Annual Report 2008

It's easier to leaseplan

in focus

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Annual Report

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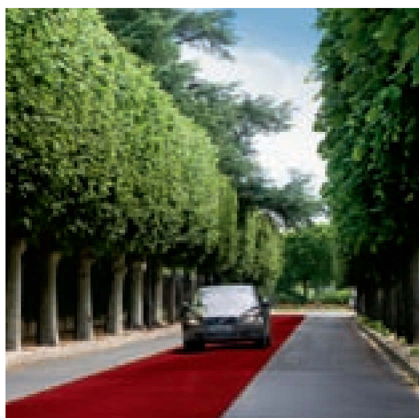


Welcome to LeasePlan

Running a fleet can be challenging. The fleet manager has many responsibilities: targets to meet, sustainability questions to answer, and every day demands and requests from internal clients. Leasing is a way to make the job of a fleet manager easier. That's why LeasePlan is committed to helping its clients efficiently manage their fleet and to enabling drivers to enjoy a safe and comfortable driving experience.

In 45 years, LeasePlan has grown to become the world's leading fleet and vehicle management company. With offices in 30 countries and more than 6,000 highly skilled and committed staff, we are able to deliver the best possible fleet management services in a proactive way, answering the needs of demanding professional clients. With our strong financial track record we can offer our clients trust in knowing that they are doing business with a reliable and successful partner.

LeasePlan manages the first part of the life cycle of a leasing car. It purchases the car, ensures that it is insured, and when the driver is using the car, LeasePlan deals with issues such as repairs, maintenance, road assistance, damage handling and tyres. From experience we know which areas we can best handle ourselves and for which areas it is better to work with other experts. LeasePlan capitalises on its status as a bank by centrally supporting the Group's financing activities. Euro Insurances, LeasePlan's own insurance company, supports the insurance solutions offered by the Group companies as part of their integrated service offer. When the contract period ends after three to four years, LeasePlan remarkets the car via its international car-remarketing platform.

LeasePlan not only manages the life cycle of a single car, it also manages fleets. It offers real-time insight into a client's fleet with its online reporting tool 'FleetReporting'. Based on this information, LeasePlan advises its clients on their fleet management strategy. With our cost reduction programme Savings Accelerator, we investigate cost saving opportunities for a client's fleet by looking at, for example, limiting the number of car brands without losing sight of driver satisfaction. With GreenPlan, LeasePlan provides advice and support to clients on how to make their fleet more 'green', or even to offset their fleet's CO_2 emissions.

LeasePlan is one of the few organisations with the broad geographical presence necessary to offer a global service to large multinational companies. LeasePlan International plays an important role in the sales and marketing of global services and manages the accounts of large international clients worldwide, offering them a unique service in dealing with one point of contact rather than various individual countries.

In the end, LeasePlan's people make the difference. Their expertise, commitment and service attitude help clients to reach their objectives. It is our people who realise what LeasePlan does best: make running a fleet easier. Whatever the challenges, fleet size or future plans, LeasePlan provides the solution that best supports its clients' business. That's why *it's easier to leaseplan.*

LeasePlan has:

- offices in 30 countries worldwide and alliances in South Africa and the Baltic States
- more than 6,000 employees worldwide
- a total of 1.4 million vehicles
- a consolidated lease portfolio of EUR 14.2 billion
- held a bank licence since 1993 and is supervised by the Dutch Central Bank.

LeasePlan is, where appropriate, used as a reference to LeasePlan Corporation N.V. or LeasePlan as a group of companies forming part of LeasePlan Corporation N.V.

Focus on talent

At LeasePlan we always do our utmost to employ and nurture people with real talent – people who will use their imagination and experience to put themselves in our clients' shoes and constantly search for new and better ways to serve them.

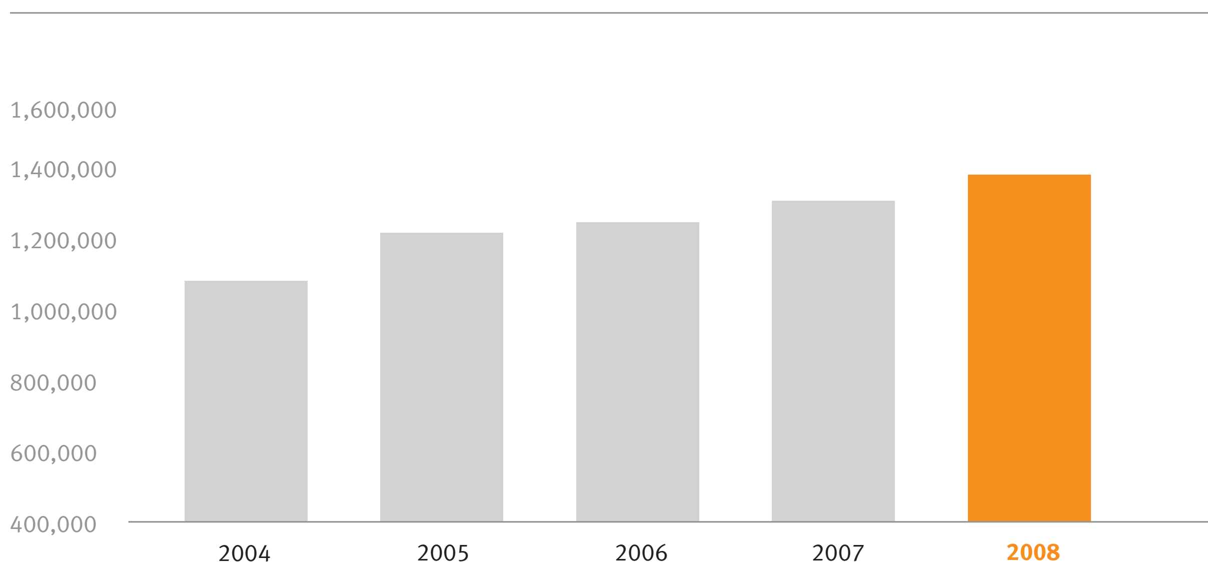
Key figures

In millions of euros	2008	2007	2006	2005	2004
Volume					
Total assets	17,699	16,345	15,805	14,316	11,865
Number of cars	1,391,000	1,315,000	1,258,000	1,225,000	1,090,000
Number of staff (nominal)	6,249	5,971	6,296	6,413	7,198
Profitability/solvency					
Profit for the period	202	255	211	199	209
Profit for the period from continuing operations	208	240	211	198	190
Return on equity	13.7%	18.7%	16.5%	17.3%	19.8%
Tier 1 ratio *	11.9%	8.3%	8.7%	8.2%	9.5%
BIS ratio *	16.1%	11.5%	12.2%	10.0%	11.7%

* As of 2008 the ratios are based on Basel II

Ratings	Short-term	Long-term	
Standard & Poor's	A2	A-	Negative outlook
Moody's	P2	A3	Negative outlook
Fitch Ratings	F2	A-	Negative outlook

Number of cars



We have the expertise, the infrastructure and the economies of scale to manage fleets more efficiently than anyone else. That's why *it's easier to leaseplan.*

Chairman's letter

Dear reader,

Needless to say, 2008 was a challenging and dynamic year for LeasePlan, but one that also had many positive highlights. Even though it was a year that included the credit crunch, residual value and liquidity issues, increased costs of funding and an overall economic downturn, we still achieved very good results. I am pleased to report that we delivered a EUR 202.5 million net profit and a fleet growth of 5.8%.

Thanks to the staff of LeasePlan and their 'can-do' attitude we were able to achieve these results. In 2008, at all levels of the Group our employees demonstrated remarkable resolve and creative thinking. I am proud of how our people rose to the challenge in 2008, without hesitation. In a highly stressed economic environment they proactively contacted many of our clients with restructured fleet management solutions that helped save costs while retaining a high level of driver and client satisfaction. It was our people's talent and energy that helped ensure we remained on course for responsible growth. Moreover, it is that talent and energy that will prepare us for the challenges ahead.

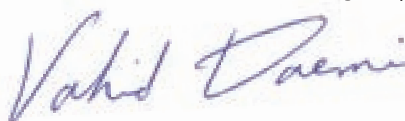
Next to the comfort of being able to rely on our experienced staff, we have witnessed the strength of our worldwide network and product offering. Although due to the economic circumstances a reducing effect on the size of our lease contract portfolio could have been expected, several companies decided to outsource the management of their fleets to LeasePlan. This supported the growth of our business. Another positive effect of the economic uncertainty has been the increase of clients choosing to extend their contracts rather than placing new orders, a move that we encourage in light of the issues affecting the second-hand car market.

One particularly noteworthy development in 2008 was LeasePlan's application to the Dutch government for a guaranteed debt capital market issue. This was necessary because the credit crisis severely restricted access to capital markets. The government guarantee alleviated that restriction.

Another important development in 2008 was the introduction of the Basel II framework. LeasePlan has prepared for these new regulatory issues for some years and after intensive preparation we chose to opt for the more sophisticated route, which uses 'advanced models' for calculating the regulatory capital requirements for both credit risk (Advanced Internal Ratings Based) and operational risk (Advanced Measurement Approach). This has been approved by the Dutch Central Bank. A positive effect has been that our risk management has been professionalised even further.

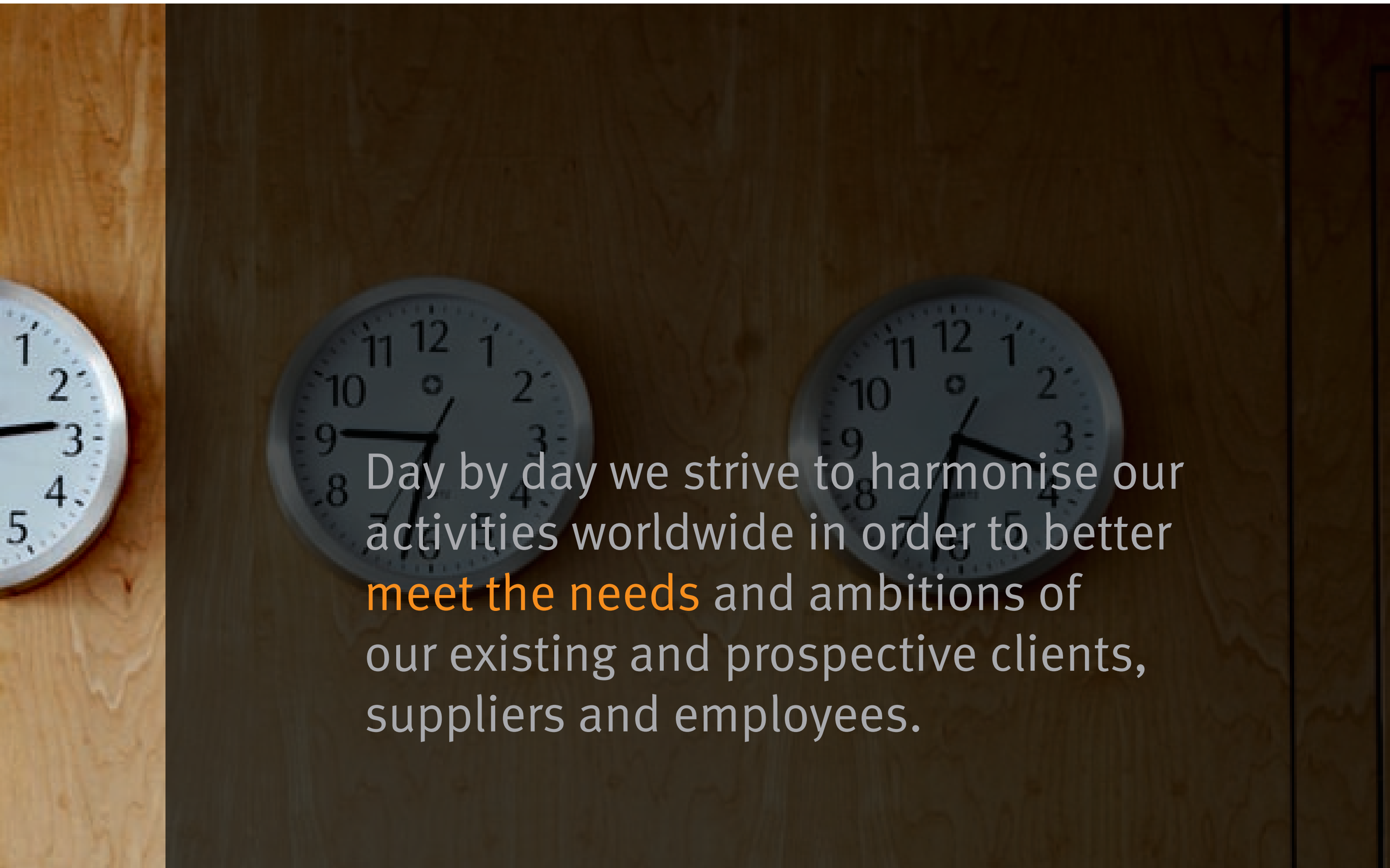
During the past challenging year we have been able to live up to the added-value requirements of our clients. Not only with competitive pricing but also in saving costs by enabling client companies to outsource their internal processes. We have the expertise, the infrastructure and the economies of scale to manage fleets more efficiently than anyone else. That's why *it's easier to leaseplan*.

Lastly, I would like to take this opportunity to thank all our stakeholders including our shareholders, debt investors, clients, employees and suppliers for their support in 2008 and I look forward to continuing our partnerships in 2009.



Vahid Daemi
Chairman of the Managing Board
Chief Executive Officer

Focus on business internationally


Day by day we strive to harmonise our activities worldwide in order to better meet the needs and ambitions of our existing and prospective clients, suppliers and employees.

Operational results

In 2008 the total number of LeasePlan cars grew by 5.8% (76,000 cars) to almost 1.4 million. The value of the lease contracts increased to EUR 14.2 billion, which represents an increase of 2.5% compared to 2007. Adjusted for currency differences the growth in 2008 amounted to 7.6%. Growth in the asset base reflects the growth opportunities that LeasePlan pursues on an ongoing basis, which for 2008 also included the acquisition of Daimler Chrysler Fleet Management France S.A. (DCS) with 20,000 cars and EUR 218 million in lease contracts.

The net result from continuing operations amounted to EUR 207.5 million in 2008, which represents a reduction of 13.7% compared to 2007. The main reason for this reduction is the significant downturn in the second-hand car markets in some of the major geographies where LeasePlan is active, and to a much lesser extent the lower interest margin due to higher funding costs as a result of the turmoil in the financial markets.

On the positive side, the Group was able to generate more income in the procurement area by leveraging its purchasing power and in service related areas by focusing on full product offering. On balance this resulted in a lower operating income which was partly compensated by lower operating expenses and a lower effective tax rate. The lower effective tax rate is mainly a reflection of (future) lower nominal tax rates and the spread of taxable income over the various geographies in which the Group operates.

Group equity decreased by EUR 20 million to almost EUR 1.4 billion at the end of 2008. This is a result of the negative movement in the hedging reserve (EUR 175 million) and the negative movement in the translation reserve (EUR 47 million) which exceeded the net result in 2008 of EUR 202.5 million. The substantial interest rate reductions in the main currencies that the Group operates in and the strong depreciation of the main foreign currencies that the Group operates in against the euro have caused the negative movements in the hedging reserve and the translation reserve respectively. It should be noted that in or regarding 2008 no dividend was paid or declared.

The Tier 1 capital base increased by EUR 147 million to just over EUR 1.4 billion. This increase is mainly the result of the addition of the net result in 2008 of EUR 202.5 million and the negative movement in the translation reserve of EUR 47 million (the balance is resulting from the increase of the intangible assets due to the acquisition of DCS that are treated as a deduction of the capital base). The movement in the hedging reserve is excluded from the Tier 1 capital base as a so-called prudential filter. The higher capital base in conjunction with the application of the advanced methods under Basel II resulted in a substantial increase of the Tier 1 ratio to 11.9% and the BIS ratio to 16.1%.

Managing Board's responsibility statement

In conjunction with the EU transparency Directive as incorporated in article 5.25C of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) the Managing Board confirms to the best of its knowledge that:

- The annual financial statements for the year ended 31 December 2008 give a true and fair view of the assets, liabilities, financial position and profit and loss of LeasePlan.
- The annual report gives a true and fair view of LeasePlan as at 31 December 2008 and the state of affairs during the financial year to which the report relates, and
- The annual report describes the principal risks that LeasePlan is facing. These are described in detail in the financial risk management paragraph of the general notes (page 56).

Report of the Managing Board

With threats, there are also opportunities

The economic slowdown in 2008 has had, and continues to have, a negative impact on all businesses, including LeasePlan's: the fleet management business. The problems started slowly with the credit crunch in mid-year 2007. They quickly became worse, affecting all sections of the economy, and by the end of 2008 we faced a global economic downturn. Nevertheless, even in these extreme economic circumstances LeasePlan achieved very good results.

With threats, there are also opportunities, and for LeasePlan the year 2008 represented an opportunity to focus even more on improving our operational excellence. The credit crunch and the resulting economic consequences were a powerful new impetus for us to continuously review, examine and improve our operations.

Importantly, our business strategy will not change in 2009, but our focus will. For example, we will even more actively develop our clients into strategic long-term partners and identify the partnerships with those clients who can best utilise our added-value services. Services that minimise risk and financially benefit both parties. In short, we will continue to do what we do best, but we will strive to do it even better.

Managing Board from left to right:
V. Daemi, A.B. Stoelinga and H.P. Lützenkirchen

Historically, LeasePlan has always grown geographically and has, in many cases, entered new countries and developed the market by taking advantage of local opportunities. In recent years, the demands of our international clients have played an increasingly dominant role in deciding on which new countries LeasePlan enters. Today, there are still ample opportunities to expand our geographic coverage as well as for acquisition and development in our existing territories. However, in view of the current economic downturn, we will for the time being slow down the pace of our expansion and focus on consolidating our market position and portfolio.

Liquidity and ratings

The financing of a car is an important element of the LeasePlan product. Cars and their use for three to four years at the beginning of their life cycle require financing like any other durable product or consumption goods. As an independent market leader, LeasePlan finances its clients' fleets by raising debt funding in the world's financial markets. Since 2004 we have established direct access to international money and debt capital markets on a broad scale.

As already noted, 2008 initially saw the continuation of a credit crunch that had started in the summer of 2007. LeasePlan had, as part of its on-going commitment to an independent funding strategy, adapted to this situation and was able to continue in a 'business-as-usual' mode throughout the first three quarters of 2008. However, the continuous reductions in the banking community's asset values, the associated complexity and lack of insight in the underlying problems, and the subsequent evaporation of trust, all combined to cause a major collapse of the world's financial markets. The fall of Lehman Brothers in September 2008 and subsequently of the Landsbanki in Iceland and Fortis Bank in the Benelux marked this collapse and resulted in a dramatically changed landscape in the fourth quarter of 2008.

The effective fall of the entire credit system in all major financial markets in quarter four saw governments coming to the rescue of many national banks. Share capital injections, nationalisations, the acquisition of troubled assets and the guaranteeing of liabilities became standard in many countries. In the Netherlands, the government also took action. It nationalised the remains of the former ABN Amro Bank and Fortis Bank Nederland, and announced two support measures for the other Dutch banks. EUR 20 billion was made available for participation by the State of the Netherlands in the equity of banks that needed an immediate strengthening of their capital base and that would be unable in the circumstances to obtain this from (private) markets. Secondly a scheme of up to a maximum of EUR 200 billion was made available under which Dutch banks could apply for a guarantee by the State of the Netherlands for specific funding transactions.

After due consideration, LeasePlan filed an application for a government guarantee under the EUR 200 billion scheme. LeasePlan was the first Dutch bank in the Netherlands to be granted a guarantee under this scheme in December 2008. Subsequently an issue was made in capital markets for EUR 1.45 billion for a maturity of two years. For LeasePlan this issue in those market circumstances where issuance of regular unsecured, unguaranteed debt was impossible, meant it could continue to provide the financing and services to its clients in line with the demand for its core product. In February 2009 a second guaranteed issue of EUR 1.25 billion was made in the capital markets for a maturity of three years.

Further issuance under the government guarantee scheme is expected. Nevertheless the real challenge for all banks will be to regain the confidence that is needed to allow professional investors to make an unbiased investment decision on unsecured credit risks.

In the last quarter of 2008, and as a direct consequence of the turmoil in financial markets, LeasePlan unfortunately witnessed a one notch downgrade in its senior unsecured debt ratings by Standard & Poor's to A-/A-2 (negative outlook) and Fitch Ratings to A-/F2 (negative outlook).

Debt ratings are important to LeasePlan to support the continuous securing of new debt funding in financial markets. It is our ambition to maintain our long-term ratings at a single A level. Experience has proven that this ambition is feasible, although our current rating assessments are suffering from a lack of visibility and appreciation of the industry dynamics, as well as LeasePlan's position in this industry due to the absence of rated peers.

LeasePlan's debt ratings are complementing and at the same time reflecting the key credit strengths of LeasePlan, which are: our stable financial track record, our strong business franchise, our sound asset quality, our professional risk management, our solid solvency ratios and our status as a Dutch bank for the past 15 years.

Residual values

As part of our business model, LeasePlan is responsible for the reselling of cars that have reached the end of their lease term. The year 2008 saw a dramatic worldwide reduction in the value of second-hand cars, be it to varying degrees in the 30 different national markets that we operate in. Against residual values that have been set a number of years ago, the reduction in resale values has created losses. LeasePlan has to absorb much of these losses itself, but in some cases, depending on the lease contract, they are being absorbed by our clients' accounts. To minimise these losses, LeasePlan is constantly searching for new ways to optimise the sale of end-of-lease cars. Based on our expertise, we can ship specific car brands to those national markets where they are most popular, thereby increasing their resale values.

The main consequence of the reduced resale values is that LeasePlan's overall risk position in second-hand cars has become more critical. To control this risk LeasePlan

has a strong process in place tailored to constantly reviewing large fleet exposures against today's market prices. This enables LeasePlan to (i) adjust the prices of new lease contracts as and when market circumstances demand and (ii) adjust existing contracts, according to the agreed underlying contract terms, to immediately reflect any changed assumptions for the use of the car. Although reduced residual values are a key point of attention for LeasePlan these two factors in combination with the relatively short-term cycle of the product provide viable possibilities to mitigate the risk.

Second-hand car values dropped on average by more than 10% in 2008. Fortunately, other consistent and increasing revenues from our on-going service commitments and risk mitigation on residual value exposures have supported the financial performance of LeasePlan very well. The end result is a relatively small reduction in profitability which in itself is unique in LeasePlan's history.

Building for the future

In tough times, companies turn to outsourcing their non-core activities – including the management of their fleet. It's a strategy that frees up capital, enhances cash flow and reduces internal administration. This is in line with our business model and is a strategy that supports our own ambitions for responsible profitable growth which can be realised by building on our proven strengths that differentiate us from our competitors. These are:

Geographical spread: Since 1963, LeasePlan has been headquartered in the Netherlands which is still one of the main markets in which we operate. Today we have own companies in 30 countries across the globe, with Mexico the newest territory added in 2008. In almost all countries this concerns 100% owned subsidiaries. This unique geographical spread combined with the focus and coordination of LeasePlan International, results in a high level harmonised product offering to our international clients.

Purchasing leverage: LeasePlan has almost 1.4 million vehicles in service, and each day this fleet must be replenished with significant procurements. This enables us to negotiate favourable pricing structures with our preferred automotive suppliers.

Professional risk management: LeasePlan's strong risk management processes, which have been further enhanced in the preparation for Basel II compliance, allow us to truly manage and control the risks associated with fleet management. By correctly assessing the relevant risks at the inception of each lease we maintain a healthy balance between risk and reward, and we can properly differentiate our prices towards each client segment.

Integrated service package: We have a comprehensive service package that can provide our clients with everything they need for a mobility solution – including finance, purchase, insurance, maintenance, remarketing and other services. Moreover, this product and service portfolio is constantly in development and new products are continually being added. This helps ensure that we can offset declines of sales in some areas with new offerings in others.

Our people: Perhaps our most valuable asset, especially in difficult times, is our people. Their commitment, professionalism and expertise enable LeasePlan to achieve the customer-focused culture that our clients seek.

Although for 2009 even more serious challenges are anticipated, especially in the field of liquidity and the development of residual values, we are confident that our organisation is well placed to achieve satisfying results in 2009.

Almere, 18 March 2009

Managing Board
V. Daemi, chairman
A.B. Stoelinga
H.P. Lützenkirchen

Focus on sustainability

From fuel efficiency to effective control over fleet CO_2 emissions, GreenPlan brings to bear LeasePlan's unparalleled international experience and expertise in helping clients achieve the optimum short and long-term balance of mobility, overall running costs and environmental responsibility, wherever they do business.

Focus on 2008

Focus on Debt Investors

As a market leader in the fleet leasing industry, with a successful business franchise and strong track record, LeasePlan is a unique credit in debt capital markets.

Our strategy is to source debt funding independently from our shareholders who provide our equity. This independent funding strategy has been pursued since 2004, the year of the divestment of LeasePlan by its former shareholder ABN Amro Bank to a consortium of shareholders. It is this funding strategy that links us to debt investors and makes us consider them extremely important stakeholders in the well-being and development of LeasePlan.

We consider it very important to keep our investor base well informed and to match our debt issuing activity with their expectations. Market circumstances permitting, we will continue to be able to offer a broadly equal mix of public benchmark bonds and private placements under our various capital market programmes tailored to our debt investors specific requirements, as well as the opportunity to purchase shorter dated debt instruments of our ECP and CD programmes. S&P, Moody's and Fitch have been engaged to rate our various debt issuance programmes. Our issuance is driven largely by our investors' needs and although the majority of our natural demand is in euros, our widely spread asset base means that we also issue in many other currencies as evidenced by the fact that we have issued medium term notes in 14 currencies to date.

It is fair to say that in 2008 access to senior unsecured funding was very challenging. We have experienced how difficult it was for many of our debt investors, upon repayment of maturing debt, to maintain their exposures in LeasePlan under the prevailing extreme market circumstances. As a result, new issuance under our medium term note programmes has been limited.

For LeasePlan the market circumstances dictated that we had to rely on alternative funding sources, which meant that an entirely new group of debt investors was approached. Government support measures were announced in many countries for the banking industry. LeasePlan was able to make use of the 2008 Credit Guarantee Scheme of the State of the Netherlands. This support measure for the banking industry did provide a good alternative for the non-functioning unsecured, unguaranteed debt capital markets. It allowed LeasePlan to continue 'business as usual' in the current difficult climate.

Moving forward LeasePlan aims to continue its independent debt funding strategy, continuously adapting to prevailing market circumstances.

Key investment characteristics:

- LeasePlan is a company with a leading franchise in operational car leasing and fleet management for over 40 years and has consistently proven to be able to deal with the challenges of this industry through various cycles.

- LeasePlan has a sound asset quality with a focus on European and international blue chips and adequate collateralisation. Our EUR 14.2 billion of lease assets have mainly been realised by consistent autonomous fleet growth.

- LeasePlan's car portfolio is well diversified among major car manufacturers.

- LeasePlan is showing a sound profit despite the current severe residual value circumstances.

- Our profit is underpinned by a well diversified income pattern, which is largely independent of the automotive industry's prospect, and well controlled costs.

- LeasePlan has consistently been able to demonstrate a good track record in managing its residual value risks as well as its credit risks.

- As a specialised Dutch bank and taking into account the risk profile, LeasePlan demonstrated strong capital ratios at the end of 2008.

As long as the unsecured capital markets remain closed for LeasePlan, we will be focused on using the government guarantee scheme for new benchmark issues, via either public offerings or private placements.
The guaranteed market has opened on a strong note in 2009 and investors continue to be supportive for new issues. So far LeasePlan has launched two government guaranteed issues; in December 2008 a two year fixed rate EUR 1.45 billion benchmark and in February 2009 a three year fixed rate EUR 1.25 billion benchmark.
LeasePlan expects launching further benchmark issues in this market segment in 2009. As soon as unsecured debt capital markets allow, LeasePlan will start tapping this market again either via public issues or private placements to satisfy investor demands. 2009 will also see LeasePlan continue with the securitisation of its lease assets following on the successful securitisation transactions in the Netherlands and Germany.

"Although the financial crisis is not over yet and debt capital markets have not normalised, we are confident about the future. For us it is very important to keep our investor base well informed and to continue our debt issuing activity in line with their expectations."

Guus Stoelinga
Chief Financial Officer

Focus on Clients

LeasePlan has traditionally had a partnership approach with its clients, to ensure that the best solution to their fleet management needs was always offered. In that spirit, given the current challenging market conditions for most of our clients, we are engaging in actively giving them advice on how to optimise the cost of their fleet. For that purpose we have developed a specific approach to cost saving identification and realisation that we rolled out to most of our markets during 2008. This approach, called Savings Accelerator, allows LeasePlan to work with clients in a systematic way to identify savings opportunities in the total cost of ownership of their fleets and to track the fulfilment of those savings agreed with clients.

An additional challenge for companies is to balance the cost of managing a fleet with two other important aspects related to those vehicles. One is the environmental impact that the fleet will produce. The other is driver satisfaction with the vehicle selected and the service received while driving it. Finding the right balance between those three elements requires careful analysis and decision-making. LeasePlan is currently developing a tool, Fleet Balance, which will help clients assess the balance they would like to place on those sometimes conflicting objectives when managing a fleet. Once the desired position is agreed, LeasePlan works closely with the client to put measures in place on cost, emissions and driver satisfaction to help achieve that delicate balance. Fleet Balance will be launched during 2009.

LeasePlan International serves clients whose business crosses international borders. International business continues to expand – and to grow as a proportion of total LeasePlan business. We see a considerable opportunity for future growth in our international business from existing LeasePlan clients as well as by new client acquisition. We will, however, tailor our growth in line with economic developments.

Key to future profitable growth will be the building of closer relationships with our strategically important clients in order better to understand their needs and meet them from a specially tailored range of LeasePlan products and services. To this end we are further improving our already established consolidated international reporting process, International FleetReporting. Development of the FleetReporting tool is designed to deliver international fleet reports containing strategic management information that will provide our clients with the insights they need to manage their international fleets.

"We are proud of our open calculation approach. It builds genuine trust between us and our clients and makes it easier to create long-term partnerships that work for both parties. LeasePlan is uniquely qualified to go through that exercise, based on our long-standing experience in this field."

Jaime Requeijo
SVP Business Development

Focus on Risk Management

LeasePlan's fleet management activities are exposed to credit risks, risks related to residual values, operational risks, insurance risks, treasury risks and compliance risks. These risks are further addressed in the financial statements on page 56.

As 2008 progressed LeasePlan increased its risk management efforts especially in the areas of residual value risk management and credit risk management. The economic consequences resulting from the credit crunch have had a negative effect on resale values in many countries where LeasePlan is active. As a result, LeasePlan has intensified the risk mitigating measures it has in place and has also come up with alternative risk mitigation efforts that were beneficial for both LeasePlan and its clients. By doing so we were able to substantially limit the negative impact of negative sales results for contracts terminated in 2008, and also for future terminations. The measuring of risk mitigation effects and total fleet exposures is performed continuously so that further steering of risk mitigation can be initiated immediately when necessary.

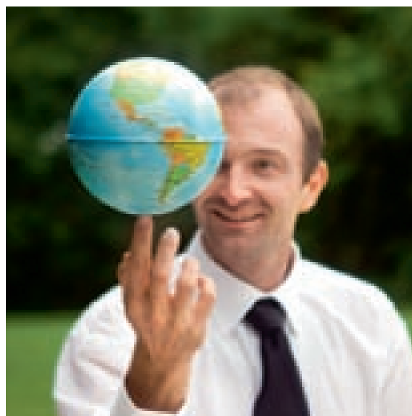
As a result of the strength and quality of LeasePlan's client database, in combination with an increased focus on credit acceptance and monitoring of payment behaviour, LeasePlan has not seen a noticeable increase in its default rates, the number of clients unable to meet payment obligations, or the amounts receivable from clients when compared to 2007.

A major achievement – and at the same time an acknowledgement of LeasePlan's strong risk management framework – was the approval received from the Dutch Central Bank for using advanced internal model methodologies in calculating external capital requirements under the Basel II regime. LeasePlan considers the efforts put into implementation of the Basel II internal model approaches as an improvement of its overall risk management framework, and has already experienced the results of that as supportive to its risk management in the current economic conditions.

"LeasePlan's achievement of receiving approval for the use of advanced models for calculating regulatory capital ratios underlines above all the strength of our risk management framework, while at the same time demonstrating that LeasePlan is a solvent company with a well managed, solid asset portfolio and overall risk profile being a good basis to develop profitably in the future."

Edwin de Jong
SCVP Risk Management

Focus on Sustainability



For companies worldwide mobility will always be a crucial factor in doing business efficiently, and the fact that lease cars are well serviced and replaced after three years on average, thus making them less polluting, makes leasing an attractive option.

However, sustainability became even more strategically important in 2008. This was not only because our own Corporate Social Responsibility (CSR) programmes are maturing and driving strategies at all levels, but also because many of our clients are implementing their own CSR programmes – fuelled by governmental measures to encourage initiatives that tackle climate change.

The overall result is that many LeasePlan clients switched their attention from larger car types to smaller, more fuel efficient models that also come with better "energy labels" and consequently attract lower tax levies.

Also notable during the year was the accelerating shift for clients in many regions to outsource their fleet management activities. In new LeasePlan markets the main demand is still for basic vehicle leasing, whereas in mature markets many clients want LeasePlan to handle all the management and operations of their fleet. Here we work in a close, open partnership with our clients to ensure that we offer a full service solution. As an integral part of this process we are taking substantial steps to help clients adopt sustainable business practices, under the GreenPlan initiative.

The future in focus

At LeasePlan we look to tomorrow as well as today. So we focus on improving the environment along with our business, with initiatives such as GreenPlan and LeasePlan ChildPlan, aimed at promoting sustainable business practices and contributing to a better and fairer world.

GreenPlan

Many LeasePlan clients, including some large international companies, have been working hard in recent years to bring their fleets in line with programmes designed to introduce more sustainable business practices. With its wealth of knowledge and experience of cars and fuel consumption, LeasePlan is excellently positioned to help them achieve their goals. An important aid in this respect is GreenPlan, a programme certified by TÜV Rheinland Group that provides various ways of measuring, reducing and monitoring CO_2 emissions of the client's fleet. GreenPlan is supported by Intelligent Energy Europe (IEE) and the European ECODRIVEN initiative and sets out specific step-by-step measures that a fleet manager can take to change the car policy so that the lowest possible emission of CO_2 is realised. A welcome side-effect is that this also helps in various ways to reduce the costs of operating the fleet: not only by cutting fuel consumption but also, for example, by making more efficient use of the vehicle.

This is in line with other LeasePlan programmes and with government policies to limit car use and enhance motoring efficiency. Our fleet consists of cars which are on average two years old and therefore make use of the latest environmental techniques like the particle filter for diesel cars. GreenPlan is internationally acknowledged, as proven by ongoing cooperation with non-governmental organisations and rewards like the Pantheon of Polish Ecology 2008 award in the category of "Institutions Supporting Environmental Projects". As part of GreenPlan, LeasePlan makes proposals for improvements regarding, for example, the composition of the fleet, how vehicles are driven (even by individual drivers) and, possibly, route planning.
A further important step is to monitor fuel consumption, since this allows LeasePlan to identify trends and advise on how to adjust policies accordingly. Also companies that wish to go a step further and offset all or a part of their CO_2 emissions, have the possibility to do so within GreenPlan.
Fleet CO_2 emissions are tested for compliance with the standard adopted by the European Commission for 2012 (which are based on the Kyoto Protocol of the UN Convention on Climate Change).
LeasePlan uses the standard of 130g CO_2/kilometre as the benchmark for both its own fleet and that of the client.

LeasePlan ChildPlan

During 2008 LeasePlan continued to focus on supporting disadvantaged children through the LeasePlan ChildPlan community project, which aims to contribute towards creating a better and fairer world.

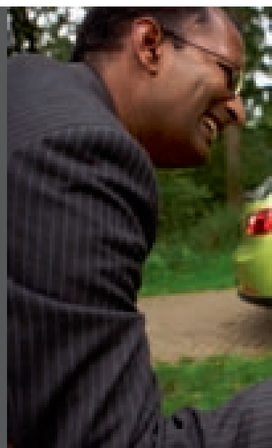
LeasePlan ChildPlan started off as a corporate initiative at the end of 2006 and within two years became an integral part of the LeasePlan organisation. More and more local fund-raising initiatives were started and many LeasePlan staff members around the world showed their commitment, engagement and creativity through a wide range of activities. This not only provided important financial means but also contributed to the worldwide shared company pride and principles.

Support has continued for the Child Watabaran Centre in Kathmandu, Nepal, a non-governmental organisation providing shelter, education and training for the homeless children of Kathmandu. Financial support was given for the buying and preparation of land and for the construction of buildings to provide a home for 60 street children. A new boys' home and girls' home were completed in early 2009. During 2009 on the same land a general purpose/academic building paid for by LeasePlan will be established. In addition, during 2008 LeasePlan supported all running costs of the existing girls home, the costs of running the Mobile Health Service that reaches at least 300 street children a year, three health camps (for 300 children each) and street dramas that reach another 1,200 children. In addition, support was provided to cover the running costs of the Transit Clinic that supports around 1,000 street children a year.

Besides this large project, which is financially supported by many of the LeasePlan Group companies, various other charity initiatives were undertaken by local LeasePlan companies, many of which focused on the support of children. In 2008 the worldwide impact of LeasePlan ChildPlan became apparent through charity projects being supported in the Czech Republic, Germany, Guatemala, India, Italy, Nepal, New Zealand, Poland, Romania and the United Kingdom.

"We see it as an essential part of our mission to contribute in a practical way to the welfare, development and growth of communities. That is why, since its launch in November 2006, LeasePlan ChildPlan has become an integrated part of our corporate social responsibility activities, and will continue to be so in the future."

Nick Salkeld
Regional Senior Vice-President



Focus on Human Resources

With its clearly visible continuous training and development programmes, LeasePlan continues to attract and retain top talent. 2008 saw additional emphasis on these human resource development programmes as the LeasePlan Academy achieved full momentum. During the year almost 80 of the 150 LeasePlan directors completed the Executive Leadership Programme, a three-week MBA-level course led by leading business thinkers and academics. The course combines business theory with practical business challenges. In addition to providing a medium to long-term vision it is also the ideal networking forum for LeasePlan executives from across the globe. This creates new insights and facilitates idea exchange and best practice sharing.
The LeasePlan Academy also offers a Management Development Programme, a one-week course for upcoming talent within LeasePlan. Here training is given by LeasePlan's own senior management, and participants are encouraged to share ideas from their regions and combine them with out-of-the-box thinking for possible roll-out at Group level as best practices.

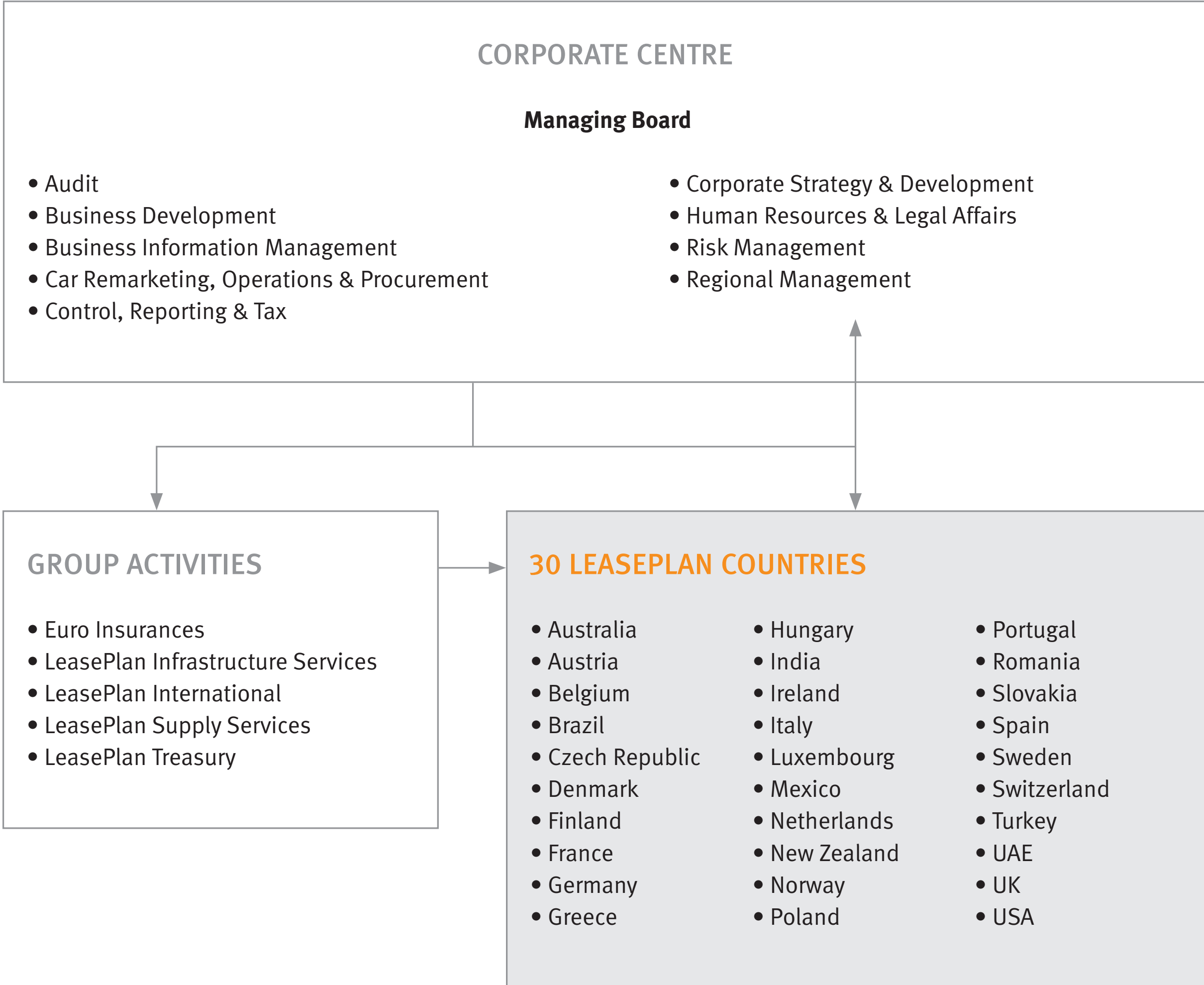
In addition, various network meetings are organised on a regular basis at international level, with the result that LeasePlan organisations worldwide are always able to take advantage of both the benefits of team building and the sharing of best practice on a global scale.

As a result of our focus on human resources management, we have once more been highly successful in retaining top management and – where senior managers have moved to new posts – in filling the positions vacated from within the LeasePlan organisation.

"Our federal-style structure ensures that at country level our people have the freedom to best adapt to their local markets and client needs. Our continuous networking at all levels is essential to ensure new ideas and best practices are adopted and used with high efficiency. At LeasePlan it's not a top-down flow of ideas that keeps us ahead of our competitors, it's a free-flowing wave of lateral thinking that can, and does, encompass the whole global Group."

Tjahny Bercx
SCVP Human Resources & Legal Affairs

Organisational structure LeasePlan



Management

Supervisory Board

F. Witter, chairman
Position: Chairman of the Board of Management,
Volkswagen Financial Services AG
Nationality: German

L.H. Santelmann
Position: Member of the Board of Management,
Volkswagen Financial Services AG
Nationality: German

L.A.H.W. Sander
Position: Member of the Board of Management Volkswagen Division
Executive Vice-President
General Representative of Management Volkswagen Group
Nationality: German

D.E. Wittig
Position: Executive Vice-President,
Volkswagen AG
Nationality: German

W.A. Al Mokarrab Al Muhairi
Position: Chief Operating Officer,
Mubadala
Nationality: Emirati and Resident of the United Arab Emirates

C.A. Obeid
Position: Chief Financial Officer,
Mubadala
Nationality: Lebanese and Resident of the United Arab Emirates

H.N. Lazkani
Position: Head of International Private Equity,
Olayan Europe Limited
Nationality: British

F.W. Vermeulen
Position: Advisor,
Olayan Financing Company
Nationality: Dutch

Managing Board

V. Daemi
Chairman and Chief Executive Officer
Nationality: British

A.B. Stoelinga
Chief Financial Officer
Nationality: Dutch

H.P. Lützenkirchen
Chief Operating Officer
Nationality: German

Ms. F.P.M. Hennekes - van Rosmalen
Corporate Secretary

Senior Corporate Vice-Presidents

T.R. Bercx
Human Resources & Legal Affairs

J.D. Boon
Corporate Strategy & Development

E.R. de Jong
Risk Management

T. Kuipers
Control, Reporting & Tax

L.C.M. Walraven
Audit

LEASEPLAN GROUP

Regional Senior Vice-Presidents

J. Contreras Garcia
Central Europe & Asia

K.D. McNally
Northern Europe & Americas

N.J. Salkeld
Southern Europe & Pacific

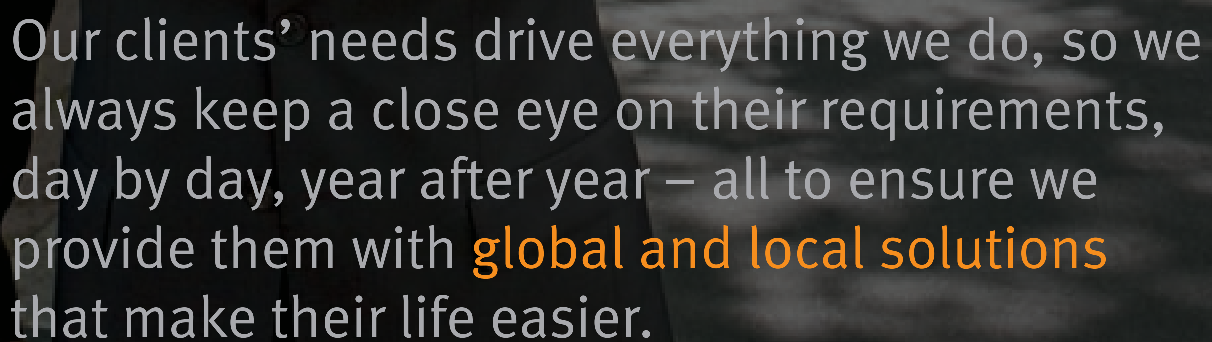
Senior Vice-Presidents Group Services

C. Parker
Business Information Management

W.E. Reinhold
Car Remarketing & Operations

J. Requeijo Gutierrez
Business Development

Focusing on our clients' needs



Our clients' needs drive everything we do, so we always keep a close eye on their requirements, day by day, year after year – all to ensure we provide them with global and local solutions that make their life easier.

Shareholders of LeasePlan

Volkswagen Bank GmbH (50%)
Volkswagen Bank is a 100% subsidiary of Volkswagen Financial Services AG, which heads and consolidates entities that provide financing, leasing and insurance products to consumers and corporate clients in the European, Asian-Pacific, North American and South American region.
Volkswagen Bank, operating solely in Europe, also has one of the largest direct banking activities in Germany, which offers classic banking products (such as savings and payment accounts) and insurance. The bank has its own subsidiaries in Belgium, France, Germany, Greece, the Republic of Ireland, Italy, the Netherlands, Spain and the United Kingdom.

Mubadala Development Company PJSC (25%)
Mubadala Development Company (Mubadala) is a Public Joint Stock Company headquartered in Abu Dhabi, capital of the United Arab Emirates. Its focus is on developing and managing an extensive and economically diverse portfolio of commercial initiatives. It does this either independently or in partnership with leading international organisations. Mubadala's commercial strategy is fundamentally built on long-term capital-intensive investments that deliver strong financial returns. The company manages a multi-billion dollar portfolio of local, regional, and international investments, projects and initiatives. Through its investment and development projects, Mubadala is both a catalyst for, and a reflection of, the drive for economic diversification of the Emirate of Abu Dhabi. Its impact is evident domestically and internationally in sectors such as energy, aerospace, real estate, healthcare, technology, infrastructure, and services. Mubadala's sole shareholder is the Government of the Emirate of Abu Dhabi.

Olayan Group (25%)
The Olayan Group is a private, multinational enterprise made up of more than 50 companies and affiliated businesses. Founded in 1947, the Group has built its reputation on a bedrock of dedication, integrity, teamwork and continual improvement and growth. In Saudi Arabia, where the Group originated, Olayan engages in product distribution, manufacturing, services and investment, often alongside leading multinational and regional partners. These activities extend to other Gulf and Middle East countries. The Group invests internationally in both public and private equities, including real estate, and in fixed income securities. Its multi-billion dollar portfolio is concentrated in North America, Europe and the Middle East.

Change in shareholding
Volkswagen is in negotiation with Mubadala Development Company and the Olayan Group to acquire their individual 25% stakes in LeasePlan Corporation N.V., following the exercising of a put option by Mubadala and Olayan.

Report of the Supervisory Board

We are pleased to present the financial statements of LeasePlan Corporation N.V. for the financial year 2008, as drawn up by the Managing Board. The financial statements have been audited by and discussed with PricewaterhouseCoopers Accountants N.V. Their unqualified auditor's report can be found on page 116.

We recommend that the shareholders adopt the financial statements and the proposed profit appropriation contained therein. We also recommend that the shareholders endorse the Managing Board's conduct of the company's affairs and the supervision thereof by the members of the Supervisory Board.

Supervision

During 2008 the Supervisory Board met on five occasions. The recurring items on the agenda for the quarterly meetings included the financial and commercial results, market developments, developments relating to funding and liquidity, and risk management. The strategy and policy for the medium and long-term are discussed once a year, as are the annual plan for the ensuing two-year period and the five year projections. Other items on the agenda during 2008 included various acquisition possibilities among which the acquisition of Daimler Chrysler Fleet Management France S.A.S., the restructuring of MOX, the growth strategy, the litigation of Gestion Location Service S.A.S. against Parsys S.A., the establishment of LeasePlan Mexico, review and country reports of the Dutch Central Bank, the liquidation of certain subsidiaries as part of overall corporate housekeeping, the new head-office of LeasePlan France, the establishment of two new entities in Italy, the increase of the shareholding in India, the divestment of Services Affaires in France, the restructuring of LeasePlan Slovakia, the fair market value of the company with regard to the valuation of stock options and the appointment of new members of the Supervisory Board and its committees.

Next to the quarterly Supervisory Board meeting an extraordinary meeting was held in January 2008 with regard to the developments on international capital and money markets, LeasePlan's liquidity position and the organisation of the activities performed by LeasePlan Treasury. Moreover on a monthly basis the Supervisory Board is provided with an update consisting of key figures of the last month and detailed financial information of the preceding month.

The Supervisory Board has three committees: the Audit Committee, the Credit Committee and the Remuneration Committee. Each committee consists of members of the Supervisory Board and has its own composition.
The Audit Committee met on four occasions in 2008 with a focus on internal control for which main input is provided by the Group Audit Department. Once a year the meeting of the Audit Committee is also attended by the external auditors and the Senior Corporate Vice-President Audit. In addition to the regular items discussed by the Audit Committee, in June 2008 the committee reviewed an audit performed by Volkswagen AG regarding the residual value operations within LeasePlan Corporation and LeasePlan Netherlands.
The Credit Committee met on three occasions during the year, to discuss credit proposals above the agreed limit as submitted by LeasePlan.

By written resolution the Supervisory Board decided on the appointment of a member of the Supervisory Board as member of the three committees of the Supervisory Board, on the meeting schedule for the Credit Committee, on the signing of a EUR 1.5 billion committed revolving credit facility with a Volkswagen Group company, on the participation in the 2008 Credit Guarantee Scheme of the Netherlands and on the remuneration of the Managing Board as per the proposal of the Remuneration Committee.

Board changes

Supervisory Board

VW Group
Mr Breiing resigned as member and chairman of the Supervisory Board. Effective 24 September 2008 he was succeeded as member of the Supervisory Board by Ms G.R. de Neidels and effective 25 September 2008 by Mr L.H. Santelmann as chairman of the Supervisory Board. On 5 January 2009 Mr F. Witter succeeded Ms G.R. de Neidels as member of the Supervisory Board. Effective the same day Mr Witter was appointed chairman of the Supervisory Board and member of the Audit Committee, Credit Committee and Remuneration Committee of the Supervisory Board.

Mubadala Development Company
On 3 April 2008 Mr W.A. Al Mokarrab Al Muhairi was appointed deputy-chairman of the Supervisory Board.

Reflection on the year under review

During 2008 also LeasePlan was confronted with the challenges resulting from the credit crunch that started in the second half of 2007, worsened throughout 2008 and resulted in an overall economic downturn by the end of 2008.

For LeasePlan the economic downturn became most apparent in a worldwide reduction of the resale value of cars at the end of their lease term. LeasePlan has intensified its risk mitigating measures and pursues constant and in-depth monitoring and steering in all relevant countries with the support of the specialised corporate risk management department.

LeasePlan was the first Dutch bank to be granted a guarantee under the 2008 Credit Guarantee Scheme of the State of the Netherlands after having received a positive recommendation of the Dutch Central Bank. A EUR 1.45 billion benchmark transaction was concluded in December 2008 followed by a EUR 1.25 billion guaranteed issue early February 2009.

Despite the challenging circumstances LeasePlan succeeded in achieving a net result of EUR 202.5 million and a growth of almost 6% of the number of vehicles managed. This achievement is the result of the expertise and dedication of the worldwide staff for which we are grateful.

Effective 1 December 2008 LeasePlan implemented advanced models for calculating the regulatory capital requirement for both credit risk and operational risk. The approval of the Dutch Central Bank to use these models are the acme of the thorough preparation during several years, which process entailed a further extension of the professional risk management approach within the LeasePlan Group. The adoption of the advanced models has a positive effect on LeasePlan's capital ratios.

Although for 2009 even more serious challenges are anticipated, especially in the field of liquidity and the development of residual values, we are confident that LeasePlan is well placed to achieve satisfying results in 2009.

Almere, 18 March 2009

Supervisory Board

Volkswagen Group
F. Witter, chairman
L.H. Santelmann
L.A.H.W. Sander
D.E. Wittig

Mubadala Development Company
W.A. Al Mokarrab Al Muhairi
C.A. Obeid

Olayan Group
H.N. Lazkani
F.W. Vermeulen

Focus on savings

Our partnership approach to working with clients ensures that we are uniquely able to identify and maximise savings opportunities for them throughout their leasing contract with us.

Financial statements

Consolidated financial statements

Consolidated income statement

for the year ended 31 December

In thousands of euros	Note	2008	2007
Continuing operations			
Lease revenues	5	3,706,026	3,658,843
Interest and similar income	8	949,582	894,323
Other revenues	6	422,345	411,684
Total revenues		**5,077,953**	**4,964,850**
Lease expenses	5	3,175,117	3,147,322
Interest expenses and similar charges	9	681,403	607,279
Other expenses	7	294,656	304,877
Total costs		**4,151,176**	**4,059,478**
Sales result and settlements from returned objects	10	-38,987	46,629
Impairment on receivables	12	-9,598	-11,954
Total operating income		**878,192**	**940,047**
Staff expenses	13	372,869	371,148
General and administrative expenses	14	210,375	215,901
Depreciation and amortisation	15	35,380	40,322
Total operating expenses		**618,624**	**627,371**
Total operating result		**259,568**	**312,676**
Share of profit of associates	25	-73	725
Profit before tax		**259,495**	**313,401**
Income tax expenses	16	51,982	72,987
Profit for the period from continuing operations		**207,513**	**240,414**
Discontinued operations			
Profit for the period from discontinued operations	2	-5,050	16,260
Profit for the period before minority interests		**202,463**	**256,674**
Minority interests	39	-	1,231
Profit for the period		**202,463**	**255,443**

Consolidated statement of changes in shareholders' equity

In thousands of euros	Share capital	Share premium	Other reserves			Share-holders' equity	Minority interests	Total equity
			Translation reserve	Hedging reserve	Retained earnings			
Balance as at 1 January 2007	**71,586**	**506,398**	**12,004**	**38,434**	**743,550**	**1,371,972**	**-1,004**	**1,370,968**
Changes in cash flow hedges				-14,259	232	-14,027		-14,027
Changes in net investment hedges				6,862		6,862		6,862
Currency translation differences			-21,366			-21,366	-10	-21,376
Other equity changes				-771	771	-	-217	-217
Net income/(expenses) recognised directly in equity	**-**	**-**	**-21,366**	**-8,168**	**1,003**	**-28,531**	**-227**	**-28,758**
Profit for the period					255,443	255,443	1,231	256,674
Total recognised income/ (expenses) for the period	**-**	**-**	**-21,366**	**-8,168**	**256,446**	**226,912**	**1,004**	**227,916**
Dividend					-195,000	-195,000		-195,000
Balance as at 31 December 2007	**71,586**	**506,398**	**-9,362**	**30,266**	**804,996**	**1,403,884**	**-**	**1,403,884**
Changes in cash flow hedges				-168,407		-168,407		-168,407
Changes in net investment hedges				-6,862		-6,862		-6,862
Currency translation differences			-47,006			-47,006		-47,006
Net income/(expenses) recognised directly in equity	**-**	**-**	**-47,006**	**-175,269**	**-**	**-222,275**	**-**	**-222,275**
Profit for the period					202,463	202,463		202,463
Total recognised income/ (expenses) for the period	**-**	**-**	**-47,006**	**-175,269**	**202,463**	**-19,812**	**-**	**-19,812**
Balance as at 31 December 2008	**71,586**	**506,398**	**-56,368**	**-145,003**	**1,007,459**	**1,384,072**	**-**	**1,384,072**

Consolidated balance sheet

as at 31 December

In thousands of euros	Note	2008	2007
Assets			
Cash in hand and at central banks	17	25,476	13,387
Derivative financial instruments	20	231,901	72,928
Receivables from financial institutions	18	881,719	489,108
Receivables from customers	19	3,003,697	2,801,774
Reinsurance assets	35	29,528	20,992
Financial assets at fair value through the income statement	23	-	29,558
Assets held-for-sale (including assets of a disposal group)	21	215,904	186,083
Corporate income tax receivable		29,305	19,449
Financial assets held-to-maturity	22	369,299	117,815
Other assets	24	573,180	578,649
Investments in associates and jointly controlled entities	25	23,852	25,852
Property and equipment under operational lease and rental fleet	26	11,950,972	11,669,816
Other property and equipment	27	95,823	88,325
Deferred tax assets	28	133,697	113,265
Intangible assets	29	134,459	118,325
Total assets		**17,698,812**	**16,345,326**
Liabilities			
Corporate income tax payable		26,552	33,394
Liabilities of a disposal group classified as held-for-sale	3	2,597	3,863
Liabilities to financial institutions	30	3,822,517	1,618,137
Funds entrusted	31	1,645,211	805,515
Debt securities issued	32	7,989,033	9,858,840
Derivative financial instruments	20	359,434	38,954
Other liabilities	33	1,572,343	1,685,043
Deferred tax liabilities	28	141,595	132,802
Provisions	34	25,125	30,448
Insurance contract provisions	35	231,952	234,446
Subordinated loans	36	498,381	500,000
Total liabilities		**16,314,740**	**14,941,442**
Equity			
Share capital	37	71,586	71,586
Share premium		506,398	506,398
Other reserves	38	806,088	825,900
Shareholders' equity		**1,384,072**	**1,403,884**
Minority interests	39	-	-
Total equity		**1,384,072**	**1,403,884**
Total equity and liabilities		**17,698,812**	**16,345,326**

Consolidated statement of cash flows

for the year ended 31 December

In thousands of euros	Note	2008	2007
Cash flows from operating activities			
Profit before tax		259,495	313,401
Profit for the period from discontinued operations	2	-5,050	16,260
Adjustments:			
Effect of translation foreign currency		530,169	97,844
Impairment on land and buildings and software	15	1,174	1,461
Impairment on receivables	12	9,598	11,954
Gain/(loss) on disposal of objects in operational lease portfolio		38,987	-46,629
Depreciation operational lease portfolio and rental fleet	26	2,552,992	2,507,000
Depreciation other property and equipment	27	24,757	25,098
Amortisation intangible assets	29	9,450	13,446
Capitalised software	29	-16,473	-17,118
Increase/(decrease) provisions		-7,817	32,201
Increase/(decrease) other liabilities and other assets		-55,209	151,598
Cash generated from operations		**3,342,073**	**3,106,516**
Dividend received from associates and jointly controlled entities	25	2,332	2,472
Interest paid		-749,696	-569,886
Interest received		965,855	904,997
Income taxes paid		-81,865	-54,362
Income taxes received		1,759	21,129
Net cash from operating activities		**3,480,458**	**3,410,866**
Cash flows from investing activities			
Amounts received for disposal of objects under operational lease	26	2,053,773	1,821,830
Amounts paid for acquisition of objects under operational lease	26	-5,695,768	-5,170,259
Acquired new finance leases and other increases of receivables from customers		-1,292,890	-1,020,863
Repayment finance leases		1,081,268	701,137
Proceeds from sale of other property and equipment	27	16,224	8,564
Acquisition of other property and equipment	27	-52,111	-38,515
Acquisition of software	29	-3,697	-6,095
Capital increase in associates and jointly controlled entities	25	-327	-753
Proceeds from sale of subsidiaries/associates, net of cash disposed of	2	1,286	36,729
Increase/(decrease) in other financial assets		80,221	243,054
Acquisition of associates, net of cash acquired	25	-	-9,191
Net cash from investing activities		**-3,812,021**	**-3,434,362**
Cash flows from financing activities			
Receipt of liabilities from financial institutions		4,563,607	2,914,083
Repayment of liabilities from financial institutions		-3,075,209	-2,265,718
Receipt of funds entrusted		1,553,626	694,317
Repayment of funds entrusted		-713,930	-269,690
Receipt of debt securities		2,755,267	5,175,735
Repayment of debt securities		-4,625,074	-6,015,909
Movement in subordinated loans		-1,619	-
Dividends paid	38	-	-195,000
Net cash from financing activities		**456,668**	**37,818**
Cash and balances with banks at 1 January		**-30,264**	**-43,662**
Net movement in cash and balances with banks		125,105	14,322
Effect of exchange rate fluctuations on cash held		199	-924
Cash and balances with banks at 31 December	17	**95,040**	**-30,264**

Financial statements

General notes

General notes

1. General information

LeasePlan Corporation N.V. (the "Company") is a company domiciled in Almere, the Netherlands. The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. The Group consists of a growing international network of companies engaged in fleet and vehicle management services, mainly through operational leasing. At the end of 2008, the Group employed over 6,000 people worldwide and had offices in 30 countries. A list of the principal consolidated subsidiaries is included on page 114.

The shares of the Company are held by Global Mobility Holding B.V. (approximately 98%) and Stichting Werknemersparticipatie LPC (approximately 2%).

Global Mobility Holding B.V. is a limited liability company established in the Netherlands in which a 50% interest is held by Volkswagen Bank GmbH, and a 25% interest is held by Mubadala Development Company of Abu Dhabi and the Olayan Group with its head office in Athens.

Volkswagen is in negotiation with Mubadala Development Company and the Olayan Group to acquire their individual 25% stakes in LeasePlan Corporation N.V., following the exercising of a put option by Mubadala and Olayan.

In connection with a Stock Option Incentive Plan approximately 2% of the total issued share capital in the Company is held by Stichting Werknemersparticipatie LPC that has issued depository receipts representing the economic interest in these shares. These depository receipts are currently owned by Global Mobility Holding B.V.

The Company has held a universal banking licence since 1993 and is regulated by the Dutch Central Bank. Therefore, specific additional (IFRS) disclosures are included that focus on the Company's liquidity and solvency and on the risks associated with the assets and liabilities recognised on its balance sheet and with its off-balance sheet items.

The income statement in the Company's financial statements has been presented in abridged form pursuant to the provisions of Article 402, Part 9, Book 2, of the Netherlands Civil Code.

2. Basis of preparation

(i) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as adopted by the European Union.

The application of the amendments and interpretations listed below are relevant to the Group:

- IFRIC 14 The limit on a defined benefit asset, minimum funding requirements and their interaction (effective 1 January 2008);
- IFRIC 16 Hedges of a net investment in a foreign operation (effective 1 October 2008).

The application of the amendments and interpretations listed below are not relevant to the Group:

- IFRIC 11 Group and treasury share transactions (effective 1 January 2008);
- IFRIC 12 Service concession arrangements (effective 1 January 2008).

Amendments to published standards and new standards effective in 2009 or later

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008 and have not been applied in preparing these consolidated financial statements.

The Group has chosen not to early adopt the following standards and interpretations that were issued but not yet effective for accounting periods beginning on 1 January 2008.
Relevant to the Group are:

- IFRS 8 Operating segments (effective 1 January 2009);
- IAS 1 (revised) Presentation of financial statements (effective 1 January 2009);
- IFRS 2 (amendment) Share-based payment (effective 1 January 2009);
- IAS 27 (revised) Consolidated and separate financial statements (effective 1 July 2009);
- IFRS 3 (revised) Business combinations (effective 1 July 2009);
- IFRS 5 (amendment) Non-current assets held-for-sale and discontinued operations (effective 1 July 2009);
- IAS 28 (amendment) Investments in associates (effective 1 January 2009);
- IAS 36 (amendment) Impairment of assets (effective 1 January 2009);
- IAS 38 (amendment) Intangible assets (effective 1 January 2009);
- IAS 19 (amendment) Employee benefits (effective 1 January 2009);
- IAS 39 (amendment) Financial instruments: recognition and measurement (effective 1 January 2009);

- IAS 1 (amendment) Presentation of financial statements (effective 1 January 2009);
- IAS 16 (amendment) Property, plant and equipment (effective 1 January 2009);
- IAS 27 (amendment) Consolidated and separate financial statements (effective 1 January 2009);
- IAS 31 (amendment) Interests in joint ventures (effective 1 January 2009);
- IAS 40 (amendment) Investment property (effective 1 January 2009).

Not relevant to the Group are (all effective as of 1 January 2009):
- IAS 23 (amendment) Borrowing costs;
- IFRIC 13 Customer loyalty programmes;
- IAS 32 (amendment) Financial instruments; presentation and IAS 1 (amendment) Presentation of financial statements - Puttable financial instruments and obligations arising on liquidation;
- IFRS 1 (amendment) First time adoption of IFRS and IAS 27 Consolidated and separate financial statements;
- IAS 29 (amendment) Financial reporting in hyperinflationary economies;
- IAS 41 (amendment) Agriculture;
- IAS 20 (amendment) Accounting for government grants and disclosure of government assistance;
- IFRIC 15 Agreements for construction of real estates.

The above standards and amendments become mandatory for the Group's 2009 financial statements and are not expected to have any impact on the financial position and the results of the consolidated financial statements, other than changes in presentation.

The financial statements were authorised for issue by the Supervisory Board on 18 March 2009.

(ii) Basis of measurement
These consolidated financial statements are prepared on historical cost basis except for the following:
- derivative financial instruments are measured at fair value;
- managed funds are designated at fair value through the income statement; and
- (non-current) assets held-for-sale are stated at the lower of the carrying amount and the fair value less costs to sell.

(iii) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'euro', which is the Company's functional and presentation currency. Financial information presented in euro has been rounded to the nearest thousand, unless otherwise indicated.

(iv) Use of estimates and judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The main estimates and underlying assumptions relate to the estimated residual values at the end of the contract date, the assessment of the impairment of the lease portfolio, the defined benefit pensions obligations, the fair value of the derivatives, the assessment of the income tax position and insurance provision and the impairment of intangibles and goodwill.

Information about the above mentioned areas of estimation and judgement are described in note X, Critical accounting estimates and judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision or, in any future periods affected, if the revision affects both current and future periods.

3. Significant accounting policies
The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies have been applied consistently by Group subsidiaries for the purpose of these consolidated financial statements.

Note A – Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries all of which prepare financial statements up to 31 December. The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the date of their acquisition and when control commences or up to the date of their disposal and when control ceases. The purchase method of accounting is used for the acquisition of subsidiaries. The cost of the acquisition is measured at the aggregate fair values, on the date of exchange of assets and liabilities assumed or incurred by the Group to obtain control and any directly attributable acquisition costs.

(i) Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

(ii) Associates
Associates are those entities where the Group has significant influence, but no control, over the financial and operating policies generally accompanying a shareholding between 20% and 50% of the voting rights.

The Group's share of the income and expenses of the investments in associates is recognised under the equity method in the income statement, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. The Group's share of post-acquisition movements in reserves is recognised in the reserves of the shareholders' equity. The cumulative post-acquisition movements in reserves are adjusted in the carrying amount of the investment.

(iii) Jointly controlled entities
Jointly controlled entities are those entities over which' activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total income and expenses of joint ventures under the equity method, which is recognised from the date that joint control commences until the date that joint control ceases.

(iv) Special purpose entities
Special purpose entities are entities created to accomplish a narrow and well-defined objective, such as the securitisation of leased assets. The financial statements of special purpose entities are included in the Group's consolidated financial statements where the substance of the relationship is that the Group continues to be exposed to risks and rewards from the securitised leased assets. The Group uses various legal entities, which have been incorporated specifically for the Group's securitisation transactions, and these entities are therefore regarded as subsidiaries and included in the consolidated financial statements of the Group.

(v) Transactions eliminated on consolidation
Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but are considered as an impairment indicator of the asset.

Note B – Foreign currency

(i) Foreign currency transactions
Transactions in foreign currencies are translated into the functional currency using the foreign exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under the caption 'Other expenses'.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the prevailing exchange rate at the date of the transaction and recognised in equity. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to euros at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences on foreign currency transactions arising on translation to the functional currency are recognised in the income statement.

(ii) Foreign operations
The results and financial position of all Group subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency (euro) as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

On consolidation, foreign exchange differences arising from the translation of the net investment in foreign operations are recognised directly to shareholders' equity. Since

1 January 2004, the Group's date of transition to IFRSs, such translation differences have been recognised in the foreign currency translation reserves of equity. When a foreign operation is disposed of or sold, in part or in full, the relevant amount in this reserve is recognised in the income statement as part of the gain or loss on disposal or sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Note C – Financial assets and liabilities

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognised on settlement date, i.e. the date that a financial asset is delivered to the entity that purchased it. Loans are recognised when cash is advanced to the borrowers.

Initial recognition

Financial assets and liabilities are initially recognised at fair value.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are categorised as held-for-trading unless they are designated as hedging instrument in a hedge.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any impairment losses.

(iii) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

After initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment losses.

(iv) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement.

(v) Recognition

A financial asset is recognised if the Group becomes a party to the contractual provisions of the instrument.

(vi) Derecognition

Financial assets are derecognised if the Group's contractual rights to the received cash flows from the financial asset expire or, if the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction to another party in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(vii) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and liability simultaneously.

Income and expenses are presented on a net basis only when permitted by IFRSs.

Note D – Derivative financial instruments and hedge accounting

Derivative financial instruments ("derivatives") are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of interest rate, currency and currency interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date. The fair value is calculated using a discounted cash flow method, while taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

The Group uses derivatives to hedge its exposure to interest rate and foreign exchange rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold derivatives for trading purposes. The Group applies cash flow hedge accounting, fair value hedge accounting and net investment hedge accounting.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedging instrument either in: (i) hedges of highly probable future cash flows attributable to a recognised asset or liability or a forecasted transaction (cash flow hedge); (ii) hedges of a net investment in a foreign operation (net investment hedge); or (iii) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge).

Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents at inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in a hedge are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedging

When derivatives are designated as a hedged instrument in a hedge of the variability in cash flows of a highly probable forecasted transaction qualifying as cash flow hedges, the effective portion of changes in the fair value of derivatives is recognised directly in shareholders' equity as a separate component of equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the forecasted transaction in a hedge will affect the income statement (i.e. when the forecasted sale that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the income statement when the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, hedge accounting should cease retrospectively and the cumulative unrealised gain or loss that was reported in equity is immediately transferred to the income statement.

In case ineffectiveness arises because insufficient cash flows are available but forecasted cash flows are still likely to occur or hedge ineffectiveness lies beyond a certain range, then hedge accounting ceases prospectively. This implies that the entire change in the net present value of the swap in the period is recognised in the income statement, whereas the gain or loss previously recorded in equity is amortised to the income statement over the average remaining term of the swaps.

(ii) Net investment hedging

A hedge of a net investment in a foreign operation is accounted for similarly to a cash flow hedge. Exchange differences arising on consolidation are deferred in equity until the subsidiary is disposed of. On disposal, sale or liquidation gains and losses accumulated in equity are recognised in the income statement as part of the gain or loss on the relevant transaction. The net investment in a subsidiary, including any related goodwill, can be hedged with a derivative (hedging instrument). The effective part of the fair value changes of the hedging instrument is deferred in equity until the subsidiary is disposed of. The Group has no policy to use net investment hedging on a frequent and consistent basis.

(iii) Fair value hedging

The Group applies fair value hedging to hedge the exposure to changes in the fair value of structured notes arising from changes in interest rates.

The fixed leg of the swaps (hedging instrument), which the Group will apply to change the interest profile of the structured notes, will match the structured notes exactly but in an opposite way thus creating a hedge. The total change in the fair value of the debt is in principle the same as the change in the fair value of the swap in case of a hedge. Fair value hedging will create a discount or

premium on the structured note that will be amortised over the remaining term.

Changes in the fair value of a hedging instrument designated as a fair value hedge are recognised in the income statement. The hedged item is also measured at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement under the caption 'Interest expenses' and similar charges.

(iv) Derivatives that do not qualify for hedge accounting
Certain derivatives do not qualify for hedge accounting. Changes in the fair value of derivatives that do not qualify for hedge accounting and are not held-for-trading, are recognised immediately in the income statement.

Note E – Lease contracts

(i) Lease products
The Group leases assets to its clients for durations that normally range between 3-4 years. In almost all cases, the leased assets are returned to the Group at the end of the contract term. There are two main types of leasing products offered:

(ii) Closed calculation contracts
Closed calculation contracts are typically leasing contracts whereby the client is charged a fixed fee for the use of the asset over a period of time. At the end of the lease, the asset is normally returned to the Group and then sold in the second-hand car market. In all cases, the overall risk on the result of the contract, both positive and negative, is borne by the Group.

(iii) Open calculation contracts
Open calculation contracts are leasing contracts whereby the client, under particular circumstances, may share a portion of any positive upside potential resulting from the exploitation of the lease contract. The specifics of each contract can differ by country and/or by client. However, in most of these contracts, the result on service income and the sale of the leased asset at the end of the lease are combined and a net positive result is returned to the client. Most contracts contain certain requirements that the client must fulfil in order to receive the net positive result, such as maintaining a certain number of leased objects during the year or that a certain number of leased objects must be included in the calculation of the net result.

(iv) Lease classification
The lease classification is determined on a contract-by-contract basis, taking into consideration the substance of the transaction and the specific details of each leasing contract. The key factor is whether or not substantially all of the risks and rewards incidental to ownership are transferred.

Various criteria are used to determine the lease classification of which the two most important are:
- whether the lease term is for the major part the economic life of the asset; and
- whether the present value of minimum lease payments amounts to at least substantially all of the fair value of the asset.

Both open and closed calculation contracts are classified as operational leases. Open calculation contracts are classified as operational leases on the basis of the (negative) risks being borne by the Group.

(v) Finance lease portfolio
Leases where substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee are classified as finance leases. The Group as a lessor records a finance lease receivable at the amount of its net investment which equals the present value of the future minimum lease payments receivable (including any guaranteed residual value by the lessee) and the unguaranteed residual value accruing to the Group, after any accumulated impairment losses. The finance lease receivables are presented within 'Receivables from customers'.

The finance lease instalments can comprise various components each having its own revenue recognition. The instalments are classified and presented in the following categories in the income statement:
(i) lease revenues and (ii) interest income
(the difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest rate method).

(vi) Operational lease portfolio
An operational lease is different from a finance lease and is classified as such if it does not transfer substantially all the risk and rewards incidental to ownership. The Group as a lessor presents the assets subject to operational leases in the balance sheet according to the nature of the asset.

The operational lease instalments are recognised in their entirety on a straight-line basis over the lease term, with the exception of that portion considered to be service income. The instalments are classified and presented in the following categories in the income statement:
(i) lease revenues and (ii) interest income (effective interest rate method).

Note F – General and presentation format

The Group considers the presentation model for banks as the most appropriate format. Within the banking model interest income and expenses are separately shown on the face of the income statement whereas the operating

expenses are presented under the categorical method as commonly used within the banking industry. For its main activity – leasing – the Group makes a distinction, whereby the leasing related revenues and costs are shown separately based on the functional method taking into account IFRSs disclosure requirements.

As IFRSs do not define an income statement for leasing business within the banking industry, the Group makes this distinction to give the reader a better understanding of the performance of the business.

Revenues only include the gross inflow of economic benefits received and receivable by the Group on its own account; amounts collected on behalf of third parties are therefore excluded.

Note G – Interest and similar income and interest expenses and similar charges

Interest and similar income and interest expenses and similar charges for all interest bearing assets and liabilities are recognised in the income statement on an accrual basis, using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

The calculation of the effective interest rate includes all fees and points, paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate.

The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The interest income component in operational lease instalments, which is charged on a straight-line basis to the client, is presented based on the effective interest rate method in interest income using the rate included in the lease contract, whereas the correction required to arrive at a total straight-line recognition for operational lease contracts is part of lease revenues.

Interest income on finance lease contracts is recognised in the income statement on the basis of accruing interest income on the net investment (using the effective interest rate method). The receipts under the lease are allocated by the lessor between reducing the net investment and recognising interest income, so as to produce a constant rate of return on the net investment.

This caption also includes gains and losses on hedging instruments that are recognised in profit or loss due to ineffectiveness, gains and losses on derivatives not qualifying for hedge accounting and gains and losses on financial assets and liabilities used in a fair value hedge.

Note H – Total revenues and costs

(i) Lease revenues

Lease revenues comprise the various service components as included in the lease instalment, such as repair, maintenance and tyres ('RMT'), insurance and depreciation.

The lease instalments may include passed on costs such as fuel, road taxes and other taxes. These are amounts collected on behalf of third parties and are therefore not presented as lease revenues.

The interest portion of the lease instalment is classified under interest and similar income (see note G), insofar as it is based on the effective interest rate method.

The operational lease instalments are presented straight-line over the lease term net of the adjustment required to present the interest income on the effective interest rate method and any discounts granted in the contract, with the exception of those portions of the lease instalment that are considered to be service income. The service income margin is recognised and presented based on the percentage of completion method.

(ii) Service income

The income recognition on the RMT services is determined by the contractual agreement with the client. For closed calculation contracts the service income is recognised over the term of the contract based on the percentage of completion method. Under this method, the revenues are recognised over the term of the contract based on historical statistics.

For open calculation contracts the service income that will be earned by the Group is not certain until final settlement takes place and accordingly is not recognised until that time and is recognised in the sales result settlements. Expected losses are recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenues.

(iii) Lease expenses

Lease expenses comprise the cost associated with providing the above mentioned service components. Any (volume related) bonuses related to these lease expenses, except those earned on the purchase of leased objects, are credited directly to lease expenses. Bonuses received on purchases of objects for operational lease contracts are deducted from the purchase consideration and as such result in lower depreciation. Bonuses received on purchases of objects for finance lease contracts are recognised immediately in the income statement.

(iv) Other revenues and other expenses
This caption includes rental revenues from renting out the rental fleet portfolio. These rental revenues are recognised on a straight-line basis over the term of the rental agreement. The costs associated with the rental activities are reported separately as other expenses. Other revenues and cost categories that cannot be categorised as lease revenues, but are income categories of regular business operations, are also included under this caption. Other revenues are generally recognised when services are rendered.

The margin and any bonuses earned in connection with pass-on costs, as mentioned under the captions 'Lease revenues' and 'Lease expenses', are classified as other revenues and are recognised during the period they are earned.

Note I – Sales result and settlements from returned objects

Result from the sale of returned objects reflects the variance between the carrying value of the leased object at the end of the contract and the sales proceeds less any cost to sell. The net income recognition of this result is determined by the contractual agreements with the client as follows:

- For closed calculation contracts the net income is recognised at the end of the contract, after the asset is sold.
- For open calculation contracts the results are settled on a net basis with the client in accordance with the contractual agreement with the client. The result from the sale of returned lease objects is deferred until there is reasonable assurance concerning the amount of the result that will be for the account of the Group. When the contract end date for a specific lease object and the final settlement date with the client are not in the same financial period, the deferral is recognised in the balance sheet under the caption 'Other liabilities'. In the event of expected losses for the Group under open calculation settlements, these losses will be taken in the income statement in the period of the contract end date.

Note J – Employee pension benefits

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

(i) Defined contribution plans
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Obligations for contributions to defined contribution pension plans are recognised as expenses in the income statement as incurred. Some less significant multi-employer defined benefit plans exist. These are accounted for as defined contribution plans, due to immateriality.

In case of a defined contribution plan the Group has no further payment obligations once the pension contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Defined benefit plans
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality credit rated bonds that have maturity dates approximating the terms of the Group's obligations.

The calculation is performed annually by an independent qualified actuary using the projected unit credit method. When the benefits of a plan are improved and the changes to the pension plan are conditional on the employees remaining in service for a specific period of time (the vesting period), the portion of the increased benefit relating to past services by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expenses are recognised immediately in the income statement.

The pension liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with unrecognised actuarial gains and losses and past service costs.

The Group recognises actuarial gains and losses using the corridor method. Under the corridor method, actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, are charged or credited to the income statement over the expected average remaining working lives of

the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

(iii) Settlements and curtailment

Settlements and curtailments invoke immediate recognition of the consequent change in the present value of the defined benefit obligations and in the market value of the plan assets, together with previously unrecognised actuarial gains and losses or past service costs that relate to these defined benefit obligations impacted by the settlement or curtailment.

A settlement is an early termination of all or part of the defined benefit obligation. A curtailment occurs when the entity is demonstrably committed to materially reducing the number of employees in the defined benefit plan or the pension benefits for future services.

(iv) Other (post) employment plans

The Group's net obligation in respect of other service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. These service benefits comprise short-term service benefits such as vacation and sick days and long-term service benefits such as long-service leave.

The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any plan assets, if any, is deducted. The discount rate is the yield at the balance sheet date on high quality credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

(v) Share-based payment transactions

The share option programme allowed eligible Group employees to acquire depository receipts of shares of the Company up to 31 December 2003. No options have been issued subsequent to 31 December 2003. The stock option plan of the Company is a cash-settled share-based payment scheme under IFRS 2, given the requirement of the participants to offer depository receipts to the Company against the receipt of cash.

The fair value of the options outstanding at each balance sheet date is measured using a binomial lattice model, taking into account the terms and conditions at which the options were granted.

Note K – Income tax

Income tax in the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed annually and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they arise from the same tax reporting group and where there is both a right to offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The same principle is applied for current tax assets and liabilities.

Note L – Receivables from financial institutions and Receivables from customers

These captions include lease instalments receivable from the finance and operational lease portfolio, from the rental portfolio and receivables arising from other business activities. These receivable balances are shown after any accumulated impairment losses and are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

Note M – (Non-current) assets held-for-sale and discontinued operations

A non-current asset or disposal group is classified as held-for-sale when its carrying amount will be recovered principally through a sale transaction, whereby the expectation is that the sale will be completed within one year of the classification of assets or disposal groups as held-for-sale, subject to extension in certain circumstances.

On initial and subsequent classification as held-for-sale, (non-current) assets and disposal groups are recognised at the lower of the carrying amount and the fair value less costs to sell. Impairment losses on initial classification as held-for-sale are included in the income statement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier and is presented in the balance sheet separately. When an operation is classified as a discontinued operation the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

Depreciation and amortisation of assets ceases at the moment of initial classification as held-for-sale.

This caption includes also lease assets returned from clients upon the termination of the lease contract. These assets are stated at the lower of the carrying amount and the fair value less cost to sell.

Note N – Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill is recognised on acquisitions of subsidiaries, associates and jointly controlled entities. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is measured at cost less any accumulated impairment losses. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

Goodwill is allocated to cash generating units and is tested annually for impairment, using the discounted dividend method and whenever there is an indication that the unit may be impaired. Impairment losses are charged to the income statement and are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

(ii) Software

Capitalised software relates to purchased software from third parties and to internally developed software for own use.

Expenditure on research activities undertaken to gain new technical knowledge and understanding is recognised in the income statement when incurred.

Expenditure on development of software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use of the software in a manner that will generate future economic benefits and can measure the costs to complete the development. The capitalised cost of internally developed software includes all costs directly attributable to developing software and are amortised over its useful life. Capitalised internally developed and externally purchased software are measured at cost less accumulated amortisation and any accumulated impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. When subsequent expenditure is capitalised, the carrying value of the replaced part is derecognised. All other expenditure is expensed when incurred.

(iii) Other intangible assets

Other intangible assets include customer relationship intangible assets and customer contract intangible assets acquired as part of business combinations and recognised separately from goodwill. Customer relationship intangible assets are amortised over 10 years and customer contract intangible assets are amortised over the remaining contract period (on average 3 to 4 years).

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment.

(iv) Amortisation

Intangible assets are amortised and recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use. The estimated useful life for software is generally 3 to 7 years. The capitalised intangible assets have no estimated residual value.

Note O – Other property and equipment

(i) Measurement

Items of property and equipment owned and for Group use are measured at cost less accumulated depreciation and impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset.

Subsequent expenditure on property and equipment is recognised in the carrying amount of the item only when it increases the future economic benefits embodied in the specific asset to which it relates and its costs can be measured reliably. All other expenditure is expensed when incurred.

The costs of the day-to-day servicing of property and equipment are recognised in the income statement as incurred.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in operating income in the income statement during the year of disposal.

(ii) Depreciation
The cost of other property and equipment is depreciated to its estimated residual value and recognised in the income statement on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Property	40 - 50 years
Furniture and fixtures	3 - 12 years
Hardware	3 - 5 years
Company cars	3 - 4 years

(iii) Investment property
Investment property is property that is not held for own use, but is to be leased out to third parties and is classified as part of other property and equipment. The Group holds investment property to earn rentals. Any such property interest is carried at cost less accumulated depreciation and any accumulated impairment losses.

The cost of the investment property, less the expected residual value, is depreciated and recognised in the income statement on a straight-line basis over the estimated useful life of the property, within a range of 10 to 25 years.

Note P – Property and equipment under operational lease and rental fleet

Property and equipment under operational lease and rental fleet are measured at cost less accumulated depreciation and impairment losses. The assets subject to operational leases are presented in the balance sheet according to the nature of the asset. The depreciation policy for depreciable leased assets is consistent with the Company's normal depreciation policy for similar assets. The leased assets are depreciated on a straight-line basis over its contract period to its residual value. The contract period ranges on average between 3 to 4 years.

Note Q – Other assets

Other assets include prepayments in respect of expenses attributable to a subsequent period plus amounts still to be received. Furthermore, this item includes stock of cars not yet assigned to a specific lease contract and such stock is measured at the lower of acquisition cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

Note R – Impairment

(i) Impairment losses on (leased) assets and assets for own use
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

In the annual assessment of whether there is any indication that an asset may be impaired, the Group considers both external as well as internal sources of information. If such indication for impairment exists, an impairment loss is recognised in the income statement to the extent that the carrying value of the asset or cash generating unit under an operational lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and the value in use. In most cases the fair value less costs to sell will not be relevant as the Group is legally and contractually not able to sell the object or cash generating unit, as these objects are subject to an operational lease which can in general only be terminated upon the initiative of the lessee. The Group will therefore base the conclusion on impairment in most cases on the value in use, which is determined as the present value of the future cash flows expected to be derived from the object or cash generating unit.

(ii) Impairment losses on (lease) receivables
Impairment on a receivable is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of the receivable. The amount of the impairment is the difference between the carrying amount and the recoverable amount, being the value of expected cash flows, including amounts recoverable from guarantees and collateral.

For a finance lease, the lessor recognises lease receivables rather than the leased asset itself. In an annual assessment it is determined whether there is any objective evidence that a financial asset is impaired or uncollectable. The occurred impairment is the difference between the carrying value of the asset and the present

value of the expected future cash flows, discounted at the original effective interest rate.

Impairment loss on receivables is recognised in the income statement and is separately disclosed as part of total operating income.

(iii) Assets carried at amortised cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

(iv) Reversal of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of all other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Note S – Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are the Group's sources of debt funding and relate to liabilities to financial institutions, funds entrusted, debt securities issued and subordinated loans. Interest-bearing loans and borrowings are recognised initially at fair value plus any transaction costs attributable to these loans. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at their amortised cost using the effective interest rate method. Any difference between cost and redemption value is recognised in the income statement over the term of the loans and borrowings.

Note T – Dividends

Dividends are recognised as a liability in the balance sheet in the period of approval by the shareholders.

Note U – Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

(i) Insurance provision

The insurance provision for third-party liability and damage claims outstanding relating to the self-insured vehicle fleet is calculated on the basis of the claims history and technical insurance principles. The amount of the provision also includes an allowance for losses incurred but not yet reported ('IBNR').

Reinsurance assets are balances due from reinsurance companies for ceded insurance liabilities and are shown separately and are not offset against the related insurance liabilities. The Group as assignor assesses annually whether its amounts recoverable under a reinsurance contract are impaired. The focus of the test is credit risk, which arises from the risk of default by the reinsurer and also from disputes regarding coverage.

Claims outstanding comprise provisions for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not and related internal and external claims handling expenses and an appropriate prudential margin. Claims outstanding are assessed by reviewing individual claims and making allowances for claims IBNR, the effect of both internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Anticipated reinsurance recoveries are presented separately as assets. Reinsurance and other recoveries are assessed in a manner similar to the assessment of claims outstanding. Provisions for claims outstanding are discounted at a risk free rate of interest where there is a particularly long period from incident to claims settlement and where there exists a suitable claims pattern from which to calculate the discount.

(ii) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the Group has raised a valid expectation that it will carry out the plan by either starting to implement the

plan or by announcing its main features to those affected by it. Future operating costs are not provided for.

(iii) Onerous contracts

The present obligation under a contract that is onerous is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect at least the net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Note V – Cash flow statement

Only the cash flows of transactions are reported in the cash flow statement. For transactions where income and expenses are recognised in one period but cash flows occur in another, adjustments are made. Cash flows in foreign currencies are translated into the reporting currency at the average rate of exchange for the year, unless the exchange rate in effect on the date of the cash flow is materially different from the average exchange rates used. Where the balance of items in the cash flow statement does not correspond to the movements in the relevant balance sheet items this is mainly due to differences in translation.

(i) Operating cash flows

Operating cash flows comprise all cash flows during the period that do not qualify as either investing cash flows or financing cash flows. Operating cash flows are calculated indirectly by adjusting the net profit or loss for the period for non-cash items and for investing and financing items. As the main operating activity of the Group is to provide operational and financial leases, interest received and interest paid are classified as an operating activity, even though these arise on financing balances.

(ii) Investing cash flows

Investing activities include cash payments to acquire underlying assets under operational lease, property and equipment, intangible assets and other long-term assets. Investing activities also include cash payments and cash receipts relating to acquisition and disposal of debt and equity interests in other subsidiaries and interests in associates and jointly controlled entities.

(iii) Finance cash flows

Finance cash flows include cash flows relating to obtaining, servicing and redeeming sources of finance, but exclude interest received and interest paid as these are included in the operating cash flows. The sources of finance include amounts borrowed from other banks, loans, debentures and share capital.
Dividends paid are classified separately and are included in financing cash flows. Cash flows relating to derivatives are classified according to the underlying hedged items.

(iv) Cash and balances with central banks

Cash and balances with central banks are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
The short-term characteristic of a cash equivalent is generally taken as a term of three months or less from the date of acquisition. The balance includes cash, cash at banks, call money and bank overdrafts that are repayable on demand and form an integral part of the Group's cash management. Call deposits with an original term of three months or less and bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and balances with central banks for the purpose of the statement of cash flows.

(v) Acquisitions and disposals

Cash flows in respect of acquisition or disposal are separately disclosed and classified as an investing cash flow. The amount reported is net of any cash included in the entity acquired or disposed of. The amount of cash in the entities acquired or disposed of is disclosed in the notes, together with the value of the consideration given or received. Cash flows from acquired companies are consolidated in the cash flow statement from the date of acquisition.

(vi) Discontinuing operations

Net cash flows relating to discontinuing operations are disclosed in the related notes. The cash flows are classified as operating, investing and financing.

Note W – Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical markets.

Note X – Critical accounting estimates and judgements

Preparation of the consolidated statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities. These include, but are not limited to the following areas:

(i) Impairment of goodwill and intangible assets

Determining whether goodwill or intangible assets are impaired requires an estimation of the value in use of the groups of cash generating units to which the goodwill and intangible assets have been allocated. The key assumptions calculating the value in use are those regarding discount rates, growth rates and expected changes in cash flows.

(ii) Impairment of leased assets

The basis for the depreciation of a lease contract is the investment value at cost less the estimated residual value as included in the contract. A change in this accounting estimate of residual value leads to a change in depreciation that has an effect in the current period and/or is expected to have an effect in subsequent periods. The risk is influenced by many internal and external factors.

Statistical models and calculations (regression analysis) are used to calculate a vehicle's future value as accurately as possible. The Group has an advanced management information system that closely monitors changes in the contractual residual values used in lease contracts. The existing residual value risks are also periodically assessed at a portfolio level in the countries by means of so-called Fleet Risk Assessments. Impairment is accounted for if internally set thresholds are exceeded.

(iii) Impairment losses on (lease) receivables

The Group reviews its outstanding receivables in its lease portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of a lease portfolio before the decrease can be identified with an individual lease contract in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or in national or local economic conditions that correlate with defaults on assets in the Group.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. This method is fully aligned with Basel II and makes use of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(iv) Post-employment benefits

The actuarial valuation of post-employment benefits is based on assumptions regarding inflation, discount rates, expected return on plan assets, salary rises and mortality rates. The assumptions may differ from the actual data as a result of changes in economic and market conditions.

As the Group applies the corridor approach on the recognition of actuarial gains and losses, changes in estimates have a limited impact on the income statement as any excess above the corridor (10% of the higher of the plan assets and projected benefit obligations) will be amortised over the remaining service years.

(v) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(vi) Held-to-maturity assets

The Group follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than in specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value and not at amortised cost.

Note Y – Comparatives

Where this is necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Financial risk management

Introduction

This section presents information about the Group's exposure to a number of financial and operational risks, the Group's objectives, policies and processes for measuring and managing these risks and the Group's management of capital. In line with IFRS 7 various disclosures on the Group's financial assets and liabilities are included in this section. The fact that the Group is mainly transacting operational leases, which under IFRS do not qualify as financial assets, results in a significant difference between financial assets and financial liabilities, which is illustrated in the table below.

In thousands of euros	2008	2007
Financial assets		
Derivative financial instruments	231,901	72,928
Receivables from financial institutions	881,719	489,108
Receivables from customers	3,003,697	2,801,774
Reinsurance assets	29,528	20,992
Financial assets at fair value through the income statement	-	29,558
Assets held-for-sale (including assets of a disposal group)	215,904	186,083
Corporate income tax receivable	29,305	19,449
Financial assets held-to-maturity	369,299	117,815
Other assets	101,750	130,987
Total financial assets	**4,863,103**	**3,868,694**
Total non-financial assets	**12,835,709**	**12,476,632**
Total assets	**17,698,812**	**16,345,326**
Financial liabilities		
Corporate income tax payable	26,552	33,394
Liabilities of a disposal group classified as held-for-sale	2,597	3,863
Liabilities to financial institutions	3,822,517	1,618,137
Funds entrusted	1,645,211	805,515
Debt securities issued	7,989,033	9,858,840
Derivative financial instruments	359,434	38,954
Subordinated loans	498,381	500,000
Other liabilities	123,371	187,496
Total financial liabilities	**14,467,096**	**13,046,199**
Total non-financial liabilities	**1,847,644**	**1,895,243**
Total liabilities	**16,314,740**	**14,941,442**
Difference financial assets and financial liabilities	**-9,603,993**	**-9,177,505**

This difference is further elaborated on below in the Group's exposure to (i) currency risk, (ii) interest rate risk and (iii) liquidity risk.

A. Strategy in using financial instruments

The Group's activities are principally related to the leasing of vehicles. The Group accepts and offers lease contracts to clients at both fixed and floating interest rates, for various periods and in various currencies. The Group seeks to maximise the spread between interest rates charged in lease contracts and the interest rates paid on various borrowings and at the same time needs to control its exposure towards future movements in interest rates and foreign exchange rates. The risk control is important to continuously meet the solvency and liquidity requirements and targets as set by the Dutch Central Bank and as expected by external stakeholders. The Group uses various non-derivative and derivative financial instruments to achieve that goal.

(i) IAS 39 hedge accounting

The operational lease portfolio cannot be designated as a hedged item under IAS 39. The Group has applied cash flow and fair value hedges of the interest rate risk and other types of market risks on the issued debt securities and other borrowings to mitigate both current and future income statement volatility arising due to the variability of cash flows arising from foreign exchange and interest rate movements, and due to the exposure to changes in fair values of recognised liabilities due to foreign exchange and interest rate movements.

(ii) Cash flow hedges

In cash flow hedging, hedge relationships are based on future cash flows from anticipated re-pricings and/or roll-overs of external funding due to interest rate movements. To apply highly effective cash flow hedges the forecasted cash flows, which are subject to a hedge, must be 'highly probable'. Based on the business activity of the Group and the financial/operational ability of the Group to carry out the transactions, the likelihood that forecasted cash flows will take place is very high.

The Group has decided to apply a cash flow hedge (being aggregate hedging of a similar group of assets/liabilities). No specific derivative transaction is designated against the specific funding transaction. A group of derivatives sharing the same characteristics is designated to the hedge with a group of funding transactions with the same characteristics.

(iii) Fair value hedges

The risk being hedged is a change in the fair value of a recognised asset or liability that will affect the income statement. The Group applies a fair value hedge to hedge the exposure to changes in the fair value of issued structured notes arising from changes in the interest rate, prices of commodities and equities and foreign exchange movements. Fair value hedge is applied in such a way that, for the risk that is hedged, the exposures in the fair value of the derivative transaction (interest rate swap or currency interest rate swap) mirrors the exposures in the fair value of the related structured notes.

Fair value hedge accounting entails the hedged item (i.e. the structured note) and the hedging instruments (i.e. the derivative) being measured at fair value upon initial recognition, with subsequent re-measurement of fair value being recorded in the income statement.

(iv) Derivatives

Derivatives are financial instruments, of which the value changes in response to the change in an underlying variable. Derivatives require little to no initial investment and are settled at a future date. Under IFRSs derivatives are initially and subsequently recognised on the balance sheet at their fair value.

Examples of derivatives used by the Group are forward rate agreements, interest rate swaps and currency swaps. Derivative transactions are contracted to hedge the interest rate and foreign exchange rate exposures associated with the funding of lease contracts. In particular the interest rate swaps cover the interest rate positions between lease contracts and borrowed funds and currency swaps cover the mismatch between the currency structure of leased contracts and borrowed funds.

The contracted notional amounts of various derivatives are listed below:

In millions of euros	< 1 year	1-5 years	> 5 years	Total
Interest rate contracts				
Swaps	7,548	7,859	104	15,511
Forwards	17	-	-	17
Currency contracts				
Swaps	2,955	153	-	3,108
Forwards	-	-	-	-
Total as at 31 December 2008	**10,520**	**8,012**	**104**	**18,636**
Total as at 31 December 2007	**9,925**	**6,642**	**117**	**16,684**

The above amounts provide an indication of the size of the contracts but do not indicate the extent of the cash flows and risks attached to derivatives. The risks inherent in derivatives are determined on the basis of the credit risk, expressed in terms of the weighted credit equivalent. This also includes the market risk, which is expressed as the positive replacement cost. The Group maintains strict control limits (both from a credit risk point of view and from a market risk point of view) on derivative positions by both amount and term. This credit risk exposure is managed as part of the overall lending limits with financial institutions, together with potential exposures from market movements.

The table below lists the outstanding credit risk as at 31 December:

In millions of euros	Positive replacement cost	Potential future credit risk	Total	
			Non-weighted	Weighted
Interest rate contracts	42	41	83	22
Currency contracts	190	37	227	53
Total as at 31 December 2008	**232**	**78**	**310**	**75**
Total as at 31 December 2007	**74**	**77**	**151**	**30**

The increased positive replaced costs in currency contracts in 2008 are a reflection of the increased volume in currency derivatives and the market volatility in foreign exchange rates.

B. Capital adequacy

To monitor the adequacy of its capital the Group uses ratios established by the Basel Committee of the Bank for International Settlements (BIS). These ratios measure capital adequacy by comparing the Group's eligible capital with its balance sheet assets, off-balance sheet commitments, both at weighted amounts to reflect their relative risk, and operational risk profile. In November 2008 the Company received approval from the Dutch Central Bank to use the Advanced Internal Ratings Based Approach (AIRB) for credit risk and the Advanced Measurement Approach (AMA) for operational risk, for determining the risk weighting.

Credit risk, mainly in the form of leases to clients, is now risk weighted based on the outcome of models as developed by the Group. These models are developed based on defined rules as set out by the Basel Committee (and as laid down in the Capital Aequacy Directive) and are continuously tested for their predictive quality. Annually these models are being validated by external parties. The models for credit risk relate especially to the determination of:

- the probability of default (PD), being the likelihood of a client that is assigned a rating getting into default in the next twelve months (expressed in %);
- the loss given default (LGD), being the loss the Group historically has experienced to incur when a clients has defaulted (expressed in %); and
- the exposure at default (EAD), being the actual exposure to a client at the moment of measurement and expressed as expected amount if a client would go into default (in nominal currency represented by the remaining amortising book value of lease contracts).

The models for credit risk are applied to all client exposures, except those related to governments, banks and retail clients. For these exposures the Group applies the Standardised Approach of the Capital Adequacy Directive which prescribes fixed percentages for risk weighting depending on characteristics and conditions of the exposure. In respect of retail clients the Group is in preparation of implementing also an advanced model approach which will be finalised before December 2011. Current balance sheet exposure to retail clients is EUR 1.4 billion (9.6% of total client exposures).

In respect of operational risk no balance sheet exposures exist. Therefore capital requirements for this risk are obtained from the outcome of the models that track historic losses and anticipate low frequency - high risk events and predict from this the capital that is needed to cover the maximum (operational) loss the Group could incur under extreme circumstances. The confidence level which is used for this calculation amounts to 99.9%.

For the calculation of risk weights of other on-balance sheet and off-balance sheet exposures the standard approaches as described in the Capital Adequacy Directive are used.

The eligible capital (BIS capital) that is compared against the risk weighted exposures of the Group consists of Tier 1 capital and Tier 2 capital. The Tier 1 capital is derived from the Group's total equity position. In order to arrive at the Tier 1 capital, adjustments to the total equity are required for the IFRS prudential filters (IAS 39) and a part of the acquisition related intangible assets (IFRS 3). The Tier 2 capital is represented by the subordinated loans concluded by the Company.

The following table analyses actual capital and the minimum required capital as at 31 December.

In millions of euros	**2008***		**2007**	
	Minimum required	**Actual**	**Minimum required**	**Actual**
Risk-weighted assets		12,003		15,594
BIS capital	960	1,932	1,248	1,787
BIS ratio	8%	16.1%	8%	11.5%
Tier 1 capital	480	1,434	624	1,287
Tier 1 ratio	4%	11.9%	4%	8.3%

* As of 2008 based on Basel II

In monitoring the adequacy of its capital the Group is constantly reviewing the development in (risk weighted) exposures on the one hand and in eligible capital on the other hand. Developments in (risk weighted) exposures typically represent movements in the portfolio's opportunities for growth of the Group's core business. The eligible capital will normally grow with profits made and retained. The Company has a dividend policy that supports the maintenance of adequate capital ratios.

C. Credit risk

As a result of its normal business activities the Group is exposed to credit risk which is the risk that the counterparty will be unable to fulfil its financial obligations when due. This credit risk mainly relates to vehicles leased to clients, represented by the amortisation of leased vehicles that still needs to be invoiced in future lease rentals.

The Managing Board sets authority levels for every subsidiary, based on which each subsidiary is allowed to decide on client acceptance and renewal. Above the subsidiaries' authorities, the Group credit management function, the Group Credit Committee or the Credit Committee of the Supervisory Board makes the ultimate decision. The authorities granted are reviewed by the Group Credit Committee in its six-weekly meetings. The Company has an internally developed worldwide workflow in place that enables the Group to efficiently and in accordance with granted authorities handle and monitor credit proposals.

The Company has issued policies to subsidiaries, which regulate the governance of the local credit risk management organisation and set limits to industry sectors with which the Group can do business. Among others, subsidiaries are required to define their risk appetite and set their local limits in respect of counterparty and concentration risks, as well as the types of business and conditions thereof in local policies. Further policies and guidelines exist on the data and reports to be provided.

The Group Credit Committee discusses policies, operational activities, portfolio management, debtors and provisions and model governance on a six-weekly basis.

The credit risk on a client is measured via an internal rating system that aims at distinction of clients in terms of the likelihood that a client will not be able to meet its obligations. This system also enables reporting on the overall creditworthiness of the client portfolio.

Exposures on receivables due are monitored on a monthly basis. A qualitative analysis of the overall credit exposures, defaults and losses is reported on a quarterly basis.

A summary of the approximation of the concentration of the financial assets in geographical sectors as at 31 December can be shown as follows:

In thousands of euros	**Europe (euro)**	**Europe (non-euro)**	**Rest of the world**	**Total**
Financial assets				
Derivative financial instruments	231,901			231,901
Receivables from financial institutions	814,347	9,890	57,482	881,719
Receivables from customers	1,097,659	796,596	1,109,442	3,003,697
Reinsurance assets	29,528			29,528
Assets held-for-sale	149,537	38,702	27,665	215,904
Corporate income tax receivable	19,664	664	8,977	29,305
Financial assets held-to-maturity	368,536		763	369,299
VAT and other taxes	39,075	11,203	4,392	54,670
Reclaimable damages	33,942	2,462	220	36,624
Interest to be received	10,456			10,456
Total as at 31 December 2008	**2,794,645**	**859,517**	**1,208,941**	**4,863,103**
Total as at 31 December 2007	**1,992,305**	**749,773**	**1,126,616**	**3,868,694**

A summary of the approximation of the concentration of the financial assets per industry as at 31 December can be shown as follows:

In thousands of euros **Financial assets**	**Financial institutions**	**Manu-facturing**	**Wholesale trade**	**Transport and public utilities**	**Public sector**	**Other industries**	**Total**
Derivative financial instruments	231,901						231,901
Receivables from financial institutions	881,719						881,719
Receivables from customers	180,814	806,629	416,457	247,283	95,650	1,256,864	3,003,697
Reinsurance assets						29,528	29,528
Assets held-for-sale						215,904	215,904
Corporate income tax receivable					29,305		29,305
Financial assets held-to-maturity					369,299		369,299
VAT and other taxes					54,670		54,670
Reclaimable damages						36,624	36,624
Interest to be received	10,456						10,456
Total as at 31 December 2008	**1,304,890**	**806,629**	**416,457**	**247,283**	**548,924**	**1,538,920**	**4,863,103**
Total as at 31 December 2007	**671,214**	**742,796**	**370,740**	**228,452**	**319,853**	**1,535,639**	**3,868,694**

Credit risk management

The Group assesses the probability of default of individual lessees using internal rating tools tailored to the various categories of lessees. They have been developed internally and combine statistical analysis with credit authority judgement and are benchmarked, where appropriate, by comparison with externally available data. Clients of the Group are segmented into fourteen non-default rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The governance built around models ensures that the rating tools are kept under constant review and are upgraded when necessary. For this purpose the Group regularly monitors if the performance of the models meets internal and external requirements. Annually, all models are validated by an external party.

The Group's internal ratings scale and mapping of external ratings are:

Group's rating	**Description of the grade**	**External rating: Standard & Poor's equivalent**
1	Prime	AAA/AA-
2A	Very Strong	A+
2B	Strong	A
2C	Relatively Strong	A-
3A	Very Acceptable	BBB+
3B	Acceptable	BBB
3C	Relatively Acceptable	BBB-
4A	Very Sufficient	BB+
4B	Sufficient	BB
4C	Relatively Sufficient	BB-
5A	Somewhat Weak – Special Attention	B+
5B	Weak – Special Attention	B
5C	Very Weak – Watch	B-
6A	Sub-Standard – Watch	CCC+/C

The ratings of Standard & Poor's shown in the table above are mapped to the Group's rating classes based on the long-term average default rates for each external grade. The Group uses the external ratings where available to benchmark its internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

The table below summarises the credit rating of the relevant financial assets of the Group, except for the lease contract portfolio which includes both financial assets (financial leases) and non-financial assets (operational leases) as credit scoring is performed on the total lease contract portfolio. The credit rating of the financial lease portfolio is, however, not substantially different from the credit rating of the total lease contract portfolio.

In million of euros **Group's rating**	**Lease contract portfolio**	**Derivative financial instruments**	**Receivables from financial institutions**	**Financial assets held-to-maturity**
AAA to AA-	896	83	586	368
A+ to A-	4,052	89	296	
BBB+ to BBB-	4,410	60		
BB+ to BB-	2,107			
B+ to B-	352			
CCC+ to C	5			
Unrated	2,382			1
Total as at 31 December 2008	**14,204**	**232**	**882**	**369**

Loss given default or loss severity represents the Group's expectation of the extent of a loss should default occur. It is expressed as percentage loss of the exposure at the time a client is declared in default and typically varies by country and transactional features like the leased object.

Receivables from customers are individually assessed on indications for impairment. The sources for such indications can be internal, such as internal credit score, payment behaviour and receivable ageing or external, such as external credit ratings and solvency information. Impairment is recognised when collection of receivables is at risk and when the recoverable amount is lower than the carrying amount of the receivable, also taking into account any security collateral.

Receivables from customers

In millions of euros	**2008**	**2007**
Receivables from customers		
Neither past due nor impaired	2,774	2,596
Past due but not impaired	236	225
Impaired	51	44
Gross carrying amount	**3,061**	**2,865**
Less: allowance for impairment	-57	-63
Net carrying amount	**3,004**	**2,802**

The total impairment provision for loans and receivables is EUR 57 million (2007: EUR 63 million) of which EUR 46 million (2007: EUR 39 million) represents the individually impaired receivables and the remaining amount of EUR 11 million (2007: EUR 24 million) represents the expected loss provision as determined in line with Basel II. When calculating the expected loss at year-end 2008 (i) the PD for corporate clients was set one notch below current level to reflect the impact of the current economic circumstances in the Group's ratings in the coming year and as a result of the expected increase in average default rates and (ii) the LGD was set 5% below current level to reflect the downturn in second-hand car markets world wide. Reference is made to note 19 to the consolidated balance sheet.

In millions of euros	**2008**	**2007**
Receivables from customers individually impaired		
Exposure on customers	51	44
Provision on customers	46	39
Percentage provided for	**90%**	**89%**

The individually impaired loans and receivables from customers are EUR 51 million. No collateral is held by the Group and impairment has been recognised against the gross amount. The interest income on impaired financial assets amounts to EUR 0.4 million (2007: EUR 0.3 million).

Receivables from customers less than 90 days past due are not considered to be impaired, unless other information is available to indicate the contrary. Gross amounts of receivables from customers that were past due but not impaired were as follows:

In millions of euros	2008	2007
Receivables from customers past due, but not impaired		
Past due up to 90 days	193	186
Past due between 90 - 180 days	20	18
Past due over 180 days	23	21
Total	**236**	**225**

In addition to its natural exposure to credit risk in the leasing of vehicles, the Group's central Treasury is also exposed to credit risk because of its use of derivative financial instruments and because of excess cash being deposited with banks. Both credit risks arising from the central Treasury operations are controlled by setting specific nominal limits for the limited number of financial institutions that such transactions are being concluded with and the requirement of minimal external rating grades that such counterparties are assigned.

Finally credit risk for the Group arises on lending to associates and jointly controlled entities. The underlying business of the respective associates and jointly controlled entities is very similar to the Group's core activities conducted through subsidiaries. In shareholder agreements the Group has agreed with its respective partners the ability to provide debt funding under specific credit documentation. Such provision of credit is committed and established limits are reviewed regularly. In the control on its investments in associates and jointly controlled entities, the Group also monitors and manages its credit exposures to such ventures.

D. Market risk

The main market risk the Group takes is the residual value risk included in the operational leases and management only contracts with off-balance sheet residual value guarantees. Residual value risk on vehicles is the Group's exposure to potential profit or loss due to the resale values of these vehicles being above or declining below the estimates made at lease inception.

The residual value, being the estimated value of a vehicle at the end of the lease, is a market risk in that it may differ from the vehicle's future market price. The risk is influenced by both internal and external factors.

External factors, such as the supply of used cars, consumer preferences and confidence, foreign exchange rates, government policies and general economic circumstances such as the impact of the credit crunch, cannot be controlled. Internal factors, such as the calculation of residual values and management actions during the term of the lease can be controlled. Statistical models and calculations (i.e. regressions) are used to calculate a vehicle's future value as accurately as possible. Each country uses special systems and approaches to estimate the residual value at the end of the contract taking into account country specific aspects.

The Group has a robust policy in place with respect to residual value risks. This policy seeks to ensure that an adequate residual value risk management framework for local Group companies exists. This policy describes among other things the roles and responsibilities with respect to residual value risk management, the mandatory frequency of risk measurement and reporting and the minimum standards with respect to risk mitigation for Group companies. The Group has an advanced management information system that closely monitors changes in the contractual residual values used in lease contracts. On a quarterly basis relevant items are reported on a Group level.

At least once per year all Group companies assess the exposures in their existing portfolios for future years and compare contracted residual values to the latest expectations of future market prices. In light of the negative developments in the market for second-hand cars in 2008 the frequency of these assessments has been increased. With a view to the consolidated Group outcome of the assessment of expected residual value results in future years, an additional depreciation charge was taken in 2008. This prospective adjustment of the depreciation charges became necessary in the 4th quarter of 2008 and will in principle also have an effect in subsequent periods. Reference is made to note 5 and note 26 to the consolidated balance sheet.

In determining additional depreciation charges not only the outcome of the comparison between residual value and expected future market price is relevant. Also the judgement is important of a set of risk mitigating measures that the Group is actively pursuing to manage residual value risk prior to, during and at the end of a lease contract. Examples of such measures are (all future expected) numbers of early terminations, numbers of mileage variation adjustments to lease rentals, amounts of unfair wear and tear invoiced at contract termination and compensating elements on other risk bearing elements of the product (i.e. maintenance, tyres and repairs). In view of deteriorating second-hand car markets the Group has been confronted with in many countries the efforts put in pursuing these risk mitigating measures have been intensified. A good example is the extra effort made in selling second-hand cars, where useful internationally, at the best possible prices.

Another uncertainty in assessing future residual value results is the impact of (changing) Governmental policies. It is expected that in the near future governments within the European Union will continue to change taxation regimes with respect to the purchase and taxation of vehicles. It is likely, following environmental considerations, that current new car taxation policies will be replaced by policies entailing such environmental considerations. Among other things depending on the ultimate decisions made by governments in this respect, consumer confidence and resale values of used vehicles might be influenced. The Group monitors this exposure on a continuous basis and adjusts its residual values for new leases accordingly. New leases are originated for original terms of 3-4 years, but are in practice also regularly adjusted during the term of the lease or are early terminated. Therefore the Group's exposure to changes in governmental policies and its resulting impact on future vehicle market prices is important, but also considered manageable on a total portfolio basis. In case of sudden, unexpected changes in Governmental policies that affect also the existing fleets of cars, the Group has contractually agreed with clients that so caused extra costs for amortisation are passed on to clients.

The total book value, of the operational and financial lease portfolios, that represent the agreed (future) residual value approximates to EUR 8.3 billion at the end of December 2008 (2007: EUR 7.9 billion). Besides these funded vehicles the Group has also provided residual value commitments for non-funded vehicles up to an amount of EUR 0.3 billion (2007: EUR 0.2 billion).

Not to the entire amount of EUR 8.3 billion is the Group effectively exposed, since part of this represents its finance lease portfolios. On the remaining amount that the Group is exposed to risk mitigating measures inside and outside the contract as described above have an important (reducing) impact. Taking also into account the geographical and make/model diversification of the Group's portfolio of vehicles, it is appropriate to conclude that the Group is well capable of managing volatility in second-hand car prices and that not every %-point reduction in such prices will feed into the Group's income statement.

E. Currency risk

Currency risk entails the risk that currency fluctuations have an adverse impact on the Group's result. The Group has a limited exposure to effects of fluctuations in foreign exchange rates on its financial position and cash flows. The main cause for this limited exposure is that nearly all debt funding, directly or via derivatives, is concluded in the currency in which assets are originated. Also the Group's capital is allocated to the currencies in which assets are denominated. Limits are set on the level of capital versus assets in each currency and groups of currencies that are linked, thereby protecting the capital adequacy ratios of the consolidated balance sheet against foreign exchange rate movements.

The Group is present in 30 countries in and outside the euro currency zone. With the euro as its functional currency the Group is therefore exposed to translation risk. This risk is the volatility in the euro value of its non-euro subsidiaries, both for equity and result for the year. On the basis of a going-concern approach this risk is not hedged. The main reason for not hedging the absolute equity value in euros of non-euro subsidiaries is the protection of balance sheet ratios. The exposure in Group equity to the non-euro subsidiaries is managed in relation to assets in the same respective currency originated by the non-euro subsidiaries. Thereby the balance sheet ratios are managed on a neutral basis, not being impacted by foreign exchange rate movements.

The table below summarises the Group's exposure to currency risk as at 31 December.

In thousands of euros	EUR	GBP	USD	Other	Total
Financial assets					
Derivative financial instruments	73,759	8,207	52,033	97,902	231,901
Receivables from financial institutions	809,346	531	45,786	26,056	881,719
Receivables from customers	1,086,479	282,538	817,070	817,610	3,003,697
Reinsurance assets	29,528				29,528
Assets held-for-sale	149,538	19,680	18,672	28,014	215,904
Corporate income tax receivable	19,664			9,641	29,305
Financial assets held-to-maturity	368,536			763	369,299
VAT and other taxes	39,075			15,595	54,670
Reclaimable damages	33,942			2,682	36,624
Interest to be received	10,456				10,456
Total as at 31 December 2008	**2,620,323**	**310,956**	**933,561**	**998,263**	**4,863,103**
Financial liabilities					
Corporate income tax payable	13,100	12,098	20	1,334	26,552
Liabilities held-for-sale	2,682	-85			2,597
Liabilities to financial institutions	2,886,099	328,116	4,643	603,659	3,822,517
Funds entrusted	1,644,178	569		464	1,645,211
Debt securities issued	6,184,720	784,880	27,890	991,543	7,989,033
Derivative financial instruments	260,867	50,672	5,653	42,242	359,434
Subordinated loans	498,381				498,381
Interest payable	75,600	4,166	276	20,609	100,651
VAT and other taxes	14,135	5,819	1,236	1,530	22,720
Total as at 31 December 2008	**11,579,762**	**1,186,235**	**39,718**	**1,661,381**	**14,467,096**
Net on-balance sheet financial position	**-8,959,439**	**-875,279**	**893,843**	**-663,118**	**-9,603,993**
As at 31 December 2007					
Total financial assets	2,736,556	347,603	414,873	369,662	3,868,694
Total financial liabilities	9,486,225	1,425,080	494,106	1,640,788	13,046,199
Net on-balance sheet financial position	**-6,749,669**	**-1,077,477**	**-79,233**	**-1,271,126**	**-9,177,505**

F. Interest rate risk

Interest rate risk is the risk that the profitability of the Group is affected by movements in interest rates. The level of risk is illustrated by interest margins on existing contracts increasing or decreasing purely as a result of such movements. Exposure to interest rate risk is a key feature of the Group's main product. Each lease contains, sometimes exclusively, a financing dimension and interest rates are set individually at the inception of every single lease.

The table below summarises the Group's exposure to interest rate risks for currencies in which such risks exists. The risk measurement methodology is based on a 'Money at Risk' philosophy, whereby the outstanding interest exposures are clustered per currency in time buckets. In addition (interest rate) derivatives that are concluded to manage interest rate risk exposures are included for their nominal value.

In thousands of euros	0-3 months	3-12 months	1-5 years	> 5 years	Non-interest bearing	Total
Financial assets						
Derivative financial instruments					231,901	231,901
Receivables from financial institutions	807,399	61,643	12,168		509	881,719
Receivables from customers	1,386,664	609,813	412,386	74,836	519,998	3,003,697
Reinsurance assets					29,528	29,528
Assets held-for-sale					215,904	215,904
Corporate income tax receivable					29,305	29,305
Financial assets held-to-maturity	29,299	100,000	240,000			369,299
VAT and other taxes					54,670	54,670
Reclaimable damages					36,624	36,624
Interest to be received					10,456	10,456
Total as at 31 December 2008	**2,223,362**	**771,456**	**664,554**	**74,836**	**1,128,895**	**4,863,103**
Financial liabilities						
Corporate income tax payable					26,552	26,552
Liabilities held-for-sale					2,597	2,597
Liabilities to financial institutions	2,826,789	642,607	351,414	28	1,679	3,822,517
Funds entrusted	1,406,809	85,901	143,315	9,186		1,645,211
Debt securities issued	4,834,341	1,332,062	1,724,577	114,796	-16,743	7,989,033
Derivative financial instruments					359,434	359,434
Subordinated loans			500,000		-1,619	498,381
Interest payable					100,651	100,651
VAT and other taxes					22,720	22,720
Total as at 31 December 2008	**9,067,939**	**2,060,570**	**2,719,306**	**124,010**	**495,271**	**14,467,096**
Interest gap	**-6,844,577**	**-1,289,114**	**-2,054,752**	**-49,174**		
Derivative financial instruments						
Assets	15,938,855	1,251,067	2,255,605	145,516		19,591,043
Liabilities	10,590,296	2,733,715	5,950,788			19,274,799
Interest gap	**5,348,559**	**-1,482,648**	**-3,695,183**	**145,516**		
Total interest gap	**-1,496,018**	**-2,771,762**	**-5,749,935**	**96,342**		

The overall interest gap mirrors the interest rate maturity profile of the operational lease portfolio. In relation to its overall balance sheet size the Group's interest rate risk exposures can be qualified as minimal. Stress testing takes place regularly on similar exposures during the year by analysing the adverse or positive effect of a 200 basis points parallel yield curve shift in all currencies. At 31 December 2008 the annualised effect of such a change in interest rates would be equal to approximately 2.6% of profit before tax.

The matching of the maturities, amounts, currency and re-pricing dates of interest bearing assets and liabilities for interest rate purposes is fundamental to the management of the Group, is defined in Group policies and is applied consistently. The consistency of this policy is an important factor in the predictability of interest margins as a major income stream and in assessing the Group's exposure to changes in interest rates.

It is Group policy to match the interest rate risk profile of the contract portfolio of leases held by each subsidiary with a corresponding profile in the funding to minimise the interest rate risks at subsidiary level. This matching principle is monitored through gap reports (funding graphs), which are reported on a monthly basis to the Corporate risk department. Subsidiaries have interest bearing assets (mainly lease contracts) which are funded through interest bearing liabilities (loans) and non-interest bearing liabilities (net working capital and equity). Subsidiaries are limited to have for every future month a maximum mismatch of 5% between their interest bearing assets and liabilities and on average a maximum of 2.5% mismatch.

Centrally interest exposures are consciously assumed and controlled by the central Treasury. The central Treasury provides loans to Group companies and attracts funds from the market in combination with (interest rate) derivatives. To enable the central Treasury to achieve its economies of scale, smaller intercompany assets are packaged into larger size external funding transactions. Since some timing differences are unavoidable in this process, interest rate risk exposures are inherent to the central Treasury process. To control this risk, limits are set for the level of mismatch of interest rate repricing that may be undertaken per currency and time bucket. Exposures to limits are monitored daily by Corporate risk management. Derivative financial instruments are concluded by the central Treasury as an end-user and are important and effective instruments in managing and controlling interest rate risk exposures.

In relation to the Group's financial assets and financial liabilities the exposures to interest rate risk fit within the overall profile as described above.

G. Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its obligations for (re)payments, due to a mismatch between the (re)financing of its assets and liabilities.

The Group is exposed to the risk that its liabilities require payment at a different moment in time than its assets turn into cash causing either a drain on the Group's available cash resources or creating excess liquidity. The Group cannot maintain cash resources to meet all liabilities of a going-concern. However, on the basis of a run-off of the existing, self liquidating leased assets, the Group pursues to conclude liabilities for maturities that match or exceed this run-off profile. This policy of matched funding, not only from an interest rate perspective, but also from a liquidity perspective, has been pursued since 2002 because of a reduced use of interest rate derivatives and was accelerated in 2005 and 2006 as a reflection of LeasePlan's independent position in funding its current and future business.
During 2008 the Group has experienced significant challenges in maintaining this matched funding policy due to constraints beyond LeasePlan on the world's financial markets. In particular the 4th quarter of 2008 was difficult, although at the end of that quarter a successful bond issue was done with the support of a Dutch State guarantee, providing LeasePlan with funding for two years. The Dutch guarantee scheme is a public scheme, available for Dutch banks, subject to approval of the Dutch central bank. The scheme contains important terms and conditions that LeasePlan is comfortable to adhere to.

From a going-concern perspective the continuous (re)financing of new lease contracts is a major factor in managing liquidity risk for the Group. By structurally pursuing 'matched' funding on a consolidated basis for all new business, the Group's central Treasury reduces the liquidity risk on written lease contracts to a minimum. The wholesale funding character of its public, large scale transactions are complemented by a wide variety of private placements that together create a spread of maturing liabilities that match or exceed the assets' profile. Key to this process is the credit status of LeasePlan as a specialised Dutch bank with high quality ratings and a consistent stable financial track record. Continued access to financial markets for funding diversified over maturity, currency and source is a key priority of the Group, that has been put to the challenge in 2008.

As a precaution this continued access is backed up by a number of standby liquidity facilities to reduce the liquidity risk for the Group and to safeguard its ability to continue to write new business also when temporarily no new funding could be obtained.

Firstly a number of standby facilities have been concluded, both bilaterally with two individual banks (EUR 500 million maturing in June 2009 and EUR 125 million maturing in October 2009) and EUR 2 billion with a syndicate of 25 highly rated banks (EUR 1 billion maturing in December 2009 and EUR 1 billion maturing in December 2011). None of these facilities include material adverse change clauses. During 2008 no calls were made on the available standby liquidity facilities.

Secondly the Group concluded two securitisation transactions under the name of Bumper I and Bumper 2.
Bumper I involved the sale of a major part of the lease portfolio (EUR 1.25 billion) of LeasePlan Nederland N.V. to the special purpose company LeasePlan Securitisatie B.V. Debt securities were issued by the special purpose company, Bumper I B.V. to finance this transaction. Both LeasePlan Securitisatie B.V. and Bumper I B.V. were specifically incorporated for the purpose of securitisation transactions. The lease portfolio has been sold and effectively pledged as security for the redemption and interest obligations on the debt securities.
Bumper 2 involved the sale of future lease instalment receivables and related residual value receivables (EUR 875 million) originated by LeasePlan Deutschland GmbH to the special purpose company Bumper 2 S.A. Debt securities were issued by Bumper 2 S.A. to finance this transaction.
The notes issued under these transactions have all been bought by the Group's central Treasury.
For further details on the transaction reference is also made to note 6 of the Company financial statements.

The highest rated notes under the transaction (EUR 1,120.5 million of A-notes rated AAA for Bumper I and EUR 663.3 million of A-notes rated AAA for Bumper 2) are allowed to be used as collateral value when the Company engages as counterparty in monetary transactions with the European Central Bank (ECB).

During 2008 this ability has proven useful, in particular with the unrest in financial markets that materialised since August 2007. At the end of 2008 EUR 1,570 million (2007: EUR 650 million) was borrowed from the ECB, which was secured with notes from the securitisation transactions.

The table below presents the cash flows payable and receivable of the financial assets and financial liabilities of the Group in the relevant maturity groupings.

In thousands of euros	0-3 months	3-12 months	1-5 years	> 5 years	Total
Financial assets	**1,686,237**	**833,902**	**2,036,227**	**74,836**	**4,631,202**
Financial liabilities					
Corporate income tax payable	26,552				26,552
Liabilities held-for-sale	2,597				2,597
Liabilities to financial institutions	1,876,057	1,360,018	586,414	28	3,822,517
Funds entrusted	106,809	1,185,901	343,315	9,186	1,645,211
Debt securities issued	717,854	2,696,357	4,418,042	156,780	7,989,033
Subordinated loans			498,381		498,381
Interest payable	100,651				100,651
VAT and other taxes	22,720				22,720
Total as at 31 December 2008	**2,853,240**	**5,242,276**	**5,846,152**	**165,994**	**14,107,662**
Financial assets	**1,378,196**	**760,107**	**1,591,797**	**65,666**	**3,795,766**
Financial liabilities					
Corporate income tax payable	33,394				33,394
Liabilities held-for-sale	3,863				3,863
Liabilities to financial institutions	867,607	460,091	290,439		1,618,137
Funds entrusted	489,747	87,509	227,259	1,000	805,515
Debt securities issued	1,813,049	1,966,591	5,912,287	166,913	9,858,840
Subordinated loans			500,000		500,000
Interest payable	168,945				168,945
VAT and other taxes	18,551				18,551
Total as at 31 December 2007	**3,395,156**	**2,514,191**	**6,929,985**	**167,913**	**13,007,245**

Derivative cash flows are presented on a net basis into the relevant maturity groupings.

In thousands of euros	0-3 months	3-12 months	1-5 years	> 5 years	Total
Interest rate swaps/forward rate agreements	-2,100	-54,588	-120,635	48,222	-129,101
Currency swaps	136,836	-2,814	1,782	-	135,804
Total as at 31 December 2008	**134,736**	**-57,402**	**-118,853**	**48,222**	**6,703**
Interest rate swaps/forward rate agreements	33,198	-31,541	-110,716	2,219	-106,840
Currency swaps	13,864	-6,524	-8,923	-	-1,583
Total as at 31 December 2007	**47,062**	**-38,065**	**-119,639**	**2,219**	**-108,423**

In the stress scenario that money market and debt capital market funding is unavailable, for a longer period of time, LeasePlan is able to repay maturing debt when it falls due on the basis of matched funding of existing assets. New business can be continued for a substantial period of time on the basis of the above backstop facilities in combination with available excess cash balances and overfunding of existing assets.

To control liquidity, risk limits are set for the central Treasury on the maximum amount of maturing borrowings per future month. By spreading out maturities peak drains on liquidity are avoided. In 2008 the Group was forced to accept a shortening of maturities in concluded borrowings due to the global unrest in financial markets. However, with two successful Dutch State guaranteed issues having been done (the first late 2008 and the second in February 2009), the Group is set to continue its policy to match the maturities of assets and liabilities and to spread the sources of its borrowings.

In addition to the Group's own internal policies and controls, liquidity risk is also supervised by and reported to the Dutch Central Bank on a monthly basis. The liquidity supervision by the Dutch Central Bank is focused on identifying available sources of liquidity and required liquidity.

The table below analyses available and required liquidity for a one week bucket and a one month bucket as at 31 December. The Dutch Central Bank set outs minimum liquidity level requirements for each period, by demanding that available liquidity exceeds required liquidity, according to their definitions, at all times.

In millions of euros	2008		2007	
	One week	**One month**	**One week**	**One month**
Available liquidity	2,146	4,047	1,521	3,407
Required liquidity	1,109	3,414	710	3,162
Surplus (minimum requirement is above nil)	**1,037**	**633**	**811**	**245**

General notes

H. Insurance risk

Insurance risk refers to long-tail risks (motor third-party liability) and short-tail risks (motor material damage, passenger indemnity, guaranteed auto protection and legal assistance) attached predominantly to the cars managed by the Group.

The tail of a risk indicates the length of time elapsing between the occurrence and the ultimate settlement of any claim relating to such risk. Short-tail risks are normally run off in the course of a year whereas for long-tail risks it can take years to identify and settle.
These risks are either retained in a self-insurance programme by the Group, or accepted from a policy holder when the Group issues an insurance contract and acts as an insurer through its own insurance company, Euro Insurances in Dublin (Ireland). Euro Insurances is regulated by the Irish Financial Services Regulatory Authority and its 'European passport' enables it to support Group companies in all EU countries.

Insurance specialists in each local Group company underwrite the vehicle fleet risks under supervision of Euro Insurances in accordance with the strict guidelines of a pre-agreed underwriting policy. These policies set out the scope and nature of the risks to be underwritten (or not) as well as the underwriting authority rules. Special perils falling outside the scope of the policy are transferred to external insurance companies.

The overall approach is to selectively underwrite programmes that offer the best risk/return ratio. Growth is sought in territories with lower exposure limits, while reducing exposure to or withdrawing from markets with high limits and/or unlimited cover.
Claims handling is outsourced to specialised independent claims handling companies in accordance with the strict terms of a Service Level Agreement and following a pro-active approach to claims handling, from expert investigation to early settlement at the lowest possible cost.

Euro Insurances monitors the underwriting process and the financial performance in each territory using actuarial and statistical methods for estimating liabilities and determining adequate premium levels. Regular analysis of claims statistics, strict compliance with claims handling procedures and underwriting policies and when necessary, reviews of insurance premiums, ensure a healthy balance between premiums and claims at both an aggregate level and an individual fleet level. The provision for claims is regularly assessed and periodically checked by external actuaries.

Premiums are set in each market based on prevailing local market conditions after determining appropriate levels of reinsurance cover and the expected costs of managing and settling claims. Regular external actuarial assessments support internal actuary assessments of the individual programme loss ratios, which are influenced by statistical evidence of accident frequency in the local market and the cost per large claim. These support the IBNR ('Incurred But Not Reported') factors used to determine appropriate reserve levels necessary to meet projected short and long-tail claims. Reserves are maintained in accordance with guidelines issued from time to time by the Irish regulator.

Reinsurance cover is purchased by Euro Insurances on an excess of loss basis for the two principal risks, motor third-party liability and motor material damage, to minimise the financial impact of a single large accident and/or event. Reinsurers are selected on the basis of their financial strength, price, capacity and service and are monitored on a quarterly basis. A part of the insurance cover is channelled through the Group's reinsurance captive Globalines.
Euro Insurances ensures that the insurance policy's terms and conditions are mapped against the reinsurance cover in place in order to prevent any uncovered risks.

Annually, a liability adequacy test is carried out to ascertain whether the recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of the insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognised in the income statement.

The development of the Third Party Liability ('TPL') exposures provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of the table below illustrates how the Group's estimate of total claims outstanding for each accident year has changed at successive year-ends. The bottom half of the table below reconciles the cumulative claims to the amounts appearing in the balance sheet for TPL. Reference is made to note 35 to the consolidated balance sheet. The accident year basis is considered the most appropriate for the business written by Euro Insurances.

In thousands of euros

Underwriting year	**‹ 2003**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**Total**
At end of accident year	98,489	38,277	48,718	61,167	58,510	53,116	57,619	
One year later	94,244	36,568	49,304	59,111	49,213	49,873		
Two years later	93,305	37,028	42,006	55,700	42,437			
Three years later	92,246	34,017	30,865	51,821				
Four years later	85,281	32,887	36,549					
Five years later	87,082	27,232						
More than five years later	88,994							
Estimate of cumulative claims	88,994	27,232	36,549	51,821	42,437	49,873	57,619	
Cumulative payments to date	-71,094	-21,697	-25,968	-30,964	-22,542	-23,832		
Gross outstanding claim liabilities	**17,900**	**5,535**	**10,581**	**20,857**	**19,895**	**26,041**	**57,619**	**158,428**
Less: IBNR	1,004	1,721	1,052	4,284	9,260	8,832	27,773	53,926
Total provision for TPL, excluding IBNR	**16,896**	**3,814**	**9,529**	**16,573**	**10,635**	**17,209**	**29,846**	**104,502**

General notes

I. Fair value of financial instruments

The financial assets and liabilities held by the Group are not held for trading purposes, but are intended to be held-to-maturity. The Group does not manage its risk exposures related to operational and finance leases, financial assets, loan commitments and borrowings on a fair value basis, except for derivative financial instruments and financial assets designated at fair value through the income statement.

The table below summarises the carrying amounts and fair values of the financial assets and liabilities.

In thousands of euros		Carrying value		Fair value	
		2008	2007	2008	2007
Financial assets					
Derivative financial instruments	(i)	231,901	72,928	231,901	72,928
Receivables from financial institutions	(iii)	881,719	489,108	883,210	488,773
Receivables from customers	(iii)	3,003,697	2,801,774	3,213,037	2,776,397
Reinsurance assets	(vi)	29,528	20,992	29,528	20,992
Financial assets at fair value through the income statement	(ii)	-	29,558	-	29,558
Assets held-for-sale	(vii)	215,904	186,083	215,904	186,083
Corporate income tax receivable	(vi)	29,305	19,449	29,305	19,449
Financial assets held-to-maturity	(iv)	369,299	117,815	370,082	116,854
VAT and other taxes	(vi)	54,670	66,224	54,670	66,224
Reclaimable damages	(vi)	36,624	38,034	36,624	38,034
Interest to be received	(vi)	10,456	26,729	10,456	26,729
Total		**4,863,103**	**3,868,694**	**5,074,717**	**3,842,021**
Financial liabilities					
Corporate income tax payable	(vi)	26,552	33,394	26,552	33,394
Liabilities held-for-sale	(vii)	2,597	3,863	2,597	3,863
Liabilities to financial institutions	(iii)	3,822,517	1,618,137	3,857,868	1,617,408
Funds entrusted	(iii)	1,645,211	805,515	1,727,392	805,797
Debt securities issued	(v)	7,989,033	9,858,840	8,119,526	9,828,987
Derivative financial instruments	(i)	359,434	38,954	359,434	38,954
Subordinated loans	(iii)	498,381	500,000	524,559	499,979
Interest payable	(vi)	100,651	168,945	100,651	168,945
VAT and other taxes	(vi)	22,720	18,551	22,720	18,551
Total		**14,467,096**	**13,046,199**	**14,741,299**	**13,015,878**

(i) Derivative financial instruments

The fair value of interest rate, currency and currency interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date. The fair value is calculated using a discounted cash flow method, by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at measurement date, while taking into account the current creditworthiness of the swap counterparties.

The fair value of forward exchange contracts is based on their quoted market price at the balance sheet date, being the present value of the quoted forward price. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward bid price and the current forward price for the remaining maturity of the contract using a risk-free interest rate (based on government bonds).

(ii) Financial assets at fair value through the income statement

The fair value is derived from listed market prices.

(iii) Receivables from financial institutions and customers, liabilities to financial institutions, funds entrusted and subordinated loans

The fair value of these captions is in principle estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(iv) Financial assets held-to-maturity
The fair value of held-to-maturity investments is determined by reference to their quoted bid prices at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(v) Debt securities issued
For debt securities designated at fair value through profit or loss the fair value is based on the listed market price taking into account actual interest rates at balance sheet date. All other debt securities are held-to-maturity and are measured at amortised cost.

(vi) Other
For other assets and other liabilities with a remaining life of less than one year the notional amount is deemed to reflect the fair value.

(vii) Assets and liabilities held-for-sale
These assets and liabilities are valued at the lower of the carrying value and the fair value less cost to sell.

Financial statements

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Note 1 – Segment reporting

Segment information is presented in the consolidated financial statements in respect of the Group's geographical segments, which are the primary basis of segment reporting. The geographical segment reporting format reflects the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis. Business segments pay and receive interest to and from the central Treasury on an arm's length basis to reflect the allocation of capital and funding costs.

Segment revenues comprise total revenues. Internal segment revenues are not presented separately given their insignificance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The unallocated assets and liabilities relate to the tax positions reported by the segments.

Primary segment: Geographical markets
In presenting information on the basis of geographical segments, segment revenues are based on the geographical location of the assets.

The 'Europe – euro' segment contains the subsidiaries in Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Romania, Spain and Turkey, that use euro as their functional currency.

The 'Europe – non-euro' segment contains the subsidiaries in Czech Republic, Denmark, Hungary, Norway, Poland, Slovakia, Sweden, Switzerland and the United Kingdom.

The 'Rest of the world' segment contains the subsidiaries in Australia, Brazil, India, Mexico, New Zealand, United Arab Emirates and the United States of America.

Secondary segment: Business segments
The Group comprises the following main business segments:

- Leasing: these activities relate to services rendered under vehicle management, both under operational and finance lease and encompass funding, repair and maintenance, insurance and replacement vehicles;
- Insurances: these activities relate to the business conducted by our insurance captive.

To allocate central costs (a.o. shared operations) to business segments on a reasonable basis cost sharing agreements are in place.

Primary and secondary segments

for the year ended 31 December

Primary segment	Europe (euro)		Europe (non-euro)		Rest of the world		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Total segment revenues	**3,438,485**	**3,230,654**	**1,078,394**	**1,175,763**	**561,074**	**558,433**	**5,077,955**	**4,964,850**
Total segment operating result	**170,252**	**202,821**	**66,757**	**91,700**	**22,559**	**18,155**	**259,568**	**312,676**
Share of profit of associates	474	1,509			-547	-784	-73	725
Result after tax discontinued operations	-4,157	19,191	-893	-3,132		201	-5,050	16,260
Income tax expenses							51,982	72,987
Profit for the period							**202,463**	**256,674**
Depreciation/ amortisation other intangibles	23,140	25,666	4,506	6,063	6,561	6,815	34,207	38,544
Depreciation operational leases and rental fleet	1,779,700	1,621,163	540,764	692,302	232,528	193,535	2,552,992	2,507,000
Impairment losses recognised in income statement	-2,563	6,409	10,604	6,583	2,730	740	10,771	13,732
Segment assets	11,720,786	10,117,643	3,683,500	3,928,528	2,107,671	2,140,589	17,511,957	16,186,760
Investment in associates							23,852	25,852
Unallocated assets							163,003	132,714
Total assets							**17,698,812**	**16,345,326**
Segment liabilities	10,771,803	9,108,776	3,352,552	3,606,851	2,022,238	2,059,619	**16,146,593**	**14,775,246**
Unallocated liabilities							168,147	166,196
Total liabilities							**16,314,740**	**14,941,442**
Capital expenditure	4,114,954	3,384,513	1,182,388	1,331,800	481,965	515,674	**5,779,307**	**5,231,987**

The unallocated assets and liabilities comprise current and deferred corporate income tax.

Secondary segment	Segment revenues		Segment assets		Capital expenditure	
	2008	2007	2008	2007	2008	2007
Leasing business	4,902,567	4,779,839	17,406,427	16,039,164	5,779,270	5,231,918
Insurances	175,386	185,011	292,385	306,162	37	69
Consolidated	**5,077,953**	**4,964,850**	**17,698,812**	**16,345,326**	**5,779,307**	**5,231,987**

Note 2 – Effect of disposals

Discontinued operations

A breakdown of the result of discontinued operations after tax is as follows:

	Note	2008	2007
Operating income		-3,001	10,832
Operating expenses		8,964	15,476
Profit before tax		**-11,965**	**-4,644**
Income tax expenses		-3,743	-1,228
Movement in value adjustment	3	2,560	-
Gain on sale of discontinued operations		612	19,676
Profit for the period from discontinued operations		**-5,050**	**16,260**

The comparative 2007 result from discontinued operations for the operations discontinued in 2008 amounted to a loss of EUR 5.2 million.

Discontinued operations in 2008

In October 2008 the Group finalised the sale of Services Affaires S.A.R.L. in France, a company that offers chauffeur driven cars. In December 2008 the Group liquidated Autolease Belgium N.V. a dormant company in Belgium.

The impact of the operations discontinued in 2008 on net identifiable assets and liabilities and net cash flows is as follows:

	2008		
	Autolease Belgium N.V.	Services Affaires S.A.R.L.	Total
Net identifiable assets and liabilities	**23**	**651**	**674**
Consideration received, net of costs, satisfied in cash	66	1,220	1,286
Cash disposed of	-	-	-
Net cash inflow	**66**	**1,220**	**1,286**

In 2008 the Group continued its sales efforts in respect of the MOX group that leases small, mostly electric vehicles and operates in the United Kingdom, France and Spain. As the intended sale did not materialise in 2008 the Group decided to phase out the activities within the MOX group (including the envisaged sale of various assets) and therefore the MOX group remains classified as held-for-sale at 31 December 2008 and the net result remains classified as arising from discontinued operations.

Discontinued operations in 2007

In June 2007 the Group finalised the sale of the vehicle body repair companies, Carflexs B.V., the Netherlands and the JB Carrosserie group in Belgium, together with Carsolutions BV, a Dutch entity. In August 2007 the sale of the 49% investment in SurePlan, Inc. in the United States of America was finalised. The sale of this associate resulted in a book gain of EUR 3.4 million.

	2007		
	JB/Carflexs	SurePlan	Total
Net identifiable assets and liabilities	**18,471**	**262**	**18,733**
Consideration received, net of costs, satisfied in cash	37,103	3,606	40,709
Cash disposed of	3,980	-	3,980
Net cash inflow	**33,123**	**3,606**	**36,729**

Note 3 – Assets and liabilities of disposal group classified as held-for-sale

In 2008 the Group continued its sales efforts in respect of the MOX group that leases small, mostly electric vehicles and operates in the United Kingdom, France and Spain. However, as the intended sale of the entire Mox group did not materialise in 2008 the Group decided to phase out the activities. As a consequence a part of the assets was sold in 2008. Therefore the MOX group remains classified as held-for-sale at 31 December 2008 and the net result remains classified as arising from discontinued operations.

The MOX group is measured at the lower of its carrying amount and the fair value less costs to sell, which resulted in a value adjustment amounting to EUR 17 million at year-end 2007. In the course of 2008 operational losses of the MOX group were written off against this value adjustment resulting in a balance of EUR 14.4 million at year-end 2008.

Effect of classification as assets held-for-sale

For the years ended 31 December 2008 and 31 December 2007, the MOX group had no significant cash inflows from operating activities, cash outflows from investing activities and cash flows from financing activities.

The MOX group contributed a negative operating income of EUR 3.0 million to the Group for 2008 (2007: positive EUR 3.7 million).

	Note	2008	2007
Cash		518	3,172
Receivables from financial institutions		19	17
Receivables from customers		3,964	3,586
Impairment receivables from customers		-2,080	-1,375
Deferred corporate income tax receivable		4,790	1,890
Property and equipment under operational lease and rental fleet		18,783	35,680
Other property and equipment		278	423
Stock		4,679	6,646
Intangible assets		-	113
Other assets		351	993
Value adjustment	2	-14,440	-17,000
Total net assets disposal group held-for-sale	21	**16,862**	**34,145**
Other liabilities		909	732
Cash equivalent included in Liabilities to financial institutions		1,573	3,248
Deferred tax liabilities		115	-117
Total net liabilities disposal group held-for-sale		**2,597**	**3,863**

Note 4 – Effect of acquisitions

In April 2008 the Group acquired Daimler Chrysler Fleet Management France S.A.S., which operates under the brand name DCS fleet. Adjustments to the goodwill, if any, will be finalised within the applicable window period.
In the eight months to 31 December 2008 DCS fleet contributed total revenues of EUR 60.4 million and an operating loss before tax of EUR 3.0 million to the consolidated operating result before tax for the year.

The acquisition had the following effect on the Group's assets and liabilities as at 30 April 2008.

	Note	Recognised values	Fair value adjustments	Carrying amounts
Assets				
Property and equipment under operational lease and rental fleet	26	217,651	-10,775	228,426
Other assets		27,434	-2,559	29,993
Deferred tax		3,124	3,124	-
Liabilities				
Liabilities to financial institutions		-212,782	275	-213,057
Other liabilities		-31,939	2,980	-34,919
Net identifiable assets and liabilities		**3,488**	**-6,955**	**10,443**
Goodwill on acquisition	29	10,312		

Note 5 – Operational and finance lease revenues and expenses

(i) Lease revenues

	2008	2007
Operational lease revenues	3,621,535	3,576,163
Finance lease revenues	63,803	57,286
Other	20,688	25,394
	3,706,026	**3,658,843**

Other mainly relates to fees for managing fleets owned by third parties.

(ii) Lease expenses

Lease expenses comprise the cost associated with providing the repair, maintenance and tyres service components and insurances. Any (volume related) bonuses related to these lease expenses, except those earned on the purchase of leased objects, are credited directly to lease expenses. An important element of lease expenses is the depreciation on the operational leasing contracts which is charged to the client.
In view of the downturn in the second-hand car markets in various countries in which the Group operates, prospective adjustments were made to the depreciation charges as a result of changes in the estimated residual value of the property and equipment under operational lease. For the current period (2008) this resulted in an additional depreciation charge of EUR 28.5 million. Reference is made to note 26 and the financial risk section ('Market Risk').

Note 6 – Other revenues

	2008	2007
Rental revenues	218,584	203,863
Leveraged leasing	77,264	112,561
Bonus and commission income	35,495	34,417
Other activities	91,002	60,843
	422,345	**411,684**

Other activities include revenues of a wide range of activities such as reinsurance and items of a one off nature like VAT refunds of older years.

Note 7 – Other expenses

	2008	2007
Rental expenses	211,712	195,619
Leveraged leasing	73,216	105,382
Other activities	9,728	3,876
	294,656	**304,877**

This caption includes the foreign exchange differences (except those on financial instruments) which amount to EUR 0.5 million (2007: EUR 0.3 million). Other activities mainly include the costs of the reinsurance activities of the Group.

Note 8 – Interest and similar income

	2008	2007
Interest income on operational leases and rental fleet	756,505	664,119
Interest income on finance leases	127,855	134,372
Other	65,222	95,832
	949,582	**894,323**

Other includes mainly interest income on deposits placed by central Treasury with financial institutions.

Note 9 – Interest expenses and similar charges

	2008	2007
Interest expense on debt securities issued	441,293	473,237
Interest expense on funds entrusted	158,463	51,360
Interest expense on subordinated loans	23,029	23,032
Other	58,618	59,650
	681,403	**607,279**

Other includes the unrealised loss on derivatives of EUR 0.6 million (2007: EUR 4.9 million unrealised loss) and the unrealised loss of financial liabilities used in fair value hedges of EUR 11.1 million (2007: EUR 3.9 million unrealised gain). Reference is made to note 20.

Note 10 – Sales result and settlements from returned objects

Result from the sale of returned objects reflects the variance between the carrying value of the leased object at the end of the contract and the sales proceeds less any cost to sell. The net income recognition of this result is determined by the contractual agreements with the client.

For closed calculation contracts the net income is recognised at the end of the contract, after the asset is sold.
For open calculation contracts, the results are settled on a net basis with the client in accordance with the contractual agreement with the client. The result from the sale of returned lease objects is deferred until there is reasonable assurance concerning the amount of the result that will be for the account of the Group. In case a loss is expected this loss is reflected in the period in which it occurs.

Note 11 – Impairment on leased assets

There is no impairment on leased assets in 2008 and 2007.

Note 12 – Impairment on receivables

Impairment on receivables relate to receivables from customers only.

Note 13 – Staff expenses

	Note	2008	2007
Wages and salaries		274,526	273,035
Social security charges		44,072	41,977
Pension costs – defined contribution plans		9,086	18,203
Pension costs – defined benefit plans		9,670	2,268
Other post retirement costs/(benefits)		3,025	1,590
Charge to/(release of) provision for share-based payments	34 (iii)	-305	64
Other staff costs		32,795	34,011
		372,869	**371,148**

The average number of staff employed (including temporary staff) by the Group during the year under review was 5,969 (2007: 5,846), of whom 859 (2007: 957) were employed in the Netherlands. At year-end the nominal number of staff employed by the Group was 6,249 (2007: 5,971).

The pension costs for 2008 consist of a number of items and are recognised in the income statement.
These items are shown in the following table.

The breakdown of actuarial determined post-employment benefits is as follows:

	Pensions	
	2008	2007
Current service costs	1,614	2,182
Interest costs	2,740	2,657
Expected return on plan assets	5,811	-2,651
Curtailment effect	-495	80
Pension costs – defined benefit plans	**9,670**	**2,268**
Pension costs – defined contribution plans	9,086	18,203
Total pension costs	**18,756**	**20,471**
Other post retirement costs/(benefits)	**3,025**	**1,590**

For information on the actuarial assumptions reference is made to note 34.

Note 14 – General and administrative expenses

This item includes office overheads, automation costs, advertising costs, professional fees and other general expenses.

Note 15 – Depreciation and amortisation

	Note	2008	2007
Depreciation other property and equipment	27	24,757	25,098
Impairment land and buildings	27	-317	317
Amortisation intangible fixed assets	29	9,450	13,446
Impairment software	29	1,490	1,461
		35,380	**40,322**

Note 16 – Income tax expenses

Further information about deferred income tax is presented in note 28.
The income tax expense in the income statement can be shown as follows:

	2008	2007
Current tax	46,474	60,366
Deferred tax	5,508	12,621
	51,982	**72,987**

Reconciliations of effective tax rate

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic nominal tax rate of the home country (25.5%) of the parent and is as follows:

	2008	2007
Profit before tax	259,495	313,401
Tax calculated at a tax rate of 25.5% (2007: 25.5%)	66,171	79,917
Effect of different tax rates in foreign countries	-10,178	-6,147
Income not subject to tax	-1,860	-1,386
Expenses not deductible for tax purposes	2,129	2,641
Adjustment of deferred tax	-4,280	-2,038
	51,982	**72,987**

The weighted average of the local tax rates applicable to the Group was 25.8% (2007: 25.1%).

Note 17 – Cash and balances with banks

	2008	2007
Cash in hand and at central banks	25,476	13,387
Call money, bank overdrafts included in Receivables from financial institutions	226,005	59,172
Call money, bank overdrafts included in Liabilities to financial institutions	-156,441	-102,823
Balance as at 31 December	**95,040**	**-30,264**

This item includes all legal tender available at call.

Mandatory reserve deposits amounting to EUR 25.4 million (2007: EUR 13.3 million) are not available for use in the Group's day-to-day operations, but are readily available on demand for liquidity supervision by the Dutch Central Bank. The mandatory reserve deposits form part of the Cash in hand and at central banks.

Note 18 – Receivables from financial institutions

This item includes amounts receivable from Dutch and foreign credit institutions under government supervision. Amounts receivable from financial institutions includes call money and bank current account balances that form part of the cash and balances with banks in the cash flow statement. Besides the aforementioned items an amount of EUR 257 million is included which is deposited as cash collateral for the Bumper 1 and Bumper 2 securitisation transactions. Reference is made to the financial risk section ('Liquidity risk').

The maturity analysis is as follows:

	2008	2007
Three months or less	563,200	364,105
Longer than three months, less than one year	61,643	-
Longer than one year, less than five years	256,876	125,003
Balance as at 31 December	**881,719**	**489,108**

Note 19 – Receivables from customers

This item includes amounts receivable under lease contracts and loans and advances other than Receivables from financial institutions, after deduction of allowances for debtor risks, where necessary.

	Note	2008	2007
Amounts receivable under finance lease contracts		2,252,919	2,186,198
Loans to associates and jointly controlled entities	40	230,780	152,689
Other amounts receivable		519,998	462,887
Balance as at 31 December		**3,003,697**	**2,801,774**

The maturity analysis is as follows:

	2008	2007
Three months or less	717,251	656,580
Longer than three months, less than one year	672,259	642,292
Longer than one year, less than five years	1,539,351	1,437,236
Longer than five years	74,836	65,666
Balance as at 31 December	**3,003,697**	**2,801,774**

The fair value of the receivables does not significantly differ from the carrying amount, as a significant part of these receivables is contracted at a floating interest rate and due to the short-tail of the average remaining term. Reference is made to the financial risk section ('Fair value of financial instruments').

(i) Impairment

The movement in impairment on receivables is as follows:

	Note	2008	2007
Balance as at 1 January		**62,870**	**69,863**
Impairment charge on receivables	12	51,735	43,166
Receivables written off during the year as uncollectable		-12,815	-17,976
Reversal of impairment through income statement	12	-43,223	-31,212
Foreign exchange		-1,292	-971
Balance as at 31 December		**57,275**	**62,870**

For a description of the criteria used to determine whether receivables to customers are impaired reference is made to the financial risk section ('Credit risk'). In 2008 the Group aligned its impairment policy with Basel II. As a consequence the Group recognises, next to specific impairment charges, an expected loss (EUR 11.3 million) based on the probability of default (PD) and the loss given default (LGD) as determined under the Basel II regime. In 2007 the allowance for impairment includes EUR 24.3 million related to past due receivables.

(ii) Finance lease contracts

The Amounts receivable from customers include finance lease receivables, which may be analysed as follows:

	2008	2007
Gross investment in finance leases, with remaining maturities:		
Not longer than one year	824,783	894,448
Longer than one year, less than five years	1,415,854	1,457,185
Longer than five years	86,778	75,686
	2,327,415	**2,427,319**
Unearned finance income on finance leases	74,496	241,121
Net investment in finance leases	**2,252,919**	**2,186,198**

	2008	2007
Net investment in finance leases, with remaining maturities:		
Not longer than one year	774,351	778,326
Longer than one year, less than five years	1,403,732	1,342,206
Longer than five years	74,836	65,666
Balance as at 31 December	**2,252,919**	**2,186,198**

The unguaranteed residual values of finance lease assets accruing to the benefit of the lessor amount to EUR 453 million (2007: EUR 395 million). The accumulated allowance for uncollectable minimum lease payments receivable amount to EUR 2.8 million (2007: EUR 3.1 million).

Note 20 – Derivative financial instruments

Derivative financial instruments are carried at fair value and are made up as follows:

	2008			2007		
	Notional amounts	Fair value		Notional amounts	Fair value	
		Assets	Liabilities		Assets	Liabilities
Interest rate swaps/forward rate agreements	10,872,524	33,195	272,474	8,586,996	45,322	33,260
Currency swaps	22,014	-	3,184	384,257	9,045	772
Total derivatives in hedge	**10,894,538**	**33,195**	**275,658**	**8,971,253**	**54,367**	**34,032**
Interest-rate swaps/forward rate agreements	4,655,032	8,717	38,501	5,388,576	2,975	1,489
Currency swaps/currency forwards	3,086,282	189,989	45,275	2,324,192	15,586	3,433
Total derivatives not in hedge	**7,741,314**	**198,706**	**83,776**	**7,712,768**	**18,561**	**4,922**
Total	**18,635,852**	**231,901**	**359,434**	**16,684,021**	**72,928**	**38,954**

The fair value as of 2008 is based on the dirty price (including accrued interest), whereas the fair value of 2007 is based on the clean price (excluding accrued interest). If the derivatives would have been valued at dirty price in 2007 the fair value of the assets would have been EUR 0.7 million lower and the fair value of the liabilities would have been EUR 77.6 million lower.

The unrealised gain/(loss) on derivatives and the unrealised gain/(loss) of financial liabilities used in fair value hedges recognised in the income statement breaks down as follows:

	2008	2007
Derivatives not designated as hedges	-12,247	27
Derivatives at fair value hedges	10,847	-4,048
Derivatives at cash flow hedges (imperfectness)	-217	5
Derivatives in hedge of net investment	970	-970
	-647	**-4,986**
Financial liabilities used in fair value hedges	-11,070	3,903
	-11,717	**-1,083**

Note 21 – Assets held-for-sale

	Note	2008	2007
Assets of a disposal group classified as held-for-sale	3	16,862	34,145
Transfer from Property and equipment under operational lease and rental fleet	26	195,980	151,938
Transfer from Other property and equipment	27	3,062	-
Balance as at 31 December		**215,904**	**186,083**

The item Transfer from 'Property and equipment under operational lease and rental fleet' relates to returned objects from operational lease contracts waiting for resale.

Note 22 – Financial assets held-to-maturity

	2008	2007
Bonds	368,163	113,420
Other financial assets	1,136	4,395
Balance as at 31 December	**369,299**	**117,815**

The fair value of the financial assets held-to-maturity amounts to EUR 370 million as at 31 December 2008 (2007: EUR 117 million). If the entire held-to-maturity investments are tainted the value would increase by EUR 0.8 million, with a corresponding entry in the fair value reserve in shareholders' equity.

The outstanding bonds include investments in bonds which are used as collateral value by the Group's central Treasury when engaging in monetary transactions with the ECB.

Note 23 – Financial assets at fair value through the income statement

	2008	2007
Managed investment funds	-	29,558
Balance as at 31 December	**-**	**29,558**

The fair value is derived from listed market prices. The initial investment value was EUR 30 million and the funds were sold in March 2008.

Note 24 – Other assets

This item includes prepayments in respect of expenses attributable to a subsequent period and amounts still to be received, as well as to amounts that are not classified under any other asset.

	2008	2007
Rebates and bonuses and commissions receivable	168,668	165,980
Prepaid motor vehicle tax and insurance premiums	132,213	119,556
VAT and other taxes	54,670	66,224
Reclaimable damages	36,624	38,034
Other prepayments and accrued income	48,243	38,715
Interest to be received	10,456	26,729
Cars in stock	7,454	13,334
Other	114,852	110,077
Balance as at 31 December	**573,180**	**578,649**

The majority of the other assets has a remaining maturity less than one year.

Other mainly includes pass on costs to be invoiced to clients for leasing related services such as fuel, maintenance and insurances.

Note 25 – Investments in associates and jointly controlled entities

There are no material contingent liabilities of the associates and jointly controlled entities other than loan commitments (reference is made to note 40).

	2008	2007
Balance as at 1 January	**25,852**	**17,509**
Acquisitions	-	9,191
Share of results	-73	725
Capital increase	327	753
Dividend received	-2,332	-2,472
Exchange rate changes	78	146
Balance as at 31 December	**23,852**	**25,852**

The summarised financial information for the material interests in associates and joint ventures can be shown as follows:

	2008	2007
Assets	434,063	395,173
Liabilities	410,211	376,744
Revenues	59,295	47,644
Net income	-73	725
Dividend paid	2,327	2,472

Note 26 – Property and equipment under operational lease and rental fleet

	Note	Operational lease	Rental fleet	Total
Carrying amount as at 1 January 2007		**11,031,848**	**66,560**	**11,098,408**
Purchases		5,109,607	60,652	5,170,259
Transfer to assets held-for-sale	21	-151,938	-	-151,938
Disposals		-1,786,776	-35,054	-1,821,830
Depreciation		-2,489,934	-17,066	-2,507,000
Exchange rate differences		-118,010	-73	-118,083
Carrying amount as at 31 December 2007		**11,594,797**	**75,019**	**11,669,816**
Cost		16,191,047	90,399	16,281,446
Accumulated depreciation and impairment		-4,596,250	-15,380	-4,611,630
Carrying amount as at 31 December 2007		**11,594,797**	**75,019**	**11,669,816**
Purchases		5,440,659	37,458	5,478,117
Acquisitions due to business combinations	4	217,651	-	217,651
Transfer to assets held-for-sale	21	-195,980	-	-195,980
Disposals		-2,058,557	-34,203	-2,092,760
Depreciation		-2,538,705	-14,287	-2,552,992
Exchange rate differences		-571,569	-1,311	-572,880
Carrying amount as at 31 December 2008		**11,888,296**	**62,676**	**11,950,972**
Cost		16,458,414	78,252	16,536,666
Accumulated depreciation and impairment		-4,570,118	-15,576	-4,585,694
Carrying amount as at 31 December 2008		**11,888,296**	**62,676**	**11,950,972**

In view of the downturn in the second-hand car markets in various countries in which the Group operates, prospective adjustments were made to the depreciation charges as a result of changes in the estimated residual value of the property and equipment under operational lease. For the current period (2008) this resulted in an additional depreciation charge of EUR 28.5 million. Reference is made to note 5 and the financial risk section ('Market Risk').

An approximation of the future minimum lease payments under non-cancellable operational leases in aggregate and for each of the following periods can be summarised as follows:

	Nominal value	
	2008	2007
Not longer than one year	3,326,512	3,584,341
Longer than one year, less than five years	9,150,430	9,472,425
Longer than five years	365,109	145,717
Balance as at 31 December	**12,842,051**	**13,202,483**

Note 27 – Other property and equipment

	Note	Property	Equipment	Total
Carrying amount as at 1 January 2007		**24,145**	**69,111**	**93,256**
Purchases		318	38,197	38,515
Disposals		-223	-17,021	-17,244
Impairment charge	15	-	-317	-317
Depreciation	15	-1,183	-23,915	-25,098
Exchange rate differences		-330	-457	-787
Carrying amount as at 31 December 2007		**22,727**	**65,598**	**88,325**
Cost		30,158	196,482	226,640
Accumulated depreciation and impairment		-7,431	-130,884	-138,315
Carrying amount as at 31 December 2007		**22,727**	**65,598**	**88,325**
Purchases		2,165	49,946	52,111
Transfer to asset held-for-sale	21	-	-3,062	-3,062
Disposals		-	-16,224	-16,224
Impairment reversal	15	-	317	317
Depreciation	15	-929	-23,828	-24,757
Exchange rate differences		141	-1,028	-887
Carrying amount as at 31 December 2008		**24,104**	**71,719**	**95,823**
Cost		32,480	206,342	238,822
Accumulated depreciation and impairment		-8,376	-134,623	-142,999
Carrying amount as at 31 December 2008		**24,104**	**71,719**	**95,823**

In 2007 the item ‘Other property and equipment’ included an investment property with a carrying amount of EUR 3.0 million. This property is transferred to held-for-sale at the end of 2008 (reference is made to note 20). The rental income from investment property amounting to EUR 0.4 million (2007: EUR 0.5 million) is recognised in the income statement under the caption ‘Other revenues’. The direct Operating expenses amounting to EUR 0.4 million (2007: EUR 0.5 million) are also included in ‘Other revenues’. The fair value does not significantly differ from the carrying amount.

There are no bank borrowings secured against land and buildings.

Note 28 – Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities as at 31 December are attributable to the following:

	Deferred tax asset		Deferred tax liability	
	2008	**2007**	**2008**	**2007**
Goodwill	21,174	13,252	-	2,656
Property and equipment under operational leases	12,750	11,963	292,768	230,764
Other property and equipment	10,562	9,616	1,049	727
Provisions	23,202	22,010	1,530	9
Deferred leasing income	44,956	44,348	19,966	15,435
Tax value of loss carry forwards recognised	141,539	92,859	-	-
Tax credits and prepayments	35,219	30,136	2,087	-
Other assets	31,239	2,883	10,731	18,933
Other liabilities	23,773	44,759	24,181	22,839
Tax (assets)/liabilities	**344,414**	**271,826**	**352,312**	**291,363**
Offset tax	-210,717	-158,561	-210,717	-158,561
Balance as at 31 December	**133,697**	**113,265**	**141,595**	**132,802**
Net tax position			**7,898**	**19,537**

Specific notes

The deferred tax assets on goodwill include an allowance of EUR 3.6 million (2007: EUR 4.7 million). In connection with the assessment of the recognition of tax credits, an amount of EUR 6.3 million (2007: EUR 6.9 million) has not been recognised. The deferred tax asset and the unrecognised tax credit have no expiry date.

The Group has an aggregate of EUR 466 million (2007: EUR 299 million) of tax loss carry forwards in various countries. Of this amount 3% (2007: 5%) expires within the next 5 years, 13% (2007: 5%) expires after 5 years and 85% (2007: 90%) carries forward indefinitely.

If the average income tax rate of the Group increases by 1% compared with the estimates, the Group would need to change the income tax liability by EUR 0.3 million, if unfavourable; or decrease the income tax liability by EUR 0.3 million, if favourable.

Current tax assets and current tax liabilities are only offset if there is a legally enforceable right to offset the recognised amounts and if a subsidiary intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to offset the current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the asset and to settle the liabilities simultaneously (often within one fiscal unity).

Note 29 – Intangible assets

	Note	Capitalised software	Purchased software	Customer relationship	Customer contract	Goodwill	Total
Carrying amount as at 1 January 2007		**11,521**	**8,307**	**11,847**	**3,823**	**75,859**	**111,357**
Purchases		17,118	6,095				23,213
Divestments		-268	-721	-9			-998
Impairment charge	15	-298	-1,163				-1,461
Amortisation	15	-5,581	-3,865	-1,325	-2,675		-13,446
Exchange rate differences		-390	38	12			-340
Carrying amount as at 31 December 2007		**22,102**	**8,691**	**10,525**	**1,148**	**75,859**	**118,325**
Cost		36,358	35,225	13,426	9,446	75,859	170,314
Accumulated amortisation and impairment		-14,256	-26,534	-2,901	-8,298		-51,989
Carrying amount as at 31 December 2007		**22,102**	**8,691**	**10,525**	**1,148**	**75,859**	**118,325**
Purchases	4	16,455	4,409	252		10,312	31,428
Divestments		-234	-712				-946
Impairment charge	15	-1,490					-1,490
Amortisation	15	-3,213	-3,716	-1,544	-977		-9,450
Exchange rate differences		-3,326	-82				-3,408
Carrying amount as at 31 December 2008		**30,294**	**8,590**	**9,233**	**171**	**86,171**	**134,459**
Cost		49,266	38,618	13,677	9,446	86,171	197,178
Accumulated amortisation and impairment		-18,972	-30,028	-4,444	-9,275		-62,719
Carrying amount as at 31 December 2008		**30,294**	**8,590**	**9,233**	**171**	**86,171**	**134,459**

The remaining amortisation period for the intangible assets with a finite life is approximately 6 years.

In April 2008 the Group acquired Daimler Chrysler Fleet Management France S.A.S., which operates under the brand name DCS fleet. Adjustments to the goodwill, if any, will be finalised within the applicable window period.

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in 2008 (2007: nil).

The impairment test was based on value in use. The value in use was determined by discounting future cash flows generated from the continuing use of cash generating units, being the acquired operating companies. Cash flows were projected on actual operating results and the 5 year business plan. After this 5 year period the cash flows for a further 11 years were extrapolated based on a gradually declining growth rate, ending at a terminal growth rate of 1.5%. A discount rate of 9% was applied which was based on an industry average weighted costs of capital.

If the estimated net result projection for periods after 31 December 2008 had been 10% lower than estimated at 31 December 2008, the Group would have recognised an impairment of goodwill of EUR 2 million. If the estimated discount rate applied to the discounted cash flows had been more than 1.25% higher than estimated, the Group would have recognised an impairment against goodwill.

Note 30 – Liabilities to financial institutions

This item includes amounts owed to credit institutions under government supervision. The maturity analysis of these loans is as follows:

	2008	2007
On demand	156,440	112,825
Three months or less	1,719,617	754,782
Longer than three months, less than one year	1,360,018	460,091
Longer than one year, less than five years	586,414	290,439
Longer than five years	28	-
Balance as at 31 December	**3,822,517**	**1,618,137**

Amounts owed to financial institutions on demand relating to call money and bank overdraft balances form part of the cash and balances with central banks in the cash flow statement.

Liabilities to financial institutions include an outstanding balance of EUR 936.4 million (2007: EUR 453.9 million) which is non-euro currency denominated as at 31 December 2008. The remainder of the liabilities to financial institutions is denominated in euro. Reference is made to the financial risk section (‘Currency risk’).

In 2006 the Group negotiated a syndicated backstop facility with 24 banks, consisting of two tranches (EUR 1 billion ending December 2009 and EUR 1 billion ending December 2011). In 2007 a 25th bank was added to the syndicate. No amounts were drawn under this backstop facility at year-end 2008.

Note 31 – Funds entrusted

This item includes all non-subordinated loans not included in Liabilities to financial institutions or Debt securities. The maturity analysis of these loans is as follows:

	2008	2007
Three months or less	106,809	489,747
Longer than three months, less than one year	1,185,901	87,509
Longer than one year, less than five years	343,315	227,259
Longer than five years	9,186	1,000
Balance as at 31 December	**1,645,211**	**805,515**

The funds entrusted include an outstanding balance of EUR 1.0 million (2007: EUR 15.7 million) which is non-euro currency denominated as at 31 December 2008. The remainder of the funds entrusted is denominated in euro. Reference is made to the financial risk section (‘Currency risk’).

Note 32 – Debt securities issued

This item includes negotiable, interest-bearing securities, other than those of a subordinated nature.

	2008	2007
Bonds and notes	7,404,437	8,557,888
Commercial Paper	235,125	691,989
Certificates of Deposit	349,471	608,963
Balance as at 31 December	**7,989,033**	**9,858,840**

There is no pledge of security for these debt securities. The debt securities issued include a two year fixed rate loan of EUR 1.45 billion maturing in December 2010, which was raised under the 2008 Credit Guarantee Scheme of the State of the Netherlands.

The debt securities issued include an outstanding balance of EUR 1.8 billion (2007: EUR 3.6 billion) which is non-euro currency denominated as at 31 December 2008. The remainder of the debt securities is denominated in euro. The fair value adjustment of the structured bonds used in a fair value hedge amounted to an increase of EUR 2.4 million (2007: EUR 8.6 million decrease). Reference is made to the financial risk section ('Currency risk').

The average interest rates applicable on the outstanding balances can be summarised as follows:

	2008	2007
Bonds and notes	4.4%	4.9%
Commercial Paper	5.3%	5.5%
Certificates of Deposit	5.3%	4.9%
	4.4%	**5.0%**

The maturity analysis of these debt securities issued is as follows:

	2008	2007
Three months or less	717,854	1,813,045
Longer than three months, less than one year	2,696,357	1,966,593
Longer than one year, less than five years	4,418,042	5,912,287
Longer than five years	156,780	166,915
Balance as at 31 December	**7,989,033**	**9,858,840**

Note 33 – Other liabilities

	2008	2007
Trade payables	556,645	506,340
Other amounts owed	134,193	126,808
Deferred leasing income	507,455	587,135
Interest payable	100,651	168,945
Advance lease instalments received	77,184	57,451
Other accruals and other deferred income	173,495	219,813
VAT and other taxes	22,720	18,551
Balance as at 31 December	**1,572,343**	**1,685,043**

The majority of the other liabilities has, except for deferred leasing income, a remaining maturity less than one year.

Deferred leasing income relates to amounts received in advance, as part of the monthly lease instalments, to cover lease expenses in a subsequent period. The service Income margin included in deferred leasing income is recognised and presented based on the percentage of completion method.

Note 34 – Provisions

	Note	2008	2007
Provision for pension obligation arrangements	(i)	9,931	11,405
Provision for employment arrangements	(ii)	5,836	5,500
Provision for share-based payments	(iii)	90	666
Restructuring provisions	(iv)	303	2,605
Provision for onerous contracts	(iv)	1,703	1,884
Other staff provisions	(v)	6,248	6,906
Other provisions	(v)	1,014	1,482
Balance as at 31 December		**25,125**	**30,448**

The majority of provisions are expected to be recovered or settled after more than 12 months.

(i) Provision for pension obligation arrangements

The valuations of other staff provisions are performed by independent qualified actuaries on an annual basis. The following table summarises the impact on the balance sheet, payment obligations, assets and economic assumptions in respect of the main defined benefit pension plans in the various countries.

	Note	2008	2007
Balance as at 1 January		**53,804**	**56,417**
Movements in projected benefit obligations:			
Increase in present value of accrued benefits	13	1,614	2,182
Interest costs	13	2,740	2,657
Employer's contributions/refunds		258	53
Actuarial gain/(loss)		-5,521	-2,541
Benefits paid		-1,559	-3,520
Curtailment effect	13	-495	80
Currency translation differences		-3,866	-1,524
Balance as at 31 December: benefit obligations		**46,975**	**53,804**
Balance as at 1 January		**43,804**	**43,941**
Movements in plan assets:			
Actual return on plan assets	13	-5,811	2,651
Employer's contribution		3,277	3,929
Benefits paid		-1,559	-3,520
Currency translation differences		-3,705	-3,197
Balance as at 31 December: plan assets		**36,006**	**43,804**
Funded status: surplus /(deficit) as at 1 January		**-10,000**	**-12,476**
Funded status: surplus/(deficit) as at 31 December		**-10,969**	**-10,000**
Unrecognised actuarial (gain)/loss		1,246	-1,405
Prepaid pension cost (included in other assets)		-208	-
Prepaid/(accrued) benefit cost as at 31 December		**-9,931**	**-11,405**

Reference is made to note 13 for the details on the amounts recognised in the income statement in respect of the Group's benefit plans. The net periodic pension expense for 2009 is expected to amount to approximately EUR 2.3 million.

There are no pension plans that are wholly unfunded. None of the collective and individual pension plans in the various countries are fully funded.

The weighted averages of the main actuarial assumptions used to determine the value of the provision for pensions as at 31 December were as follows:

	2008	2007
Discount rate	5.6%	5.2%
Expected increment in salaries	2.4%	1.8%
Expected return on plan assets	5.6%	6.0%

The expected return on investments regarding pension obligations is weighted on the basis of the fair value of those investments. All other assumptions are weighted on the basis of the defined benefit plan obligations.

Assumptions regarding future mortality experience are set based on published statistics and actuarial advice. The average life expectancy is in years of a pensioner retiring at age 65 on the balance sheet date as follows:

	2008	2007
Male	22.0	21.9
Female	24.8	24.8

(ii) Provision for employment arrangements
The provisions for employee obligations during employment with regard to jubilee payments and extra holiday day entitlements do not have any plan assets. These obligations are determined actuarially.

	2008	2007
Balance as at 1 January	**5,500**	**5,019**
Movements in projected benefit obligations:		
Increase in present value of accrued benefits	787	1,117
Interest costs	251	210
Actuarial gains/(losses)	-310	-551
Benefits paid	-392	-295
Prepaid/(accrued) benefit cost as at 31 December	**5,836**	**5,500**

The weighted averages of the main actuarial assumptions used to determine the value of the provision for jubilee and extra holiday days as at 31 December were as follows:

	2008	2007
Jubilee and extra holiday days		
Discount rate	4.6%	4.9%
Expected increment in salaries	2.2%	3.8%

(iii) Provision for share-based payments
Under the option plan introduced in 2001, the members of the Managing Board and a limited group of senior managers were granted options on depositary receipts for ordinary shares. The options granted have a life of seven years. The option plan was terminated in 2004, after which all options were fully vested.

The fair value of the options outstanding at each balance sheet date is measured using a binomial lattice model, taking into account the terms and conditions at which the options were granted, whereby the following assumptions are used:
- A constant volatility and a fixed number of time steps, starting on the valuation date (1 November 2008) and ending at the maturity date of the stock options contract, whereby the volatility was calculated using historical share prices from the same peer group that was used in determining the Company's share price.
- Value per share of EUR 19.63.
- Risk free rates are based on the Dutch Government EUR yield curve as of 1 November 2008.
- The Company's dividend policy.
- Estimated percentage of number of people leaving in each future year (5.0%).

The movement in the stock option provision can be summarised as follows:

	Note	2008	2007
Balance as at 1 January		**666**	**786**
Options exercised		-271	-184
Charge to/(release of) provision	13	-305	64
Balance as at 31 December		**90**	**666**

Options granted to employees

Year	Number granted	Number exercised	Number expired	Number outstanding	Average exercise price in euros	Year of expiry
2001	242,190	169,180	73,010	-	32.78	2008
2001	259,610	216,190	43,420	-	34.62	2008
2002	294,060	257,260	30,290	6,510	34.83	2009
2003	329,030	283,010	15,340	30,680	35.28	2010
	1,124,890	**925,640**	**162,060**	**37,190**		

No options have been granted to the members of the Supervisory Board. The current and former members of the Managing Board exercised all their outstanding option entitlements in 2004. The exercise price of the options granted is based on an annual valuation report issued by an external advisor. In accordance with the findings of this report, the exercise price offered participants in the option plan an ‘at the money’ variant or an ‘out of the money’ variant. The valuation report issued in November 2008 gave a value per share of EUR 19.63 (2007: EUR 39.46). The amount payable on the options is EUR 0.3 million (2007: EUR 0.2 million before tax) and was credited against the provision.

The movement in the number of options outstanding can be shown as follows:

	2008	2007
Number of options outstanding as at 1 January	**78,330**	**110,080**
2001 1st tranche exercised	-3,920	-8,050
2001 2nd tranche exercised	-8,540	-4,200
2002 tranche exercised	-8,960	-
2002 tranche expired	-2,730	-
2002 tranche exercised	-14,260	-19,500
2003 tranche expired	-2,730	-
Number of options outstanding as at 31 December	**37,190**	**78,330**

(iv) Restructuring provisions and provisions for onerous contracts

	Restructuring		Onerous contracts	
	2008	2007	2008	2007
Carrying amount as at 1 January	**2,605**	**3,061**	**1,884**	**1,722**
Add: additional provisions made/transfers	17	1,271	42	162
Less: amounts used (incurred and charged)	-634	-77	-223	-
Less: reversal of provision	-1,685	-1,650	-	-
Carrying amount as at 31 December	**303**	**2,605**	**1,703**	**1,884**

In two subsidiaries of the Group provisions are established in respect of reorganisation plans which focus on reduction in headcount. It is expected that the main provisions will run off within the coming one to two years.

(v) Other staff provisions and other provisions

	Other staff provisions		Other provisions	
	2008	2007	2008	2007
Carrying amount as at 1 January	**6,906**	**5,339**	**1,482**	**2,571**
Add: additional provisions made/transfers	3,366	2,550	37	-960
Less: amounts used (incurred and charged)	-3,349	-983	-26	-129
Less: reversal of provision	-675	-	-479	-
Carrying amount as at 31 December	**6,248**	**6,906**	**1,014**	**1,482**

The other staff provisions are actuarially determined every three years.

Other provisions mainly relate to a small number of employee related litigations and obligations of relatively small size and are expected to run off in the short term.

Note 35 – Insurance contract provisions

	2008	2007
Provision for TPL	104,502	104,576
Provision for damage claims and other provisions	34,017	48,866
IBNR	93,433	81,004
Balance as at 31 December	**231,952**	**234,446**

The insurance contract provisions can be shown as follows:

	2008			2007		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reported	138,519	-29,528	108,991	153,442	-20,992	132,450
Claims IBNR	93,433	-	93,433	81,004	-	81,004
Total insurance contract provisions	**231,952**	**-29,528**	**202,424**	**234,446**	**-20,992**	**213,454**
Current	59,830	-	59,830	75,013	-	75,013
Non-current	172,122	-29,528	142,594	159,433	-20,992	138,441
Total insurance contract provisions	**231,952**	**-29,528**	**202,424**	**234,446**	**-20,992**	**213,454**

For the movements in the provision for TPL and the related IBNR reference is made to the financial risk section ('Insurance risk').

Note 36 – Subordinated loans

In November 2006 under the Group's debt issuing programme (EMTN) a EUR 500 million lower Tier 2 10 year non-call 5 bond was issued. In view of the terms of this issue, the Dutch Central Bank has agreed to qualify this issue as subordinated. The issue was bought by a variety of (foreign) institutional investors.

Note 37 – Share capital

At 31 December 2008, the authorised capital amounted to EUR 250 million (2007: EUR 250 million), divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each, of which EUR 71.6 million is issued and paid up. The holders of the ordinary shares are entitled to receive dividend as declared from time to time and are entitled to vote per share at meetings of the Company.

Note 38 – Reserves and retained earnings

Translation reserve

The translation reserve comprises all foreign exchange rate differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company. Translation differences related to discontinued operations amounting to EUR 6.4 million (2007: EUR 8 thousand) were recycled to the income statement.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

Dividend

In 2008 no dividend was paid or declared. In 2007, the Company made two payments to its shareholder Global Mobility Holding B.V. The first payment was a final dividend payment relating to 2006 of EUR 65 million on 2 April 2007. The second payment was an interim dividend payment relating to 2007 of EUR 130 million on 18 December 2007.

Profit appropriation

Reference is made to the Company financial statements on the appropriation of profit for the year and the movements in the reserves.

Note 39 – Minority interests

Movements in Minority interests were as follows:

	2008	2007
Balance as at 1 January	**-**	**-1,004**
Share of net profit of subsidiaries		1,231
Other changes		-217
Foreign exchange		-10
Balance as at 31 December	**-**	**-**

In 2007 the minority interest relating to the Company's participation in LeasePlan India, was written off to zero to reflect the contractual arrangements with the minority shareholder. The other change in 2007 relates to the divestment of the JB Carrosserie group in Belgium.

Note 40 – Commitments

Commitments entered into in connection with long-term rental and lease contracts amounted to EUR 105 million (2007: EUR 109 million) as at balance sheet date.

For a number of clients, residual value guarantees have been given to a total of EUR 253 million (2007: EUR 215 million).

Credit facilities have been concluded with associates and jointly controlled entities amounting to EUR 291 million (2007: EUR 275 million) of which EUR 231 million (2007: EUR 153 million) is drawn. Reference is made to note 19.

Note 41 – Related parties

Identity of related parties

Related parties and enterprises, as defined by IAS 24, are parties and enterprises which can be influenced by the Company or which can influence the Company.

Global Mobility Holding B.V. is shareholder of the Company. The business relations between the two companies and its indirect shareholders are handled on normal market terms.
In October 2008 the Company secured a EUR 1.5 billion 3 year credit facility from Volkswagen A.G. through its subsidiary Volkswagen International Payment Services N.V. At year-end 2008 an amount of EUR 1.3 billion was drawn under this facility, which is included in the balance sheet caption 'Funds entrusted'.
On 8 November 2007 the Company purchased from Volkswagen Financial Services A.G. a 51% share in vdf Holding A.S., a company active in the operational leasing market in Turkey. The purchase price of this transaction amounted to EUR 9.2 million.

All business relations with associates and jointly controlled entities are handled on normal market terms.
The Group has a related party relationship with its subsidiaries, associates, joint ventures and with its directors and executive officers. There were no related party transactions with the ultimate parent company or with the parent company other than the payment of dividend on ordinary shares.

Amounts receivable from customers include an amount totalling EUR 230.8 million (2007: EUR 152.7 million) receivable from an investment in associates and jointly controlled entities.

Transactions with key management personnel

Key management personnel are considered to be the Managing Board and the Senior Vice-Presidents.

In addition to their salaries, the Group also provides non-cash benefits to the key management and contributes to post-employment defined benefit and defined contribution plans on their behalf.

The key management personnel compensations are as follows:

	2008	2007
Short-term employee benefits	10,515	9,697
Post-employment benefits	795	2,227
	11,310	**11,924**

The total remuneration is included in staff expenses (reference is made to note 13).

Option payments following the share option scheme to key management personnel amounted to EUR 0.3 million (2007: EUR 0.2 million). Reference is made to note 34 (iii).

	2008	2007
Managing Board	3,256	4,907
Senior Vice-Presidents	8,054	7,017
	11,310	**11,924**

The Group has not granted any loans, guarantees or advances to the members of the Managing Board.

Remuneration of the members of the Supervisory Board

The members of the Supervisory Board receive no remuneration chargeable to the Group. The Group has not granted any loans, guarantees or advances to the members of the Supervisory Board.

Note 42 – Contingent assets and liabilities

A Group company in France is involved in a dispute before a French court. On 12 March 2009 judgement was rendered by the Court of Appeal and the Group company Gestion Location Service S.A.S. ("GLS") is ordered to pay the principal amount of EUR 10 million, increased by interest and costs. GLS will consider the next steps and will seek expert advice about its options to bring the case before the 'Cour de Cassation' in Paris.
At 31 December 2008, the Company and its subsidiaries were involved in a number of other legal actions, either as claimant or as defendant. No material provisions were recorded as the probability of a material outflow of economic resources related to those actions was assessed as being remote.

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Netherlands Civil Code, the Company has filed a declaration of joint and several liability with respect to the financial obligations of the majority of the subsidiaries in the Netherlands. Abridged financial statements have accordingly been prepared for the subsidiaries. The Company forms a fiscal unity with a number of Group companies in the Netherlands regarding corporate income tax and VAT. As a result the Company can be held jointly liable for tax returns of those subsidiaries.

As at year-end 2008, guarantees had been provided on behalf of the consolidated subsidiaries in respect of commitments entered into by those companies with an equivalent value of EUR 1.6 billion (2007: EUR 1.9 billion).

The probability of any inflow of economic benefits arising from the contingent assets is difficult to estimate and remote. Accordingly no asset is recognised in the balance sheet.

Note 43 - Subsequent events

In February 2009 the Group issued a EUR 1.25 billion three year fixed rate loan, maturing in February 2012, under the 2008 Credit Guarantee Scheme of the State of the Netherlands.

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Balance sheet of the Company

for the year ended 31 December (before profit appropriation)

In thousands of euros	Note	2008	2007
Assets			
Subsidiaries	2	1,309,113	1,752,323
Amounts receivable from subsidiaries	3	4,127,329	3,631,197
Associates and jointly controlled entities	4	7,684	9,181
Amounts receivable from associates and jointly controlled entities	5	158,744	100,494
Own debt securities issued	6	2,011,950	1,019,500
Other financial assets	7	897,893	347,569
Other assets	8	14,823	21,544
Cash at central bank	9	25,441	13,342
Total assets		**8,552,977**	**6,895,150**
Liabilities			
Liabilities to financial institutions	10	1,718,615	770,109
Funds entrusted	11	309,450	409,660
Debt securities issued	12	4,296,810	3,630,113
Amounts payable to subsidiaries	13	223,400	103,946
Other liabilities	14	122,158	76,772
Provisions	15	90	666
Subordinated loans	16	498,381	500,000
Total liabilities		**7,168,904**	**5,491,266**
Equity			
Issued capital		71,586	71,586
Share premium reserve		506,398	506,398
Hedging reserve		-145,003	30,266
Legal reserves		105,344	71,747
Translation reserve		-56,368	-9,362
Other reserves		699,652	477,806
Profit for the period		202,463	255,443
Shareholders' equity	17	**1,384,072**	**1,403,884**
Total equity and liabilities		**8,552,976**	**6,895,150**

Income statement of the Company

In thousands of euros	Note	2008	2007
Result from subsidiaries after taxation	2	202,162	254,381
Other results after taxation		301	1,062
Profit for the period		**202,463**	**255,443**

Notes to the Company financial statements

All amounts are in thousands of euros, unless stated otherwise.

Note 1 – General

For certain notes to the Company's balance sheet, reference is made to the notes to the consolidated balance sheet unless stated otherwise.

The Company's financial statements are prepared pursuant to the provisions in Part 9, Book 2, of the Netherlands Civil Code, by applying the accounting policies used in the consolidated financial statements under IFRSs pursuant to the provisions of Article 362 sub 8, Part 9, Book 2, of the Netherlands Civil Code.

The income statement in the Company's financial statements has been presented in abridged form pursuant to the provisions of Article 402, Part 9, Book 2, of the Netherlands Civil Code.

Under reference to Article 362 sub 8, Title 9, of the Netherlands Civil Code, the associates and jointly controlled entities are measured and valued in accordance with the same IFRSs accounting standards as adopted in the consolidated financial statements of the Company.

By adopting Article 362 sub 8, Title 9, of the Netherlands Civil Code, the shareholders' equity in the Company's financial statements accounts equals the shareholders' equity in the consolidated financial statements of the Company.

The accounting policies set out before in preparing the consolidated financial statements for the year ended 31 December 2008 and the consolidated financial statements for the year ended 31 December 2007 are also applied in the Company's financial statements, with the exception of the valuation of investments in subsidiaries.

Investments in subsidiaries, associates and jointly controlled entities

The investments in subsidiaries that are not classified as held-for-sale are accounted for in accordance with the net value of assets and liabilities, based upon accounting policies used in the consolidated financial statements. The investments associates and jointly controlled entities that are not classified as held-for-sale are accounted for in accordance with the net equity method based upon accounting policies used in the consolidated financial statements. When the Group's share of losses exceeds its interest in a subsidiary, jointly controlled entity or associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations, which are expected to result in an outflow of resources, or made payments on behalf of the subsidiary, jointly controlled entity or associate.

Note 2 – Subsidiaries

Movements in subsidiaries are as follows:

	2008	2007
Balance as at 1 January	**1,752,323**	**1,682,528**
Purchase of and increase in subsidiaries	68,540	10,610
Deconsolidation of and reductions in subsidiaries	-497,552	-169,677
Result of subsidiaries	202,162	254,381
Direct changes in equity	-162,792	-4,153
Exchange differences	-53,568	-21,366
Balance as at 31 December	**1,309,113**	**1,752,323**

The direct changes in equity relate to fair value changes in cash flow hedges.

Note 3 – Amounts receivable from subsidiaries

The amounts receivable comprise mainly amounts receivable from other operating subsidiaries.

The maturity analysis is as follows:

	2008	2007
Three months or less	1,399,194	2,002,745
Longer than three months, less than one year	616,619	1,015,145
Longer than one year, less than five years	2,110,141	611,714
Longer than five years	1,375	1,593
Balance as at 31 December	**4,127,329**	**3,631,197**

Note 4 – Associates and jointly controlled entities

This caption relates to a 51% interest in a joint venture in Turkey, which was acquired in 2007.

Movements in associates and jointly controlled entities are as follows:

	2008	2007
Balance as at 1 January	**9,181**	**-**
Acquisitions	-	9,181
Share of results	-1,497	-
Balance as at 31 December	**7,684**	**9,181**

Note 5 – Amounts receivable from associates and jointly controlled entities

This caption relates to loans to associates and jointly controlled entities.

The maturity analysis is as follows:

	2008	2007
Three months or less	18,900	10,550
Longer than three months, less than one year	34,707	25,707
Longer than one year, less than five years	105,137	64,237
Balance as at 31 December	**158,744**	**100,494**

There are no material contingent liabilities of the associates and jointly controlled entities other than loan commitments (reference is made to note 40 to the consolidated financial statements).

Note 6 – Own debt securities issued

The Company has conducted two securitisation programmes under the names Bumper I and Bumper 2, which are both denominated in euro.

Bumper I

This securitisation programme consists of a transaction whereby EUR 1,274.3 million of the lease portfolio (future receivables of LeasePlan Nederland N.V. from clients with whom a lease contract has been concluded and the anticipated revenue from the sale of ex-lease cars at the end of the lease period) was sold to LeasePlan Securitisatie B.V. Debt securities were issued by Bumper I B.V. to finance this transaction. Both LeasePlan Securitisatie B.V. and Bumper I B.V. were specifically incorporated for the purpose of securitisation transactions. The vehicles and receivables have been sold and effectively pledged as security for the Group's redemption and interest obligations on the debt securities.

The notes issued under this securitisation programme have a final legal term of ten years and a revolving period of five years (starting December 2006), after which the contracts expire and redemption takes place. LeasePlan Securitisatie B.V. and Bumper I B.V. are bankruptcy remote special purpose vehicles, but are included in the consolidated financial statements of the Company. The debt securities issued are divided into A-notes (EUR 1,120.5 million), B-notes (EUR 56.6 million), C-notes (EUR 72.8 million) and D-notes (EUR 24.4 million).

The notes are listed on the Irish Stock Exchange. The transaction was assessed by Fitch Ratings resulting in a AAA-rating for the A-notes and a AA-rating for the B-notes.

All notes are held by the Company. All A-notes have been placed with the Dutch Central Bank allowing the Company to act as counterparty for monetary transactions. The interest payable on the notes on a quarterly basis is equal to three-month Euribor plus a mark-up. The D-notes are subordinate to the C-notes, the C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.

Bumper 2

In March 2008 a securitisation transaction was completed whereby EUR 875.6 million of future lease instalment receivables and related residual value receivables originated by LeasePlan Deutschland GmbH (the “originator”) were sold to Bumper 2 S.A., a bankruptcy remote entity incorporated under the laws of Luxembourg. Debt securities were issued by Bumper 2 S.A. to finance this transaction. Bumper 2 S.A. was specifically incorporated for the purpose of securitisation transactions. The residual value receivables are created through the expectancy rights purchaser (ERP), Bumper Car Sales GmbH, a German special purpose company that purchased the expectancy rights the originator has against the issuer. The ERP in turn contracted with the originator to pay the vehicle realisation proceeds as the purchase price for the expectancy rights. These claims the originator has against the ERP were sold to the issuer. The originator must pay the contractually residual value at the end of the leasing contract to the ERP.

The notes issued under this securitisation programme have a final legal term of fifteen years and a revolving period of five years, after which the contracts expire and redemption takes place. Bumper 2 S.A. and Bumper Car Sales GmbH are bankruptcy remote special purpose vehicles, but are included in the consolidated financial statements of the Company. The debt securities issued in March 2008 are divided into A-notes (EUR 663.3 million), B-notes (EUR 74.4 million) and C-notes (EUR 137.9 million). The notes are listed on the Luxembourg Stock Exchange. The transaction was assessed by Standard & Poor’s resulting in a AAA-rating for the A-notes and a A-rating for the B-notes.

All notes are held by the Company, except for the C-notes which are held by LeasePlan Finance N.V. All A-notes have been placed with the Dutch Central Bank allowing the Company to act as counterparty for monetary transactions. The interest payable on the notes on a monthly basis is equal to one-month Euribor plus a mark-up. The C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.

The maturity of the debt securities is as follows:

	2008	2007
Longer than one year, less than five years	791,405	-
Longer than five years	1,220,545	1,019,500
Balance as at 31 December	**2,011,950**	**1,019,500**

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Note 7 – Other financial assets

This caption includes investments in bonds, which are used as collateral value by the Group's central Treasury when engaging in monetary transactions with the ECB. In 'Loans to financial institutions' an amount of EUR 125 million is included which is deposited as cash collateral for the Bumper 1 securitisation transaction. Reference is made to note 6.

	2008	2007
Loans to financial institutions	477,850	277,057
Bonds	340,163	40,000
Derivative financial instruments	79,880	30,512
	897,893	**347,569**

Derivative financial instruments are carried at fair value and are made up as follows:

	2008			2007		
	Notional amounts	Fair value		Notional amounts	Fair value	
		Assets	Liabilities		Assets	Liabilities
Interest rate swaps/forward rate agreements	3,748,651	18,577	35,630	2,432,990	12,337	22,667
Currency swaps	-	-	-	240,365	8,241	-
Total derivatives in hedge	**3,748,651**	**18,577**	**35,630**	**2,673,355**	**20,578**	**22,667**
Interest rate swaps/forward rate agreements	2,243,643	2,475	10,470	2,047,718	674	466
Currency swaps/currency forwards	1,543,424	58,828	270	1,031,786	9,260	21
Total derivatives not in hedge	**3,787,067**	**61,303**	**10,740**	**3,079,504**	**9,934**	**487**
Total	**7,535,718**	**79,880**	**46,370**	**5,752,859**	**30,512**	**23,154**

The fair value of 2008 is based on the dirty price (including accrued interest), whereas the fair value of 2007 is based on the clean price (excluding accrued interest). If the derivatives would have been valued at dirty price in 2007 the fair value of the assets would be EUR 8.5 million lower and the fair value of the liabilities would be EUR 0.8 million higher.

The unrealised gain/(loss) on derivatives and the unrealised gain/(loss) of financial liabilities used in fair value hedges recognised in the income statement breaks down as follows:

	2008	2007
Derivatives not designated as hedges	-5,198	148
Derivatives at fair value hedges	5,519	-6,969
Derivatives at cash flow hedges (imperfectness)	43	-1
Derivatives in hedge of net investment	970	-970
	1,334	**-7,792**
Financial liabilities used in fair value hedges	-5,546	6,918
	-4,212	**-874**

Note 8 – Other assets

Other assets include a corporate income tax receivable from fiscal authorities and Group companies forming part of the fiscal unity. The Company settles corporate income tax due or receivable on taxable income with its Group companies forming part of the fiscal unity as if these Group companies were responsible for their tax filings on a stand-alone basis.

Note 9 – Cash at central bank

Mandatory reserve deposits that amount to EUR 25.4 million (2007: EUR 13.3 million) are not available for use in the Group's day-to-day operations, but are readily available on demand for liquidity supervision by the Dutch Central Bank. The mandatory reserve deposits form part of the cash.

Note 10 – Liabilities to financial institutions

This caption includes amounts owed to credit institutions under government supervision.

The maturity of these loans is as follows:

	2008	2007
Three months or less	1,145,196	655,915
Longer than three months, less than one year	512,132	79,057
Longer than one year, less than five years	61,287	34,137
Longer than five years	-	1,000
Balance as at 31 December	**1,718,615**	**770,109**

Liabilities to financial institutions include an outstanding balance of EUR 4.6 million (2007: EUR 3.8 million) which is non-euro currency denominated as at 31 December 2008. The remainder of the liabilities to financial institutions is denominated in euro.

Note 11 – Funds entrusted

This caption includes all non-subordinated loans not included in 'Liabilities to financial institutions' or 'Debt securities issued'.

The maturity analysis of these loans is as follows:

	2008	2007
Three months or less	73,450	330,900
Longer than three months, less than one year	232,000	23,760
Longer than one year, less than five years	1,000	55,000
Longer than five years	3,000	-
Balance as at 31 December	**309,450**	**409,660**

The funds entrusted are fully denominated in euro as at 31 December 2008 and 2007.

Note 12 – Debt securities issued

This caption includes negotiable, interest-bearing securities, other than those of a subordinated nature.

The debt securities issued include a two year fixed rate loan of EUR 1.45 billion maturing in December 2010, which was raised under the 2008 Credit Guarantee Scheme of the State of the Netherlands.
The issued debt securities which are used in a fair value hedge are valued on the balance sheet at their fair value. The change in fair value is posted through the profit and loss account.

	2008	2007
Bonds and notes	3,932,376	2,957,217
Commercial Paper	14,963	63,933
Certificates of Deposit	349,471	608,963
Balance as at 31 December	**4,296,810**	**3,630,113**

The average interest rates applicable on the outstanding balances can be summarised as follows:

	2008	2007
Bonds and notes	4.3%	4.8%
Commercial Paper	5.6%	4.6%
Certificates of Deposit	5.3%	4.9%
	4.8%	**4.8%**

The maturity analysis of these debt securities issued is as follows:

	2008	2007
Three months or less	264,595	675,636
Longer than three months, less than one year	1,094,317	469,587
Longer than one year, less than five years	2,874,457	2,410,890
Longer than five years	63,441	74,000
Balance as at 31 December	**4,296,810**	**3,630,113**

The debt securities include an outstanding balance of EUR 42.1 million (2007: EUR 422.9 million) which is non-euro currency denominated as at 31 December 2008. The remainder of the debt securities is denominated in euro.

Note 13 – Amounts payable to subsidiaries

The amounts payable to subsidiaries mainly comprise transactions with the insurance captive and Lease Beheer N.V.

The maturity analysis of these amounts payable is as follows:

	2008	2007
Three months or less	173,400	53,946
Longer than one year, less than five years	50,000	50,000
Balance as at 31 December	**223,400**	**103,946**

Note 14 – Other liabilities

	Note	2008	2007
Derivative financial instruments	7	46,370	23,154
Other accruals and other deferred income		69,335	41,053
Corporate income tax payable		6,453	12,565
Balance as at 31 December		**122,158**	**76,772**

Note 15 – Provisions

This caption relates to the provision for share-based payments, reference is made to note 34 (iii) in the consolidated financial statements of the Company.

Note 16 – Subordinated loans

With respect to the disclosure of the subordinated loans, reference is made to note 36 in the consolidated financial statements of the Company.

Note 17 – Shareholders' equity

Share capital

As at 31 December 2008, the authorised capital amounted to EUR 250 million (2006: EUR 250 million), divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each, of which EUR 71.6 million is issued and paid up. There were no movements in the issued and paid up capital in 2008 and 2007.

Movements in shareholders' equity

	Share capital	Share premium	Reserves			Translation reserve	Result for the year	Total equity
			Legal reserves	Hedging reserve	Other reserves			
Balance as at 1 January 2007	**71,586**	**506,398**	**67,817**	**38,434**	**464,929**	**12,004**	**210,804**	**1,371,972**
Changes in cash flow hedges				-14,259	232			-14,027
Changes in net investment hedges				6,862				6,862
Currency translation differences						-21,366		-21,366
Other changes				-771	771			-
Net income/(expenses) recognised directly in equity	**-**	**-**	**-**	**-8,168**	**1,003**	**-21,366**	**-**	**-28,531**
Profit for the period							255,443	255,443
Total recognised income/ (expenses) for the period	**-**	**-**	**-**	**-8,168**	**1,003**	**-21,366**	**255,443**	**226,912**
Transfer from/to			3,930		-3,930			-
Appropiation of result					210,804		-210,804	-
Dividend					-195,000			-195,000
Balance as at 31 December 2007	**71,586**	**506,398**	**71,747**	**30,266**	**477,806**	**-9,362**	**255,443**	**1,403,884**
Changes in cash flow hedges				-168,407				-168,407
Changes in net investment hedges				-6,862				-6,862
Currency translation differences						-47,006		-47,006
Net income/(expenses) recognised directly in equity	**-**	**-**	**-**	**-175,269**	**-**	**-47,006**	**-**	**-222,275**
Profit for the period							202,463	202,463
Total recognised income/ (expenses) for the period	**-**	**-**	**-**	**-175,269**	**-**	**-47,006**	**202,463**	**-19,812**
Transfer from/to			33,597		-33,597			-
Appropiation of result					255,443		-255,443	-
Balance as at 31 December 2008	**71,586**	**506,398**	**105,344**	**-145,003**	**699,652**	**-56,368**	**202,463**	**1,384,072**

The share premium reserve is a reserve in which the amount paid in excess of the nominal value is included.

The translation reserve comprises all foreign exchange rate differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company as of 1 January 2004. Translation differences related to discontinued operations amounting to EUR 6.4 million (2007: EUR 8 thousand) are recycled to the income statement.

Legal reserves are non-distributable reserves relating to requirements to establish reserves for specific purposes either by the Articles of Association of the Company and/or by local law.

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred and that prove to be highly effective in relation to the hedged risk.

The movements in the legal reserves are as follows:

	Internally developed software	Legal reserves held by subsidiaries	Other legal reserves	Total legal reserves
Balance as at 1 January 2007	**11,521**	**46,016**	**10,280**	**67,817**
Changes in legal reserves				
Transfer from/to other reserves	10,632	-6,084	-618	3,930
Balance as at 31 December 2007	**22,153**	**39,932**	**9,662**	**71,747**
Changes in legal reserves				
Transfer from/to other reserves	8,141	35,118	-9,662	33,597
Balance as at 31 December 2008	**30,294**	**75,050**	**-**	**105,344**

There are no statutory reserves prescribed in the Articles of Association of the Company.

The legal reserves, translation reserves and hedging reserves are undistributable reserves of the Company pursuant to the provisions of Book 2, Title 9 of the Netherlands Civil Code.

The legal reserves relate to minimum reserves to be maintained for internally developed software, for legal reserves kept by subsidiaries and for changes in the equity of associates (positive net result, direct equity changes less any dividend paid out and the translation reserve for investments in subsidiaries).

Note 18 – Staff

The Company has no employees.

Note 19 – Managing Board remuneration

In addition to their salaries, the Group also provides non-cash benefits to the Managing Board and contributes to post-employment defined benefit and defined contribution plans on their behalf. The Managing Board is also the statutory board of the Company.

The statutory board remuneration is as follows:

	2008	2007
Short-term employee benefits	3,024	4,609
Post-employment benefits	232	298
	3,256	**4,907**

The Group has not granted any loans, guarantees or advances to members of the Managing Board.

Remuneration of the members of the Supervisory Board

The members of the Supervisory Board receive no remuneration chargeable to the Group.
The Group has not granted any loans, guarantees or advances to members of the Supervisory Board.

Note 20 - Audit fees

	2008	2007
Audit services	357	410
Audit-related services	65	25
Total services	**422**	**435**

Note 21 – Commitments

Credit facilities have been concluded with associates and jointly controlled entities amounting to EUR 182 million (2007: EUR 167 million) of which EUR 159 million (2007: EUR 100 million) is drawn (reference is made to note 5).

Note 22 – Contingent liabilities

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Netherlands Civil Code, the Company has filed a declaration of joint and several liability with respect to the majority of the subsidiaries in the Netherlands. Abridged financial statements have accordingly been prepared for these subsidiaries.

The Company forms a fiscal unity with a number of Group companies in the Netherlands regarding corporate income tax and VAT. As a result the Company can be held jointly liable for tax returns of those subsidiaries.

As at 31 December 2008, guarantees had been provided on behalf of the consolidated subsidiaries outside the Netherlands. These guarantees had been provided in respect of commitments entered into by those companies and amount to a value of EUR 1.7 billion (2007: EUR 1.9 billion).

Almere, 18 March 2009

Supervisory Board

F. Witter, chairman
L.H. Santelmann
L.A.H.W. Sander
D.E. Wittig
W.A. Al Mokarrab Al Muhairi
C.A. Obeid
H.N. Lazkani
F.W. Vermeulen

Managing Board

V. Daemi, chairman
A.B. Stoelinga
H.P. Lützenkirchen

List of principal consolidated participating interests

Pursuant to Article 379, Title 9, Book 2, of the Netherlands Civil Code a full list of Group companies and associates and jointly controlled entities complying with the relevant statutory requirements has been filed with the Chamber of Commerce of Gooi-, Eem- en Flevoland. Unless stated otherwise, the percentage interest is 100% or nearly 100%.

Principal subsidiaries, which are fully included in the consolidated financial statements, are:
LeasePlan Australia Limited, Melbourne
LeasePlan Deutschland GmbH, Dusseldorf
LeasePlan Brasil Ltda., San Paulo
LeasePlan Česká republika s.r.o., Prague
LeasePlan Danmark A/S, Copenhagen
LeasePlan Finland Oy, Helsinki
LeasePlan Fleet Management N.V., Brussels
LeasePlan Fleet Management (Polská) Sp. z o.o., Warsaw
LeasePlan Fleet Management Services Ireland Limited, Dublin
LeasePlan France S.A.S., Paris
LeasePlan Hellas S.A., Athens
LeasePlan Hungária Gépjármű Kezelö és Fiannszírozó Részvénytá, Budapest
LeasePlan India Limited, New Delhi
LeasePlan Italia S.p.A., Milan
LeasePlan Luxembourg S.A., Luxembourg
LeasePlan Mexico S.A. de C.V., Mexico City
LeasePlan Nederland N.V., Amsterdam
LeasePlan New Zealand Limited, Auckland
LeasePlan Norge A/S, Oslo
LeasePlan Österreich Fuhrparkmanagement GmbH, Vienna
LeasePlan Portugal Comércio e Aluguer de Automóveis e Equipamentos Unipessoal Lda., Lisbon
LeasePlan Romania SRL, Voluntari
LeasePlan (Schweiz) AG, Zurich
LeasePlan Servicios S.A., Madrid
LeasePlan Slovakia B.V., Bratislava
LeasePlan Sverige AB, Stockholm
LeasePlan UK Limited, London
LeasePlan USA, Inc., Atlanta
LeasePlan Finance N.V., Almere
LeasePlan International B.V., Amsterdam
LeasePlan Supply Services AG, Risch
Euro Insurances Limited, Dublin
Globalines Reinsurance Limited, Isle of Man
Travelcard Nederland B.V., Almere

Special purpose vehicles with no shareholding by the Group are:
Bumper I B.V., Amsterdam
LeasePlan Securitisatie B.V., Amsterdam
Bumper 2 S.A., Luxembourg
Bumper Car Sales GmbH, Neuss

All holdings are in the ordinary share capital of the undertaking concerned and are unchanged from 2007.

Principal associates and jointly controlled entities that are accounted for under net equity accounting in the consolidated financial statements are:
LeasePlan Emirates Fleet Management – LeasePlan Emirates LL, United Arab Emirates (49%)
E Lease S.A.S., France (5%)
Overlease S.r.L., Italy (51%)
Please S.C.S., France (99.3%)
Excelease N.V., Belgium (51%)
Flottenmanagement GmbH, Austria (49%)
Terberg Leasing B.V., the Netherlands (24%)
vdf Holding A.S., Turkey (51%)

The net equity accounting treatment is based on contractual agreements, whereby joint control is agreed upon in the contract.

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Netherlands Civil Code, LeasePlan Corporation has filed a declaration of joint and several liability with respect to the financial obligations of the majority of the participating interests in the Netherlands. For the following participating interests an Article 403 declaration is filed:

AALH Participaties B.V.
Energie LeasePlan B.V.
Lease Beheer N.V.
Lease Beheer Holding N.V.
LeasePlan Finance N.V.
LeasePlan International B.V.
LeasePlan Nederland N.V.
LeasePlan Securitisatie B.V.
LPC Auto Lease B.V.
Travelcard Nederland B.V.

Auditor's report

To the Shareholders of LeasePlan Corporation N.V.

Report on the financial statements
We have audited the accompanying financial statements 2008 of LeasePlan Corporation N.V. ('the Company'), Amsterdam as set out on pages 35 to115. The financial statements consist of the consolidated financial statements and the Company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the income statement, statement of changes in shareholders' equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes. The Company financial statements comprise the Company balance sheet as at 31 December 2008, the income statement for the year then ended and the notes.

The Managing Board's responsibility
The Managing Board of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the Managing Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Managing Board, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2008, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the Company financial statements
In our opinion, the Company financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements
Pursuant to the legal requirement under Article 2:393 sub 5f of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the Managing Board is consistent with the financial statements as required by Article 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 18 March 2009
PricewaterhouseCoopers Accountants N.V.

H.F.M. Gertsen RA

Other information

Provisions of the Articles of Association on profit appropriation

Article 22

1. The Managing Board shall in respect of distributable profits make a proposal for distribution of dividend and the allocation to the general reserve. Such proposal is subject to the approval of the Supervisory Board.
2. With due observance of paragraph 1 of this article, the distributable profits shall be at the disposal of the General Meeting for distribution of dividend or in order to be added to the reserves or for such other purposes within the Company's objects as the meeting shall decide. In calculating the amount of profit to be distributed in respect of each share, only the amount of the mandatory payments towards the nominal amount of the shares shall be taken into account.
3. The Company may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law. In calculating the appropriation of profits, the shares held by the Company in its own share capital shall not be taken into account.
4. Distribution of profits shall take place after the adoption of the financial statements which show that the distribution is permitted.
5. The Supervisory Board may resolve to distribute one or more interim dividends and/or other interim distributions, provided that the requirement laid down in paragraph 2 of this article has been met as shown in an interim statement of assets and liabilities as referred to in article 2:105(4) Civil Code.
6. Dividends shall be payable immediately after they have been declared, unless the General Meeting provides otherwise.
7. The claim for payment of dividends shall lapse on the expiry of a period of five years.

Proposed profit appropriation

No dividend was paid or declared in or regarding 2008. The financial net profit amounting to EUR 202.5 will be added to the general reserve (Other reserves).

Events after balance sheet date

In February 2009 the Group issued a EUR 1.25 billion three year fixed rate loan, maturing in February 2012, under the 2008 Credit Guarantee Scheme of the State of the Netherlands.

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