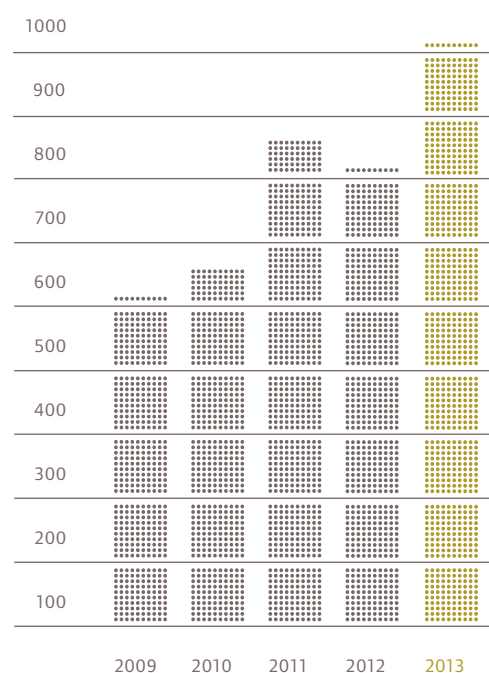


EFFICIENT TECHNOLOGY MANAGEMENT

KEY CONSOLIDATED FIGURES

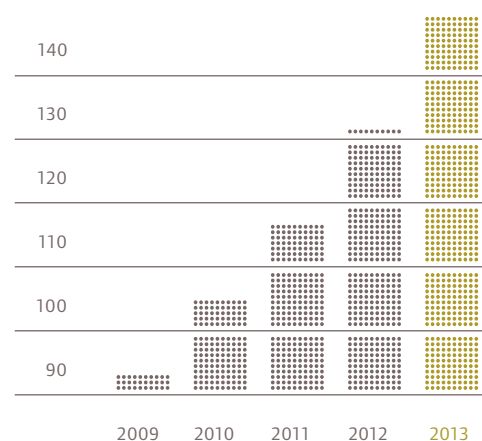
VOLUME OF LEASE ORIGATION

(€ million)



GROSS MARGIN

(€ million)



KEY PERFORMANCE INDICATORS

	2013	2012
Gross margin	€ 149.8 million	€ 131.2 million
Lease origination	€ 1,005.7 million	€ 803.5 million
Net income	€ 23.4 million	€ 32.1 million
Income	€ 1,009.0 million	€ 843.1 million
Group's total assets	€ 1,983.4 million	€ 1,770.4 million
Stockholders' equity	€ 140.1 million	€ 133.6 million
Subscribed capital	€ 75.0 million	€ 75.0 million
Leased equipment at historical cost	€ 2,922.8 million	€ 2,746.5 million

KEY QUANTITATIVE INDICATORS

	2013	2012
Leased equipment (items)	3.9 million	3.2 million
Remarketed equipment (items)	398,124	447,694
Secure data erasure (processes)	87,012	88,216
Headcount	795	774
Offices	34	35
Countries	19	19



SUPPORTING EXCELLENCE

CHG-MERIDIAN SUPPORTS THE BUSINESS EXCELLENCE OF ITS CUSTOMERS WORLDWIDE BY DEVELOPING AND MANAGING EFFICIENT MODELS FOR CAPITAL EXPENDITURE ON TECHNOLOGY. AFTER ALL, SUSTAINED BUSINESS EXCELLENCE MEANS ALWAYS BEING WILLING TO THINK DYNAMICALLY WITH AN ALL-ROUND PERSPECTIVE WHEN PLANNING FOR THE FUTURE AND TO EMBARK ON NEW CHALLENGES WITH THE GREATEST POSSIBLE EFFICIENCY.

THE COMPANY

OFFICES



GERMANY

Weingarten (HQ), Munich, Düsseldorf,
Gross-Gerau, Hamburg, Berlin

EUROPE

Paris (France), Lyon (France), Monza (Italy),
Rome (Italy), Barcelona (Spain), Madrid (Spain),
Baden (Switzerland), Vienna (Austria),
Grimbergen (Belgium), Egham (UK), Daventry (UK),
Dublin (Ireland), Rotterdam (Netherlands),
Moscow (Russia), Ljubljana (Slovenia),
Prague (Czech Rep.), Warsaw (Poland),
Bratislava (Slovakia)

AMERICAS

New York (US), Woodland Hills (US),
Boston (US), Chicago (US), Dallas (US),
Windsor (Canada), Monterrey (Mexico),
Mexico City (Mexico), Guadalajara (Mexico),
São Paulo (Brazil)

BUSINESS HIGHLIGHTS 2013

4

New executive appointments: Peter Horne, who was in charge of sales for many years, moved from the Management Board to the Supervisory Board in December 2013. He was replaced on the four-strong Management Board by Dr. Mathias Wagner.

1.006

For the first time in its history, CHG-MERIDIAN generated lease originations in excess of one billion euros. The volume of leases originated was € 1.006 billion, beating the target for 2013 and representing a year-on-year increase of around 25 percent.

19

In April, CHG-MERIDIAN obtained its official license to operate in Brazil, the largest and most important growth market in South America. CHG-MERIDIAN now has 33 branch offices in 19 countries.

36

Since 2012, CHG-MERIDIAN has increasingly focused on industrial technology investments. This had a noticeable effect on the volume of lease originations

3.5

CHG-MERIDIAN manages technologies with a total value of € 3.5 billion worldwide. It began preparations to enter the healthcare sector in 2013, and the technology portfolio now

2

CHG-MERIDIAN introduced two new functions for its customers in 2013: cost-center-specific charging and consumables monitoring using eBilling within TESMA® Online.

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JÜRGEN MOSSAKOWSKI
Chief Executive Officer (CEO)



»IN 2013, WE
SUCCESSFULLY ADAPTED
TO RAPIDLY CHANGING
MARKET CONDITIONS«

BUSINESS EXCELLENCE

Business success can be dangerous: It encourages you to stick with what you know rather than questioning established practices. In other words, to continue along the same familiar route. Although that is not necessarily wrong, it is not enough if you wish to achieve lasting business excellence. For this, you need dynamism, efficiency, and transparency.

€ 1 BILLION MARK PASSED

Why do we believe this? As a service provider, we must listen to our customers very carefully and be aware of their requirements. We have to define our strategy accordingly and create the necessary solutions. And yes, we have continued to follow 'our' route but have successfully adapted to rapidly changing environmental conditions along the way. As a result, we can look back on another outstandingly successful year. In 2013, we generated lease originations in excess of € 1 billion for the first time in our 30-year-plus history.

CONSTANT ADAPTATION

DYNAMISM AS A VALUE DRIVER

We have not yet reached our goal. Business excellence should be seen not as a static state but as a dynamic capability. Constantly adapting our strategic focus must become second nature to us if we are to maintain our successful course. Those who cannot keep up this pace of change will die out like the dinosaurs – irrespective of how successful they once were.

Dynamism plays a vital role here. "We are what we repeatedly do. Excellence, then, is not an act, but a habit," wrote Aristotle. This is something that CEOs, CFOs, CIOs, and COOs must also understand. They need to see dynamism as a value driver for the company and must act accordingly.

EFFICIENCY AS A TRAILBLAZER

TRANSPARENCY AS A NAVIGATIONAL AID

We can hardly imagine life today without modern and sophisticated technologies. The efficiency with which these technologies are deployed is crucial. It is a trailblazer and is based on transparency. We need transparency to help us navigate the way, something that applies to managers in the IT, industrial, and healthcare sectors alike. Let me explain this with three examples.

Number one: The economics of the information society demand that many people have to enter into increasingly complex interactions in the planning and management of their business activities. More and more people are becoming 'knowledge workers'; the availability of high-quality IT systems and information is essential. However, this must be achieved with ever fewer resources. Such demands are putting IT managers under growing pressure – in terms of budget cuts, performance, variability, energy efficiency, to name just a few. Efficiency gains open up more room for maneuver. And they are all based on the transparency created by commercial and technical KPIs for IT investments.

EFFICIENCY IN THE AUTOMOTIVE INDUSTRY

Number two: More spectacularly than any other sector, the automotive industry has demonstrated what can be achieved through efficiency in recent decades. Continuous improvement of each and every value creation process has now become a science in itself. This also calls for dynamism and transparency right from the start of a capital expenditure project. One of the ways that this can be achieved is with a dynamic funding concept, such as the pay-on-production model.

Number three: A new generation of decision-makers and leaders has entered the boardrooms of medical institutions: economists familiar with the healthcare sector and medical practitioners with financial expertise. As a result, they all have the right background for tackling the challenges they face, whether creating financial flexibility for necessary investment, improving quality, or increasing patient focus and employee satisfaction. For them, efficiency and transparency are an intrinsic part of day-to-day business, covering everything from optimized procurement processes for consumables to flexible customized business concepts for entire operating theaters.

BUSINESS HIGHLIGHTS IN 2013

IT SOLUTION AREAS EXPANDED

Let me return to our main areas of activity in 2013. We continued to invest in our service portfolio, above all in IT-based customized business concepts. We forged ahead with product development and also expanded the following solution areas: Managed Desktop Solutions, Output Solutions, and Data Center Solutions. The new developments include cost-center-specific cost allocation and consumables monitoring. The latter uses eBilling, a process-oriented software solution within TESMA® Online. Moreover, the second TÜV-certified 'energy-efficient data center' went into operation in Germany.

GREATER FOCUS ON TECHNOLOGY

In 2012, we had expanded our portfolio to include industrial technologies. As a result, we now not only focus on information technology but are also increasingly offering consulting, funding, and support for the operation of industrial technology investments – such as robots and production lines. This has already had an impact, as evidenced by our 2013 results: With lease originations of approximately € 36 million, this area made a significant step forward.

Since mid-2013, we have been gradually preparing to enter another technological field, healthcare technologies. From now on, CHG-MERIDIAN's technology portfolio will include high-quality medical devices and equipment. Overall, CHG-MERIDIAN manages IT, industrial technologies, and healthcare technologies with a total value of € 3.5 billion for customers in 19 countries. It intends to significantly increase the proportion of customers in the healthcare sector over the next few years.

CHANGES ON THE MANAGEMENT BOARD AND SUPERVISORY BOARD

We made changes to the composition of the Management Board in 2013. Dr. Mathias Wagner was appointed to the Management Board, retaining his existing role as Chief Sales Officer International (CSO). This heralds the arrival of a younger generation on the executive team. But there were also personal reasons behind our decision. Our Company's founder, Jürgen Gelf, died in December. Dr. Alexander Lienau has replaced him as Chairman of the Supervisory Board. A new appointment to the Supervisory Board is Peter Horne, who, as a member of the Management Board, has played a major role in the Company's success since 1997.

You will find more information on these and other topics in our latest annual report. For the first time, our annual report includes a reportage section. Journalists and photographers had unprecedented access to our business and that of our customers in 2013. Their reports explain more about what we mean by 'excellence'.



Jürgen Mossakowski
Chief Executive Officer (CEO)



BOARD OF MANAGEMENT:

DR. MATHIAS WAGNER
Chief Sales Officer International
(CSO)

JÜRGEN MOSSAKOWSKI
Chief Executive Officer (CEO)

JOACHIM SCHULZ
Chief Financial Officer (CFO)

FRANK KOTTMANN
Chief Sales Officer Central Europe
(CSO)

GROUP MANAGEMENT REPORT

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SECTION 1

GROUP STRUCTURE AND BUSINESS MODEL

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OUR SERVICES



CHG-MERIDIAN has grouped its wide-ranging capabilities into four service areas: Consulting Services, Operational Services, Financial Services, and Remarketing Services. Together, they deliver our promise of efficient technology management.

1.1 LEGAL AND ORGANIZATIONAL STRUCTURE OF THE CHG-MERIDIAN GROUP

CHG-MERIDIAN is one of the world's leading non-captive providers of management expertise in the fields of information technologies, industrial technologies, and healthcare technologies. The Company was founded in 1979 as a private limited company (GmbH) and became an owner-managed stock corporation (AG) in 1997. During the years that followed, the CHG-MERIDIAN Group grew to its current size by steadily expanding its volume of lease originations and establishing subsidiaries in various countries in Europe and the Americas.

CHG-MERIDIAN maintains offices at 34 locations in 19 countries. These include six German sites, which comprise our headquarters in Weingarten plus branch offices in Munich, Düsseldorf, Gross-Gerau, Hamburg, and Berlin. Across the rest of Europe the CHG-MERIDIAN Group has offices in Paris, Lyon, Monza, Rome, Barcelona, Madrid, Grimbergen/Brussels, Baden/Zurich, Vienna, Egham, Daventry, Dublin, Rotterdam, Moscow, Ljubljana, Prague, Warsaw, and Bratislava. Its offices in the Americas are located in New York, Los Angeles, Atlanta, Chicago, Dallas, Windsor (Canada), Mexico City, Monterrey, Guadalajara (Mexico), and São Paulo.

The organizational structure of the operating companies in the CHG-MERIDIAN Group as at December 31, 2013 is shown in an annex to the group management report.

1.2 BUSINESS MODEL OF THE CHG-MERIDIAN GROUP

The business model used by the CHG-MERIDIAN Group is summarized in the following positioning statement:

CHG-MERIDIAN devises customized business concepts and manages efficient investments in technology. We provide our customers with impartial, straightforward, and expert advice and offer efficient technology management for small and medium-sized enterprises, large corporations, and public-sector clients.

Building on our original core competency of information technologies, we have recently broadened our product range to include healthcare technologies and industrial technologies. Structuring, efficient management and organization, and a tailored approach to developing customized business concepts are key to the success of capital investment in all three of these technology segments. The main appeal of the products that we offer is not the financing facilities that they provide but that customers can use them for a limited period. In addition, customers benefit from transparent cost control and sustainable remarketing as a result of professional equipment reconditioning.

Supplementing our core business, our wide-ranging capabilities are grouped into four service areas: Consulting Services, Operational Services, Financial Services, and Remarketing Services. Together, they deliver our promise of efficient technology management.

We assist our clients in the development of business concepts, weigh up the advantages and disadvantages of competing technologies, and devise customized business concepts. This enables our customers to benefit from the technological expertise that we have acquired from working on countless projects and maintaining long-term relationships with customers and employees.

OPERATIONAL SERVICES

The efficient organization and management of technology investments during their operation calls for precise planning and implementation of each individual step. To this end, the CHG-MERIDIAN Group offers solutions that are tailored to customers' requirements. These solutions include the development and management of scalable technology portfolios that ensure the most efficient use of customers' investments in terms of the total cost of ownership (TCO). Our international footprint also helps us to meet the requirements of our clientele around the world. Customers benefit from increased availability of service and quality, simplified operational processes, and highly efficient technology management with accompanying process management.

FINANCIAL SERVICES

We find the most economical solution for our customers by taking an integrated view of all of the technical and commercial processes. By reducing process-related and TCO costs, this enables customers to reap significant productivity gains.

REMARKETING SERVICES

Besides ensuring the resource-efficient deinstallation of infrastructure, our remarketing services include a unique TÜV-certified process that erases the data stored on equipment reliably, completely, and irretrievably. Remarketing is carried out by our dedicated Technology and Service Center in Gross-Gerau.

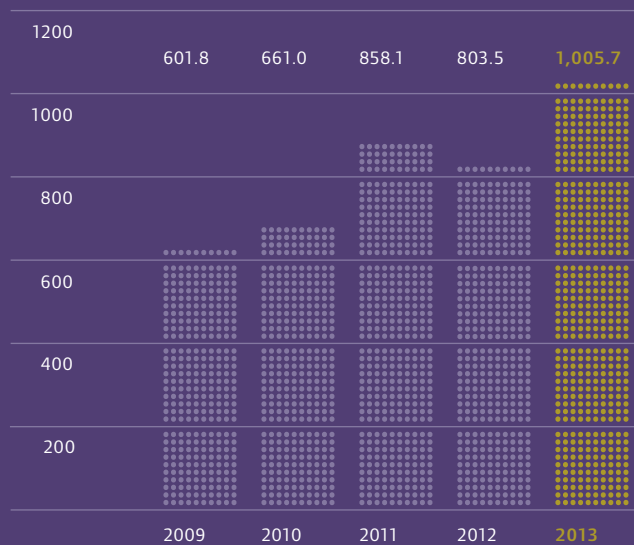
All the services offered by the CHG-MERIDIAN Group are also supported by TESMA® Online, a proprietary technology and service management system developed by the parent company. This software-based platform provides a central database for all key business information, makes it available in real time, and forms an intelligent interface between commercial and technological/logistical business processes. It therefore creates maximum transparency and allows administration, financial control, and accurate reporting for the entire technology infrastructure. TESMA® Online is particularly important in the context of the services offered by the CHG-MERIDIAN Group. It would be almost impossible to manage complex technology portfolios systematically and efficiently without an intelligent asset management system. TESMA® Online is a highly effective tool that flags up any need for improvement as well as enhancing transparency, flexibility, and productivity.

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LEASE ORIGINATION

(€ million)



In 2013, the CHG-MERIDIAN Group generated lease originations of € 1,005.7 million, representing a significant increase on 2012. The volume of leases originated in 2013 is the highest figure ever achieved in the CHG-MERIDIAN Group's 35-year history.

2.1 MACROECONOMIC CONDITIONS AND SECTORAL TRENDS

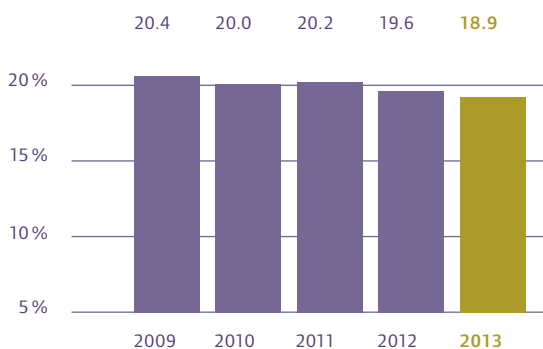
The **macroeconomic environment** in which CHG-MERIDIAN operates is improving slightly, according to Germany's Federal Ministry for Economic Affairs and Energy. Although global economic growth – measured in terms of worldwide industrial output – is still less robust than in the past, the underlying trend remains encouraging. However, ongoing structural problems and the necessary adjustment processes continue to act as a drag on the pace of economic expansion. The International Monetary Fund (IMF) expects to see global gross domestic product (GDP) growth of 2.9 percent for 2013 and 3.6 percent in 2014.¹

These growth forecasts were reaffirmed by the IMF in October of last year.² A good deal of this stimulus is coming from the industrialized nations, led by the US economy. The American market, which has stabilized and expanded, is a clear indicator of the upward trajectory prevailing throughout the global economy. Japan's economy has lost some of its momentum, the eurozone appears to be gradually emerging from recession, and growth in the emerging markets remains relatively sluggish. Taken together, however, leading indicators such as the global purchasing managers' index and the leading indicator used by the Organisation for Economic Co-operation and Development (OECD) suggest that the current improvement is likely to continue.³

The IMF forecast average growth of 1.2 percent for 2013 in the advanced economies, which are CHG-MERIDIAN's key markets. These include the eurozone as a whole (contraction of 0.4 percent) and Germany (increase of 0.5 percent) as well as the American market, which was predicted to grow by around 1.6 percent. The US economy has therefore stabilized and is set to grow by roughly 2.6 percent this year.⁴

If, in addition to GDP, we also consider **business investment rates**, there are still no signs of an encouraging global trend here for 2013 – contrary to many upbeat forecasts. The European Union reported a further decrease. The seasonally adjusted business investment rate, which is a key indicator, fell from 19.6 percent in 2012 to approximately 18.9 percent in 2013, which is a decrease of around 0.7 percentage points.⁵

RATE OF INVESTMENT (%)



¹See <http://www.bmwi.de/EN/Press/press-releases,did=612318.html>

²See <http://www.imf.org/external/pubs/ft/weo/2013/02/pdf/text.pdf>, World Economic Outlook, page 2

³See <http://www.bmwi.de/EN/Press/press-releases,did=612318.html>

⁴See <http://www.imf.org/external/pubs/ft/weo/2013/02/pdf/text.pdf>, World Economic Outlook, page 2

⁵See http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-28012014-BP/EN/2-28012014-BP-EN.PDF

The German economy also suffered a modest contraction in corporate capital spending, which declined by 0.6 percent year on year from € 315.9 billion to € 313.9 billion, according to the Federation of German Leasing Companies (BDL). These figures are based on forecasts made by the German Federal Statistical Office in November 2013.⁶

The **global leasing markets** performed much better in 2013, bucking capital expenditure trends that remained subdued in parts. The total volume of leases worldwide expanded by 4.5 percent in 2013, according to Asset Finance International (AFI). The main driver of growth here was the Asia Pacific region, which reported an increase of roughly 13.5 percent.⁷ North America advanced by 3 percent year on year, whereas Europe and South America had an adverse impact on the general trend, contracting by 2 percent and 6 percent respectively.⁸ CHG-MERIDIAN's internationalization means that the world market and global leasing trends are now extremely important. The CHG-MERIDIAN Group generates some of its steady growth by entering new markets.

According to BDL press releases, the total value of the German leasing market remained unchanged year on year at € 48.5 billion. Equipment leasing, which is relevant to CHG-MERIDIAN, contracted by a modest 0.2 percent, although this was offset by a 5.2 percent increase in real-estate leasing.⁹

The **global information and communications technology (ICT) market** grew by roughly 3.8 percent in 2013, according to the European Information Technology Observatory (EITO). The IT market increased by 3.3 percent and the communications market expanded by 4.1 percent. This generally encouraging trend underscores the relevance of ICT services worldwide. However, growth in the pure-play IT equipment segment came in at a fairly modest 1.3 percent compared with previous years, while the global market in conventional personal computers (PCs) and laptops actually shrank by 7.2 percent. This clearly reflects the trend toward new devices and technologies which, together with other IT assets, generated growth of 9.1 percent. Year-on-year increases in market volumes were also achieved by IT services (3.4 percent) and software sales (5.5 percent). The trend in the telecommunications market is exactly the opposite of that in the IT market: the telecommunications equipment segment achieved growth of roughly 8.4 percent, which was much higher than the increase of only 2.7 percent in communications services.¹⁰

Very little information is currently available on the **IT leasing market in 2013** because most of the statistics supplied by Leaseurope and the Equipment Leasing and Finance Association (ELFA) will not be published until the second quarter of 2014. The only official estimates already provided by the BDL are those relating to Germany. These suggest that the German IT leasing market grew by a highly impressive 7 percent year on year. This segment really boomed in the second half of 2013 after many IT investments had been postponed in the previous year.¹¹

2.2 MARKET SUCCESS

The CHG-MERIDIAN Group can look back on a highly successful 2013; the Company generated its highest ever lease origination volume and gross profit in its 35-year history.

⁶ See http://bdl.leasingverband.de/fileadmin/internet/pressemitteilungen/praes_jahreszahlen_2013_engl.pdf, page 4

⁷ Calculation of this figure was based on the average of the two differing statistics relating to China

⁸ See White Clarke Group, Global Asset and Auto Finance Survey, Quarter 4, 2013

⁹ See http://bdl.leasingverband.de/fileadmin/internet/pressemitteilungen/praes_jahreszahlen_2013_engl.pdf, page 5 onward

¹⁰ See EITO, ICT Market Report 2013/14, page 188

¹¹ See <http://bdl.leasingverband.de/en/press/press-releases/leasing-wirtschaft-baut-2013-marktanteile-aus>

2.2.1 GROSS PROFIT

The gross profit earned by the CHG-MERIDIAN Group – defined as the present value of all leases originated and assets remarketed minus direct acquisition and funding costs – increased by a further € 18.6 million to € 149.8 million in 2013 following the record figure of € 131.2 million reported in 2012. As in previous years, this performance was attributable to higher upfront margins on lease originations and to portfolio increases. The increase of € 18.9 million achieved by the Mexican subsidiary made a particularly valuable contribution to the CHG-MERIDIAN Group's success. The target of € 133.1 million forecast by the CHG-MERIDIAN Group was also comfortably exceeded in 2013. The highly impressive operating performance achieved last year confirms that the CHG-MERIDIAN Group's strategy of creating a technology portfolio that will remain profitable was the right choice in 2013. Growth in lease originations at the expense of accepting substantial residual values and losing out on remarketing opportunities would impair the Company's profitability in the long term and is therefore not an option. Despite the significantly higher volume of business, the CHG-MERIDIAN Group held residual values worth € 30.0 million in 2013 (which was less than in 2012) and therefore further reduced the average residual value relative to lease originations by 0.97 percent from its already low level.

2.2.2 LEASE ORIGINATIONS

According to management figures reported, the total volume of leases originated by the CHG-MERIDIAN Group, which is calculated on the basis of purchase invoices received for leased equipment or equipment sold to funding institutions, amounted to € 1,005.7 million in 2013, which represents a significant year-on-year increase of € 202.2 million. The volume of leases originated in 2013 is the highest figure ever achieved in the CHG-MERIDIAN Group's 35-year history and comfortably hit last year's target of exceeding the € 1 billion mark.

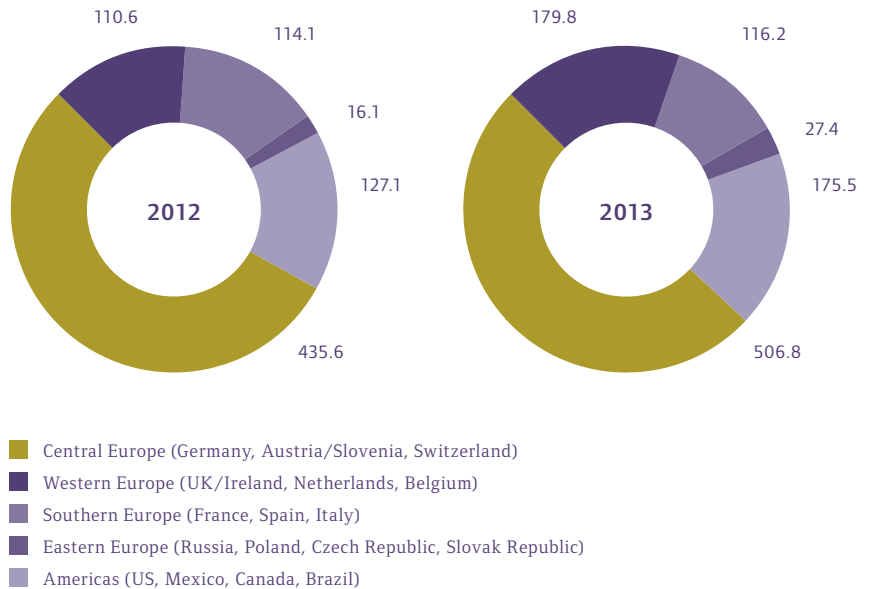
The graph below shows the changes in the volume of leases originated by the CHG-MERIDIAN Group over the past five years.

LEASE ORIGINATION (€ million)



The regional breakdown of lease originations was as follows:

LEASE ORIGINATION BY REGION (€ million)



In Germany, CHG-MERIDIAN AG managed to exceed the high volume of leases originated in the previous year and, in 2013, generated total lease originations worth € 445.0 million (2012: € 407.3 million). CHG-MERIDIAN AG's performance in 2013 was therefore more or less back to where it had been in 2011 (€ 446.5 million), which remains its best year to date. A significant proportion of the operating performance achieved in Germany was attributable to CHG-MERIDIAN Mobilien GmbH, which generated growth of € 30.3 million. Consequently, the total volume of leases originated in Germany came to € 480.7 million (2012: € 412.6 million).

Outside Germany, the volume of leases originated in 2013 varied from country to country. The local subsidiaries in the United Kingdom, Belgium, the Netherlands, Poland, Spain and Mexico achieved excellent growth in lease originations. By contrast, the subsidiaries in France, Italy and the United States reported year-on-year decreases in 2013.

Of the CHG-MERIDIAN Group's total volume of lease originations, 52.2 percent (2012: 48.6 percent) was generated by the foreign subsidiaries, which constitutes a slight year-on-year increase in the proportion of international business. The continued rise in the proportion of lease originations accounted for by international business underlines the foreign subsidiaries' increasing importance to the growth of the CHG-MERIDIAN Group.

The largest growth in absolute terms outside Germany was achieved by the Mexican subsidiary, which expanded its lease originations by € 51.6 million to € 85.4 million in 2013 (2012: € 33.8 million). The sharp rise in lease originations was partly attributable to the resolution of a shareholder dispute from previous years that had impaired business in the first half of 2012. As expected, this enabled the Company to return to its former strength in 2013. The larger proportion of leases originated with new customers – € 55.6 million in 2013 compared with € 29.1 million in 2012 – was a further reason for the increase achieved in Mexico.

Growth in the double-digit millions was also generated by the local subsidiaries in Belgium (up by € 25.4 million), the UK (up by € 23.7 million), the Netherlands (up by € 20.2 million) and Spain (up by € 20.6 million). These companies together achieved an aggregate increase of € 89.9 million, which contributed accordingly to the growth in leases originated by the CHG-MERIDIAN Group in 2013.

The volume of leases originated by the US subsidiary contracted slightly year on year from € 91.4 million in 2012 to € 85.2 million in 2013. However, we believe that the US market continues to offer significant potential and we expect to see it return to a growth trajectory in 2014.

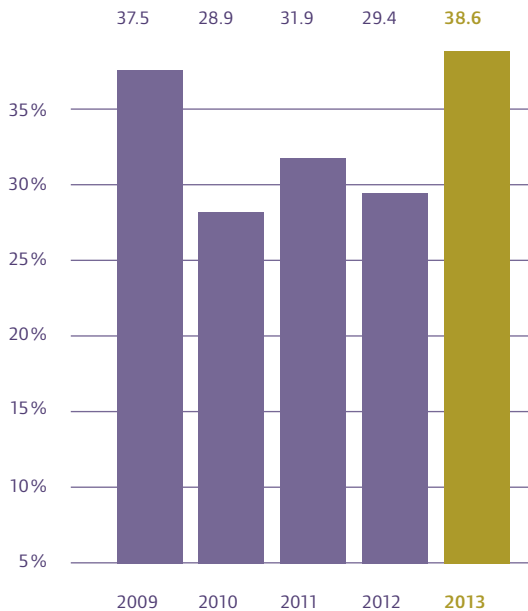
The CHG-MERIDIAN Group continued to pursue a policy of rejecting new business that either appeared too risky or did not offer the right balance between earnings potential and cost/default risk.

The proportion of leases originated with new customers rose significantly year on year to 38.6 percent in 2013 (2012: 29.4 percent). The acquisition of new clients enables the CHG-MERIDIAN Group to continually renew its portfolio and is vital to its lasting success. Its objective in the medium to long term is still to maintain the proportion of new customers at a consistent level (roughly 30 percent).

The changes in the proportion of business with new customers between 2009 and 2013 show that this objective was, for the most part, achieved over the past five years.

PROPORTION OF BUSINESS WITH NEW CUSTOMERS

PROPORTION OF BUSINESS WITH NEW CUSTOMERS (%)



2.3 FUNDING ENVIRONMENT

Funding and liquidity were easily and readily available both in Germany and in the funding markets of relevance to CHG-MERIDIAN in 2013. All public-sector and private-sector banking groups operating in the funding markets possessed high levels of liquidity throughout the year.

From the CHG-MERIDIAN Group's perspective this meant that there was always an excess supply of finance available from the banks in 2013 and, consequently, the Company never suffered any funding shortages. Existing credit lines were either extended or substantially increased by the banks concerned. It was also possible to obtain new funding partners. The continued availability of this very wide range of funding sources meant that the CHG-MERIDIAN Group always had more funding lines available than it needed in 2013, whether for the purposes of non-recourse funding, loan-based funding or short-term prefinancing.

The CHG-MERIDIAN Group's efforts to enhance and deepen the stable and long-term relationships that it has with its funding partners – as well as to recruit new funding partners – contributed in 2013 to its success in maintaining a consistently high number of funding partners (both public-sector and private-sector banking groups) that is well above the industry average.

2.4 CHANGES TO THE LEGAL STRUCTURE

The name of the parent company was changed from 'CHG-MERIDIAN Deutsche Computer Leasing AG' to 'CHG-MERIDIAN AG' back in 2012. Removal of the words 'Deutsche' (German), 'Computer', and 'Leasing' from the name is based on the strategic decision to strengthen the external perception of our Company as an international technology portfolio manager. The process of renaming the international subsidiaries along similar lines was largely completed in 2013 and will be continued in 2014.

No shareholdings were purchased in 2013. However, we will continue to examine strategically sensible acquisitions in the leasing and service sectors in order to continue in the future with the strategy of expansion and internationalization that we have pursued in recent years.

In March 2013, following intensive efforts on our part, we managed to obtain a banking license to conduct leasing business in Brazil, which is South America's biggest and fastest-growing market. This represented an important step in our internationalization strategy – not least because of the many German customers who are stepping up their expansion in South America.

Dr. Mathias Wagner was appointed to the Management Board of CHG-MERIDIAN AG with effect from January 1, 2014. He replaced Peter Horne, who had joined the Supervisory Board of CHG-MERIDIAN AG in mid-December 2013.

2.5 REPORT ON THE PERFORMANCE OF THE CHG-MERIDIAN GROUP'S BUSINESS

2.5.1 REPORT ON THE RESULTS OF OPERATIONS

The table below shows the key figures from the consolidated profit and loss statement (€ 000's).

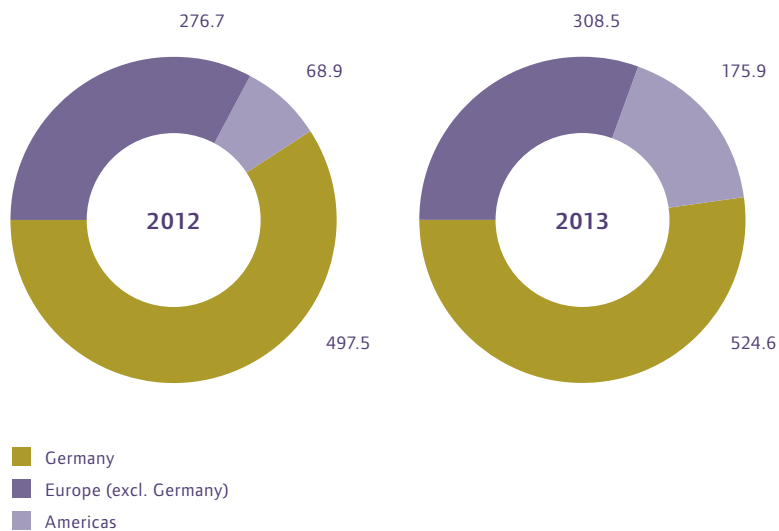
Key figures from profit and loss statement	2013	2012	Change (%)
Net income from leasing ¹²	151,669	159,421	-4.9
Net interest expense	-20,275	-33,405	-39.3
Profit from ordinary activities	34,639	47,322	-26.8
Net income	23,448	32,079	-26.9

The CHG-MERIDIAN Group generated a profit of € 34.6 million from ordinary activities in 2013 (2012: € 47.3 million), which represented a year-on-year decrease. The positive effect of the higher leasing income was more than offset by the countervailing effect of higher depreciation, amortization and write-downs of leased assets and by the increase in leasing expenses and staff expenses, which overall reduced the level of profit from ordinary activities.

INCOME

The diagram below gives a geographical breakdown of leasing income, commission income, interest income and other operating income for the past two years:

INCOME BY REGION (€ million)

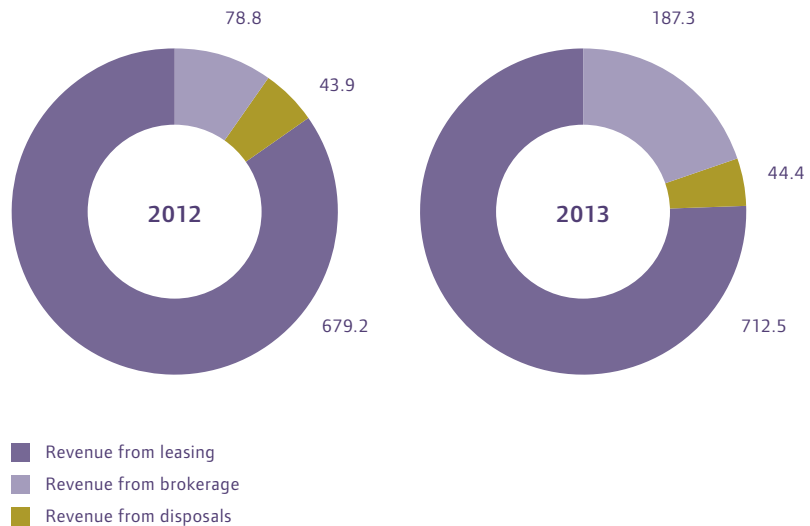


The significant improvement in income stemmed largely from the performance of the Americas market, which reported an increase of € 107.0 million, with all markets improving markedly overall in 2013. The higher level of income in the Americas segment was primarily attributable to the Mexican subsidiary (increase of € 74.7 million), where the strong growth in lease originations contributed to the sharp rise in income.

¹² Defined as the net total of income from leasing, expenses from leasing, and depreciation, amortization and write-downs of leased assets

The diagram below shows how the total leasing income of € 944.2 million generated in 2013 (€ 801.9 million generated in 2012) was broken down into revenue from leasing, revenue from brokerage, and revenue from disposals.

LEASING INCOME BY TYPE (€ million)



Revenue from leasing rose by € 33.3 million year on year to € 712.5 million, which was mainly attributable to the impressive level of leases originated over the past two years. This increase in revenue stemmed largely from CHG-MERIDIAN AG (up by € 25.1 million), the US subsidiary (up by € 15.0 million), and the Italian subsidiary (up by € 4.7 million).

Revenue from brokerage advanced by € 108.5 million year on year to € 187.3 million, which was primarily attributable to the higher brokerage revenue earned in Mexico (up by € 63.5 million) and France (up by € 30.2 million).

Revenue from disposals remained virtually unchanged year on year. CHG-MERIDIAN AG earned total revenue of € 22.5 million from its Technology and Service Center in Gross-Gerau in 2013 (2012: € 23.6 million). Of this total, revenue from brokerage amounted to € 2.6 million (2012: € 3.9 million). CHG-MERIDIAN AG generated disposal-related revenue of € 19.4 million from the remarketing of lease returns via its Technology and Service Center (2012: € 19.7 million). The main drivers of revenue from disposals in 2013 were once again laptops, which accounted for € 7.4 million (2012: € 7.5 million), desktop PCs, which accounted for € 6.1 million (2012: € 6.9 million), TFT monitors, which accounted for € 3.2 million (2012: € 4.0 million), and servers, which accounted for € 2.6 million (2012: € 2.3 million).

The number of remarketed assets and the amount of revenue per equipment category remained stable in 2013. The market for used IT equipment was still intact and demand for equipment continued to exceed supply.

Some 398 thousand items of equipment (2012: 448 thousand) were processed through the Technology and Service Center in 2013, which was a year-on-year decrease of 11.2 percent. In addition to returned leased equipment, the items of equipment sold include 52 thousand units (2012: 85 thousand units) that CHG-MERIDIAN AG purchased from customers or third parties so that they could be reconditioned and then resold in the market (brokerage). The Company's strategy is to generate additional income from the reconditioning and remarketing expertise offered by its Technology and Service Center, which is also a key provider of our remarketing services that offer our customers value-added solutions even at the end of their technology lifecycles.

The year under review also saw greater demand for the IT-related services provided by CHG-MERIDIAN AG. The number of hard disks from which data was securely erased declined slightly from 88,216 in 2012 to 87,012 in 2013. These figures reflect continued strong demand for secure data erasure carried out in accordance with processes certified by TÜV Informationstechnik GmbH and DEKRA: the amount of equipment erased in this way remained at the consistently high level of 75 thousand units in 2013 (2012: 79 thousand units). The majority of customers (65 thousand) opted for TÜV-certified data erasure. In addition, a recently acquired high-performance degausser was used at the Technology and Service Center in Gross-Gerau to demagnetize more than 12 thousand (2012: roughly 10 thousand) hard disks.

EXPENSES

General administrative expenses rose by € 12.8 million to € 99.5 million in 2013. This increase was driven by the ongoing expansion of the CHG-MERIDIAN Group – coupled with the growth in headcount (up by 21 employees to 795 as at the balance sheet date) – and by planned one-off expenses, such as the continuing drive to build up the CHG-MERIDIAN Group's portfolio in the United States and further efforts to establish its Brazilian subsidiary. Another factor was the rise in performance-related commissions paid by CHG-MERIDIAN AG.

Depreciation, amortization and write-downs of leased assets comprised depreciation and amortization of € 569.2 million (2012: € 521.9 million) and write-downs of € 0.1 million (2012: € 1.1 million). The increase in depreciation and amortization of leased assets was largely due to the growth in lease originations over the past two years (see section 2.2.2).

A **consolidated tax expense** of € 11.2 million (2012: € 15.2 million) reduced the net income for 2013.

Taken together, the results of the CHG-MERIDIAN Group's operations remained positive.

2.5.2 REPORT ON THE FINANCIAL POSITION

In 2013, funding for current lease originations and financing for other purposes was sourced from 77 (2012: 69) different banking partners across all subsidiaries in the various countries, which reflects the fact that the CHG-MERIDIAN Group is not reliant on individual banks.

Roughly 28.4 percent of the total volume of funding raised by the CHG-MERIDIAN Group was obtained from the three main banking partners (Landesbank Baden-Wuerttemberg, Société Générale Equipment Finance, and the Santander banking group).

In addition to funding its current lease originations, CHG-MERIDIAN AG was again able to obtain further external funding owing to its highly stable financial position in 2013.

As in previous years, the CHG-MERIDIAN Group's funding structure was characterized by a majority of non-recourse financing (forfeiting).

Given that total funding¹³ of € 864.4 million was obtained from banking partners in connection with lease originations in 2013 (2012: € 723.4 million) and that total leases amounting to € 1,005.7 million were originated (2012: € 803.5 million), the proportion of leases funded externally by the CHG-MERIDIAN Group during the reporting year came to 86.0 percent (2012: 90.0 percent). The Company achieved its desired funding mix as planned, with 64.9 percent of its total volume of lease originations financed on a non-recourse basis. Overall, the funding base remained well diversified.

FUNDING STRUCTURE (€ million)



Although the proportion of non-recourse funding fell slightly year on year, it remained high and yet again illustrated the considerable confidence and trust that funding partners have in the CHG-MERIDIAN Group. This is due to the high quality of its customer portfolio and the fact that its default rates remain low compared with the leasing sector as a whole.

Including the external funding that was not earmarked for lease originations, the CHG-MERIDIAN Group's total volume of funding in 2013 amounted to € 1,004.0 million, which represented a year-on-year increase of 24.0 percent. This was the highest figure in the CHG-MERIDIAN Group's history and was evidence of its excellent funding base. In addition to funding its lease originations, it took action to supplement its funding in Germany especially. The Company raised a promissory note loan amounting to € 50.0 million in Germany. In addition, it obtained debt finance for 'money-over-money' lease transactions worth € 9.6 million in the United States.

¹³The total amount of finance disbursed includes both loan financing and non-recourse funding.

Non-recourse funding of € 69.1 million was obtained for lease originations in the United States (2012: € 78.4 million). Including the external funding that was not earmarked for documented lease originations, the total volume of funding raised in the United States amounted to € 79.3 million. In the United Kingdom the CHG-MERIDIAN Group obtained non-recourse funding amounting to € 59.1 million in 2013 (2012: € 41.3 million). These funding transactions have the legal status of loans whose repayments are dependent on the lessees' credit standing and payments. Non-recourse transactions to fund operating leases¹⁴ are shown on the balance sheet under deferred income, whereas the non-recourse funding of finance leases is reported under liabilities to banks.

Funding in France, Spain and Italy is generally provided through the sale of assets, which involves transferring legal title to the leased equipment as well as the credit risk to the funding partner. These countries raised total funding of € 87.7 million in 2013 compared with € 81.0 million in 2012. These totals are broken down as follows: € 45.2 million in France (2012: € 37.6 million), € 28.4 million in Italy (2012: € 30.4 million), and € 14.1 million in Spain (2012: € 13.0 million).

Non-recourse funding in Mexico amounted to € 20.6 million (2012: € 5.4 million), which was largely attributable to the sharp year-on-year increase in lease originations owing to the resolution of the shareholder dispute. Furthermore, funding of € 52.0 million (2012: € 26.2 million) was obtained in the form of loans in Mexico. In addition to this funding, the Company financed a portfolio restructuring worth € 47.0 million with a customer in Mexico. Moreover, the number of funding partners was raised to twelve in the first full year after the shareholder dispute had been resolved.

The volume of funding raised in Belgium grew to € 41.9 million in 2013 (2012: € 28.0 million), with all of this amount being financed on a non-recourse basis in the reporting year. This increase corresponded to the expansion in the volume of leases originated by the Belgian subsidiary in 2013.

The total non-recourse funding raised by the eastern European subsidiaries in 2013 grew by € 7.8 million to € 17.9 million (2012: € 10.1 million) because the volume of leases originated by these companies had also grown year on year.

Based on the total volume of non-recourse finance of € 653.0 million that was obtained by the CHG-MERIDIAN Group in 2013 (2012: € 558.0 million), the forfeiting ratio¹⁵ was 64.9 percent last year compared with 69.4 percent in 2012. The CHG-MERIDIAN Group therefore achieved its strategic target of ensuring that at least 60 percent of the total volume of leases that it originated in 2013 were funded on a non-recourse basis. CHG-MERIDIAN's success in further expanding the loan facilities available to both local subsidiaries and the Group in general enabled it to reduce the forfeiting ratio slightly, as planned, and to focus on exploiting synergies and margin potential by making use of loan-based finance. CHG-MERIDIAN AG transacted lease-related forfeiting business totaling € 289.4 million in Germany in 2013.

The aggregate volume of forfeiting transactions conducted by the Austrian and Swiss subsidiaries in 2013 came to € 16.8 million (2012: € 9.6 million). This increase was partly attributable to the expansion in the value of leases originated in both countries. Another reason for this growth was that some of the leases originated in Switzerland in 2012 were not funded until the beginning of 2013.

¹⁴ Accounted for as leased assets on the lessor's balance sheet

¹⁵ Defined as the volume of non-recourse funding disbursed as a proportion of the total leases originated during the reporting year

Wherever possible, foreign subsidiaries finance themselves locally. Their parent company, CHG-MERIDIAN AG, is also available to help finance profitable projects by ensuring that its subsidiaries are sufficiently capitalized and by granting them loans. Ten subsidiaries across the CHG-MERIDIAN Group together raised the record amount of € 211.4 million worth of loans in 2013 compared with the total of € 165.4 million that had been raised by nine subsidiaries in 2012.

In Germany, the focus in 2013 was on developing further syndicated loans. After three syndicated loan facilities amounting to € 25.0 million (2010), € 50.0 million (2011), and € 75.0 million (2012) had already been successfully concluded by Landesbank Baden-Wuerttemberg (LBBW) in conjunction with several German savings banks in the years 2010 to 2012, 2013 saw the structuring of a fourth syndicated loan facility amounting to € 90.0 million. LBBW's share of the new syndicated loan concluded in 2013 came to € 10.0 million, while € 80.0 million of this facility was provided by a consortium of 18 German savings banks. The first tranche of € 21.0 million was refinanced, as planned, in 2013.

The syndicated loan facility for € 30.0 million provided by DZ BANK and 14 credit cooperatives was made available as planned in 2013.

The third syndicated loan agreement, which the Company signed back in 2011 with Bremer Landesbank as lead manager, remains in force and was increased by a second tranche of € 25.0 million to a total of € 55.0 million in 2013. A consortium of eight German savings banks is underwriting the tranches arranged by Bremer Landesbank. The amounts drawn down under this syndicated loan facility in 2013 totaled € 18.1 million. This loan agreement is a revolving credit facility that CHG-MERIDIAN AG can continue draw down in individual tranches until further notice.

The total amount of € 175.0 million in syndicated loans available in 2013 is proof positive that this product continues to offer attractive investment opportunities for German savings banks and credit cooperatives.

In addition to funding its current lease originations, CHG-MERIDIAN AG was again able to obtain further external funding in 2013. This additional external funding involved raising the Company's first promissory note loan in Germany, refinancing intercompany loans, and obtaining 'umbrella' loan facilities. The promissory note loan for € 50.0 million raised in 2013 has been made available by a consortium of eight banks from Germany and Austria. Now that the Company has successfully obtained its first promissory note loan, it plans to raise further such loans over the coming years in order to constantly broaden its funding base. The syndicated loan facility arranged by LBBW can also be used to refinance euro-denominated intercompany loans on a pro-rata basis, which increases the overall funding options available. In addition, CHG-MERIDIAN AG agreed overdraft facilities in 2013 with four banks (Deutsche Bank, DZ BANK, LBBW, and Commerzbank), and some of these facilities are also available to its subsidiaries. The use of umbrella facilities provides CHG-MERIDIAN AG with an alternative source of funding alongside the short-term intercompany loans that it has generally used in the past.

Taken together, the CHG-MERIDIAN Group possessed a very sound level of financial resources in 2013. In addition to a strong free cash flow the CHG-MERIDIAN Group also has substantial undrawn credit lines available to enable it to grow further. Please refer to the statement of cash flows for further information. There were no restrictions limiting the availability of the Company's capital or liquidity in 2013.

2.5.3 REPORT ON THE NET ASSETS

The CHG-MERIDIAN Group's total assets amounted to € 1,983.4 million as at December 31, 2013 (December 31, 2012: € 1,770.4 million), which represents a year-on-year increase of € 213.0 million or 12.0 percent. Its net assets continue to consist mainly of leased assets, deferred income, and liabilities to banks.

Loans to customers grew by € 133.6 million to € 430.1 million as at December 31, 2013, which was largely attributable to the subsidiaries in the United States (increase of € 74.4 million), Mexico (increase of € 20.0 million), and the United Kingdom (increase of € 17.4 million). The rise in the US stemmed mainly from the fact that an operating lease had been reclassified as a finance lease, while the increase in the UK resulted primarily from the signing of a big-ticket finance lease agreement in 2013. The growth in Mexico arose principally from the resolution of a shareholder dispute from previous years.

Leased assets had grown by € 60.3 million to € 1,331.5 million by December 31, 2013 (December 31, 2012: € 1,271.2 million), which was largely attributable to the strong expansion at CHG-MERIDIAN AG (increase of € 47.0 million).

Capital expenditure on leased assets is matched on the other side of the balance sheet by lease-related **liabilities to banks** totaling € 642.0 million (December 31, 2012: € 448.2 million) and **deferred income** of € 836.1 million (December 31, 2012: € 859.0 million) for receivables sold on a non-recourse basis. The rise in lease-related liabilities to banks is a result of the increase and expansion of the CHG-MERIDIAN Group's own credit lines and a further decrease in the proportion of non-recourse funding raised in 2013 (see section 2.5.2). The reclassification of an operating lease as a finance lease at the US subsidiary increased the amount of lease-related liabilities and reduced the level of deferred income.

The CHG-MERIDIAN Group's **equity ratio**¹⁶ amounted to 7.1 percent as at December 31, 2013 (December 31, 2012: 7.5 percent) and fell slightly because total assets grew more strongly than stockholders' equity during the reporting year. However, as is the case for all leasing companies, the equity ratio is of limited use as an indicator. As a lessor in transactions where non-recourse funding is used, the CHG-MERIDIAN Group recognizes the leased assets on its balance sheet even though, in funding of this nature, it is merely guaranteeing the existence of a legally valid claim to the receivables. At the same time, the present values of the lease receivables falling due after the balance sheet date that have been sold on a non-recourse basis are reported as liabilities. These accounting principles result in balance sheet inflation which significantly reduces the ratio of stockholders' equity to total assets.

Other liabilities rose by € 10.9 million to € 176.2 million, which was partly attributable to the increase in liabilities arising from the STAR program at CHG-MERIDIAN AG.

2.5.4 GENERAL COMMENT ON THE CHG-MERIDIAN GROUP'S BUSINESS SITUATION

The CHG-MERIDIAN Group ended the 2013 financial year on a successful note. Its operating performance underscores the success of its business model and its sustainable growth strategy. Although economic conditions continued to underperform expectations, the Company managed to consolidate its market position. As well as raising its gross profit year on year, the CHG-MERIDIAN Group exceeded its gross profit target for 2013. At the time that these consolidated annual financial statements were completed, the Company was therefore excellently placed and possessed the capabilities needed to ensure that it continues to thrive in a constantly changing market environment over the coming years.

¹⁶ Defined as the ratio of stockholders' equity to total assets

2.6 NON-FINANCIAL PERFORMANCE INDICATORS

2.6.1 EMPLOYEE STRUCTURE

The CHG-MERIDIAN Group employed a total of 795 people as at December 31, 2013 (December 31, 2012: 774 people), which was a year-on-year increase of 21.

The table below gives a breakdown of employees in the CHG-MERIDIAN Group by country and company as at December 31, 2013:

Country	Company	Headcount Dec. 31, 2013	Headcount Dec. 31, 2012
Germany	CHG-MERIDIAN AG	426	389
	CHG-MERIDIAN Mobilien GmbH	5	5
	abakus IT AG	34	35
	CML Services GmbH	3	40
France	CHG-MERIDIAN France SAS	30	25
United Kingdom	CHG-MERIDIAN (Holdings) UK Limited	39	41
Belgium	CHG-MERIDIAN Belux NV	27	26
Italy	CHG-MERIDIAN Italia S.p.A.	23	22
Spain	CHG-MERIDIAN Spain S.L.	18	17
Russia	OOO CHG-MERIDIAN Leasing	12	11
Austria	CHG-MERIDIAN Austria GmbH	3	4
Poland	CHG-MERIDIAN Polska sp. z o.o.	9	9
Netherlands	CHG-MERIDIAN Nederland BV	11	12
Switzerland	CHG-MERIDIAN Schweiz AG	5	4
Czech Republic	CHG-MERIDIAN Czech Republic s.r.o.	8	9
United States of America	CHG MERIDIAN USA Corp.	50	46
Mexico	CHG-MERIDIAN México S.A.P.I. de C.V.	79	72
Brazil	CHG-MERIDIAN do Brasil Locação de Equipamentos Ltda.	13	7
TOTAL		795	774

There were no employees in Slovakia, Slovenia, Ireland, or Canada as at the balance sheet date.

The code of conduct compiled by the CHG-MERIDIAN Group defines values that provide guidance for all members of staff in their day-to-day work and embody the Company's corporate philosophy and culture. Through these shared objectives and values, combined with clearly defined policies, the Group aims to ensure that all employees conduct themselves ethically and in compliance with the law, both with regard to each other and to the public. The code of conduct is regularly revised to ensure that these corporate principles are consistent with the Company's constantly changing circumstances and environment.

RECRUITING AND RETAINING STAFF

CHG-MERIDIAN made its efforts to recruit and retain staff a high priority in 2013. A project group examined the Company's appeal and attractiveness as an employer. The main purpose of this project group was to use CHG-MERIDIAN's existing values as a starting point from which to formulate further engaging issues and ideas. These included exciting career opportunities, financial incentives and benefits, family-friendly working hours, finding the right work/life balance, challenging job profiles, and a corporate and managerial culture based on a sense of responsibility and trust. The first measures approved by the Management Board are already being introduced, and further aspects are due to be implemented by the end of 2014. In addition, CHG-MERIDIAN AG has forged a partnership with the Weingarten-based Foundation for the Center for the Disabled in Upper Swabia (KBZO) and now provides workplace childcare facilities. This enables Company employees to return to work after just one year's parental leave by taking advantage of flexible part-time arrangements.

SKILLS TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT

The CHG-MERIDIAN Group continued to give high priority to skills training and continuing professional development for its employees in 2013. The CHG Academy provides employees with CHG-specific knowledge – such as information about the Group's systems and processes – as well as more generic professional skills and expertise in methodology and leadership.

CHG-MERIDIAN AG also met its obligation as a responsible corporate citizen to provide training and apprenticeships for young people. 2013 saw three apprentices commence their commercial and IT traineeships, while four young members of staff started to study international business and financial services at the Baden-Wuerttemberg Cooperative State University (DHBW).

Furthermore, the CHG-Academy is continuing to run its highly successful 'Trails' sales management trainee program and, since 2013, has been helping five trainees to embark on their professional careers. In order to provide young people with an insight into working life, the CHG-Academy has launched additional collaborative schemes to supplement the educational partnerships that it already maintains with regional schools. These educational partnerships stage information events for pupils and organize internships in various areas of the Company.

2.6.2 TECHNOLOGY AND SERVICE CENTER

The main purpose of the Technology and Service Center in Gross-Gerau near Frankfurt am Main is to refurbish and then remarket IT equipment. This site has the capacity to recondition 800,000 items of equipment per year and has been specially designed with CHG-MERIDIAN's requirements and processes in mind.

The professional remarketing of used equipment is becoming increasingly important owing to the growing global shortage of resources. Used IT equipment is dealt with sustainably and cost-effectively at the end of the product lifecycle, either by successfully remarketing it or by disposing of it in an eco-friendly manner at the Technology and Service Center.

2.6.3 SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

CHG-MERIDIAN AG has generated continuous growth ever since it was first established. One of the main reasons for this success is the strong local ties that we have forged as an owner-managed company with operations geared to generating solid long-term growth.

Responsibility and sustainability are part of our DNA. Our contribution to socially and environmentally sustainable development is derived from our business model, which combines the corporate values by which we operate with our long-term growth and our relationships with our employees, customers, and society at large.

CORPORATE CITIZENSHIP

As a multinational company and a trusted independent partner, we have a duty to act with integrity at all times in accordance with the expectations of our customers, employees and business partners and of the wider public. This also applies to charitable donations and sponsorships, which form a key part of our responsibilities as a corporate citizen. To this end, we issued a Group-wide charitable donations and sponsorship policy back in 2012.

In order for our charitable donations and sponsorships to be effective, there needs to be a clear definition of the social causes being supported and the associated objectives. As a technology company, we have a particularly strong focus on technology, media and the digital revolution. Our aim is to apply this passion to the priority areas of the arts, education, social causes and sport.

We explicitly pledge our commitment to the communities in which we operate. We see our role as that of a good citizen who actively participates, who makes a difference and who becomes involved with the aim of promoting the common good. Our charitable donations and sponsorship activities are concentrated on initiatives, projects and associations that enable us to fulfil this local role. We spent a total of some € 310,000 on charitable donations and sponsorships in 2013.

Last year, CHG-MERIDIAN once again assisted those in need of help and financial support in the run-up to Christmas. In 2013 we continued to sponsor clubs and organizations that are committed to creating a fair, sustainable, and caring society. In addition, we donated new sets of shirts to eight children's and youth teams based at our German sites in Berlin, Düsseldorf, Gross-Gerau, Munich, and Weingarten as part of our pre-Christmas sports sponsorship activities.

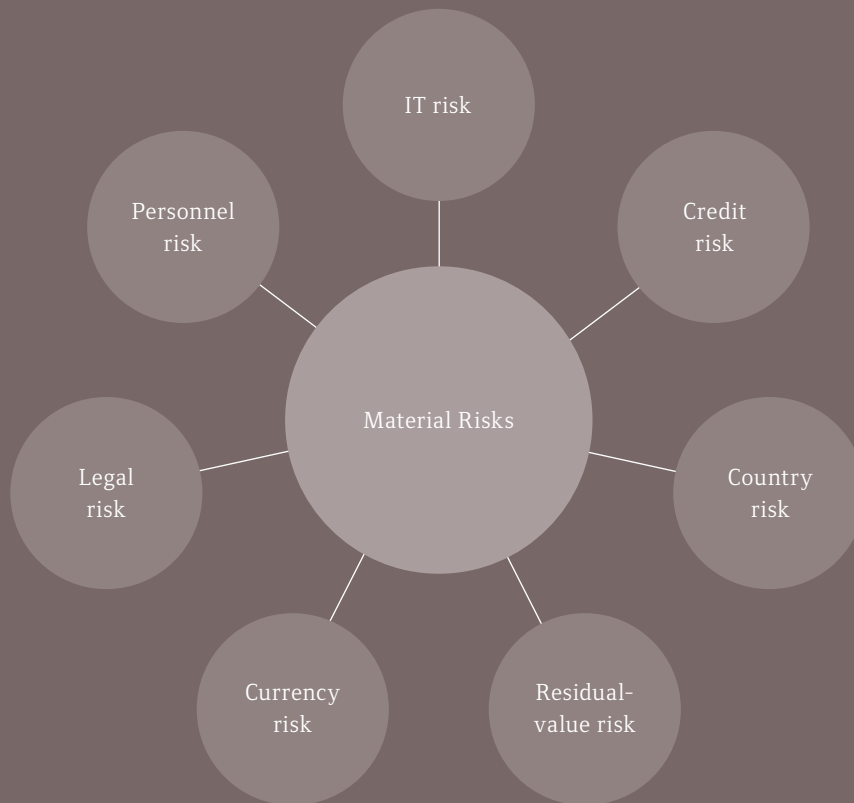
PROTECTING THE ENVIRONMENT

CHG-MERIDIAN teamed up with the TÜV Rheinland safety standards authority to launch the 'energy-efficient data center' certification initiative. The aim is to reduce the amount of energy, and thereby CO₂, consumed by large data centers. As a result of this initiative, one of Europe's largest university hospitals has been operating a certified energy-efficient data center since 2012. CHG-MERIDIAN continued to commit itself to this cause in 2013. It worked closely with TEREX Corporation to create three new state-of-the-art data centers at the latter's sites in Düsseldorf and Wetter. Because environmental protection is enshrined in TEREX's corporate values, it was important for more than just financial reasons to achieve a high degree of energy efficiency. The extent to which TÜV Rheinland's energy-efficiency criteria had been met amounted to 84.3 percent after just the first year of operation, and the data centers were using 30 percent less electricity after twelve months. The power usage effectiveness (PUE) of these data centers was rated as 2 at the time they were certified because their capacity utilization was still low. This metric has now improved to 1.6. CHG-MERIDIAN and TÜV Rheinland-Consulting have therefore managed to achieve an outstanding level of operational security and energy efficiency at these data centers.

SECTION 3 OPPORTUNITIES AND RISKS REPORT

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MATERIAL RISKS



The objective of the risk strategy is to strike the right balance between the risks and opportunities facing the CHG-MERIDIAN Group as a whole. The aim here is to seek to exploit specific opportunities while only taking on risks to a responsible degree.

3.1 OPPORTUNITIES REPORT

Economic growth in CHG-MERIDIAN's core markets continues to depend to a large extent on the stabilization of the eurozone in the wake of the financial and euro crises. Global gross domestic product (GDP) is forecast to grow by 3.7 percent in 2014. Growth of 0.7 percent is predicted for the eurozone, while the United States is expected to grow by 2.3 percent. This economic growth will enable CHG-MERIDIAN to grow in line with its customers in these markets. Its core German market is expected to grow by a modest 1.7 percent¹⁷, which will create further growth opportunities for CHG-MERIDIAN AG and CHG-MERIDIAN Mobilien GmbH. Taken together, a stable economic environment is therefore being forecast for the CHG-MERIDIAN Group's operating activities in 2014.

3.1.1 OPPORTUNITIES IN THE LEASING MARKET

Because of constantly changing market conditions and short development cycles for high-tech products, companies need flexible financing solutions that are geared toward their requirements. Leasing constitutes an attractive form of finance for customers' individual needs in terms of capital equipment investment. This creates further growth potential, especially for the CHG-MERIDIAN Group which, thanks to its excellent credit standing, can obtain low-cost funding for its leases. In addition, companies are increasingly looking for fully integrated services that go beyond pure finance. Because leasing firms offer a range of services, they have further opportunities to develop their business. As a technology manager, the CHG-MERIDIAN Group is therefore in an excellent starting position from which to offer one-stop solutions to its customers.

3.1.2 OPPORTUNITIES IN INFORMATION TECHNOLOGIES

Because it is professionally and efficiently structured, CHG-MERIDIAN can offer flexible customized solutions, thereby adding value for its clients. In its IT business the Company has for many years now been able to draw on an international network of subsidiaries, which enables it to provide its customers with a comprehensive portfolio of solutions in all relevant core countries. When in 2013 it obtained a banking license to conduct leasing business in Brazil, it gained access to a non-European market that offers considerable growth potential.

In recent years the CHG-MERIDIAN Group has developed a wide range of services and can therefore provide its customers with more than just financing solutions. It was quick to identify and react accordingly to trends in the IT market. Although it is already well positioned in this market, it plans to continuously develop and refine its range of services so that it can continue to add value for customers. In the last few years the CHG-MERIDIAN Group has been focusing on cloud computing, a new technology in the IT industry in which IT services are made available over the internet. Cloud computing projects often incur high capital spending costs to build the necessary infrastructure. CHG-MERIDIAN supports its customers throughout these projects by adopting an end-to-end service approach that starts with advice and certification and then progresses to data erasure and, finally, includes flexible finance packages. It sees further growth opportunities in other IT trends as well, such as 3D printing, big data, and mobile devices.¹⁸ CHG-MERIDIAN is still broadening its offering in these and other areas to ensure that it can continue to deliver a wide range of services going forward. This steady expansion and the Company's continuous investment in services are yielding further growth options.

In order to achieve its planned objectives, the CHG-MERIDIAN Group will be focusing in 2014 on the steady expansion of integrated services for its customers and on the further internationalization of its business. The total volume of lease originations in the IT market is expected to remain stable overall in 2014.

¹⁷ http://www.ifw-kiel.de/think-tank/macroeconomic-forecasts/forecasting-center/view?set_language=en

¹⁸ <http://www.gartner.com/technology/research/top-10-technology-trends/>

3.1.3 OPPORTUNITIES IN INDUSTRIAL TECHNOLOGIES

Investing in industrial equipment has become even more complex in recent years. Companies are looking for financing solutions that meet their specific requirements. The position that CHG-MERIDIAN occupies in this market in Mexico, the United States, and Germany means that it is well placed to help customers manage these investments.

In Germany, CHG-MERIDIAN Mobilien GmbH has demonstrated its development potential in the financing of equipment and related services. An innovative cash flow management system enables customers to align their capital spending levels with their business objectives. The range of services offered is similar to that in the IT market (financial services, operational services, consulting services, and remarketing services). During the industrial sales process CHG-MERIDIAN benefits from its IT customer network and thus has the opportunity to expand its portfolio of existing customers by offering them overarching solutions.

The CHG-MERIDIAN Group can use its current network to optimize the services that it offers to international big-ticket clients and to provide them with customized financing solutions. By building relationships with vendors and focusing on capital-intensive high-tech products with regular replacement cycles, the Company expects to generate stable and continuous growth in the market. It believes that its current position in the industrial technologies market continues to offer considerable potential to increase the volumes of leases originated in 2014.

3.1.4 OPPORTUNITIES IN HEALTHCARE TECHNOLOGIES

The international healthcare market is an innovative segment characterized by highly specialized products and large volumes of capital expenditure. CHG-MERIDIAN supports its clients by offering them customized solutions that facilitate the efficient management of these high-tech products. The procurement of high-value, state-of-the-art medical equipment entails considerable amounts of capital spending and constitutes a key success factor for healthcare providers. Because it has experience of other technology segments, CHG-MERIDIAN can offer comprehensive and efficient lifecycle management that includes much more than just the necessary finance. These customized solutions enable the Company to adapt the holistic service approach that it has pursued in the IT sector to the healthcare segment. It plans to use the skills of its international team to gain access to selected foreign markets. By offering a combined package of IT and healthcare expertise, the CHG-MERIDIAN Group occupies a unique market position. Its solutions for managing capital spending on healthcare products are made available to customers in Germany, France, the UK, the US, and Switzerland.

During the healthcare sales process CHG-MERIDIAN once again benefits from its IT customer network and thus has the opportunity to expand its portfolio of existing customers by offering them overarching solutions.

3.1.5 OVERALL ASSESSMENT OF OPPORTUNITIES

The combination of the three aforementioned business segments makes CHG-MERIDIAN a leading provider in the management of high-tech investments. Capital spending on IT is closely correlated with spending on healthcare and industrial products and, consequently, cannot be viewed in isolation. These technology segments are becoming increasingly interlinked by virtue of their shared management resources and combined finance packages. CHG-MERIDIAN offers overarching customer solutions, which create opportunities for the Group as a whole. In addition, the three technology segments provide the CHG-MERIDIAN Group with cross-selling potential. By rendering integrated services in all its business areas, the Company can reap economies of scale and add further value for its customers.

The international focus over the coming year will be on expanding and optimizing the Company's subsidiaries outside Germany. The priorities here will be to launch new services and establish a common strategy more firmly in order to ensure that the CHG-MERIDIAN Group can continue to provide its customers with a comprehensive and uniform service offering in all relevant countries. These changes will yield further growth opportunities.

The Management Board expects the Company's business to perform well overall in 2014. The CHG-MERIDIAN Group's target for this year is once again to generate lease originations of € 1 billion as a baseline and then to achieve modest growth over and above this level. Further acquisitions are seen as an opportunity to achieve non-organic growth in the lease origination ratio and, in this connection, to further improve customer service.

3.1.6 ENLARGEMENT OF THE SENIOR MANAGEMENT TEAM

The CHG-MERIDIAN Group's general policy is to maintain continuity in key managerial roles in order to ensure that it achieves its long-term objectives. Dr. Mathias Wagner was appointed to the Management Board of CHG-MERIDIAN AG with effect from January 1, 2014. In his role as Chief Sales Officer International (CSO) he is responsible for continuing to expand international sales outside central Europe and for optimizing customer service. Peter Horne stepped down from the Management Board with effect from December 9, 2013 and joined the Supervisory Board as of December 10 that year. The Company will therefore continue to benefit from his many years of sectoral and operational experience.

With its current senior management team the CHG-MERIDIAN Group believes that it is excellently placed to continue strengthening its leading market position as a non-captive technology portfolio manager over the long term and to exploit further domestic and international growth potential.

3.2 RISK REPORT

3.2.1 RISK STRATEGY

The objective of the risk strategy is to strike the right balance between the opportunities and risks facing the Company. The risk strategy pursued by the CHG-MERIDIAN Group is derived from its business strategy and forms an integral part of the risk management process. The Management Board and Supervisory Board of CHG-MERIDIAN AG set out the principles of risk policy. Its core message incorporates a code of conduct and it encourages all staff members to take a sensible attitude toward risk. These principles form the basis for the specific structure of the risk management organization and are intended to promote awareness of risk on the part of all stakeholders. By communicating its corporate principles to all employees in the CHG-MERIDIAN Group, the Company aims to ensure that they are aware of risk, that risks are identified and monitored, and that appropriate action is taken should an imminent threat arise.

The idea behind the risk strategy is also to enable us to exploit competitive advantages and opportunities while avoiding risks that exceed a defined limit. CHG-MERIDIAN adopts a risk-conscious approach to managing and identifying potential risks and opportunities, evaluates them in terms of their risk/reward profile and decides whether to accept or avoid them based on the Company's capacity to assume the risk involved. The aim here is to seek to exploit specific opportunities while only taking on risks to a responsible degree.

3.2.2 RISK MANAGEMENT AND RISK MONITORING

In order to manage and monitor these risks, the CHG-MERIDIAN Group employs a holistic risk management strategy in conjunction with processes and organizational structures for monitoring and measuring risk that are calibrated to reflect the size, nature, scope, complexity, and risk inherent in each of its transactions. Furthermore, process-integral and cross-process monitoring ensure that the risk management system, and the action taken within it, functions properly, fulfils its requirements, and is effective.

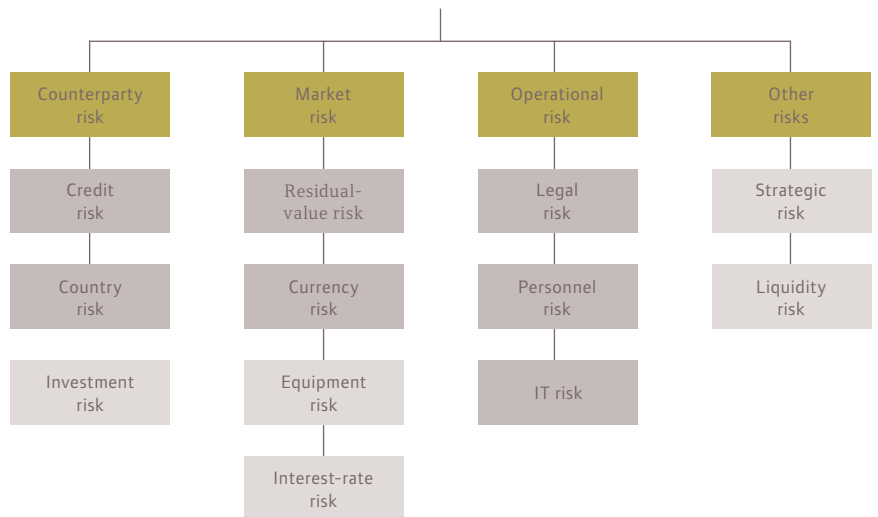
The purpose of the CHG-MERIDIAN Group's risk management system is to identify, analyze, evaluate, and manage specific risks facing the Company. The relevant executive directors and other decision-makers at CHG-MERIDIAN AG regularly analyze, evaluate, and monitor risk and also identify new risks and risk categories. The level of risk that can be assumed by these decision-makers is governed by the net asset value of the foreign subsidiary concerned. The executive directors in the CHG-MERIDIAN Group have set appropriate limits and authorization levels for the specific risks involved, and these have been approved by the relevant supervisory bodies.

The Company also manages and monitors its risks by preparing a quarterly calculation of its risk-bearing capacity, which is submitted to the relevant decision-makers at CHG-MERIDIAN AG for analysis and approval. This calculation of risk-bearing capacity involves determining and assessing the proportion of identified and computed risks as a percentage of aggregate risk cover for the respective quarter of the year. If the relevant limits are exceeded (20 percent of the aggregate risk cover), it is also submitted to the Supervisory Board for approval.

As a function independent of the risk management process, internal audit – acting on behalf of the Management Board – examines the integrity and effectiveness of the Company's risk monitoring system in accordance with the statutory Minimum Requirements for Risk Management (MaRisk). Internal audit reports regularly to the Management Board. In 2013 it identified no findings that potentially pose a threat to the integrity of the Company's risk management system.

As a leasing company with a strong focus on products and services, the CHG-MERIDIAN Group is exposed to the following risks when conducting its business:

RISKS IN THE CHG-MERIDIAN GROUP



■ Material risks
 ■ Non-material risks

3.2.3 RISK CATEGORIES

3.2.3.1 COUNTERPARTY RISK

Counterparty risk is defined as the potential loss that can arise as a result of a counterparty's default, either because of its insolvency or its unwillingness to meet its contractual obligations.

The CHG-MERIDIAN Group defines credit risk, investment risk, and country risk as material counterparty risks.

CREDIT RISK

Credit risk is determined by three factors: the credit exposure (outstanding lease installments funded by loans or from the CHG-MERIDIAN Group's own resources), the recovery rate (sum total of remarketing proceeds from leases in default and other revenue minus remarketing-related costs in relation to the present value of residual receivables, including a margin), and the expected default frequency (potential default risk).

The CHG-MERIDIAN Group may be exposed to credit risk as a result of the bankruptcy of clients that it has financed at its own risk. Such risk also exists during transactions' prefinancing stages and in cases where purchase participation declarations have been issued.

The Company manages this risk by ensuring that it has risk-adjusted organizational structures in place and by consistently pursuing a policy of risk avoidance. Another way in which the CHG-MERIDIAN Group seeks to mitigate credit risk is by deliberately offloading this risk, which involves funding leases mainly by selling receivables on a non-recourse basis.

In order to prevent an unacceptably high credit exposure risk, the CHG-MERIDIAN Group analyzes the risk arising in connection with funding from its own resources and funding by loans as part of its monthly management reporting process; it analyzes other credit risks on a quarterly basis.

The CHG-MERIDIAN Group continued to use its risk-based operational and organizational structures to manage its credit risk effectively during the reporting period. The proportion of receivables sold on a non-recourse basis amounted to 64.9 percent (2012: 69.4 percent), which meant that a moderate level of credit risk remained with the CHG-MERIDIAN Group.

The Company mitigates the fraudulent-receivables risk not covered by non-recourse financing to the largest possible extent by agreeing standard leases in advance with the banks providing the funding. Adjustments made to these contractual arrangements for individual customers are agreed in detail between the relevant legal departments and the funding bank concerned.

COUNTRY RISK

Country risk arises if political or economic circumstances in a particular country impact the value of a foreign exposure. It comprises transfer risk and other country risks. Transfer risk arises if a debtor who is otherwise solvent and willing to make payments is unable to meet payment obligations because the imposition of governmental or regulatory controls has prevented the debtor from obtaining foreign currency or from transferring assets to parties not domiciled in the country concerned. Other country risk comprises risks that may jeopardize the enforceability of receivables due from counterparties abroad, capital investments, or anticipated profits abroad, independently of the transfer risk. It depends on economic and political risk factors in a country, in particular country-specific liquidity risk, market risk, and correlation risk.

In order to minimize its country risk, the CHG-MERIDIAN Group therefore operates almost exclusively in states that are members of the Organisation for Economic Co-operation and Development (OECD) and in economically and politically stable countries.

If there is an exposure to country risk, investors generally demand a risk premium in return for this exposure. The risk premium is thus calculated by comparing the coupon on sovereign bonds issued by the country concerned with a risk-free sovereign bond in the same currency.

3.2.3.2 MARKET RISK

RESIDUAL-VALUE RISK

Residual-value risk is defined as a loss-of-earnings risk because residual values have to be funded from CHG-MERIDIAN's own resources. It constitutes the risk that lease payments made over the contractually agreed term of a lease may not fully cover the investment in the leased equipment and the cost of funding.

It is part of the CHG-MERIDIAN Group's business philosophy to calculate residual-value risks cautiously when it signs leases with clients. This is often necessary because clients sometimes demand operating leases that conform to international accounting standards. This involves residual values of at least 10 percent of the cost of the lease.

Accepting and managing residual-value risk is one of the Company's core competencies. The CHG-MERIDIAN Group mitigates its inherent residual-value risk by adopting a very conservative approach to the calculation of residual-value exposure. This policy reflects the situation of the client and the Company's own assessment of the remarketing potential of the individual product, which is based on its many years' experience of the market concerned. The CHG-MERIDIAN Group regularly checks the accuracy of its assessment of remarketing potential, on which this calculation is based, by analyzing the results of its remarketing efforts. If its assessment of remarketing potential changes significantly, the CHG-MERIDIAN Group responds by adjusting the fixed limits accordingly. If residual values exceed the fixed limits on cost in such cases, approvals must be granted by the Company's Management Board in accordance with the relevant limits (rules of procedure).

An assessment of the residual-value risk to which the CHG-MERIDIAN Group was exposed in 2013 revealed that this risk was more than compensated for by the remarketing potential available.

CURRENCY RISK

Currency risk constitutes the risk that assets and liabilities depreciate in value owing to sharp fluctuations in exchange rates.

The CHG-MERIDIAN Group is being exposed to increasing levels of currency risk because of the internationalization of its business and the growing importance of its foreign markets.

The CHG-MERIDIAN Group aims to ensure that funding is obtained in the local currency of the subsidiary concerned from its own funding partners. This policy helps minimize currency risk.

3.2.3.3 OPERATIONAL RISK

Operational risk constitutes the risk of losses caused by the inappropriateness or failure of internal processes, people or systems or by external events, including legal risks.

Material operational risk, as defined by the CHG-MERIDIAN Group, mainly comprises legal risk and personnel risk. It also includes risk in connection with operating processes, including failure of the IT infrastructure.

The Company draws on the regulatory requirements specified in the Solvency Regulation (SolvV) in order to quantify its operational risk. This regulation stipulates that quantification of operational risk must be based on 15 percent of the three-year average of the relevant indicator (gross earnings).

LEGAL RISK

Legal risk arises when new types of lease are used, existing types of lease are amended or the contractual framework is altered without the legal risks having been thoroughly assessed in advance.

The CHG-MERIDIAN Group mitigates this risk by severely restricting the cases in which transactions are allowed to deviate from the Company's general terms and conditions and by standardizing the various kinds of quotes and offers that sales staff are allowed to submit to clients. Before a lease is signed, the relevant senior sales executives and contract management staff check to ensure that these standards have been complied with.

Any deviations from these standards and any customized agreements made with individual clients must be approved beforehand by the legal and funding departments and by the responsible member of the Management Board. This procedure prevents unmanageable legal risks from arising and safeguards the funding of leases.

PERSONNEL RISK

Personnel risk is defined as the risk arising in connection with staff turnover, although this is generally of minor significance in the CHG-MERIDIAN Group. Furthermore, the HR department is not aware of any legal disputes with employees that have a material impact on the CHG-MERIDIAN Group's net assets, financial position or results of operations.

IT RISK

New, complex, and customized types of lease and administrative processes mean that data processing and general contract management are constantly changing. As the CHG-MERIDIAN Group relies on its IT systems working smoothly and effectively to ensure that they can process transactions swiftly and efficiently, these systems have to be constantly adapted to changing requirements. The Company's rules of procedure require all critical business processes to be checked by two different members of staff.

The nature of CHG-MERIDIAN's business model and organizational structures ensures, however, that systems failure in individual departments would not pose a material risk for the first few days. Although this risk is regarded as low, the Company has taken the following precautionary measures in specific areas:

- IT service continuity plan (anti-virus protection, backup systems/daily data backups, redundant networks/systems, etc.)
- IT policies (security procedures, etc.).

CHG-MERIDIAN maintains a redundant network – the backup data center in Gross-Gerau – in order to further mitigate this risk. In addition, it conducts service continuity tests in specific areas.

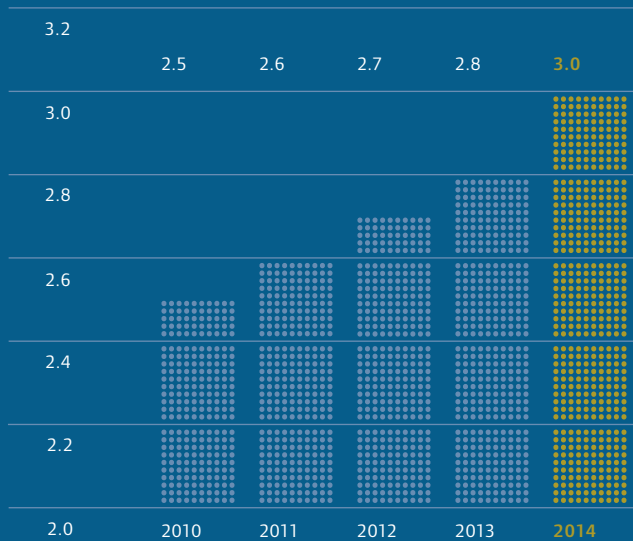
3.2.4 SUMMARY

Against the current backdrop of steadily growing risks and regulatory requirements, the CHG-MERIDIAN Group's conservative corporate strategy has proved to be the right approach for the long term. By pursuing a rigorous risk management policy, the CHG-MERIDIAN Group was kept abreast of the latest developments in its risk exposures. Current economic conditions pose no risks that are adversely affecting CHG-MERIDIAN; this applies both to the results of business operations that have been completed and to activities that are either in the pipeline or have already been initiated.

SECTION 4 EVENTS AFTER THE BALANCE SHEET DATE AND OUTLOOK

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PERFORMANCE OF THE GLOBAL ICT MARKET (€ trillion)



The EITO and International Data Corporation (IDC) are forecasting an encouraging trend in the information and communications technology (ICT) market. They expect the global ICT market to grow by 4.5 percent year on year in 2014.

4.1 EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the end of the 2013 financial year.

4.2 OUTLOOK

4.2.1 MACROECONOMIC OUTLOOK

The performance of the global economy will continue to depend to a large extent on the stabilization of the eurozone, and a decisive factor will be the extent to which planned structural reforms resulting from the sovereign debt crisis can be implemented over the long term. Leading industry associations expect this situation to stabilize and are predicting world economic growth of 3.6 percent for 2014.¹⁹

The EITO and International Data Corporation (IDC) are forecasting an encouraging trend in the information and communications technology (ICT) market. They expect the global ICT market to grow by 4.5 percent year on year in 2014.²⁰

According to SPECTARIS, German medical equipment providers are predicting growth of 3.5 percent for the global healthcare technologies market in 2014.²¹ This forecast by German medical equipment companies can be extrapolated into a positive outlook for the global healthcare technologies market as a whole.

Provided that the eurozone stabilizes, the BDL expects spending on capital equipment in the German leasing market to grow by roughly 7 percent.²² The general macroeconomic parameters for CHG-MERIDIAN are therefore expected to be favorable in 2014.

4.2.2 OUTLOOK FOR THE CHG-MERIDIAN GROUP

CHG-MERIDIAN sees further significant growth potential for the entire Group in 2014. This growth potential arises from macroeconomic trends and CHG-MERIDIAN's new technology segments. Although it will continue to focus on the IT market, the Company also plans to build and increase its healthcare and industrial technologies businesses and to expand into new markets, which will provide the CHG-MERIDIAN Group with further growth opportunities over and above the level of macroeconomic growth.

The CHG-MERIDIAN Group's expectations with regard to its customers' requirements and its associated strategic approach remain more or less unchanged from those in previous years. Customers will continue to generate growing demand for integrated full-service leasing solutions and flexible, uncomplicated financing arrangements. By providing customized solutions, the CHG-MERIDIAN Group can support its clients at all relevant stages of the technology lifecycle. In 2014 it will continue to focus on expanding its international services.

¹⁹ See <http://www.bmwi.de/EN/Press/press-releases,did=612318.html>

²⁰ See EITO, ICT Market Report 2013/14, page 188

²¹ http://www.spectaris.de/uploads/tx_ewscontent_pil/2013_5_6_Daten_Medizintechnik_02.pdf

²² See <http://bdl.leasingverband.de/service/newsletter/ausgaben-2013/dezember-2013>

OUTLOOK IN EUROPE

The priorities for a number of European subsidiaries outside Germany will be to stabilize their volumes of lease originations and further enhance their profitability. Last year they approved strategic and structural measures that are to be implemented in 2014. Having strengthened their personnel resources in specific areas in 2013, these foreign subsidiaries plan to continue to expand their organizational structures and to extend the range of services they offer. Closer networking between the individual regional subsidiaries over the next few years will remain one of the contributing factors allowing the Group to conclude international full-service leases and reap further synergies.

OUTLOOK IN THE AMERICAS

CHG-MERIDIAN's market position in the United States continues to offer significant growth potential for the coming years. The capital that it has invested in new sales infrastructure and suitably qualified staff is expected to generate strong growth in lease originations. Having managed to obtain a banking license for Brazil and having successfully resolved the shareholder dispute in Mexico, the CHG-MERIDIAN Group expects to achieve robust year-on-year growth in lease originations in these two countries as well over the next year.

FORECAST

The European leasing sector expects its business to perform well in the first half of 2014. According to Leaseurope, just under 74 percent of leasing companies expect to increase their volume of lease originations in the first six months of this year.²³

Having achieved all-time record results in its gross profit and lease originations in 2013, the CHG-MERIDIAN Group has further bolstered its market position. The stabilization of its international operations will provide the Company with a number of opportunities in an economic environment generally characterized by growth.

Given this potential, the CHG-MERIDIAN Group is starting 2014 with a sense of optimism and aims to generate the lease origination volume achieved in 2013 as a baseline and then to achieve modest organic growth over and above this level. It expects its results of operations to remain consistently strong overall.

The CHG-MERIDIAN Group finds itself in a very strong financial position and will continue to be on the lookout for strategically beneficial acquisitions – either in Germany or abroad – in 2014.

Weingarten, March 7, 2014

CHG-MERIDIAN AG

Jürgen Mossakowski Joachim Schulz Frank Kottmann Dr. Mathias Wagner

²³ <http://www.leaseurope.org/uploads/documents/press-releases/pr140131-BCS.pdf>

CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Balance Sheet of CHG-MERIDIAN AG, Weingarten,
as at December 31, 2013

ASSETS

	Note	Dec. 31, 2013 € 000's	Dec. 31, 2012 € 000's
1. Cash			
Cash on hand		27	15
2. Cash in the bank	7		
a) on demand		106,419	107,908
b) other claims		13,095	3,338
3. Loans to customers	8	430,099	296,471
4. Equity investments		113	11
5. Leased assets	9	1,331,543	1,271,229
6. Intangible assets		1,540	2,401
7. Property, plant and equipment	10	30,984	29,760
8. Other assets	11	61,639	54,900
9. Prepaid expenses	12	7,876	4,342
10. Excess of plan assets over pension liabilities	13	19	20
Total assets		1,983,354	1,770,395

LIABILITIES AND STOCKHOLDERS' EQUITY

	Note	Dec. 31, 2013		Dec. 31, 2012
		€ 000's		€ 000's
1. Liabilities to banks	14			
a) on demand		41,401		3,835
b) with an agreed maturity		661,351	702,752	474,956
2. Customer deposits	15			
sundry liabilities				
a) on demand		8,955		8,134
b) with an agreed maturity		7,402	16,357	6,508
3. Debenture loans				
debt securities issued			0	12,031
4. Other liabilities	16		176,212	165,354
5. Deferred income	17		878,839	893,339
5a. Deferred tax liabilities	18		36,354	28,028
6. Provisions and reserves				
a) for pensions			0	9
b) for taxes			2,692	3,253
c) other provisions and reserves	19		30,080	32,772
7. Negative goodwill arising on consolidation	20		0	4,931
8. Stockholders' equity	21			
a) subscribed capital		75,000		75,000
minus notional value of treasury shares		-4,458		-4,084
issued capital		70,542		
b) additional paid-in capital			618	618
c) retained earnings				
ca) statutory reserve		6,882		6,882
cb) other retained earnings		41,179	48,061	21,299
d) stockholders' equity difference arising from				
currency translation			-2,787	1,618
e) profit for the period attributable to the Group			23,824	32,043
f) minority interests				
of which profit/loss attributable to minority interests:				
loss of € 376 thousand				
(Dec. 31, 2012: profit of € 36 thousand)			-190	140,068
Total liabilities and stockholders' equity			1,983,354	1,770,395

Consolidated Profit and Loss Statement of CHG-MERIDIAN AG, Weingarten,
for the Year Ended December 31, 2013

	Note		2013 € 000's	2012 € 000's
1. Income from leasing	25		944,181	801,909
2. Expenses from leasing	26		-223,214	-119,487
3. Interest income from lending and money-market transactions	27		36,814	20,243
4. Interest expense	28		-57,089	-53,648
5. Commission income	29		18,963	15,806
6. Commission expense			-8,247	-6,825
7. Other operating income	30		8,992	5,097
8. General administrative expenses				
a) staff expenses				
aa) wages and salaries		-69,286		-57,932
ab) social security contributions and expenses for pensions of which for pensions: € 160 thousand (2012: € 101 thousand)		-8,732	-78,018	-7,696
b) other administrative expenses	31		-21,513	-21,156
9. Depreciation, amortization and write-downs of				
a) leased assets	32		-569,298	-523,001
b) intangible assets and property, plant and equipment			-4,432	-4,112
10. Other operating expenses			-2,653	-1,481
11. Write-downs and value adjustments on claims and additions to the provisions for leasing business	33		-9,847	-1,106
12. Net income from investments accounted for using the equity method			0	711
13. Profit from ordinary activities			34,639	47,322
14. Income taxes			-10,577	-14,260
15. Other taxes			-614	-983
16. Net income			23,448	32,079
17. Profit/loss attributable to minority interests			376	-36
18. Profit for the period attributable to the Group			23,824	32,043

Consolidated Statement of Cash Flows of CHG-MERIDIAN AG, Weingarten, for the Year Ended December 31, 2013

	2013	2012
	€ 000's	€ 000's
Net income	23,448	32,079
Leasing revenue assigned under non-recourse funding agreements and other non-cash changes in deferred income	-580,556	-581,977
Depreciation and write-downs of leased assets	569,298	523,001
Depreciation, amortization and write-downs of property, plant and equipment, and intangible assets	4,432	4,112
Increase in provisions and reserves (incl. deferred taxes)	1,417	23,819
Other non-cash expenses and income	-4,428	-214
Net increase (2012: net decrease) in receivables, other assets and sundry assets not attributable to investing or financing activities	-35,081	4,442
Net increase in customer deposits, other liabilities and sundry liabilities not attributable to investing or financing activities	12,573	44,775
Net cash used for operating activities	-8,897	50,037
Purchase of consolidated entities minus net cash acquired	0	-7,474
Purchase of equity investments	-102	0
Purchase of property, plant and equipment, and intangible assets	-7,212	-6,417
Purchase of leased assets	-810,914	-743,145
Increase in finance leases and hire purchase agreements	-118,576	-102,045
Proceeds from the sale of property, plant and equipment, and intangible assets	2,418	1,063
Proceeds from the sale/reclassification of leased assets	181,302	69,444
Reversal of (2012: increase in) negative goodwill arising on consolidation	-4,931	4,931
Net cash used for investing activities	-758,015	-783,643
Cash-effective change in stockholders' equity (distributions, dividends)	-10,241	-9,508
Purchase of treasury shares	-2,309	-705
Net cash provided by non-recourse funding of lease payments	652,998	557,981
Net increase in liabilities to banks (excl. non-recourse funding of finance lease liabilities) and debenture loans	124,987	200,081
Net cash provided by financing activities	765,435	747,849
Net change in cash and cash equivalents	-1,477	14,243
Cash and cash equivalents* at the beginning of the period	107,923	93,680
Cash and cash equivalents* at the end of the period	106,446	107,923

* defined as the sum of cash on hand and cash in the bank (on demand)

Consolidated Statement of Changes in Stockholders' Equity of CHG-MERIDIAN AG,
Weingarten

**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
AS AT DECEMBER 31, 2013 (€ 000's)**

	Jan. 1, 2013	Reclassifications	Currency translation adjustment	Contributions
a) Subscribed capital	75,000	-	-	-
minus notional value of treasury shares	-4,084	-	-	-
Issued capital	70,916	0	0	0
b) Additional paid-in capital	618	-	-	-
c) Retained earnings				
ca) statutory reserve	6,882	-	-	-
cb) other retained earnings	21,299	21,828	-	-
d) Stockholders' equity difference arising from currency translation	1,618	-	-4,405	-
e) Profit for the period attributable to the Group	32,043	-21,828	-	-
f) Minority interests	222	-	-23	-
	133,598	0	-4,428	0

**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
AS AT DECEMBER 31, 2012 (€ 000's)**

	Jan. 1, 2012	Reclassifications	Currency translation adjustment	Contributions/ Increase in minority interests
a) Subscribed capital	50,000	-	-	25,000
minus notional value of treasury shares	-2,141	-	-	-
Issued capital	47,859	0	0	25,000
b) Additional paid-in capital	618	-	-	-
c) Retained earnings				
ca) statutory reserve	4,382	2,500	-	-
cb) other retained earnings	20,154	24,885	-	-25,000
d) Stockholders' equity difference arising from currency translation	1,797	42	-221	-
e) Profit for the period attributable to the Group	36,520	-27,427	-	-
f) Minority interests	616	-	7	-
	111,946	0	-214	0

Acquisition/purchase or retirement of treasury shares	Distribution/disposal	Appropriation of profit/loss	Dec. 31, 2013
-	-	-	75,000
-374	-	-	-4,458
-374	0	0	70,542
-	-	-	618
-	-	-	6,882
-1,935	-13	-	41,179
-	-	-	-2,787
-	-10,215	23,824	23,824
-	-13	-376	-190
-2,309	-10,241	23,448	140,068

Acquisition/purchase or retirement of treasury share	Distribution	Appropriation of profit/loss	Dec. 31, 2012
-	-	-	75,000
-1,943	-	-	-4,084
-1,943	0	0	70,916
-	-	-	618
-	-	-	6,882
1,238	22	-	21,299
-	-	-	1,618
-	-9,093	32,043	32,043
-	-437	36	222
-705	-9,508	32,079	133,598

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[1] BASIS OF PRESENTATION

CHG-MERIDIAN AG, Weingarten, has prepared these consolidated financial statements in accordance with the commercial-law provisions of sections 290 et seq. of the German Commercial Code (HGB) in conjunction with sections 340 et seq. HGB that are applicable to banks and financial services institutions, and the Company has also complied with the regulations of the Statutory Order on the Accounts of Banks and Financial Services Institutions (RechKredV, as amended on August 28, 2013).

The presentation format of the consolidated balance sheet and the consolidated profit and loss statement is generally consistent with the financial statement forms prescribed by the RechKredV. One exception here is that the Company has modified the presentation format in relation to the reporting of treasury shares under stockholders' equity in accordance with section 265 (5) HGB in conjunction with section 340a (2) HGB. The net balance resulting from the deduction of the treasury shares' notional value from subscribed capital is shown as 'issued capital'.

There are no control or profit-and-loss transfer agreements with any subsidiaries, and there were no tax-sharing agreements as at December 31, 2013.

The consolidated financial statements have been prepared as at the balance sheet date of CHG-MERIDIAN AG's single-entity accounts (December 31, 2013), which is the same as the balance sheet date used for the consolidated subsidiaries and subgroups.

[2] PRINCIPLES OF CONSOLIDATION

The single-entity financial statements of the consolidated companies have essentially been prepared using the same accounting policies. The companies comprising the UK group (subgroup financial statements of CHG-MERIDIAN (Holdings) UK Limited), the US group (subgroup financial statements of CHG-MERIDIAN U.S. Holding Inc.), the Mexican group (subgroup financial statements of CHG-MERIDIAN México S.A.P.I. de C.V.), the Brazilian group (subgroup financial statements of CHG-MERIDIAN do Brasil Participações Financeiras Ltda.), CHG-MERIDIAN Spain S.L., CHG-MERIDIAN Polska sp. z o.o., CHG-MERIDIAN Canada Ltd., and CHG-MERIDIAN Ireland Limited have elected to use the exemption available under section 308 (2) sentence 4 HGB because computation of the historical cost of leased equipment would incur an unreasonable financial burden and would cause a disproportionate delay in the preparation of the consolidated financial statements of CHG-MERIDIAN AG. These companies classify their leases based on either IFRS or US GAAP accounting principles¹. This means that a lease involving the repayment of over 90 percent of the total acquisition cost (finance lease) is reported not as a leased asset but as a receivable discounted to its present value or, in some cases, as a residual value.^{2,3} If repayment is less than 90 percent of the total acquisition cost, the equipment is reported as a leased asset on the balance sheet and depreciated over the term of the lease to its estimated residual value. The recognition of interest income from finance leases is consistent with the principles of German commercial law applicable to hire purchase agreements. The different classification means that these companies derive their profit or loss for the period from the mathematical computation of interest income in the cases of finance leases.

¹ With the exception of the non-capitalization of initial direct costs, which cannot be capitalized according to German commercial-law accounting principles

² Reported as 'loans to customers'

³ Reported as 'other assets'

The profit or loss for the period on leases reported as leased assets is derived from the leasing income (straight-line lease payments) less depreciation, amortization and write-downs of leased assets. The sliding scale of income over the term of finance leases means that the profit or loss for the period at the inception of a lease is higher than the straight-line level of income reported for the same period for leases classified as leased assets. The opposite effect obtains at the end of the lease term. Both methods produce identical results over the full term of the lease.

Stockholders' equity is consolidated by netting the cost of acquiring the shareholdings in subsidiaries against the Group's share of their stockholders' equity.

Equity investments whose impact on the Company's net assets, financial position and results of operations is insignificant individually and collectively are consolidated at amortized cost.

Income and expenses as well as assets and liabilities between the consolidated companies are eliminated as part of the consolidation process.

Intercompany profits and losses arising from the provision of goods and services within the Group are also eliminated.

Deferred taxes on temporary taxable differences between amounts shown in the financial statements and the corresponding amounts reported for tax purposes have been recognized at the standard tax rate of 30 percent (2011: 30 percent) applicable to the entire CHG-MERIDIAN Group. Deferred tax assets have been recognized on tax losses carried forward if the losses concerned are expected to be offset within the next five years.

[3] SCOPE OF CONSOLIDATION

In addition to CHG-MERIDIAN AG, the consolidated financial statements include all subsidiaries that are fully consolidated and over which direct or indirect control can be exerted within the meaning of section 290 (1) and (2) HGB.

The table below shows changes in the scope of consolidation of the CHG-MERIDIAN Group.

	Balance at Dec. 31, 2013	Balance at Dec. 31, 2012
Consolidated subsidiaries	42	41
within Germany	5	5
outside Germany	37	36

The scope of consolidation changed as follows in 2013:

- CHG-MERIDIAN do Brasil Participações Financeiras Ltda., São Paulo, Brazil, was set up as a new company.
- CHG-MERIDIAN do Brasil Arrendamento Mercantil S.A., São Paulo, Brazil, was set up as a new company.
- Servicios Profesionales de Administración de Personal S.A. de C.V., Mexico City, Mexico, was merged with CHG-MERIDIAN México S.A.P.I. de C.V., Mexico City, Mexico.

In addition to CHG-MERIDIAN AG the following subsidiaries have been consolidated:

Name	Registered office	Share of subscribed capital (%)	Status [active (A)/ inactive (I)]
German subsidiaries			
abakus IT AG	Weingarten, Germany	54.4	A
CML Services GmbH	Munich, Germany	63.2	A
CHG-MERIDIAN			
Leasing-Beteiligungs-Holding GmbH	Weingarten, Germany	85	A
CHG-MERIDIAN Mobilien GmbH	Weingarten, Germany	95	A
Foreign subsidiaries			
CHG-MERIDIAN			
Austria GmbH (formerly CHG-MERIDIAN Computer Leasing Austria GmbH)	Vienna, Austria	100	A
CHG-MERIDIAN			
Belgium NV	Grimbergen, Belgium	100	A
CHG-MERIDIAN			
Czech Republic s.r.o.	Prague, Czech Republic	100	A
CHG-MERIDIAN			
France SAS (formerly CHG-MERIDIAN Computer Finance France SAS)	Paris, France	100	A
CHG-MERIDIAN			
Ireland Limited (formerly CHG-MERIDIAN Computer Leasing Ireland Limited)	Dublin, Ireland	100	A
CHG-MERIDIAN			
Italia S.p.A.	Monza, Italy	100	A
CHG-MERIDIAN			
Nederland BV (formerly CHG-MERIDIAN Computer Leasing Netherlands BV)	Rotterdam, Netherlands	100	A
CHG-MERIDIAN			
Polska sp. z o.o. (formerly CHG-MERIDIAN Computer Leasing Polska sp. z o.o.)	Warsaw, Poland	100	A
CHG-MERIDIAN			
Schweiz AG	Baden, Switzerland	100	A
CHG-MERIDIAN			
Slovakia s.r.o.	Bratislava, Slovak Republic	100	A
CHG-MERIDIAN			
Spain S.L. (formerly CHG-MERIDIAN Computer Spain S.L.)	Barcelona, Spain	100	A
CHG-MERIDIAN			
(Holdings) UK Limited	Egham, Surrey, United Kingdom	100	A
CHG-MERIDIAN			
UK Limited	Egham, Surrey, United Kingdom	100	A
CHG-MERIDIAN			
Computer Leasing UK Limited	Egham, Surrey, United Kingdom	100	A
CHG-MERIDIAN			
Capital Limited	Egham, Surrey, United Kingdom	100	A
Lease Support Desk Limited	Egham, Surrey, United Kingdom	100	A
Wyse Finance Limited	Egham, Surrey, United Kingdom	100	I
Flameace Limited	Egham, Surrey, United Kingdom	100	I
Wyse Leasing (Midlands) Limited	Egham, Surrey, United Kingdom	100	I
Wyse Capital Limited	Egham, Surrey, United Kingdom	100	I
UK Lease IT Limited	Egham, Surrey, United Kingdom	100	I
Wyse Leasing (South East) Limited	Egham, Surrey, United Kingdom	100	I
Wyse Leasing Limited	Egham, Surrey, United Kingdom	100	I

Name	Registered office	Share of subscribed capital (%)	Status [active (A)/ inactive (I)]
Foreign subsidiaries			
CSL Finance NV	Grimbergen, Belgium	100	A
CHG-MERIDIAN			
Belux NV (formerly CHG-MERIDIAN Computer Leasing Belgium NV)	Grimbergen, Belgium	100	A
OOO CHG-MERIDIAN Leasing	Moscow, Russia	85	A
CHG-MERIDIAN			
tehnološki menedžment d.o.o. (formerly CHG-MERIDIAN Computer Leasing d.o.o.)	Ljubljana, Slovenia	100	A
CHG-MERIDIAN			
Canada Limited (formerly CHG-MERIDIAN Canada Finance Limited)	Windsor, Canada	100	A
CHG-MERIDIAN			
U.S. Holding Inc.	Los Angeles, United States	100	A
CHG-MERIDIAN			
USA Corp. (formerly CHG-MERIDIAN U.S. Finance Limited)	Los Angeles, United States	100	A
CHG-MERIDIAN			
México S.A.P.I. de C.V.	Mexico City, Mexico	80	A
CHG Locare S.A. de C.V.			
(formerly Fincredit S.A. de C.V.)	Mexico City, Mexico	100	A
Leasing Consulting S.A. de C.V.	Mexico City, Mexico	80	I
ECR Leasing Services S.A. de C.V.			
SOFOM, ENR	Mexico City, Mexico	39.2	A
CHG-MERIDIAN do Brasil Locação de Equipamentos Ltda.			
	São Paulo, Brazil	100	A
CHG-MERIDIAN do Brasil Participações Financeiras Ltda.			
	São Paulo, Brazil	90.2	A
CHG-MERIDIAN do Brasil Arrendamento Mercantil S.A.			
	São Paulo, Brazil	90.2	A

All equity investments in the Mexican and Brazilian companies are wholly owned subsidiaries from a financial perspective. CHG-MERIDIAN AG reports these companies as fully consolidated subsidiaries as at December 31, 2013 without showing any minority interests.

[4] CURRENCY TRANSLATION

The consolidated financial statements of CHG-MERIDIAN AG have been prepared in euros (€).

Assets, stockholders' equity, liabilities, contingent liabilities and other financial commitments are translated using a modified closing-rate method⁴, while the items in the profit and loss statement are translated at the average rate for the year.

Exchange differences arising from the translation of stockholders' equity on balance sheets prepared in foreign currencies and the exchange differences arising from the translation of the profit or loss for the period on the balance sheet (at the closing rate) and from the translation of the profit or loss for the period on the profit and loss statement (net balance of income and expenses translated at the average rate) are reported after the reserves within stockholders' equity as 'stockholders' equity difference arising from currency translation'.

⁴Translated at the middle spot exchange rate on the balance sheet date; stockholders' equity translated at the exchange rate prevailing on December 31, 2009 as the notional historical rate

[5] DEPARTURES FROM THE VALUATION METHODS APPLIED TO THE SINGLE-ENTITY FINANCIAL STATEMENTS OF CHG-MERIDIAN AG

Because of the standard valuation methods used, the following valuation methods have been applied to the consolidated financial statements in departure from the accounting policies used in CHG-MERIDIAN AG's single-entity financial statements.

The option available in the parent company's single-entity financial statements to immediately write off low-value leased assets costing up to € 150.00 was exercised up to and including 2012. This option has not been utilized in these consolidated financial statements. The depreciation periods applied in the consolidated financial statements to leased assets acquired since 2011 have not been brought into line with the estimated useful lives. The cost of leased assets acquired in the years since 2011 has been depreciated on a straight-line basis over the term of the lease to the assets' estimated residual value. The same method has been applied to leased assets acquired by December 31, 2010.

Deferred income from forfeiting transactions is released over the respective period in the consolidated financial statements and on a straight-line basis in the single-entity financial statements of the Group parent company.

[6] ACCOUNTING POLICIES

Cash is reported at its nominal amount.

Primary financial instruments are initially recognized at their fair value on the transaction date (transaction price), i.e. the amount of cash paid or received. Once they have already been recognized, primary instruments are carried at their amortized cost. Primary financial instruments mainly comprise cash in the bank, loans to customers, equity investments, liabilities to banks, and customer deposits.

Loans are recognized at their nominal amount less any specific valuation allowances. Assets denominated in foreign currency are translated at the closing rate. Loans to customers essentially comprise trade receivables and receivables from finance leases, consisting of lease payments falling due in future and discounted at the internal rate of return, which are classified as finance leases (hire purchase). Receivables from finance leases include forfeited lease payments. The liabilities to banks corresponding to these forfeited payments are reported on a non-netted basis.

The cost of leased assets arising from leases originated during the reporting year is depreciated on a straight-line basis over the term of the lease to the assets' estimated residual value. Where necessary, the book value of equipment is written down to bring it into line with its fair value if the latter is lower. Write-downs are largely the result of bankruptcies and, to a lesser extent, reflect leases whose outstanding lease payments plus their anticipated remarketing proceeds do not cover their current book value. This includes a small amount of equipment that is intended to be leased and is sold to banks in France for funding purposes. These sale and purchase agreements usually stipulate an obligation to repurchase the equipment at the end of the lease term at a predetermined price of between roughly 1 percent and 5 percent of its acquisition cost. In 2013 this did not incur any net expenses that would have required the recognition of a provision for impending losses⁵.

Intangible assets are reported at historical cost less amortization. They are amortized over an estimated useful life of between one and ten years.

Property, plant and equipment is shown at cost less depreciation.

⁵Section 249 (1) sentence 2 HGB

Land is recognized at cost. Buildings, leasehold improvements and leases on buildings are depreciated on a straight-line basis over a period of between ten and 50 years. Exterior building facilities are depreciated on a straight-line basis over a period of between 15 and 20 years. Depreciation is charged over the assets' estimated useful life and does not include any residual values. As in the previous year, no assets were written down during the year under review.

Property, plant and equipment acquired during the year is depreciated pro rata temporis. The depreciation rates applied to office furniture and equipment are based on a useful life of between one and ten years. No assets were written down during the year under review (2011: € 0 thousand).

The statement of changes in fixed assets is shown in an attachment to the notes to the consolidated financial statements.

Other assets are reported at their nominal amount. Specific valuation allowances are set aside to cover default risks. Assets denominated in foreign currency are translated at the closing rate.

Prepaid expenses are recognized for payments made during the reporting year in respect of expenses that fall due in the following year.

Liabilities are shown at the amounts required to settle them. Liabilities denominated in foreign currency are translated at the closing rate as specified in section 256a HGB in conjunction with section 298 HGB.

Derivatives (interest-rate swaps) are recognized at their fair value unless they form part of hedges.

Deferred income includes forfeited lease income after the balance sheet date, advance lease payments received and sliding-scale lease payments. Advance lease payments received and sliding-scale lease payments are recognized on a straight-line basis over the term of the lease. Forfeited lease income is recognized over the respective period.

Reserves are set aside to cover pension obligations and taxes, while provisions are recognized for contingent liabilities.

Pension reserves are valued using actuarial calculations based on the entry-age normal method in accordance with section 6a of the German Income Tax Act (EStG) and a discount rate of 6 percent. The 2005 G Heubeck mortality tables form the basis for these calculations. Because they are protected from the claims of all other creditors and are used solely to settle liabilities arising from pension obligations, receivables from reinsurance policies are offset against the corresponding pension reserves in accordance with section 246 (2) sentence 2 HGB. Any funding surplus is reported as 'excess of plan assets over pension liabilities'.

All other provisions and reserves are measured in such a way that they make appropriate and adequate provision for all identifiable risks and obligations in accordance with prudent business practice. Provisions and reserves with residual periods of more than one year are discounted at the rate of 5.5 percent. In departure from section 253 (2) HGB these provisions and reserves are not discounted at the previous fiscal years' average market interest rate corresponding to their residual periods. This practice has had no material impact on the CHG-MERIDIAN Group's net assets, financial position or results of operations.

The notional value of treasury shares is deducted from subscribed capital on the face of the balance sheet. The difference between the amount deducted from subscribed capital and the treasury shares' net purchase price has been offset against freely available reserves.

NOTES TO THE CONSOLIDATED BALANCE SHEET**[7] CASH IN THE BANK**

Cash in the bank falls due as follows (€ 000's):

	Dec. 31, 2013	Dec. 31, 2012
Cash in the bank	119,514	111,246
on demand	106,419	107,908
up to three months	12,095	1,338
more than three months, up to one year	1,000	1,000
more than one year, up to five years	0	1,000
more than five years	0	0

[8] LOANS TO CUSTOMERS

Loans to customers fall due as follows (€ 000's):

	Dec. 31, 2013	Dec. 31, 2012
Loans to customers	430,099	296,471
up to three months	89,845	65,871
more than three months, up to one year	86,983	72,288
more than one year, up to five years	231,274	155,928
more than five years	21,997	2,384
indefinite maturity	0	0

The increase in loans to customers stemmed partly from the fact that a lease attributable to the US subsidiary, which had been recognized as an operating lease in 2012, was reclassified as a finance lease in 2013. The resultant impact on finance lease receivables amounted to € 48.044 million at the balance sheet date.

[9] LEASED ASSETS

Leased assets reported at the balance sheet date amounted to € 1,331.543 million (December 31, 2012: € 1,271.229 million) at their residual value and € 2,922.792 million (December 31, 2012: € 2,746.522 million) at historical cost.

A small number of lease originations are earmarked for sale to banks. The acquisition cost of this equipment is not depreciated.

The US subsidiary's reclassification of an operating lease as a finance lease during the reporting year reduced total leased assets by € 45.858 million in 2013.

[10] PROPERTY, PLANT AND EQUIPMENT

The table below shows a breakdown of property, plant and equipment (€ 000's).

	Dec. 31, 2013	Dec. 31, 2012
Property, plant and equipment	30,984	29,760
Land and buildings	20,210	20,568
Office furniture and equipment	6,480	6,792
Assets under construction	4,294	2,400

Land and buildings essentially relate to the land of the Company's site in Weingarten, which is recognized at cost, and to the Company's head office building, which is depreciated on a straight-line basis over 25 years.

[11] OTHER ASSETS

Other assets essentially consist of VAT refund entitlements and other tax assets totaling € 25.384 million (December 31, 2012: € 17.010 million) as well as finance-lease residual values of € 13.363 million (December 31, 2012: € 10.986 million). Assets reported under this line item totaling € 15.798 million have residual periods of more than one year.

[12] PREPAID EXPENSES

In 2013 this item related to prepaid invoices.

[13] EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES

The table below shows how the excess of plan assets over pension liabilities is calculated (€ 000's).

	Dec. 31, 2013	Dec. 31, 2012
Excess of plan assets over pension liabilities	19	20
Fair value of plan assets	108	105
Present value of the defined benefit obligation	89	85

The fair value of plan assets is determined by expert appraisals.

[14] LIABILITIES TO BANKS

The table below shows liabilities to banks broken down by contractual maturity period (€ 000's).

	Dec. 31, 2013	Dec. 31, 2012
Liabilities to banks	702,752	478,791
on demand	41,401	3,835
up to three months	76,980	69,496
more than three months, up to one year	168,320	126,225
more than one year, up to five years	404,764	278,437
more than five years	11,287	798

Receivables from finance leases have not been netted with non-recourse financing raised for funding purposes. These liabilities, whose repayment is linked to the lessees' payments, are reported as liabilities to banks of € 220.263 million (December 31, 2012: € 133.321 million).

The land of the Company's site in Weingarten and the buildings located thereon serve as collateral specifically in respect of its liabilities to banks. € 5.611 million (December 31, 2012: € 7.152 million) of these liabilities is secured by mortgages.

[15] CUSTOMER DEPOSITS

Customer deposits fall due as follows (€ 000's):

	Dec. 31, 2013	Dec. 31, 2012
Customer deposits	16,357	14,642
Sundry liabilities		
on demand	8,955	8,134
up to three months	0	0
more than three months, up to one year	1,231	1,591
more than one year, up to five years	6,171	4,917
more than five years	0	0

The customer deposits shown consist solely of clients' advance payments.

[16] OTHER LIABILITIES

Other liabilities totaling € 176.212 million (December 31, 2012: € 165.354 million) essentially comprised trade payables of € 121.527 million (December 31, 2012: € 120.785 million). These trade payables largely related to obligations arising from the purchase of computer hardware and software from manufacturers and systems houses and to sale-and-leaseback transactions with lessees.

This line item also includes tax liabilities of € 19.391 million (December 31, 2012: € 18.696 million), STAR program liabilities of € 14.859 million (December 31, 2012: € 9.651 million), and accounts receivable with credit balances of € 8.514 million (December 31, 2012: € 8.579 million).

Liabilities reported under this line item totaling € 165.033 million have maturity periods of less than one year.

[17] DEFERRED INCOME

Deferred income includes the present value of lease income forfeited without recourse that is attributable to the leased assets reported. It also includes significant advance lease payments and sliding-scale lease payments, the timing of whose proceeds differs significantly from that of the corresponding expenses.

[18] DEFERRED TAXES

Deferred tax assets and liabilities have been netted in the provisions and reserves for deferred taxes. There are deferred tax assets of € 13.352 million (December 31, 2012: € 8.534 million) and deferred tax liabilities of € 49.706 million (December 31, 2012: € 36.562 million), which mainly arise from the standard valuation methods prescribed by section 308 (1) HGB and from tax loss carryforwards. Deferred tax assets and deferred tax liabilities are recognized at the standard tax rate of 30 percent applicable to the entire CHG-MERIDIAN Group.

[19] OTHER PROVISIONS AND RESERVES

The main components of other provisions and reserves are as follows (€ 000's):

	Dec. 31, 2013	Dec. 31, 2012
Outstanding invoices	14,403	24,854
Staff expenses (including sales commissions)	10,972	9,723

[20] NEGATIVE GOODWILL ARISING ON CONSOLIDATION

All of the negative goodwill of € 4.931 million arising from the first-time consolidation of CHG-MERIDIAN México S.A.P.I. de C.V., Mexico City, Mexico, in 2012 was released as part of other operating income in 2013 owing to the provisions recognized on the revalued lease portfolio.

[21] STOCKHOLDERS' EQUITY

Changes in the CHG-MERIDIAN Group's stockholders' equity and the reconciliation of net income to the profit for the period attributable to the Group are shown in the consolidated statement of changes in stockholders' equity.

The subscribed capital of CHG-MERIDIAN AG consisted of 72,000,000 no-par-value shares at the balance sheet date.

The Company purchased 394,338 of its own shares (0.55 percent of its share capital) at an average price of € 6.15 each in 2013. In addition, it sold 35,000 treasury shares at a price of € 5.89 each, which represent 0.05 percent of the Company's share capital. On December 31, 2013 the Company held 4,279,935 treasury shares with a notional value of € 4,458,265 (December 31, 2012: € 4,083,955). They represent 5.94 percent of the Company's share capital.

The notional value of treasury shares has been deducted from subscribed capital in accordance with HGB accounting standards.

[22] FOREIGN CURRENCY

The table below shows the amounts of assets and liabilities translated from foreign currencies (€ 000's).

	Dec. 31, 2013	Dec. 31, 2012
Assets	611,710	537,760
Liabilities	513,614	359,331

[23] HEDGE ACCOUNTING

CHG-MERIDIAN AG uses derivatives (interest-rate and currency swaps) to a small extent. These derivatives are non-standardized instruments that are traded directly between market participants rather than being traded on an exchange.

The fair value of the swaps is determined by their counterparties. This is the carrying amount determined at the balance sheet date at which it would be possible to unwind the position concerned or execute an offsetting transaction. The table below shows the relevant amounts for each category (€ 000's).

	Dec. 31, 2013
Currency risk	
Book value of the hedged items	59
Fair value of the derivatives	3

The Company has hedged a leasing arrangement under which the customer concerned is being invoiced in US dollars. The inventories underlying this leasing arrangement are reported as leased assets.

The critical-terms-match method is used to assess hedge effectiveness both prospectively and retrospectively.

There is a critical-terms match for all hedges because the transactions used have matching maturities and notional amounts.

[24] SUBORDINATED ASSETS

The balance sheet line items below contain subordinated assets (€ 000's).

	Dec. 31, 2013	Dec. 31, 2012
Cash in the bank	1,000	1,000
Loans to customers	4,344	4,257

NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT**[25] INCOME FROM LEASING**

Income from leasing essentially consists of revenue received from lease payments and proceeds from the remarketing of leased equipment and the sale of goods.

[26] EXPENSES FROM LEASING

Expenses from leasing include the cost of purchasing leased equipment sold to banks (novated leases), acquisition costs relating to sales-type leases and installment sales, the residual values resulting from disposals of leased assets during the remarketing process, and the acquisition cost of traded equipment.

[27] INTEREST INCOME FROM LENDING AND MONEY-MARKET TRANSACTIONS

Interest income from lending and money-market transactions essentially comprises interest income of € 30.518 million from finance leases (2012: € 15.093 million).

[28] INTEREST EXPENSE

Interest expense largely consists of the cost of funding the CHG-MERIDIAN Group's leasing operations (€ 50.339 million in 2013 compared with € 44.481 million in 2012) and interest expense of € 1.898 million for bank loans (2012: € 5.122 million).

[29] COMMISSION INCOME

Commission income comprises income from the CHG-MERIDIAN Group's services, which are geared to the product lifecycles of its leased assets.

This largely consists of revenue earned from TESMA® Online, which is offered as an asset management application for clients. To a lesser extent this line item also includes income from the invoicing of transportation costs as well as revenue earned from data erasure and GarantiePlus services.

[30] OTHER OPERATING INCOME

The table below shows the main components of other operating income (€ 000's).

	2013	2012
Income from reversal of negative goodwill arising on consolidation	4,931	101
Income from derecognition of liabilities	1,012	146
Income from the release of provisions and reserves	782	640
Income from overpayments	298	220
Income from leased assets	221	293
Income from disposal of property, plant and equipment	84	100

[31] GENERAL ADMINISTRATIVE EXPENSES – OTHER ADMINISTRATIVE EXPENSES

The table below shows the main components of other administrative expenses (€ 000's).

	2013	2012
Rent and other office space costs	4,686	4,537
Auditing and consultancy costs	3,739	3,538
Customer-related events and entertainment expenses	2,652	2,351
Other staff expenses	2,052	2,996
Travel expenses	2,025	1,785
Car-related expenses	1,844	1,731
Communication costs and postage	1,489	1,397

Auditing and consultancy costs include the following services rendered by the auditors KPMG AG Wirtschaftsprüfungsgesellschaft, which were used by companies in the CHG-MERIDIAN Group (€ 000's):

	2013	2012
Expenses for year-end auditing	221	191
Expenses for other attestation services	13	16
Expenses for other services	18	10
TOTAL	252	217

The year-end auditing expenses incurred related to the cost of auditing the CHG-MERIDIAN Group's consolidated financial statements as well as the legally required audits of the single-entity financial statements of CHG-MERIDIAN AG and CHG-MERIDIAN Mobilien GmbH. Total fees of € 205 thousand were paid to have CHG-MERIDIAN AG's single-entity and consolidated financial statements audited.

[32] DEPRECIATION, AMORTIZATION AND WRITE-DOWNS OF LEASED ASSETS

Depreciation, amortization and write-downs of leased assets comprise depreciation and amortization of € 569.185 million (2012: € 521.921 million) and write-downs of € 113 thousand (2012: € 1.080 million). The write-downs of leased assets largely related to bank-ruptcies. Where leases have been forfeited, these write-downs are partly offset by leasing income received because obligations to banks no longer applied.

[33] WRITE-DOWNS OF AND VALUE ADJUSTMENTS ON CLAIMS AND ADDITIONS TO THE PROVISIONS FOR LEASING BUSINESS

This line item includes write-downs of and value adjustments on claims of € 10.395 million (2012: € 1.599 million). This amount was partly offset by income of € 548 thousand (2012: € 495 thousand) from receivables that had already been written off.

[34] INCOME BROKEN DOWN BY GEOGRAPHICAL MARKET

The table below gives a geographical breakdown of total income from leasing, interest income from lending and money-market transactions, commission income and other operating income (€ 000's).

	2013	2012
Germany	524,568	497,509
Europe (excl. Germany)	308,463	276,687
Americas	175,919	68,859
TOTAL	1,008,950	843,055

[35] NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The proceeds received from the sale of property, plant and equipment and leased assets are shown in two separate line items on the face of the consolidated statement of cash flows in order to reflect the business model used by the CHG-MERIDIAN Group. The net cash used for investing activities is reduced by the amount of disposal proceeds that equals the residual value of assets sold. Proceeds that exceed this residual value and thus constitute a cash flow gain are shown as part of the net cash provided by operating activities.

[36] CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

Details of contingent liabilities (section 340a (2) HGB and section 26 RechKredV) and other financial commitments are provided below.

CONTINGENT LIABILITIES

The pledging of leased assets as collateral to forfeiting and lending banks gives rise to contingent liabilities of € 1,468.694 million (net) (December 31, 2012: € 1,250.209 million) as security for the legal validity and freedom from objection of the receivables sold.

Guarantees amounting to € 37.759 million (December 31, 2012: € 25.394 million) and sureties totaling € 100 thousand (December 31, 2012: € 100 thousand) had been made available to banks at the balance sheet date. All guarantees related to subsidiaries of the CHG-MERIDIAN Group's parent company.

There are also guaranteed loans amounting to € 460 thousand (December 31, 2012: € 406 thousand), which largely relate to deposits for rent.

OTHER FINANCIAL COMMITMENTS

The table below gives a breakdown of future commitments under long-term agreements (€ 000's).

	Dec. 31, 2013	Dec. 31, 2012
Repurchase obligations under leases	1,130	1,160
Future obligations under leases on		
offices	14,232	11,449
company cars	722	924
other commitments	42	83
TOTAL	16,126	13,616

Future lease obligations in respect of offices stem largely from the lease on the Technology and Service Center in Gross-Gerau. The agreed annual rent amounts to € 789 thousand. The lease commenced on January 1, 2011 and runs for ten years. The lease on certain parts of the Technology and Service Center can be terminated after just seven years.

The table below shows the maturity structure of these financial commitments at the balance sheet date (€ 000's).

	Dec. 31, 2013	Dec. 31, 2012
up to one year	4,761	3,134
more than one year, up to five years	8,073	7,733
more than five years	3,292	2,749
TOTAL	16,126	13,616

[37] EMPLOYEES

An average of 782 people were employed during the year under review (2012: 737). Part-time staff are aggregated on a pro-rata basis.

The table below shows the average number of employees broken down by function.

	2013	2012
Administration	564	523
Sales	196	195
	760	718
Trainees	22	19
TOTAL	782	737

Those employed in sales functions include field sales staff, sales trainees and staff working in brokerage.

[38] ADDITIONAL INFORMATION ABOUT THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The members of the Management Board of CHG-MERIDIAN AG are

- Jürgen Mossakowski, Ravensburg, Diplom-Kaufmann (chairman)
- Peter Horne, Reute, Diplom-Betriebswirt (BA) (until December 9, 2013)
- Joachim Schulz, Ravensburg, Diplom-Kaufmann.
- Frank Kottmann, Gütersloh, Kaufmann (since January 1, 2013)
- Dr. Mathias Wagner, Bad Homburg, Diplom-Kaufmann & Dr. oec. (since January 1, 2014)

The total remuneration paid to the Management Board in 2013 amounted to € 7.544 million (2012: € 4.776 million). One member of the Management Board was granted 720,000 options on the Company's shares at a market value of € 2.75 per share as part of his executive remuneration.

The members of the Supervisory Board of CHG-MERIDIAN AG are

- Jürgen Gelf, Dubai, United Arab Emirates, Kaufmann (chairman) (until December 9, 2013)
- Dr. Alexander Lienau, Munich, attorney & tax accountant (deputy until December 9, 2013; chairman since December 10, 2013)
- Peter Horne, Reute, Diplom-Betriebswirt (BA) (deputy) (since December 10, 2013)
- Frank Gelf, Berg, Kaufmann

The total remuneration paid to the Supervisory Board in 2013 amounted to € 248 thousand (2012: € 244 thousand).

Weingarten, March 1, 2014

CHG-MERIDIAN AG

Jürgen Mossakowski Joachim Schulz Frank Kottmann Dr. Mathias Wagner

Consolidated Statement of Changes in Fixed Assets of CHG-MERIDIAN AG, Weingarten, as at December 31, 2013

ACQUISITION COST (€ 000's)

	Balance at Jan. 1, 2013	Additions	Additions arising from first-time consolidation	Currency translation differences	Reclassifi- cations	Disposals	Balance at Dec. 31, 2013
1. Equity investments							
a) investments accounted for using the equity method	0	0	0	0	0	0	0
b) investments accounted for at cost	11	102	0	0	0	0	113
	11	102	0	0	0	0	113
2. Leased assets							
Leased equipment	2,746,522	810,914	0	-14,684	0	619,960	2,922,792
3. Intangible assets							
a) software	2,993	274	0	-5	1,021	478	3,805
b) prepayments	1,027	0	0	0	-1,021	0	6
	4,020	274	0	-5	0	478	3,811
4. Property, plant and equipment							
a) land and buildings	33,150	1,059	0	-36	0	35	34,138
b) office furniture and equipment	17,376	2,390	0	-113	0	2,396	17,257
c) assets under construction	2,400	3,489	0	0	0	1,595	4,294
	52,926	6,938	0	-149	0	4,026	55,689
	2,803,479	818,228	0	-14,838	0	624,464	2,982,405

ACCUMULATED DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

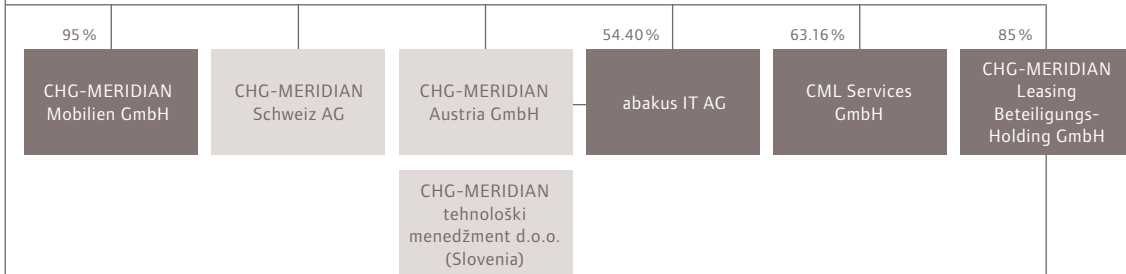
BOOK VALUE

Balance at Jan. 1, 2013	Additions	Additions arising from first-time consolidation	Currency translation differences	Reclassifi- cations	Depreciation, amortization and write-downs in 2013	Disposals	Balance at Dec. 31, 2013	Balance at Dec. 31, 2013	Balance at Dec. 31, 2012
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	113	11
0	0	0	0	0	0	0	0	113	11
1,475,293	0	0	-5,816	0	569,298	447,526	1,591,249	1,331,543	1,271,229
1,619	0	0	-4	0	678	24	2,269	1,536	1,374
0	0	0	0	0	2	0	2	4	1,027
1,619	0	0	-4	0	680	24	2,271	1,540	2,401
12,582	0	0	-9	0	1,389	34	13,928	20,210	20,568
10,584	0	0	-78	0	2,363	2,092	10,777	6,480	6,792
0	0	0	0	0	0	0	0	4,294	2,400
23,166	0	0	-87	0	3,752	2,126	24,705	30,984	29,760
1,500,078	0	0	-5,907	0	573,730	449,676	1,618,225	1,364,180	1,303,401

ORGANIZATIONAL STRUCTURE

CHG-MERIDIAN AG

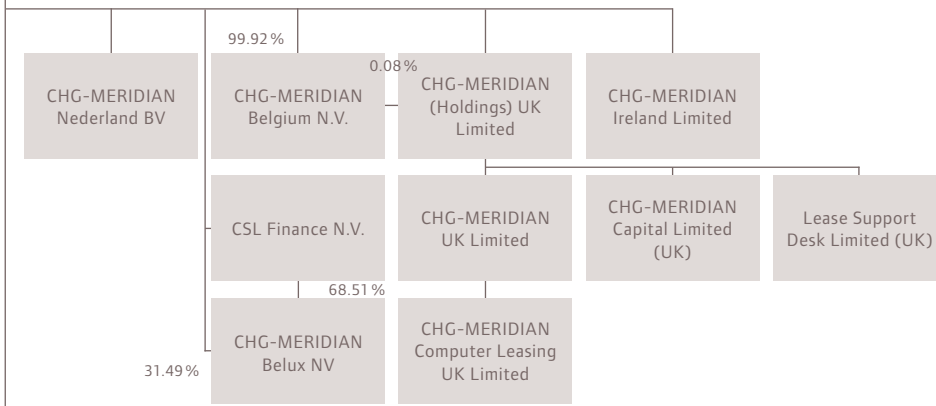
CENTRAL EUROPE



EASTERN EUROPE



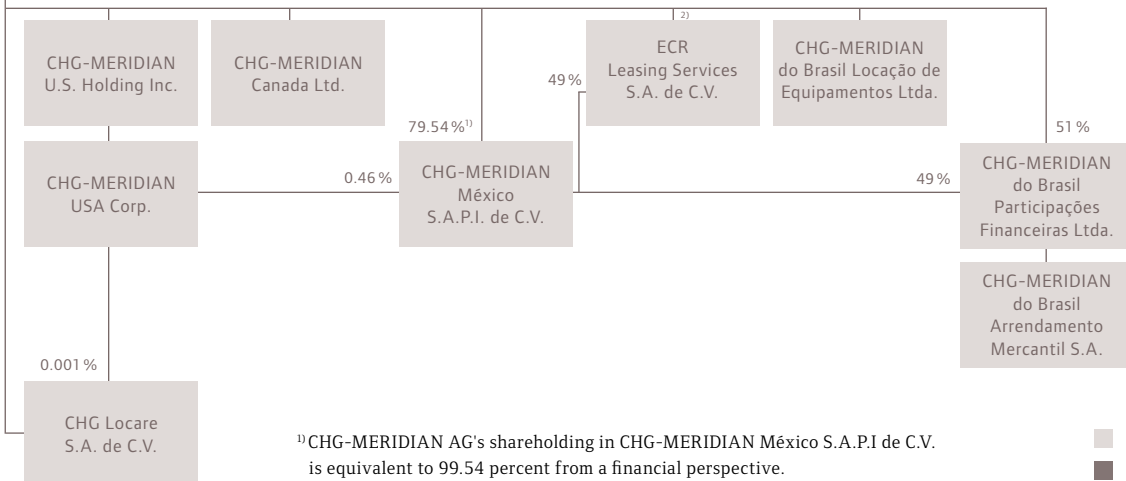
WESTERN EUROPE



SOUTHERN EUROPE



AMERICA



¹ CHG-MERIDIAN AG's shareholding in CHG-MERIDIAN México S.A.P.I. de C.V. is equivalent to 99.54 percent from a financial perspective.

² CHG-MERIDIAN AG's direct equity investment in ECR Leasing Services S.A. de C.V. is 51 percent from a financial perspective.

■ 100 % shareholding
 ■ < 100 % shareholding

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by CHG-MERIDIAN AG, Weingarten, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the group management report in accordance with German commercial law is the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, April 4, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft



Bergmann
Wirtschaftsprüfer



Ziegler
Wirtschaftsprüfer

SINGLE-ENTITY FINANCIAL STATEMENTS OF CHG-MERIDIAN AG

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Balance Sheet of CHG-MERIDIAN AG, Weingarten, as at December 31, 2013

ASSETS

	€ 000's	Dec. 31, 2013 € 000's	Dec. 31, 2012 € 000's
1. Cash			
Cash on hand		10	8
2. Cash in the bank			
a) on demand	54,083		56,425
b) other claims	11,000	65,083	1,010
3. Loans to customers		139,857	81,727
4. Equity investments		1	1
5. Investments in affiliated companies		159,215	155,964
6. Leased assets		740,364	719,760
7. Intangible assets		1,015	1,189
8. Property, plant and equipment		26,426	25,180
9. Other assets		9,261	13,574
10. Prepaid expenses		877	1,093
11. Excess of plan assets over pension liabilities		19	20
		1,142,128	1,055,951

LIABILITIES AND STOCKHOLDERS' EQUITY

	€ 000's	€ 000's	Dec. 31, 2013 € 000's	Dec. 31, 2012 € 000's
1. Liabilities to banks				
a) on demand		10,832		3,783
b) with an agreed maturity		316,700	327,532	227,165
2. Customer deposits				
Sundry liabilities on demand			5,300	12,894
3. Debenture loans				
debt securities issued			0	12,031
4. Other liabilities			77,253	62,102
5. Deferred income			574,208	570,337
5a. Deferred tax liabilities			19,765	19,866
6. Provisions and reserves				
a) Rückstellungen für Pensionen		0		9
b) for taxes		480		253
c) other provisions and reserves		14,519	14,999	23,056
7. Stockholders' equity				
a) subscribed capital	75,000			75,000
minus notional value of treasury shares	-4,458			-4,084
Issued capital		70,542		70,916
b) additional paid-in capital		618		618
c) retained earnings				
ca) statutory reserve	6,882			6,882
cb) other retained earnings	33,889	40,771		34,305
d) net income		11,140	123,071	11,734
			1,142,128	1,055,951

Profit and Loss Statement of CHG-MERIDIAN AG, Weingarten,
for the Year Ended December 31, 2013

	€ 000's	€ 000's	2013 € 000's	2012 € 000's
1. Income from leasing			502,203	478,600
2. Expenses from leasing			-16,429	-16,839
3. Interest income from lending and money-market transactions			8,756	8,644
4. Interest expense			-28,127	-29,754
5. Current income from investments in affiliated companies			10,155	328
6. Commission income			13,000	10,719
7. Commission expense			-3,851	-3,235
8. Other operating income			1,981	3,942
9. General administrative expenses				
a) staff expenses				
aa) wages and salaries		-40,773		-33,621
ab) social security contributions and expenses for pensions of which for pensions: € 63 thousand (2012: € 52 thousand)		-3,394	-44,167	-3,141
b) other administrative expenses		-10,232	-54,399	-11,220
10. Depreciation, amortization and write-downs of				
a) leased assets		-418,577		-382,688
b) intangible assets and property, plant and equipment		-3,254	-421,831	-3,297
11. Other operating expenses			-96	-1,404
12. Write-downs of and value adjustments on claims and certain securities as well as additions to the provisions for leasing business			-142	-958
13. Income from write-ups of claims and certain securities and from the release of provisions for leasing business			800	211
14. Profit from ordinary activities			12,020	16,287
15. Income taxes			-724	-3,937
16. Other taxes (unless reported under line item 11)			-156	-616
17. Net income			11,140	11,734

GLOSSARY

A user-friendly guide to the key technical terms and abbreviations used in CHG-MERIDIAN's business

ASSET CARE

Asset Care provides CHG-MERIDIAN's clients with comprehensive protection for their computer hardware and comprises the benefits of both an electronic equipment insurance policy and a conventional manufacturer's warranty. However, the insurance cover offered goes well beyond the protection afforded by a manufacturer's warranty.

ASSET MANAGEMENT

The asset management solution offered by CHG-MERIDIAN provides clients with active support for the portfolio and cost management of their technology infrastructure in the form of TESMA® Online.

COST PER SEAT CALCULATION

This is a comprehensive calculation of the various costs incurred per workplace over the entire technology lifecycle. It factors in the cost of setting up the workplace, equipment installation, extended warranty cover and other services as well as deinstallation at the end of the lease and secure data erasure, thereby enabling the total cost per user to be charged to the Company's relevant cost units.

CRITICAL-TERMS-MATCH METHOD

The critical-terms-match method is a method used to test the effectiveness of hedges. This involves testing some key financial data (critical terms) relating to the underlying transaction and the hedging instrument to ensure that they match. If they do, it can be assumed that the hedge is effective.

CROSS-CURRENCY SWAPS

A currency swap (also known as a cross-currency swap) is a financial derivative instrument under which two counter-

parties exchange ('swap') interest and principal payments to be made in different currencies. A currency swap is similar to an interest-rate swap, although in the case of the latter the payments are swapped in the same currency. Another difference is that, in contrast to interest-rate swaps, currency swaps involve the principal amounts being exchanged at the inception and end of the contract.

DCS

Data Center Solutions (DCS) is one of CHG-MERIDIAN's three solution areas and focuses on consulting services and efficient organization in data centers. This freely scalable and modular full-service package enables CHG-MERIDIAN to adapt flexibly to its customers' circumstances and to provide them with targeted advice on requests for proposal (RFPs), business processes, technology lifecycles, enterprise resource planning (ERP) capacity, energy efficiency, and financial management in data centers. The Company also helps its clients to implement these strategies.

GROSS MARGIN

The gross margin is a key performance indicator used in management accounting and is defined as the present value of all lease originations, lease term extensions, and remarketed equipment minus direct funding and acquisition costs.

E-PROCUREMENT

e-Procurement is one of the functionalities offered by TESMA® Online and serves as a technology and service management system in the relationship between CHG-MERIDIAN, its clients, and their suppliers. Predefined shopping carts can be used to execute orders swiftly and conveniently.

FORFAITING

Forfaiting involves the purchase of receivables without any right of recourse against the seller if the debtor fails to pay. The seller is liable only for the legal validity of the receivables.

FORFAITING RATIO

The forfaiting ratio is defined as the volume of non-recourse finance (forfaiting) disbursed as a proportion of the total leases originated during the reporting year.

PROPORTION OF LEASES FUNDED EXTERNALLY

This is defined as the volume of loan-based finance and non-recourse funding (forfaiting) disbursed as a proportion of the total leases originated during the reporting year.

MDS

The range of products and services offered in the Managed Desktop Solutions (MDS) area – which covers personal computers (PCs), monitors, and laptops – include advice on requests for proposal (RFPs), business processes, and technology lifecycles as well as physical inventory checks, procurement, rollout services, support, and financial management. At the end of each technology lifecycle, CHG-MERIDIAN offers a full-service package comprising rollback services, professional equipment reconditioning, recycling, and TÜV-certified data erasure.

MARISK

MaRisk is the German abbreviation for 'Minimum Requirements for Risk Management', which Germany's Federal Financial Supervisory Authority (BaFin) published as part of the implementation

of Basel III and EU regulations. BaFin also monitors compliance with the MaRisk requirements.

VOLUME OF LEASE ORIGINATIONS

The volume of leases originated is a key performance indicator used in management accounting and is defined as the sum total of all invoices received for leased equipment or equipment sold to funding institutions.

PROPORTION OF BUSINESS WITH NEW CUSTOMERS

This is defined as the volume of leases originated for new clients as a proportion of the total leases originated.

OPS

Output Solutions (OPS) is one of CHG-MERIDIAN's three solution areas and is used for structured, standardized IT output environments (photocopying, printing, scanning, and faxing). CHG-MERIDIAN helps its clients to implement IT output projects by, for example, offering advice on requests for proposal (RFPs), business processes, and technology lifecycles as well as physical inventory checks, procurement, rollout services, support, and financial management. In addition, CHG-MERIDIAN provides a number of scalable billing models based on customers' requirements (e.g. 'price per click').

PRICE-PER-PORT MANAGED NETWORKS

Price-per-port managed networks offer a solution that enables clients to set up network infrastructure that comprises the necessary hardware and software as well as the services needed to operate them. The total price is based solely on the number of active and inactive ports.

RESIDUAL VALUE

The residual value represents the negative difference between the present value of a lease and the acquisition cost of the corresponding leased equipment.

ROLLBACK

The term 'rollback' refers to the deinstallation and removal of existing equipment infrastructure at the end of the technology lifecycle.

ROLLOUT

A rollout denotes the process of introducing and setting up new equipment. It is used, for example, to describe the replacement of all computer hardware when a new generation of IT equipment is purchased.

SALE AND LEASE BACK (LEASING MODEL)

Capital equipment that is already owned by the future lessee is sold to CHG-MERIDIAN and then continues to be used under a lease.

NET ASSET VALUE

The net asset value (NAV) provides information on a leasing company's long-term net worth, and for CHG-MERIDIAN this value is calculated using the methodology applied by the Federation of German Leasing Companies (BDL). When income from leasing is accounted for, it is apportioned over the term of the lease. Consequently, a large proportion of the profit earned from a portfolio of leases is recognized at a balance sheet date in the future. When calculating its net asset value, CHG-MERIDIAN therefore computes the present value of future net income from its existing portfolio of leases at the balance sheet date, adds its total stockholders' equity,

and subtracts its estimated future expenses.

TCO

The total cost of ownership (TCO) is a calculation method that helps companies to estimate all the costs that will be incurred by their capital spending on technology (such as hardware and software). The basic idea behind this approach is to compute a number that comprises not only the cost of purchasing the equipment but also all expenses associated with its subsequent use (e.g. energy costs, repairs, and maintenance).

NON-FULL-PAYOUT LEASES

A non-full-payout lease is a leasing model under which lease installments are only paid on a portion of the equipment's acquisition cost. This means that CHG-MERIDIAN is left with a residual value for which the lessee does not pay any lease installments..

TESMA® ONLINE

TESMA® Online is the web-based proprietary technology and service management system developed by CHG-MERIDIAN. It provides clients with a holistic and effective tool for monitoring their technology portfolios at all stages of the process throughout the technology and service lifecycle.

TOP JOB

CHG-MERIDIAN won a TOP JOB award as one of Germany's 100 best SME employers in 2012. TOP JOB uses academic research methods pioneered by the University of St. Gallen in Switzerland to assess the human resources (HR) policies pursued by medium-sized German firms and awards its TOP JOB accolade to the winners.

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April 22, 2014



DISCLAIMER

This report contains forward-looking statements that reflect the views currently held by the Management Board of CHG-MERIDIAN AG with respect to future events. These forward-looking statements are based on our latest plans, assessments, and projections. Forward-looking statements merely reflect the state of affairs at the time they are made. These statements are contingent on risks, uncertainties, and other factors over which CHG-MERIDIAN AG often has no control and which may cause the actual outcomes and results to differ materially from these statements. These risks, uncertainties, and other factors are described in detail as part of our risk reporting activities in the annual report of CHG-MERIDIAN AG. CHG-MERIDIAN AG does not intend to update such forward-looking statements.

