development of the Deutsche Leasing Group.

On the basis of a conservative, opportunity-oriented and sustainable business and risk policy, the Deutsche Leasing Group is continuing to rigorously pursue its long-term growth and income goals. Through its sustainable market exploitation approach, Deutsche Leasing aims to achieve a volume of new business growth in excess of the overall economic trend and a continuous, moderate increase in its net asset value. In the context of the dynamic development of its portfolio, equity and provisions in accordance with §§ 340f and 340g HGB are to be further strengthened.

Deutsche Leasing would like to thank its customers, its partners and Sparkassen-Finanzgruppe for this positive and successful relationship in the financial year 2018/2019. Thanks are also due to all of the employees of Deutsche Leasing worldwide who have provided the foundations for another successful financial year on the strength of their performance and their commitment.

Internal control system and risk management system in relation to the Group's financial reporting process

The objectives of the financial-reporting-related internal control system (ICS) are compliance with the financial reporting rules and maintaining an orderly financial reporting system. Deutsche Leasing draws up its consolidated financial statements in accordance with the German Commercial Code and supplementary provisions of the German Accounting Ordinance for Banks and Financial Services Providers (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute, RechKredV).

The Management Board has overall responsibility for the Group's financial reporting process. All of the companies included in the consolidated financial statements are incorporated by means of a process defined in writing. The basis of consolidation is centrally organised. The principles and the structural and organisational procedures of the financial-reporting-related ICS are defined in writing and are continuously refined. The Finance department is responsible for the accounting rules which must be complied with, the definition of account allocation rules, the methodology for accounting entries and for administration of the financial accounting system. The financial reporting process is documented in line with the principles of orderly accounting, in a manner which expert third parties are able to understand. The relevant records are kept in compliance with the retention periods stipulated by law.

The functions of the organisational units involved in the financial reporting process are clearly segregated. In the contract management systems, the leasing, hire-purchase and loan contracts of contract units, among others, are recorded in subsidiary ledgers. The data are transferred from the subsidiary ledgers to the general ledger via automated interfaces.

The involvement of the Finance department in the new product process ensures that new products are duly incorporated in the financial reporting system.

Deutsche Leasing uses a standard financial accounting software package. The limited grant of access rights protects the financial reporting process against unauthorised access. In addition, the dual-control principle, standardised reconciliation routines and target and actual data comparisons ensure that errors are identified and corrected in good time. These measures also ensure that assets and liabilities are properly recognised, measured and presented. The company's financial-reporting process is also incorporated in the Group's risk management system (RMS).

Internal Audit regularly conducts process-independent audits in order to verify the functionality of the financial reporting-related ICS/RMS.

Go to:

Deutsche Sparkassen Leasing AG & Co. KG

Basic information regarding Deutsche Sparkassen Leasing AG & Co. KG

Deutsche Sparkassen Leasing AG & Co. KG is the parent company of the Deutsche Leasing Group. Deutsche Sparkassen Leasing AG & Co. KG plays the key role in the business activities of the Deutsche Leasing Group which are outlined in the › "Basic information" chapter.

In the year under review, it had one branch office in Berlin. This handled risk decision-making and processing of a portion of new and existing business. On 30 September 2019, it had 13 (previous year: 24) employees.

Economic report

The overall economic and industry-specific environment presented in the › “Economic report” chapter and business performance are largely consistent with those of Deutsche Sparkassen Leasing AG & Co. KG.

Earnings position

In the past financial year, **net income for the year** amounted to EUR 50.3 million (previous year: EUR 50.4 million), with a further increase in the equity base.

Leasing income resulting from leasing and hire-purchase business and from the sale of second-hand leasing assets increased by EUR 331 million, from EUR 4,748 million to EUR 5,079 million, and was thus 7 per cent higher than in the previous year. This increase reflected an expansion of the portfolio which was recognised in current income. Some of the adverse margin-related effects directly correspond to the lower refinancing costs for interest expenses, due to interest rate levels, which are among the key factors in the gross performance for leasing business.

Overall, the development of **leasing expenses** which are associated with leasing income and of **interest income** is comparable with the income trend.

In line with the business trend, **depreciation on leasing assets** increased by 2 per cent or EUR 48 million, from EUR 2,236 million to EUR 2,284 million. In principle, scheduled depreciation on newly acquired leasing assets included in this amount in the period remains in line with the term of the underlying leasing contracts.

The continuing low interest rate phase and the associated lower interest rate level for borrowed funds resulted in a significant decline in interest expenses which was associated with the outlined margin trend. **Interest income** improved from EUR –43 million to EUR –41 million.

The low interest rate level remained a key factor shaping the result for the financial year. It adversely affected the rate of interest for interest-free liabilities tied up in lending business and the liquid capital base as well as the net interest margin contributions achievable on the market.

General administrative expenses increased by 10 per cent in the past financial year to EUR 218 million. Personnel expenses have increased due to regular salary rises as well as scheduled recruitment of personnel. In addition, other administrative expenses were higher than in the previous year due to investments in strategic initiatives.

Equity increased by EUR 11 million, from EUR 652 million to EUR 663 million. Deutsche Leasing is continuing to pursue its strategy of strengthening its equity and has slightly increased its provisions for general banking risks in accordance with §§ 340f and 340g HGB.

Financial position

The financial position outlined in the › "Economic situation" section is largely consistent with the financial position of Deutsche Sparkassen Leasing AG & Co. KG.

Net asset situation

The **total assets** of Deutsche Leasing increased by EUR 443 million by comparison with the previous year and amount to EUR 13.1 billion.

The net asset situation remains mainly shaped by leasing assets as well as receivables from customers. At EUR 15.2 billion, leasing assets, measured at initial values, were higher than in the previous year (EUR 14.8 billion).

General statement by the Management Board on the economic situation

Deutsche Sparkassen Leasing AG & Co. KG reported a net income for the year of EUR 50.3 million. This income provides the basis for the proposal to distribute a dividend to the shareholders in the amount of EUR 40.0 million (previous year: EUR 40.0 million). Deutsche Leasing thus continues to adhere to its sustainable dividend policy of the past few years, while complying with its adopted equity strategy.

The net asset, financial and earnings situation of Deutsche Sparkassen Leasing AG & Co. KG remains in good order.

The economic situation outlined in the › "General statement by the Management Board on the economic situation" section is largely consistent with that of Deutsche Sparkassen Leasing AG & Co. KG.

Financial and non-financial performance indicators

The performance indicators outlined in the › "Financial performance indicators" and "Non-financial performance indicators" sections are largely consistent with the performance indicators of Deutsche Sparkassen Leasing AG & Co. KG.

On the balance-sheet date, Deutsche Sparkassen Leasing AG & Co. KG had a total of 1,247 (previous year: 1,294) employees. For further information, please refer to the › "Employees" subsection.

Go to:

Report on risks and opportunities and forecast report

Report on risks and opportunities

Risks and opportunities and the processes for handling risks and opportunities at Deutsche Sparkassen Leasing AG & Co. KG are largely analogous to those applicable for the Deutsche Leasing Group. These are discussed in the › "Report on risks and opportunities and forecast report" chapter.

Forecast report

In general, Deutsche Sparkassen Leasing AG & Co. KG is subject to the same factors as the Deutsche Leasing Group in relation to its envisaged business development. Please refer to the › "Report on risks and opportunities and forecast report" chapter for further information and figures.

Bad Homburg v. d. Höhe, 17 December 2019

Deutsche Sparkassen Leasing AG & Co. KG

represented by its general partner

Deutsche Sparkassen Leasing
Verwaltungs-Aktiengesellschaft

Ostermann Kardorf Laukin Strehle Weis

Go to:

Consolidated financial statements

Consolidated balance sheet as of 30 September 2019

Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe

Assets

			As of 30/9/2019	As of 30/9/2018
		EUR	EUR	TEUR
1. Cash reserves a) Cash in hand b) Central bank balances		38,209.84 61,000,000.00	61,038,209.84	37 104,961
2. Receivables from credit institutions a) Due daily b) Other receivables		302,451,876.07 59,164,367.13	361,616,243.20	226,155 66,793
3. Receivables from customers			10,149,158,928.04	9,088,142
4. Equities and other non-fixed-interest securities			3,747,913.12	4,037
5. Investments of which: in credit institutions EUR 191,780,248.20 (previous year: TEUR 184,290)			218,141,188.93	212,799
6. Shares in affiliated companies			13,906,605.23	13,991
7. Leasing assets			10,866,948,566.30	10,600,884
8. Intangible assets a) Concessions, industrial property rights acquired for consideration and similar rights and assets and licenses for such rights and assets b) Goodwill c) Advanced payments		34,134,357.86 48,388,612.37 7,230,253.25	89,753,223.48	31,069 52,421 7,359
9. Property, plant and equipment			127,791,449.86	125,413
10. Other assets			242,587,681.19	238,888
11. Prepayments			12,493,905.69	11,368
12. Surplus resulting from offsetting of assets			119,555.94	165
Total assets			**22,147,303,470.82**	**20,784,482**

Go to:

Equity and liabilities

			As of 30/9/2019	As of 30/9/2018
		EUR	EUR	TEUR
1. Liabilities owed to credit institutions				
a) Due daily		649,699,838.61		803,676
b) With agreed maturity or notice period		13,297,559,235.76	13,947,259,074.37	12,031,232
2. Liabilities owed to customers				
a) Other liabilities				
aa) Due daily		316,576,572.56		491,978
ab) With agreed maturity or notice period		532,283,443.28	848,860,015.84	1,190,745
3. Liabilities evidenced by certificates				
a) Issued bonds			1,184,451,218.10	333,000
4. Other liabilities			339,693,255.15	313,735
5. Deferred income			4,336,773,933.93	4,252,659
6. Provisions				
a) Provisions for pensions and similar obligations		149,489,142.22		130,128
b) Provisions for taxation		9,406,419.16		4,994
c) Other provisions		122,984,410.58	281,879,971.96	107,713
7. Subordinate liabilities			29,228,215.68	17,371
8. Fund for general banking risks			252,000,000.00	250,000
9. Equity				
a) Called-up capital Subscribed capital/ equity shares of limited partners		240,000,000.00		240,000
b) Reserves		457,627,912.99		421,789
c) Differences from currency translation		8,565,637.11		8,206
d) Non-controlling interests		146,295,018.08		110,072
e) Net profit for the year		74,669,217.61	927,157,785.79	77,184
Total equity and liabilities			**22,147,303,470.82**	**20,784,482**

1. Contingent liabilities Liabilities under suretyships and guarantee agreements			350,236,268.91	380,333
2. Other obligations Irrevocable loan commitments			256,301,028.35	219,721

Go to:

Consolidated profit and loss account for the period from 1 October 2018 to 30 September 2019

Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe

			2018/2019	2017/2018
	EUR	EUR	EUR	TEUR
1. Leasing income		8,061,532,438.06		7,138,640
2. Leasing expenses		-4,980,746,496.93	3,080,785,941.13	-4,165,469
3. Interest income from a) Credit and money market transactions of which: negative interest income EUR 4,447,813.32 (previous year: TEUR 7,495)		134,847,793.17		136,281
4. Interest expenses of which: negative interest expenses EUR 2,360,081.02 (previous year: TEUR 1,207)		-140,972,543.90	-6,124,750.73	-139,881
5. Current income from a) Investments b) Shares in affiliated companies		 9,879,771.69 6,791,826.27	 16,671,597.96	 19,436 680
6. Income from profit and loss transfer agreements			2,097,445.66	2,210
7. Commission income		30,220,751.29		25,968
8. Commission expenses		-35,178,633.98	-4,957,882.69	-29,157
9. Other operating income			297,994,693.56	295,793
10. General administrative expenses a) Personnel expenses aa) Wages and salaries ab) Social security contributions and expenses for retirement pensions and other benefits of which: for retirement pensions EUR 5,752,017.18 (previous year: TEUR 3,875) b) Other administrative expenses	 -219,260,066.30 -36,347,161.01	 -255,607,227.31 -128,714,165.12	 -384,321,392.43	 -199,063 -32,837 -114,437

Go to:

			2018/2019	2017/2018
	EUR	EUR	EUR	TEUR
11. Depreciation and valuation adjustments on				
a) Leasing assets		-2,614,536,729.22		-2,524,801
b) Intangible assets and property, plant and equipment		-21,011,557.84	-2,635,548,287.06	-21,583
12. Other operating expenses			-229,612,176.13	-228,517
13. Depreciation and valuation adjustments on receivables and specific securities and allocations to provisions for leasing and loan business of which: expenses for allocation to the fund for general banking risks pursuant to § 340g HGB EUR 2,000,000.00 (previous year: TEUR 25,000)			-29,690,420.92	-43,257
14. Depreciation and valuation adjustments on investments, shares in affiliated companies and securities treated as non-current assets			-164,739.15	1,025
15. Expenses from profit and loss transfer agreements			-536,141.20	-912
16. Profit on ordinary activities			**106,593,888.00**	**120,119**
17. Taxes on income and profit			-18,584,983.24	-28,170
18. Other taxes, not included under Item 12			-1,471,376.78	-855
19. Net income for the year			**86,537,527.98**	**91,094**
20. Non-controlling interests in profit			-11,991,203.80	-14,040
21. Non-controlling interests in loss			122,893.43	130
22. Net profit for the year			**74,669,217.61**	**77,184**

Notes to the consolidated financial statements for the financial year 2018/2019

Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe

General disclosures

As a financial services provider, Deutsche Sparkassen Leasing AG & Co. KG (registration court: Bad Homburg v. d. Höhe, commercial register no.: HRA 3330) has prepared its consolidated financial statements for the financial year ending 30 September 2019 in accordance with commercial law provisions (§§ 290 ff. of the German Commercial Code (Handelsgesetzbuch, HGB)), the supplementary provisions for credit institutions and financial services providers (§§ 340 ff. HGB) as well as the provisions of the German Accounting Ordinance for Banks and Financial Services Providers (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute, RechKredV). The company makes use of RechKredV forms 1 (balance sheet) and 3 (vertical-format profit and loss account).

Due to the parent company's legal form, equity is presented in deviation from the requirements stipulated in the RechKredV forms. The components of the company's reserves are not disclosed separately.

Where disclosures may be provided either in the consolidated balance sheet or in the notes to the consolidated financial statements, as a rule they are provided in the notes to the consolidated financial statements.

Group of consolidated companies

As well as Deutsche Sparkassen Leasing AG & Co. KG, a total of 95 subsidiaries have been incorporated in the consolidated financial statements. By comparison with the previous year, two subsidiaries were included in the consolidated financial statements for the first time; two subsidiaries were deconsolidated.

Limes Funding S.A., Luxembourg, was included in the consolidated financial statements on 30 September 2019 for the first time. Disclosures have been provided for the individual items of the consolidated balance sheet to ensure comparability with the consolidated financial statements for the previous year.

A total of 12 associated companies have been valued using the equity method.

The subsidiaries, joint ventures and associated companies which are of minor significance for an assessment of the net asset, financial and profit situation – even collectively – have not been consolidated and have not been valued according to the equity method.

Go to:

The parent company has the following key investments:

Name of the company	Registered office of the company	Equity share in per cent
Germany		
Deutsche Leasing AG	Bad Homburg v. d. Höhe	100.0
Deutsche Leasing Finance GmbH	Bad Homburg v. d. Höhe	100.0
Deutsche Leasing Fleet GmbH	Bad Homburg v. d. Höhe	100.0
Deutsche Leasing für Sparkassen und Mittelstand GmbH	Bad Homburg v. d. Höhe	100.0
Deutsche Leasing Information Technology GmbH	Bad Homburg v. d. Höhe	100.0
Deutsche Leasing International GmbH	Bad Homburg v. d. Höhe	100.0
DAL Deutsche Anlagen-Leasing GmbH & Co. KG	Mainz	99.8
AutoExpo Deutsche Auto-Markt GmbH	Fernwald	100.0
Bad Homburger Inkasso GmbH	Bad Vilbel	47.4
BHS Bad Homburger Servicegesellschaft mbH	Bad Vilbel	100.0
Deutsche Mobilien Leasing GmbH	Bad Homburg v. d. Höhe	100.0
Deutsche Objekt-Leasing GmbH	Bad Homburg v. d. Höhe	100.0
S-Kreditpartner GmbH	Berlin	33.3
Deutsche Factoring Bank GmbH & Co. KG	Bremen	53.0

Name of the company	Registered office of the company	Equity share in per cent
Other countries		
Deutsche Leasing Austria GmbH	Vienna	100.0
Deutsche Leasing Benelux N.V.	Antwerp (Berchem)	100.0
Deutsche Leasing Bulgaria EAD	Sofia	100.0
Deutsche Leasing Canada (Del.), Inc.	Wilmington	100.0
Deutsche Leasing Canada, Corp.	Halifax	100.0
Deutsche Leasing (China) Co., Ltd.	Shanghai	100.0
Deutsche Leasing ČR, spol. s r.o.	Prague	100.0
Deutsche Leasing France Operating S.A.S.	Rueil Malmaison	100.0
Deutsche Leasing France S.A.S.	Rueil Malmaison	100.0
Deutsche Leasing Funding B.V.	Amsterdam	100.0
Deutsche Leasing Hungária Zrt.	Budapest	100.0
Deutsche Leasing Hungária Kft.	Budapest	100.0
Deutsche Leasing Ibérica, E.F.C., S.A.	Barcelona	100.0
DL Ibérica EquipRent S.A.	Barcelona	100.0
Deutsche Leasing (Ireland) D.A.C.	Dublin	100.0
Deutsche Leasing Italia S.p.A.	Milan	100.0
Deutsche Leasing Operativo S.r.l.	Milan	100.0
Deutsche Leasing Nederland B.V.	Amsterdam	100.0
Deutsche Leasing North America Inc.	Wilmington	100.0
Deutsche Leasing USA Inc.	Wilmington	100.0
Deutsche Leasing Polska S.A.	Warsaw	100.0
Deutsche Leasing Romania IFN S.A.	Bucharest	100.0
Deutsche Leasing Romania Operational SRL	Bucharest	100.0
Deutsche Leasing Slovakia spol. s r.o.	Bratislava	100.0
Deutsche Leasing Sverige AB	Stockholm	100.0
Deutsche Leasing (UK) Ltd.	London	100.0
Deutsche Leasing Vostok AG	Moscow	100.0
Deutsche Sparkassen Leasing do Brasil S.A.	São Paulo	100.0
Locadora DL do Brasil Ltda.	São Paulo	100.0

Please refer to the appendix to the notes to the consolidated financial statements (§ 313 (2) HGB) for full **disclosures concerning shareholdings.**[1]

[1] The appendices to the notes to the consolidated financial statements are not printed in the annual report. They may be viewed in the electronic version of the German Federal Gazette as disclosed.

Go to:

Consolidation methods

For subsidiaries newly incorporated in the group of consolidated companies, capital consolidation is performed according to the revaluation method. The historical costs of the shares in subsidiaries are offset against their share of equity as of the date on which this company became a subsidiary.

The profits brought forward of consolidated subsidiaries are allocated to the reserves.

Loans, receivables and liabilities between consolidated companies are offset.

Trade receivables and other income realised between consolidated companies are offset against corresponding expenses.

Future receivables resulting from intra-Group purchases of receivables – which are reported in the consolidated financial statements at their present value – are consolidated with the deferred income item from sales of receivables under leasing contracts. Any remaining amount is reported in the profit and loss account.

The value of the investments in associated companies reported at equity has been calculated by means of the book value method as of the date on which the company became an associated company.

Currency translation

Currency translation for foreign financial statements is based on the modified closing rate method. Assets and liabilities are translated at mean spot exchange rates on the balance-sheet date, expenses and income at average annual rates and equity at historical rates. Differences resulting from currency translation are not recognised in income and are separately reported in equity.

Accounting policies

Currency translation for assets and liabilities is in accordance with the rules laid down in § 340h HGB and §§ 300 (2) in conjunction with 256a HGB.

Cash reserves and receivables from credit institutions are reported at nominal value.

In principle, receivables are reported at their historical costs. Claims under hire-purchase contracts and sales of receivables are reported at their present value. Discernible risks are taken into account by means of depreciation to the lower fair value. According to §§ 253 (5) in conjunction with 298, 300 (2) HGB, write-ups are implemented where the grounds for depreciation are no longer applicable.

As a rule, scheduled depreciation on newly acquired leasing assets is in line with the term of the leasing contracts.

As a rule, the straight-line depreciation method is used instead of the declining-balance depreciation method if this results in an increase in depreciation.

Intangible assets are reported at their historical costs less scheduled amortisation. Goodwill is subject to straight-line amortisation over the average residual terms of the existing portfolio of contracts, over a period of 15 years.

Property, plant and equipment is valued at historical costs less scheduled depreciation.

Leasing goods, intangible assets and property, plant and equipment are subject to non-scheduled depreciation in case of permanent impairment. Leasing goods are subject to non-scheduled depreciation in case of possible risks associated with violations of leasing contracts.

In principle, other assets are reported at their historical costs. Where this includes assets resulting from terminated leasing contracts, these are valued at amortised historical costs.

The surplus resulting from the offsetting of assets has been calculated pursuant to § 246 (2) HGB.

Liabilities are valued at their settlement amounts.

Deferred income mainly consists of the selling prices resulting from the sale of leasing receivables. Where these result from the sale of non-straight-line leasing instalments they are reversed in proportion to the capital, and otherwise on a straight-line basis. In case of non-monthly leasing instalments, deferred income includes income to guarantee realisation of revenues in accordance with the performance period.

Provisions for pensions have been valued using the projected unit credit method and their reported amounts are based on actuarial calculations. The provision amounts have been calculated in accordance with §§ 253 (2) in conjunction with 298, 300 (2) HGB and in conjunction with the German Provisions Discounting Ordinance (Rückstellungsabzinsungsverordnung, RückAbzinsV), subject to the interest rates for accounting purposes fixed by the German Bundesbank and on the basis of an average market interest rate for the past ten financial years of between 2.83 and 3.21 per cent. This calculation is based on the current Heubeck 2018 G guideline tables and an index-linked pension increase of between 1.00 and 2.00 per cent. An index-linked salary increase of 2.00 per cent has been assumed for a portion of the provisions for pensions. For calculation of the rate of fluctuation, age- and gender-specific fluctuation probabilities of 2.00 to 4.50 per cent have been applied.

Provisions for anniversary bonuses have been calculated according to the projected unit credit method, with discounting rates of between 2.06 and 2.32 per cent and an index-linked salary increase of 2.00 per cent. For calculation of the rate of fluctuation, age- and gender-specific fluctuation probabilities of 4.50 per cent have been applied.

Old-age part-time working obligations are calculated by means of a discounting rate of 0.69 per cent and an index-linked salary increase of 2.00 per cent.

Provisions for taxation and other provisions are reported in the value of the settlement amount which is deemed necessary according to a prudent commercial assessment.

Financial statements of foreign companies have been included on the basis of the uniform valuation methods for the consolidated financial statements, while considering peculiarities in individual countries and complying with the principle of materiality.

Within the scope of the loss-free valuation of interest-related business in the banking book, a progress review has been prepared for financial assets as well as interest-bearing deposit operations, including carefully calculated risk and administrative expenses. The surpluses expected to result from this have been identified. This has not given rise to a need to establish provisions for contingent losses.

In cases where liabilities (underlying transactions) are pooled (valuation units) to equalise opposite cash flows or changes in value resulting from similar risks entered into through financial instruments (hedging instruments), the general valuation principles laid down in § 254 HGB will not apply insofar as and for as long as opposite cash flows or changes in value equalise one another. For the effective portion, changes in the values of underlying transactions and hedging instruments are calculated according to the “net hedge presentation method” for interest and the “gross hedge presentation method” for currencies.

Deferred taxes are calculated for time differences between the commercial and tax balance-sheet valuations of assets, liabilities and accruals and deferrals, in principle encompassing includable tax loss carryforwards. Timing differences resulting from the parent company’s balance-sheet items are included as well as those applicable for subsidiary companies. Domestic and foreign subsidiaries which are not included in the tax group are also considered. Tax loss carryforwards are included in the valuation of deferred tax assets if they are expected to be offsettable against taxable income within a period of five years. Deferred taxes are calculated on the basis of the income tax rate for the respective member company of the consolidated group of between 9.00 per cent and 40.00 per cent. Deferred tax assets and liabilities are offset. Due to the overall assessment – including the deferred taxes from the annual financial statements of the incorporated companies – in case of tax relief, balance-sheet reporting is waived in line with the capitalisation option. In the reporting year no deferred taxes are reportable in the consolidated financial statements of Deutsche Sparkassen Leasing AG & Co. KG, since this option has not been used.

Notes on the consolidated balance sheet

Please see the fixed-asset movement schedule for disclosures concerning equities and other non-fixed-interest securities, investments, shares in affiliated companies, leasing assets, intangible assets and property, plant and equipment.

Please see below for the disclosures concerning receivables from credit institutions and customers as well as the liabilities owed to credit institutions and customers and liabilities evidenced by certificates.

Fixed-asset movement schedule

	Historical costs				Write-ups	
	1/10/2018	Additions	Disposals	Reclassifications	1/10/2018	in financial year
	EUR	EUR	EUR	EUR	EUR	EUR
1. Equities and other non-fixed-interest securities	4,064,563.04	0.00	288,775.90	0.00	0.00	0.00
2. Investments						
Investments in associated companies	179,738,104.62	5,717,537.50	646,651.54	0.00	0.00	0.00
Other investments	33,113,970.86	915,063.30	644,214.22	0.00	0.00	0.00
	212,852,075.48	6,632,600.80	1,290,865.76	0.00	0.00	0.00
3. Shares in affiliated companies	14,526,546.87	711,095.00	795,379.26	0.00	0.00	0.00
4. Leasing assets						
Leasing goods	17,287,819,642.31	3,411,640,875.26	3,640,913,567.99	+475,388,332.51	884,000.00	1,634,014.83
Advanced payments	475,388,332.52	485,348,147.38	0.00	-475,388,332.51	0.00	0.00
	17,763,207,974.83	3,896,989,022.64	3,640,913,567.99	0.00	884,000.00	1,634,014.83
5. Intangible assets						
Industrial rights	127,628,953.59	10,196,119.57	2,121,510.68	+3,619,595.07	0.00	0.00
Goodwill	68,295,259.03	0.00	0.00	0.00	0.00	0.00
Advanced payments	7,359,174.22	3,724,295.49	233,621.39	-3,619,595.07	0.00	0.00
	203,283,386.84	13,920,415.06	2,355,132.07	0.00	0.00	0.00
6. Property, plant and equipment						
Buildings on leasehold properties	120,984,638.64	189,922.86	91,479.53	0.00	0.00	0.00
Fittings, tools and equipment	67,151,589.17	11,958,167.61	5,084,069.80	+940,415.76	0.00	0.00
Advanced payments	1,133,349.79	1,246,440.71	2,028.00	-940,415.76	0.00	0.00
	189,269,577.60	13,394,531.18	5,177,577.33	0.00	0.00	0.00
	18,387,204,124.66	**3,931,647,664.68**	**3,650,821,298.31**	**0.00**	**884,000.00**	**1,634,014.83**

Go to:

Depreciation/amortisation				Book values	
1/10/2018	in financial year	Disposals	30/9/2019	30/9/2019	30/9/2018
EUR	EUR	EUR	EUR	EUR	EUR
27,874.02	0.00	0.00	27,874.02	3,747,913.12	4,036,689.02
0.00	0.00	0.00	0.00	184,808,990.58	179,738,104.62
52,621.59	0.00	0.00	52,621.59	33,332,198.35	33,061,349.27
52,621.59	0.00	0.00	52,621.59	218,141,188.93	212,799,453.89
535,657.38	0.00	0.00	535,657.38	13,906,605.23	13,990,889.49
7,163,208,208.14	2,616,170,744.05	2,624,526,074.18	7,154,852,878.01	10,381,600,418.91	10,125,495,434.17
0.00	0.00	0.00	0.00	485,348,147.39	475,388,332.52
7,163,208,208.14	2,616,170,744.05	2,624,526,074.18	7,154,852,878.01	10,866,948,566.30	10,600,883,766.69
96,559,790.43	8,794,509.48	165,500.22	105,188,799.69	34,134,357.86	31,069,163.16
15,874,262.30	4,032,384.36	0.00	19,906,646.66	48,388,612.37	52,420,996.73
0.00	0.00	0.00	0.00	7,230,253.25	7,359,174.22
112,434,052.73	12,826,893.84	165,500.22	125,095,446.35	89,753,223.48	90,849,334.11
20,786,193.05	3,429,817.09	0.00	24,216,010.14	96,867,071.83	100,198,445.59
43,070,875.56	4,754,846.91	2,346,651.02	45,479,071.45	29,487,031.29	24,080,713.61
0.00	0.00	0.00	0.00	1,437,346.74	1,133,349.79
63,857,068.61	8,184,664.00	2,346,651.02	69,695,081.59	127,791,449.86	125,412,508.99
7,340,115,482.47	**2,637,182,301.89**	**2,627,038,225.42**	**7,350,259,558.94**	**11,320,288,946.92**	**11,047,972,642.19**

Go to:

	30/9/2019	30/9/2018
	EUR	TEUR
Receivables from credit institutions	**361,616,243.20**	**292,948**
a) Due daily	302,451,876.07	226,155
b) With agreed maturity or notice period	59,164,367.13	66,793
ba) up to three months	5,685,664.45	12,235
bb) more than three months and up to one year	0.00	–
bc) more than one year and up to five years	1,623,790.18	–
bd) more than five years	51,854,912.50	54,558
Receivables from customers	**10,149,158,928.04**	**9,088,142**
a) up to three months	1,774,770,941.32	2,194,393
b) more than three months and up to one year	1,413,635,444.57	1,179,885
c) more than one year and up to five years	4,643,070,160.86	3,793,444
d) more than five years	2,014,819,812.82	1,603,603
e) with an indefinite term	302,862,568.47	316,817

	30/9/2019	30/9/2018
	EUR	TEUR
Liabilities owed to credit institutions	**13,947,259,074.37**	**12,834,908**
a) Due daily	649,699,838.61	803,676
b) With agreed maturity or notice period	13,297,559,235.76	12,031,232
ba) up to three months	1,272,303,936.57	4,092,731
bb) more than three months and up to one year	2,619,956,390.84	1,728,578
bc) more than one year and up to five years	6,371,690,833.63	5,049,711
bd) more than five years	3,033,608,074.72	1,160,212
Liabilities owed to customers	**848,860,015.84**	**1,682,723**
a) Due daily	316,576,572.56	491,978
b) With agreed maturity or notice period	532,283,443.28	1,190,745
ba) up to three months	152,269,165.91	335,399
bb) more than three months and up to one year	120,172,055.57	261,454
bc) more than one year and up to five years	257,422,538.41	580,730
bd) more than five years	2,419,683.39	13,162
Liabilities evidenced by certificates	**1,184,451,218.10**	**333,000**
a) up to three months	138,489,068.94	163,000
b) more than three months and up to one year	65,000,000.00	170,000
c) more than one year and up to five years	0.00	–
d) more than five years	980,962,149.16	–

Receivables from credit institutions include sales of receivables to savings banks and credit institutions which have not yet been settled up. Receivables from shareholders amount to EUR 10.8 million (previous year: EUR 2.1 million). Of the total amount, EUR 19.3 million relates to Limes Funding S.A., which was consolidated for the first time. A loan to an associated company in the amount of EUR 51.9 million (previous year: EUR 51.8 million), which was included under other assets in the previous year, has been reported under receivables from credit institutions in the past financial year. The figure for the previous year has been adjusted for improved comparability.

Of the **receivables from customers**, EUR 7,922.9 million (previous year: EUR 7,145.6 million) relates to leasing, hire-purchase, rental and factoring business. Foreign-currency receivables amount to EUR 2,729.9 million (previous year: EUR 2,279.6 million). Receivables from shareholders amount to EUR 0.3 million (previous year: EUR 0.1 million).

Of the **property, plant and equipment**, EUR 63.8 million (previous year: EUR 66.3 million) relates to the main administrative headquarters of the Deutsche Leasing Group, which it uses for its own purposes, and EUR 29.5 million (previous year: EUR 24.1 million) to fittings, tools and equipment.

The **other assets** item includes loans to affiliated companies in the amount of EUR 152.1 million (previous year: EUR 154.6 million) and tax receivables in the amount of EUR 69.9 million (previous year: EUR 61.7 million). The overall amount includes foreign-currency amounts totalling EUR 35.4 million (previous year: EUR 23.7 million).

Of the total volume of assets, foreign-currency amounts total EUR 3,277.9 million (previous year: EUR 2,826.1 million).

The **prepayments item** includes prepaid premiums for credit and property insurance in the amount of EUR 1.4 million (previous year: EUR 1.5 million).

In relation to the **surplus resulting from the offsetting of assets**, the reinsurance policies are exclusively for fulfilment of the obligations resulting from pension provisions and are not available to other creditors. They have been offset against the underlying obligations pursuant to § 246 (2) Clause 2 HGB. The fair values of the plan assets correspond to the cover funds documented by the insurer and thus match the historical costs in the amount of EUR 1.2 million. The fair value of the plan provisions which exceeds the relevant pension obligation has been reported as EUR 0.1 million in accordance with § 246 (2) Clause 3 HGB. Expenses and income are offset.

Liabilities owed to credit institutions mainly relate to loans and time deposits and include foreign-currency items in the amount of EUR 1,609.8 million (previous year: EUR 1,515.9 million). In addition, liabilities owed to shareholders amount to EUR 744.2 million (previous year: EUR 794.5 million). Of the total amount, EUR 418.9 million (previous year: EUR 386.7 million) is secured by means of the transfer of title of leasing goods for security purposes. This is associated with the sale of claims resulting from residual values and leasing instalments.

Of the **liabilities owed to customers**, EUR 200.0 million (previous year: EUR 1,010.1 million) is secured by means of the transfer of title of leasing goods for security purposes. This is associated with the sale of claims resulting from leasing instalments. Of the overall volume of liabilities, foreign-currency liabilities amount to EUR 22.1 million (previous year: EUR 12.2 million).

Of the **liabilities evidenced by certificates**, EUR 981.0 million relates to Limes Funding S.A., which has been consolidated for the first time. Of the total amount, EUR 1,149.5 million (previous year: EUR 333.0 million) is secured by means of the transfer of title of leasing goods for security purposes. This is associated with the sale of claims resulting from leasing instalments.

Of the **other liabilities**, liabilities owed to suppliers amount to EUR 226.7 million (previous year: EUR 224.2 million).

Provisions for pensions and similar obligations have been established for employees and former Management Board members. Of the reinsurance asset item in the amount of EUR 3.6 million – reported at its fair value in accordance with §§ 255 (4) Clause 4 in conjunction with 298, 300 (2) HGB – TEUR 149 has been offset against the pension provisions. The difference in accordance with § 253 (6) HGB amounts to EUR 23.0 million (previous year: EUR 22.7 million).

The **other provisions** mainly relate to outstanding payments for the personnel segment and provisions for old-age part-time working and anniversary bonuses and also, in the amount of EUR 17.1 million (previous year: EUR 15.3 million), for leasing business.

The **subordinate liabilities** relate to Deutsche Factoring Bank GmbH & Co. KG.

Of the total volume of liabilities, foreign-currency amounts total EUR 1,698.0 million (previous year: EUR 1,495.7 million).

Notes on contingent liabilities

As of the balance-sheet date, **contingent liabilities** amount to EUR 350.2 million (previous year: EUR 380.3 million) and **other obligations** to EUR 256.3 million (previous year: EUR 219.7 million).

The parent company has issued letters of comfort and loan guarantees for the following foreign subsidiaries to their financing banks:

Name of the company	Registered office of the company
Deutsche Leasing Austria GmbH	Vienna
Deutsche Leasing Benelux N.V.	Antwerp (Berchem)
Deutsche Leasing Bulgaria EAD	Sofia
Deutsche Leasing (China) Co., Ltd.	Shanghai
Deutsche Leasing ČR, spol. s r.o.	Prague
Deutsche Leasing France Operating S.A.S.	Rueil Malmaison
Deutsche Leasing France S.A.S.	Rueil Malmaison
Deutsche Leasing Funding B.V.	Amsterdam
Deutsche Leasing Hungária Zrt.	Budapest
Deutsche Leasing Hungária Kft.	Budapest
Deutsche Leasing Ibérica, E.F.C., S.A.	Barcelona
DL Ibérica EquipRent S.A.	Barcelona
Deutsche Leasing (Ireland) D.A.C.	Dublin
Deutsche Leasing Italia S.p.A.	Milan
Deutsche Leasing Operativo S.r.l.	Milan
Deutsche Leasing Nederland B.V.	Amsterdam

(Cont'd on the next page)

Go to:

Name of the company (Cont.)	**Registered office of the company**
Deutsche Leasing Polska S.A.	Warsaw
Deutsche Leasing Romania IFN S.A.	Bucharest
Deutsche Leasing Romania Operational SRL	Bucharest
Deutsche Leasing Slovakia spol. s r.o.	Bratislava
Deutsche Leasing Sverige AB	Stockholm
Deutsche Leasing (UK) Ltd.	London
Deutsche Leasing Vostok AG	Moscow
Deutsche Sparkassen Leasing do Brasil S.A.	São Paulo
Locadora DL do Brasil Ltda.	São Paulo

The parent company provides the following confirmation within the scope of the letters of comfort:

> *With the exception of a political risk scenario, Deutsche Sparkassen Leasing AG & Co. KG hereby undertakes to provide its subsidiary with funding so that it is able to fulfil its liabilities.*

Through a loan-guarantee-based commitment in relation to the financing banks, the political risk is regularly also assumed. This is particularly applicable in relation to the subsidiaries Deutsche Leasing (China) Co., Ltd., Shanghai, Deutsche Leasing Vostok AG, Moscow, Deutsche Leasing ČR, spol. s r.o., Prague, Deutsche Sparkassen Leasing do Brasil S.A., São Paulo, and Locadora DL do Brasil Ltda., São Paulo. In principle, Deutsche Sparkassen Leasing AG & Co. KG also assumes the political risk for its financing company Deutsche Leasing Funding B.V., Amsterdam, in relation to the financing banks, within the scope of a guarantee or a letter of comfort.

Deutsche Sparkassen Leasing AG & Co. KG has submitted a letter of commitment within the scope of the entry of S-Kreditpartner GmbH, Berlin, into the institutional protection scheme established by Deutscher Sparkassen- und Giroverband e.V., Berlin. Deutsche Sparkassen Leasing AG & Co. KG thus provides Deutscher Sparkassen- und Giroverband e.V., Berlin, with an undertaking that, in the event of this company receiving assistance under this protection scheme, it will reimburse these expenses in accordance with its equity share.

In view of current forecasts, the parent company considers that the risk of recourse under these letters of comfort, guarantees and letters of commitment is highly improbable.

The **liabilities under suretyships and guarantee agreements** reported under contingent liabilities are mainly associated with investment loans granted by Deutsche Leasing Finance GmbH.

The **irrevocable loan commitments** reported under the other liabilities are mainly associated with investment loans granted by Deutsche Leasing Finance GmbH. Irrevocable loan commitments to an associated company amount to EUR 19.6 million (previous year: EUR 6.6 million).

Go to:

Notes on the consolidated profit and loss account

The disclosures concerning the classification of income by geographic market are based on the structure selected by the parent company for control and reporting purposes.

Leasing income comprises revenues from leasing instalments and hire-purchase contracts as well as revenues from the resale of leasing goods and was mainly realised in Germany.

Leasing expenses comprise expenses resulting from the acquisition of hire-purchase assets and the disposal of leasing goods.

Interest income includes income from affiliated companies in the amount of EUR 0.1 million (previous year: EUR 0.1 million). Of the interest income, EUR 121.2 million (previous year: EUR 127.4 million) relates to Germany and EUR 13.6 million (previous year: EUR 8.9 million) to other countries. Interest expenses for liabilities resulting from retirement pension commitments, in the amount of TEUR 35, have been offset against interest income on the plan assets, in the amount of TEUR 30, in accordance with § 246 (2) Clause 2 HGB. Interest income includes negative interest income in the amount of EUR 4.4 million (previous year: EUR 7.5 million).

The **interest expenses** include expenses in accordance with §§ 277 (5) in conjunction with 298, 300 (2) HGB in the amount of EUR 13.9 million (previous year: EUR 14.1 million). Of the total amount, EUR 2.4 million (previous year: EUR 1.2 million) relates to negative interest expenses. The interest expenses include an amount of EUR 1.4 million (previous year: EUR 1.1 million) in expenses for subordinated loans.

Of the **commission income**, EUR 28.3 million (previous year: EUR 25.1 million) relates to Germany and EUR 1.9 million (previous year: EUR 0.9 million) to other countries.

The **other operating income** mainly comprises services income. This item includes income not related to the period in the amount of EUR 14.1 million (previous year: EUR 9.8 million). Of the other operating income, EUR 268.2 million (previous year: EUR 267.5 million) relates to Germany and EUR 29.8 million (previous year: EUR 28.3 million) to other countries. Of the total amount, currency translation income totals EUR 24.0 million (previous year: EUR 23.8 million).

Depreciation of leasing assets includes non-scheduled depreciation in the amount of EUR 20.8 million (previous year: EUR 17.8 million).

The **other operating expenses** mainly comprise services expenses. This item includes expenses not related to the period in the amount of EUR 1.8 million (previous year: EUR 3.1 million). Currency translation expenses total EUR 20.7 million (previous year: EUR 27.1 million).

Taxes on income and profit include tax income not related to the period in the amount of EUR 1.1 million (previous year: tax expenses not related to the period in the amount of EUR 0.1 million).

Other disclosures

On the balance-sheet date, other financial obligations amounted to EUR 15.6 million (previous year: EUR 11.3 million) under service and lease agreements, mainly for branch offices. These lease agreements have a remaining term expiring in 2028 at the latest.

Go to:

A second-hand car guarantee for a period of twelve months is provided for motor vehicles sold to end-consumers. On the balance-sheet date, this has resulted in contingent liabilities due to warranties. An insurance policy has been taken out to cover this risk.

On the balance-sheet date, order commitments under leasing and hire-purchase contracts amount to EUR 2,234.2 million (previous year: EUR 2,328.1 million).

Derivatives (interest rate swaps, currency swaps, interest-rate/currency swaps, forward exchange transactions) are exclusively entered into for hedging of interest-rate fluctuation/currency risks.

Deutsche Leasing deals with interest rate risks, in particular, through the use of interest rate swaps. Within the scope of its risk management system, as a rule fixed- and variable-interest cash flows are combined for the relevant currencies and jointly considered in interest-rate gap analyses. This enables a holistic assessment of all of the relevant cash flows resulting from lending business and deposit operations. The overhang of fixed cash flows which give rise to a risk position in case of a change in the interest-rate level is indicated through interest-rate gap analyses which can be prepared at the level of the individual company and also at Group level. This risk position is continuously analysed by means of detailed maturity bands and is reduced by means of conventional loans and derivatives (macro hedge). In some cases, hedges (interest rate swaps) are entered into as cover against interest rate risks for specific underlying transactions (variable-interest loans), subject to identical conditions for the underlying transaction and the hedging transaction (micro hedge). Currency risks are reduced through the use of currency swaps in particular.

The effectiveness of the macro hedge ("interest exposure book management") is measured by comparing the interest-rate gap analysis with and without derivatives. The effectiveness of micro hedges is prospectively measured by means of a comparison of the relevant parameters for the underlying transactions and hedging instruments in both qualitative and quantitative terms. A documented, appropriate and functional risk management system is also used for these transactions.

As of 30 September 2019, the nominal value of the derivatives amounted to EUR 3,081.0 million (previous year: EUR 2,678.5 million). The total derivatives with negative fair values as of the balance-sheet date amount to EUR 30.3 million (previous year: EUR 18.1 million) and have been determined by means of the mark-to-market method. Due to the effectiveness of the macro hedge ("interest exposure book"), no provisions are established. The derivatives have a maximum remaining term of 8.7 years.

In the past financial year, the total fee for the auditor amounted to TEUR 3,198 (previous year: TEUR 3,364). Of this, an amount of TEUR 113 related to the previous year. Of the total fee amount, TEUR 3,117 related to auditing services (previous year: TEUR 3,001). Of this amount, TEUR 113 related to auditing services in the previous year. Of the overall fee, TEUR 81 related to other assurance services (previous year: TEUR 131) and TEUR 0 related to other services (previous year: TEUR 232).

Cash and cash equivalents in the statement of cash flows consist of the cash reserves balance-sheet item. The change in cash flow from current business activities is determined on the basis of the consolidated net income for the year; the reconciliation results from the consolidated profit and loss account.

On average, the company had 1,297 female and 1,298 male employees in the past financial year.

Go to:

The **Supervisory Board** of the parent company has the following members:

Alexander Wüerst
Chairman
Chief Executive Officer
Kreissparkasse Köln, Cologne

Dr Walter Eschle
Deputy Chairman
Deputy Executive Officer
Stadtsparkasse Augsburg, Augsburg

Marina Barth
Member of the Management Board
Sparkasse Hannover, Hanover

Andreas Bartsch
Chief Executive Officer
Sparkasse Marburg-Biedenkopf, Marburg

Ulrich Boike (to July 2019)
Deputy Executive Officer
Förde Sparkasse, Kiel

Dr Joachim Bonn
Chief Executive Officer
Sparkasse Duisburg, Duisburg

Frank Brockmann
Deputy Executive Officer
Hamburger Sparkasse AG, Hamburg

Roland Burgis
Deputy Executive Officer
Sparkasse Nürnberg, Nuremberg

Barbara Degenkolb (to December 2018)
Team Leader
Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe

Michael Fröhlich
Chief Executive Officer
Sparkasse Bielefeld, Bielefeld

Hans-Michael Heitmüller (to March 2019)
Retired Chief Executive Officer
Deutsche Leasing AG, Bad Homburg v. d. Höhe

Horst Herrmann
Chief Executive Officer
Kreissparkasse Saarlouis, Saarlouis

Günter Högner (since March 2019)
Chief Executive Officer
Nassauische Sparkasse, Wiesbaden

Michael Huber
Chief Executive Officer
Sparkasse Karlsruhe, Karlsruhe

Hans Jürgen Kulartz
Member of the Management Board
Landesbank Berlin AG, Berlin

Ulrich Lepsch
Chief Executive Officer
Sparkasse Spree-Neiße, Cottbus

Günther Passek
Chief Executive Officer
Sparkasse Trier, Trier

Thomas Piehl (since August 2019)
Chief Executive Officer
Sparkasse Holstein, Bad Oldesloe and Eutin

Matthäus Reiser
Chief Executive Officer
Kreissparkasse Rottweil, Rottweil

Go to:

Robert Restani (to March 2019)
Chief Executive Officer
Frankfurter Sparkasse, Frankfurt am Main

Helmut Schleweis
President
Deutscher Sparkassen- und Giroverband e.V., Berlin

Rainer Schwab
Works Council Chairman
Deutsche Sparkassen Leasing AG & Co. KG,
Bad Homburg v. d. Höhe

Anke Tiedge (since January 2019)
Savings Bank Advisor
Deutsche Sparkassen Leasing AG & Co. KG,
Bad Homburg v. d. Höhe

Total remuneration of the members of the Supervisory Board of the parent company amounted to EUR 0.3 million (previous year: EUR 0.3 million). Pension provisions for the former members of the parent company's Management Board amount to EUR 2.4 million (previous year: EUR 2.7 million). EUR 1.1 million (previous year: EUR 1.0 million) was paid out in the form of pensions for these former members of the Management Board in the current financial year.

The personally liable and managing shareholder of the parent company is Deutsche Sparkassen Leasing Verwaltungs-Aktiengesellschaft, Bad Homburg v. d. Höhe, with subscribed capital amounting to EUR 50,000.00.

The **Management Board** of the managing shareholder of the parent company consists of the following persons:

Kai Ostermann, Chief Executive Officer
Sonja Kardorf (since October 2018)
Matthias Laukin
Markus Strehle (since October 2019)
Rainer Weis

The Management Board receives EUR 3.6 million (previous year: EUR 3.4 million) for the performance of its tasks.

Please refer to the appendix to the notes to the consolidated financial statements for full **disclosures concerning shareholdings**.[2]

The consolidated financial statements are published in the German Federal Gazette (Bundesanzeiger).

Subsequent events

There were no reportable events in the period from 30 September 2019 up to the preparation of the consolidated financial statements.

Bad Homburg v. d. Höhe, 17 December 2019

Deutsche Sparkassen Leasing AG & Co. KG

represented by its general partner

Deutsche Sparkassen Leasing
Verwaltungs-Aktiengesellschaft

Ostermann Kardorf Laukin Strehle Weis

[2] The appendices to the notes to the consolidated financial statements are not printed in the annual report. They may be viewed in the electronic version of the German Federal Gazette as disclosed.

Statement of changes in equity[3]

Deutsche Sparkassen Leasing AG & Co. KG Group

	Equity of the parent company				
	Equity shares		Reserves		
	Equity shares	Total	Reserves according to shareholders' agreement	Other reserves	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
As of 30/9/2017	240,000	240,000	351,764	24,518	376,282
Increase/decrease in equity shares					
Amounts credited to shareholder accounts for debt capital			-35,000		-35,000
Amounts contributed to/withdrawn from reserves			45,286	35,221	80,507
Currency translation					
Other changes					
Changes to group of consolidated companies					
Consolidated net income/loss for the year					
As of 30/9/2018	**240,000**	**240,000**	**362,050**	**59,739**	**421,789**

	Equity of the parent company				
	Equity shares		Reserves		
	Equity shares	Total	Reserves according to shareholders' agreement	Other reserves	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
As of 30/9/2018	240,000	240,000	362,050	59,739	421,789
Increase/decrease in equity shares					
Amounts credited to shareholder accounts for debt capital			-40,000		-40,000
Amounts contributed to/withdrawn from reserves			50,403	25,436	75,839
Currency translation					
Other changes					
Changes to group of consolidated companies					
Consolidated net income/loss for the year					
As of 30/9/2019	**240,000**	**240,000**	**372,453**	**85,175**	**457,628**

[3] In deviation from the order of presentation required pursuant to § 297 (1) HGB, the statement of changes in equity is presented prior to the statement of cash flows.

			Non-controlling interests			Group equity
Change in equity from currency translation	Consolidated net income/loss for the year which is attributable to the parent company	Total	Non-controlling interests before change in equity from currency translation and profit for the year	Profit/loss attributable to non-controlling interests	Total	Total
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
10,686	71,965	698,933	87,745	12,026	99,771	798,704
		-35,000		-2,853	-2,853	-37,853
	-71,965	8,542	8,417	-9,173	-756	7,786
-2,480		-2,480				-2,480
	77,184	77,184		13,910	13,910	91,094
8,206	**77,184**	**747,179**	**96,162**	**13,910**	**110,072**	**857,251**

			Non-controlling interests			Group equity
Change in equity from currency translation	Consolidated net income/loss for the year which is attributable to the parent company	Total	Non-controlling interests before change in equity from currency translation and profit for the year	Profit/loss attributable to non-controlling interests	Total	Total
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
8,206	77,184	747,179	96,162	13,910	110,072	857,251
		-40,000		-2,772	-2,772	-42,772
	-77,184	-1,345	38,265	-11,138	27,127	25,782
360		360				360
	74,669	74,669		11,868	11,868	86,537
8,566	**74,669**	**780,863**	**134,427**	**11,868**	**146,295**	**927,158**

Statement of cash flows[4]

Deutsche Sparkassen Leasing AG & Co. KG Group

	2018/2019	2017/2018
	TEUR	TEUR
1. Consolidated net income for the year	**86,538**	**91,094**
2. + Depreciation on leasing assets	2,616,171	2,525,685
3. - Write-ups on leasing assets	-1,634	-884
4. - Additions to leasing assets	-3,896,989	-3,895,710
5. + Residual book values of disposed leasing assets	1,016,387	957,331
6. -/+ Decrease/increase in accrued leasing instalments	-7,091	3,132
7. Depreciation on and changes to leasing assets	**-273,156**	**-410,446**
8. - Increase in hire-purchase receivables	-718,776	-514,221
9. - Increase in receivables from credit institutions	-68,668	-14,593
10. - Increase in receivables from customers (excl. hire-purchase)	-342,241	-301,579
11. - Increase in other assets	-9,749	-79,754
12. + Amortisation of intangible assets and depreciation of property, plant and equipment	21,012	21,584
13. + Interest payments received	134,848	136,281
14. Change in hire-purchase and other assets	**-983,574**	**-752,282**
15. + Increase in liabilities owed to credit institutions	1,112,351	1,104,112
16. -/+ Decrease/increase in liabilities owed to customers	-833,863	385,228
17. +/- Increase/decrease in liabilities evidenced by certificates	851,451	-194,500
18. + Increase in deferred income from sales of receivables	91,206	32,180
19. + Interest expenses less income	6,125	3,600
20. - Interest paid	-140,973	-139,881
21. Changes in refinancing leasing and hire-purchase	**1,086,297**	**1,190,739**
22. + Increase in provisions	39,045	265
23. + Increase in other liabilities and other items	57,582	44,938
24. + Income tax expenses less income	18,585	28,170
25. - Income tax payments	-10,211	-27,123
26. Change in other liabilities and other items	**105,001**	**46,250**
27. Cash inflow from current business activities	**21,106**	**165,355**
28. + Cash inflow from the sale of intangible assets	2,190	283
29. - Payments for acquisition of intangible assets	-13,920	-19,528
30. + Cash inflow from the sale of property, plant and equipment	2,831	6,041
31. - Payments for acquisition of property, plant and equipment	-13,395	-9,336
32. Cash outflow from investing activities	**-22,294**	**-22,540**
33. - Cash outflow to the parent company's shareholders	-40,000	-35,000
34. - Cash outflow to other shareholders	-2,772	-2,853
35. Cash outflow from financing activities	**-42,772**	**-37,853**
Changes in cash and cash equivalents: Items no. (27.) + (32.) + (35.)	**-43,960**	**104,962**
Cash and cash equivalents at the beginning of the period	**104,998**	**36**
Cash and cash equivalents at the end of the period	**61,038**	**104,998**

[4] The structure of the statement of cash flows reflects the specific characteristics of the leasing sector.

Group information

Go to:

Auditor's report[5]

KPMG AG Wirtschaftsprüfungsgesellschaft has issued the following unqualified auditor's report for the consolidated financial statements as of 30 September 2019 and the related combined management report:

Audit opinions

We have audited the financial statements[6] of Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe – comprising the balance sheet as of 30 September 2019, the profit and loss account for the financial year from 1 October 2018 to 30 September 2019 and the notes to the financial statements for the financial year 2018/2019, including the presentation of the accounting policies – and the consolidated financial statements of Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe, and its subsidiaries (the Group) – comprising the consolidated balance sheet as of 30 September 2019, the consolidated profit and loss account for the period from 1 October 2018 to 30 September 2019, the statement of changes in equity and the statement of cash flows for the financial year from 1 October 2018 to 30 September 2019 and the notes to the consolidated financial statements for the financial year 2018/2019, including the presentation of the accounting policies. In addition, we have audited the company and Group management report (hereinafter: the "combined management report") of Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe, for the financial year from 1 October 2018 to 30 September 2019.

In our opinion based on the findings of our audit,

- the attached financial statements comply in all material respects with the requirements of German commercial law applicable for institutions and give a true and fair view of the company's net asset and financial position as of 30 September 2019 and of its earnings position for the financial year from 1 October 2018 to 30 September 2019, in compliance with the German principles of orderly accounting,
- the attached consolidated financial statements comply in all material respects with the requirements of German commercial law applicable for institutions and give a true and fair view of the Group's net asset and financial position as of 30 September 2019, and of its earnings position for the financial year from 1 October 2018 to 30 September 2019, in compliance with the German principles of orderly accounting, and
- the attached combined management report as a whole presents an accurate view of the company's and the Group's position. In all material respects, this combined management report is consistent with the financial statements and consolidated financial statements, complies with the requirements of German law and suitably presents the risks and opportunities associated with future development.

Pursuant to § 322 (3) Clause 1 HGB, we state that our audit has not led to any reservations with regard to the orderliness of the financial statements and consolidated financial statements or the combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the financial statements and consolidated financial statements and the combined management report in accordance with § 317 HGB and the generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Our responsibility according to these regulations and standards is described in further detail in the "Responsibility of the Auditor for the Audit of the Financial Statements and Consolidated

[5] The reproduction of the auditor's report is printed in the annual report without the signatures and seal of KPMG AG Wirtschaftsprüfungsgesellschaft.
[6] The financial statements are not printed in the annual report. The financial statements can be viewed in the electronic version of the German Federal Gazette (Bundesanzeiger) in the context of disclosure.

Go to:

Financial Statements and the Combined Management Report" section of our auditor's report. We are independent of the company and its subsidiaries in compliance with the provisions of German commercial law and professional law and have fulfilled our other German professional obligations in compliance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions regarding the financial statements and consolidated financial statements and the combined management report.

OTHER INFORMATION

The legal representatives are responsible for the other information.

This other information comprises the other parts of the annual report, with the exception of the audited financial statements and consolidated financial statements and the combined management report as well as our auditor's report.

Our audit opinions regarding the financial statements and consolidated financial statements and the combined management report do not extend to this other information, and accordingly we provide neither an audit opinion nor any other form of audit conclusion in this regard.

As part of our audit, we have a responsibility to read this other information and to evaluate whether it

- exhibits material discrepancies in relation to the financial statements or the consolidated financial statements, the combined management report or the knowledge we have obtained during our audit, or
- otherwise seems significantly incorrect.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The legal representatives are responsible for preparing the financial statements and consolidated financial statements, which in all material respects comply with the requirements of German commercial law applicable for institutions, and for the financial statements and consolidated financial statements giving a true and fair view of the net asset, financial and earnings position of the company and the Group in compliance with the German principles of orderly accounting. Furthermore, the legal representatives are responsible for the internal controls that, in accordance with the German principles of orderly accounting, they deemed necessary to enable the preparation of financial statements and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the financial statements and consolidated financial statements, the legal representatives are responsible for assessing the company's and the Group's status as a going concern. In addition, they have a responsibility to disclose matters related to the status as a going concern, if relevant. They are also responsible for accounting on the basis of the going concern principle, unless prevented by actual or legal circumstances.

Moreover, the legal representatives are responsible for preparing the combined management report, which as a whole provides an accurate view of the company's and the Group's position and is consistent with the financial statements and consolidated financial statements in all material respects, complies with the requirements of German law and suitably presents the

Go to:

risks and opportunities associated with future development. The legal representatives are also responsible for the arrangements and measures (systems) that they considered necessary to enable the preparation of a combined management report in compliance with the applicable requirements of German law and to allow sufficient, suitable evidence to be provided for the statements in the combined management report.

The Supervisory Board is responsible for monitoring the company's accounting process for the preparation of the financial statements and consolidated financial statements and the combined management report.

RESPONSIBILITY OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Our objective is to obtain reasonable assurance as to whether the financial statements and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an accurate view of the company's and the Group's position and is in all material respects consistent with the financial statements and consolidated financial statements and with the findings of the audit, complies with the requirements of German law and suitably presents the risks and opportunities associated with future development, and to issue an auditor's report containing our audit opinions regarding the financial statements and consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance but not a guarantee that an audit carried out in compliance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW) will always uncover a material misstatement. Misstatements can result from transgressions or inaccuracies and are deemed material if it could be reasonably expected that they would individually or together influence the financial decisions made by users on the basis of these financial statements and consolidated financial statements as well as the combined management report.

We exercise due discretion during the audit and maintain a critical attitude. In addition,

- we identify and evaluate the risks of material misstatements, whether due to fraud or error, in the financial statements and consolidated financial statements and the combined management report, plan and implement audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk that material misstatements are not uncovered is higher in the case of transgressions than in the case of inaccuracies, as transgressions can entail fraudulent collaboration, falsifications, deliberate omissions, misleading depictions or the suspension of internal controls.
- we gain an understanding of the internal control system relevant for the audit of the financial statements and consolidated financial statements and of the arrangements and measures relevant for the audit of the combined management report in order to plan audit procedures that are appropriate given the circumstances, but not with the aim of providing an audit opinion regarding the effectiveness of these systems.
- we evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values presented by the legal representatives and the associated disclosures.

Go to:

- we draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is material uncertainty regarding events or circumstances that could cause significant doubt about the company's and the Group's ability to continue as a going concern. If we come to the conclusion that there is material uncertainty, we are obliged to call attention to the associated disclosures in the financial statements and consolidated financial statements and in the combined management report in our auditor's report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may mean that the company or the Group is no longer a going concern.
- we evaluate the overall presentation, the structure and the content of the financial statements and consolidated financial statements, including the disclosures, and whether the financial statements and consolidated financial statements present the underlying transactions and events such that the financial statements and consolidated financial statements give a true and fair view of the net asset, financial and earnings position of the company and the Group in compliance with the German principles of orderly accounting.
- we obtain sufficient appropriate audit evidence for the accounting information of the company and its subsidiaries or business activities within the Group to provide a basis for our audit opinions regarding the financial statements and consolidated financial statements and the combined management report. We are responsible for the direction, supervision and performance of the audit of the financial statements and consolidated financial statements. We remain solely responsible for our opinions.
- we evaluate the consistency of the combined management report with the financial statements and consolidated financial statements, its legality and the view it gives of the position of the company and the Group.
- we conduct audit procedures regarding the forward-looking disclosures made by the legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence, we examine the significant assumptions underlying the legal representatives' forward-looking disclosures in particular and evaluate the appropriateness of the derivation of the forward-looking disclosures from these assumptions. We do not provide a separate audit opinion regarding the forward-looking disclosures or the underlying assumptions. There is a considerable, unavoidable risk that future events will differ significantly from the forward-looking disclosures.

Topics for discussion with those responsible for monitoring include the planned scope and scheduling of the audit as well as significant audit findings, including any deficiencies in the internal control system that we find during our audit.

Frankfurt am Main, 18 December 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft

Bauer Wirtschaftsprüfer (German Public Auditor)	Loginov Wirtschaftsprüfer (German Public Auditor)

Shareholders
Deutsche Sparkassen Leasing AG & Co. KG

Association of savings banks	
Rheinischer Sparkassen- und Giroverband	20.02 per cent
Sparkassenverband Baden-Württemberg	18.80 per cent
Sparkassenverband Bayern	12.54 per cent
Sparkassen- und Giroverband Hessen-Thüringen	10.67 per cent
Sparkassenverband Westfalen-Lippe	9.61 per cent
Sparkassenverband Niedersachsen	6.27 per cent
Ostdeutscher Sparkassenverband	5.70 per cent
Hanseatischer Sparkassen- und Giroverband	4.22 per cent
Landesbank Berlin AG	3.86 per cent
Sparkassen- und Giroverband Schleswig-Holstein	3.68 per cent
Sparkassenverband Rheinland-Pfalz	3.56 per cent
Sparkassenverband Saar	1.07 per cent

As of March 2020

Go to:

Supervisory Board
Deutsche Sparkassen Leasing Verwaltungs-Aktiengesellschaft

Alexander Wüerst, Chairman	Chief Executive Officer, Kreissparkasse Köln, Cologne
Frank Brockmann, Deputy Chairman	Deputy Executive Officer, Hamburger Sparkasse AG, Hamburg
Helmut Schleweis	President, Deutscher Sparkassen- und Giroverband e.V., Berlin

Supervisory Board
Deutsche Leasing AG

Alexander Wüerst, Chairman	Chief Executive Officer, Kreissparkasse Köln, Cologne
Frank Brockmann, Deputy Chairman	Deputy Executive Officer, Hamburger Sparkasse AG, Hamburg
Helmut Schleweis	President, Deutscher Sparkassen- und Giroverband e.V., Berlin

As of March 2020

Go to:

Supervisory Board
Deutsche Sparkassen Leasing AG & Co. KG

Alexander Wüerst, Chairman	Chief Executive Officer, Kreissparkasse Köln, Cologne
Dr Walter Eschle, Deputy Chairman	Deputy Executive Officer, Stadtsparkasse Augsburg, Augsburg
Marina Barth	Deputy Executive Officer, Sparkasse Hannover, Hanover
Andreas Bartsch	Chief Executive Officer, Sparkasse Marburg-Biedenkopf, Marburg
Dr Joachim Bonn	Chief Executive Officer, Sparkasse Duisburg, Duisburg
Frank Brockmann	Deputy Executive Officer, Hamburger Sparkasse AG, Hamburg
Roland Burgis	Deputy Executive Officer, Sparkasse Nürnberg, Nuremberg
Michael Fröhlich	Chief Executive Officer, Sparkasse Bielefeld, Bielefeld
Horst Herrmann	Chief Executive Officer, Kreissparkasse Saarlouis, Saarlouis
Günter Högner	Chief Executive Officer, Nassauische Sparkasse, Wiesbaden
Michael Huber	Chief Executive Officer, Sparkasse Karlsruhe Ettlingen, Karlsruhe
Hans Jürgen Kulartz	Member of the Management Board, Landesbank Berlin AG, Berlin
Ulrich Lepsch	Chief Executive Officer, Sparkasse Spree-Neiße, Cottbus
Thomas Piehl	Chief Executive Officer, Sparkasse Holstein, Bad Oldesloe
Matthäus Reiser	Chief Executive Officer, Kreissparkasse Rottweil, Rottweil
Helmut Schleweis	President, Deutscher Sparkassen- und Giroverband e. V., Berlin
Rainer Schwab	Works Council Chairman, Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe
Anke Tiedge	Savings Bank Advisor, Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe
Thomas Traue (since January 2020)	Chief Executive Officer, Sparkasse Vorderpfalz, Ludwigshafen

As of March 2020

Go to:

Management Board
Deutsche Sparkassen Leasing Verwaltungs-Aktiengesellschaft
(managing shareholder of Deutsche Sparkassen Leasing AG & Co. KG)
Deutsche Leasing AG

Kai Ostermann	Chief Executive Officer
Georg Hansjürgens (since April 2020)	Management Board member
Sonja Kardorf	Management Board member
Matthias Laukin (to March 2020)	Management Board member
Markus Strehle	Management Board member
Rainer Weis	Management Board member

Executive Managers and Members of the Management Team

Heinz-Hermann Hellen	Finance

Directors of Business Segments/Market Units

Frank Hägele, Dr Hubertus Mersmann	Fleet
Bo Liedtke, Cornelius Schneider	Insurance Services
Georg Hansjürgens, Norbert Schmidt, Thomas Stahl	International
Dieter Behrens, Frank Speckmann	Savings Banks and SMEs

Directors of Divisions/Central Staff Units

Mirko Beigel	Accounting & Controlling
Klaus-Günther Rasch	Intensive Care & Asset Management
Axel Brinkmann	Group Audit
Michael Orth	Middle Office
Dirk Spingler	Operational Risk & Compliance
Christoph Khodja	Organisation/Information Technology
Otto Schmitz	Organisation/Information Technology International
Andreas Kaffka	Human Resources
Michael Felde	Legal Department
Maik Mittelberg	Domestic Risk Management
Anika Christophe	International Risk Management
Jörn van Rossum	Treasury
Ansgar Wagner	Corporate Development
Kristina Tonn	Central Risk Management

As of March 2020

Go to:

Managing Directors of Subsidiaries/Investments[7]
Germany

Dieter Behrens, Frank Speckmann	Deutsche Leasing für Sparkassen und Mittelstand GmbH
Frank Hägele, Dr Hubertus Mersmann	Deutsche Leasing Fleet GmbH
Sonja Kardorf, Rainer Weis, Andreas Geue, Maik Mittelberg, Frank Speckmann	Deutsche Leasing Finance GmbH
Michael Hellmann, Michael Orth, Paulina Rymanowska-Lukosz	Deutsche Leasing Information Technology GmbH
Bo Liedtke, Cornelius Schneider	Deutsche Leasing Insurance Services GmbH
Georg Hansjürgens, Norbert Schmidt, Thomas Stahl	Deutsche Leasing International GmbH
Christoph Naumann, Holger Würk	DAL Bautec Baumanagement und Beratung GmbH
Andreas Geue (Chairman), Tobias Bergmann, Kai A. Eberhard	DAL Deutsche Anlagen-Leasing GmbH & Co. KG
Dr Hubertus Mersmann, Michael Velte	AutoExpo Deutsche Auto-Markt GmbH
Karsten Schneider, Dr Thomas Schneider	Bad Homburger Inkasso GmbH
Heinz-Günter Scheer, Jan Welsch	S-Kreditpartner GmbH
Christian Eymery (Spokesman), Fedor Krüger	Deutsche Factoring Bank GmbH & Co. KG

As of March 2020

[7] selected investments

Managing Directors of Subsidiaries/Investments[7]
Other countries

Ursula Leutl, Heinz Scheibenpflug	Deutsche Leasing Austria GmbH
Marc Andries, Nora Vermin	Deutsche Leasing Benelux N.V. Deutsche Leasing Nederland B.V.
Rosen Mishev, Neno Stanev	Deutsche Leasing Bulgaria EAD
Fabien Léon Leduc, Cheryl Johnson, Moritz von Gemmingen	Deutsche Leasing Canada, Corp. Deutsche Leasing Canada (Del), Inc.
Renato Di Chiara, Olive Xu, Vladimir Vladimirov	Deutsche Leasing (China) Co., Ltd.
Uta Reichel, Lenka Pivonkova	Deutsche Leasing ČR, spol. s r.o.
Eric Alessandrin	Deutsche Leasing France S.A.S. Deutsche Leasing France Operating S.A.S.
Jörn van Rossum, Rüdiger Moll	Deutsche Leasing Funding B.V.
Georg Hansjürgens, Katalin Nyikos, András Trautmann	Deutsche Leasing Hungaria Kft. Deutsche Leasing Hungaria Zrt.
Karsten Reinhard, Raúl Sánchez	DL Ibérica EquipRent S.A. Deutsche Leasing Ibérica, E.F.C., S.A.
Fabien Léon Leduc, Simon Dufton	Deutsche Leasing (Ireland) D.A.C.
Marco Brivio, Lorenzo Varisco	Deutsche Leasing Italia S.p.A. Deutsche Leasing Operativo S.r.l.
Krzysztof Brzeziński, Uta Reichel	Deutsche Leasing Polska S.A.
Georg Hansjürgens, Laurentiu-Mihai Zaharia, Sorin-Emil Valeanu	Deutsche Leasing Romania IFN S.A. Deutsche Leasing Romania Operational SRL
Uta Reichel, Lenka Pivonkova	Deutsche Leasing Slovakia spol. s r. o.
Nicklas Karlbom, Jari Poutiainen	Deutsche Leasing Sverige AB
Fabien Léon Leduc, Simon Dufton	Deutsche Leasing (UK) Ltd.
Fabien Léon Leduc, Cheryl Johnson, Moritz von Gemmingen	Deutsche Leasing USA Inc. Deutsche Leasing North America Inc.
Jonas Roever	Deutsche Leasing Vostok AG
Matheus Canhoto Gera	Locadora DL do Brasil Ltda. Deutsche Sparkassen Leasing do Brasil S.A.

7 As of March 2020

Go to:

Deutsche Leasing Group – The solution experts

Deutsche Sparkassen Leasing AG & Co. KG
Owners: around 380 savings banks, directly or through associated companies

Mobile Equipment / Real Estate Leasing

Deutsche Leasing AG[8]	100 per cent
Deutsche Leasing für Sparkassen und Mittelstand GmbH[8]	100 per cent
Deutsche Leasing Fleet GmbH[8]	100 per cent
Deutsche Leasing Information Technology GmbH[8]	100 per cent
Deutsche Leasing International GmbH[8]	100 per cent
DAL Deutsche Anlagen-Leasing GmbH & Co. KG	99.8 per cent

International Business

Deutsche Leasing Austria GmbH (Vienna)	100 per cent
Deutsche Leasing Benelux N.V. (Antwerp)	100 per cent
Deutsche Leasing Bulgaria EAD (Sofia)	100 per cent
Deutsche Leasing Canada, Corp. (Halifax)	100 per cent
Deutsche Leasing (China) Co., Ltd. (Shanghai)	100 per cent
Deutsche Leasing ČR, spol. s r.o. (Prague)	100 per cent
Deutsche Leasing Ibérica E.F.C., S.A. **DL Ibérica EquipRent, S.A.** (Barcelona)	100 per cent
Deutsche Leasing France S.A.S. **Deutsche Leasing France Operating S.A.S.** (Paris)	100 per cent
Deutsche Leasing Funding B. V. (Amsterdam)	100 per cent
Deutsche Leasing Hungária Kft. **Deutsche Leasing Hungária Zrt.** (Budapest)	100 per cent
Deutsche Leasing (Ireland) D.A.C. (Dublin)	100 per cent

As of March 2020

[8] profit and loss transfer agreement

Deutsche Leasing Italia S.p.A. **Deutsche Leasing Operativo S.r.l.** (Milan)	100 per cent
Deutsche Leasing Nederland B. V. (Amsterdam)	100 per cent
Deutsche Leasing Polska S.A. (Warsaw)	100 per cent
Deutsche Leasing Romania IFN S.A. **Deutsche Leasing Romania Operational SRL** (Bucharest)	100 per cent
Deutsche Leasing Slovakia spol. s r.o. (Bratislava)	100 per cent
Deutsche Leasing Sverige AB (Stockholm)	100 per cent
Deutsche Leasing (UK) Ltd. (London)	100 per cent
Deutsche Leasing USA Inc. (Chicago)	100 per cent
Deutsche Leasing Vostok AG (Moscow)	100 per cent
Locadora DL do Brasil Ltda. **Deutsche Sparkassen Leasing do Brasil S.A.** (São Paulo)	100 per cent

Banking

Deutsche Leasing Finance GmbH[8]	100 per cent
S-Kreditpartner GmbH	33.3 per cent

Factoring

Deutsche Factoring Bank GmbH & Co. KG	53 per cent

Debt Management

BHS Bad Homburger Servicegesellschaft mbH[8]	100 per cent
Bad Homburger Inkasso GmbH	47.4 per cent

Remarketing

AutoExpo Deutsche Auto-Markt GmbH[8]	100 per cent

Insurance

Deutsche Leasing Insurance Services GmbH[8]	100 per cent

Go to:

Deutsche Sparkassen Leasing AG & Co. KG

Mobile Equipment / Eeal Estate Leasing

Deutsche Leasing AG	Frölingstraße 15–31 61352 Bad Homburg v. d. Höhe Telephone +49 6172 88-00 Fax +49 6172 21332 www.deutsche-leasing.com www.sparkassen-leasing.de
Deutsche Leasing für Sparkassen und Mittelstand GmbH	Telephone +49 6172 88-02 Fax +49 6172 88-2512
Deutsche Leasing Fleet GmbH	Telephone +49 6172 88-01 Fax +49 6172 88-2888
Deutsche Leasing Information Technology GmbH	Telephone +49 6172 88-4000 Fax +49 6172 88-4088
Deutsche Leasing International GmbH	Telephone +49 6172 88-06 Fax +49 6172 88-2146
DAL Deutsche Anlagen-Leasing GmbH & Co. KG DAL Bautec Baumanagement und Beratung GmbH DAL Structured Finance GmbH Deutsche PPP Holding GmbH	Emy-Roeder-Straße 2 55129 Mainz Telephone +49 6131 804-0 Fax +49 6131 804-1299 www.dal.de

Banking

Deutsche Leasing Finance GmbH	Frölingstraße 15–31 61352 Bad Homburg v. d. Höhe Telephone +49 6172 88-04 Fax +49 6172 88-2799 www.deutsche-leasing.com
S-Kreditpartner GmbH	Prinzregentenstraße 25 10715 Berlin Telephone +49 30 620080-400 Fax +49 30 620080-401 www.s-kreditpartner.de

As of March 2020

Factoring

Deutsche Factoring Bank GmbH & Co. KG Bremen office	Langenstraße 15–21 28195 Bremen Telephone +49 421 3293-0 Fax +49 421 3293-110 www.deutsche-factoring.de
Deutsche Factoring Bank GmbH & Co. KG Ratingen office	Kreuzerkamp 7–11 40878 Ratingen Telephone +49 2102 3081-198 Fax +49 2102 3081-298 www.deutsche-factoring.de

Debt Management

Bad Homburger Inkasso GmbH	Konrad-Adenauer-Allee 1–11 61118 Bad Vilbel Telephone +49 6101 98911-0 Fax +49 6101 98911-500 www.bad-homburger-inkasso.com

Remarketing

AutoExpo Deutsche Auto-Markt GmbH	Rudolf-Diesel-Str. 7 35463 Fernwald Telephone +49 6404 9266-0 Fax +49 6404 9266-700 www.autoexpo.de

Insurance

Deutsche Leasing Insurance Services GmbH	Frölingstraße 15–31 61352 Bad Homburg v. d. Höhe Telephone +49 6172 88-3700 Fax +49 6172 88-483733 www.deutsche-leasing.com

As of March 2020

Go to:

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