# PILLAR 3 REPORT

2010

WWW.LEASEPLAN.COM

LeasePlan

It's easier to leaseplan

**LEASEPLAN IS A GLOBAL FLEET AND VEHICLE MANAGEMENT COMPANY OF DUTCH ORIGIN. OUR FULL SERVICE OFFERING CONSISTS OF FINANCING AND OPERATIONAL FLEET MANAGEMENT SERVICES TO MEET THE NEEDS OF A DIVERSE CLIENT BASE. ESTABLISHED MORE THAN 45 YEARS AGO, WE HAVE GROWN TO BECOME THE WORLD'S LEADING FLEET AND VEHICLE LEASING COMPANY WITH OVER 85% OF OUR 6,000 WORKFORCE NOW OPERATING OUTSIDE OF THE NETHERLANDS. OUR GLOBAL FRANCHISE MANAGES AROUND 1.3 MILLION MULTI-BRAND VEHICLES AND PROVIDES FLEET AND VEHICLE MANAGEMENT SERVICES IN 30 COUNTRIES.**

**WE HAVE A PROVEN TRACK RECORD IN ENHANCING OUR PRESENCE IN TRADITIONAL MATURE FLEET MARKETS, AS WELL AS EXPANDING INTO NEW MARKETS AND GROWING OUR BUSINESS TO MARKET LEADING POSITIONS. WE ARE ABLE TO CAPITALISE ON OUR GLOBAL PRESENCE AND INTERNATIONAL NETWORK BY PROVIDING INNOVATIVE PRODUCTS, VALUE FOR MONEY AND SUPERIOR SERVICE TO MEET THE NEEDS OF BOTH NATIONAL AND MULTINATIONAL CLIENTS. WE AIM TO DO THIS BY USING OUR EXPERTISE TO MAKE RUNNING A FLEET EASIER FOR OUR CLIENTS. THIS IS REFLECTED IN OUR UNIVERSAL PROMISE TO ALL OUR CLIENTS:**

**'IT'S EASIER TO LEASEPLAN'.**

'LeasePlan' and 'Group' is, where appropriate, used as a reference to LeasePlan Corporation N.V. as a group of companies forming part of LeasePlan Corporation N.V. 'Group company' as used in this document refers to a (partly) owned entity of LeasePlan Corporation N.V. A list of principal consolidated companies within LeasePlan Corporation N.V. and a list of principal associates and jointly controlled entities that are accounted for under net equity accounting are included at the end of this document.

# PILLAR 3 REPORT
# 2010

# PILLAR 3 REPORT

# INTRODUCTION

THIS PILLAR 3 REPORT IS PREPARED IN ACCORDANCE WITH THE DISCLOSURE REQUIREMENTS AS INCLUDED IN THE EUROPEAN UNION'S CAPITAL REQUIREMENTS DIRECTIVE. IN ADDITION TO LEASEPLAN'S ANNUAL REPORT 2010, THIS PILLAR 3 REPORT DESCRIBES LEASEPLAN'S RISK MANAGEMENT FRAMEWORK, THE MEASUREMENT OF RISK POSITIONS INTO RISK WEIGHTED ASSETS AND HOW THESE RISK POSITIONS TRANSLATE INTO CAPITAL REQUIREMENTS AND SUBSEQUENTLY, HOW THESE REQUIREMENTS RELATE TO THE ACTUAL CAPITAL POSITION OF THE COMPANY.

The Capital Requirements Directive is based on the Basel II framework, prepared by the Basel Committee on Banking Supervision. The fundamental objective of the Basel Committee was to develop a framework that would further strengthen the soundness and stability of the international banking system. The framework aims at significantly more risk-sensitive capital requirements by the introduction of more diversification when translating risk positions into capital requirements. The framework promotes the adoption of stronger risk management practices by the banking industry by introducing greater use of assessments of risks provided by a bank's internal systems as input to capital calculations.

### THE BASEL II FRAMEWORK IS BUILT ON THREE PILLARS:

- **Pillar 1** – defines the rules and regulations for calculating risk weighted assets and regulatory minimum capital requirements.
- **Pillar 2** – addresses a bank's internal process for assessing overall capital adequacy in relation to its risks, the process that is also referred to as the Internal Capital Adequacy Assessment Process (ICAAP). Furthermore, Pillar 2 also entails the Supervisory Review and Evaluation Process (SREP).
- **Pillar 3** – focuses on market discipline, a set of minimum disclosure requirements.

With the introduction of the third Pillar, the Basel Committee aimed at encouraging banking institutions to disclose information that will allow market participants to assess key pieces of information on the scope of application, capital, risk exposures, risk assessment processes, and hence the capital adequacy of banking institutions. A basic principle is that a bank's disclosures should be consistent with how it assesses and manages the risks, meaning that it should be based largely on internally available risk management information.

### 1.1 Purpose
This Pillar 3 report comprises LeasePlan's response to the requirements of Pillar 3 as laid out in Annex XII of the Capital Requirements Directive.

### 1.2 Scope
LeasePlan's Pillar 3 report describes its risk management framework and capital management. In its Annual Report 2010, LeasePlan has in a summarised format also presented disclosures on its risk framework, its risk positions and its capital position.

In this Pillar 3 report LeasePlan provides more detailed insight on the risks inherent to its business, how these are managed and how these relate to capital requirements. For the purpose of transparency the relation between the information provided in this report and the Annual Report 2010 is made visible where considered necessary.

### 1.3 Frequency
The Pillar 3 report will be made public annually, coinciding with the publication of LeasePlan's Annual Report. The disclosures are made public on LeasePlan's website.

### 1.4 Structure of the report
This Pillar 3 disclosure contains the following sections:

- Risk management objectives and policies
- Capital adequacy
- Credit risk
- Asset risk
- Treasury risk
- Damage risk
- Operational risk
- Legal and compliance risk
- Reputational risk

All amounts included in this report are in thousands of euros and refer to the situation as at 31 December 2010 (and 2009), unless stated otherwise.

## 2 RISK MANAGEMENT OBJECTIVES AND POLICIES
### 2.1 Introduction
LeasePlan is a specialised Dutch bank focused on vehicle leasing and fleet management. As the world's leading fleet and vehicle management company, we stand out by virtue of our international network with subsidiaries in 30 countries and the experience and expertise gained over more than 45 years in business. LeasePlan employs over 6,000 people worldwide and manages a consolidated lease portfolio of EUR 13.6 billion. In order to finance assets for our clients we are an active player on international capital and money markets. Headquartered in the Netherlands, LeasePlan has held a general banking licence in the Netherlands since 1993 and is subject to supervision by the Dutch Central Bank. In view of the specific nature of its business, the risk profile of LeasePlan to a large extent differs from most other banks.

The key risks inherent to LeasePlan's business activities are credit risk, asset risk, treasury risks, damage risk, operational risk and legal and compliance risk. These risks and how they are managed are described in the chapters 4 to 10. The largest part of LeasePlan's portfolio consists of operational leasing in which LeasePlan bears the residual value risk, being the (possible) difference between the residual values estimated at lease inception and the actual market prices at contract termination. More details in this respect are described in chapter 5 regarding asset risk.

It is important to note that LeasePlan has focused on vehicle leasing and fleet management for more than 45 years and that it, therefore, has extensive experience in managing the associated risks. Other activities are relatively limited in size and LeasePlan's risk appetite in such other activities is by definition very low.

### 2.2 Basel II implementation
The Basel II framework offers different approaches for the calculation of regulatory capital requirements. Banks have the option to choose from standardised to more advanced approaches where advanced approaches are largely supported by internal risk management models.

LeasePlan opted for the implementation of the most advanced approaches to calculate risk weighted assets for both credit risk and operational risk, based on the following considerations:

- LeasePlan considers Basel II as an opportunity to further professionalise its risk management framework group wide.
- As the world's leading fleet and vehicle management company, it is one of the strategic goals to act as a professional organisation with high standards of risk management.
- The limited range of products and a globally harmonised approach for processes and products, in combination with an existing worldwide data infrastructure strongly encourages the use of advanced approaches.

As from 1 December 2008, LeasePlan reports its capital requirements using the Advanced Internal Rating Based (AIRB) approach for credit risk related to its corporate customers, and the Advanced Measurement Approach (AMA) for operational risk. LeasePlan is currently preparing for the use of the Internal Ratings Based approach for credit risk related to its retail customers as from the end of 2011.

The specific elements related to the implementation of the approaches are disclosed under the relevant specific risk area in the chapters 4 and 8.

During the year 2011, LeasePlan will prepare for the timely implementation of Basel III for the organisation.

### 2.3 Risk management objectives

Risk, being the chance of occurrence of an event that will have an (negative) impact on the objectives of the organisation, is inherent to LeasePlan's business operations. Risk management aims at reducing the frequency and/or the consequences of risk events, and enables management to evaluate and balance the risks and returns related to the business operations. As such, high quality risk management is also considered offering opportunities. By correctly assessing the relevant risks at the inception of each lease, LeasePlan maintains a healthy balance between risk and return.

In line with the Dutch Banking Code, LeasePlan confirmed the risk appetite of the Group in 2010. The overall risk appetite and the risk appetite for each identified risk area, including the related tolerance levels, was discussed with and approved by the Supervisory Board. The explicit setting of risk appetite for the Group companies wil be embedded in the annual planning cycle as from 2011. At least once a year, the Managing Board will submit the risk appetite of LeasePlan to the Supervisory Board for its approval. For a report on the Dutch Banking Code, we refer to page 48 of our Annual Report.

### 2.4 Risk management structure and organisation

LeasePlan's Managing Board sets policies and conditions that reflect the risk appetite for each identified risk area and these policies are adhered to by management teams in Group companies. As mentioned before, the key risks inherent to LeasePlan's business activities are considered:

- Credit risk
- Asset Risk
- Treasury risk
- Damage risk
- Operational risk
- Legal and compliance risk
- Reputational risk

Each of these risks are individually discussed in later sections of this report where the individual risk components, measurement techniques and management practices are described in detail. Responsibilities of risk management in the different risk control phases are delegated to LeasePlan's corporate risk management department, LeasePlan's corporate risk committees and local (risk) management. LeasePlan's group audit department regularly audits corporate and local risk management processes.

#### 2.4.1 Corporate risk management

LeasePlan's corporate risk management department is headed by the Senior Corporate Vice-President Risk Management who reports to LeasePlan's Chief Financial Officer. The Chief Financial Officer is the member of the Managing Board specifically charged with the responsibility for preparing the decision making with regard to risk management. This is in accordance with principle 3.1.7 of the Dutch Banking Code.

The corporate risk management department is responsible for ensuring a continued high quality risk framework within LeasePlan, to measure and report on LeasePlan's risk positions and to create awareness and understanding of risks at all levels. Part of the responsibilities is monitoring the activities of Group companies and specifically, adherence to LeasePlan's policies and to the set limits. The department provides support to businesses regarding risk issues based on the LeasePlan principles and best practices. It also participates in initiatives that require involvement of risk management due to the perceived (expected) risk profile. Furthermore, the corporate risk management department coordinates and prepares the meetings of the risk committees at Corporate centre.

### 2.4.2 Corporate legal and compliance
Effective 1 April 2010 the Senior Corporate Vice-President Legal & Compliance, assumed the role of Group Compliance Officer, reporting directly to the Chief Executive Officer and has the right to have direct access to the Chairman of the Supervisory Board. The corporate legal and compliance department within LeasePlan is responsible for the risk management framework with respect to the management of these risks, including the enhancement of awareness thereof.

### 2.4.3 (Risk) committee structure
Currently there are three Committees of the Supervisory Board, being the Remuneration Committee, Audit Committee and Credit Committee. There is no separate Risk Committee since the relevant subjects are reviewed and discussed by all membrs of the Supervisory Board. For an overview of the members of the three aforementioned committees and a summary of the responsibilities of these committees, we refer to pages 41 and 42 of our Annual Report.

Furthermore, LeasePlan has established several functional risk committees within the organisation. The specific risk committees act as an advisory function to the Managing Board with respect to all matters related to the specific risk areas and have delegated authorities. All meetings have fixed agenda items related to policies, portfolio, exposure developments and risk reporting and minutes are made of all meetings. The risk committees that exist within LeasePlan are:

- Credit Committee
- Asset Risk Committee
- Asset and Liabilities Committee
- Motor Insurance Risk Committee
- Operational Risk Committee
- Compliance Meeting

The committees at LeasePlan have a cross functional character and comprise of at least two members of LeasePlan's Managing Board (except for the Compliance Meeting), the Senior Corporate Vice-President Risk Management, a senior risk manager and are completed by senior management involved in the respective risk domains. The corporate risk management department prepares standardised quarterly reports for discussion by the risk committees. LeasePlan's Chief Financial Officer informs the members of the Executive Management Team on relevant risk management topics. Several of these reports are shared with LeasePlan's Supervisory Board.

Early 2010 a Compliance Meeting was established in order to optimise the coordination of compliance activities at a central level. Representatives of various corporate departments of LeasePlan participate in these meetings. The Senior Corporate Vice-President Legal & Compliance discusses risks and incidents related to compliance with LeasePlan's Chief Executive Officer on a quarterly basis or earlier when required.

As a minimum, all committees meet once every quarter.

### 2.4.4 Local (risk) management
Local management is responsible for managing a Group company's risks within the policies and limits as set by LeasePlan's Managing Board. As part of this responsibility local management is expected to set up a local risk management function as well as to maintain comprehensive risk management systems which cover all risks inherent to the business. Within this risk framework local risk committees have been established in which all relevant risks are discussed, at least, on a quarterly basis.

### 2.4.5 Group audit department
LeasePlan's group audit department performs audits on both central and local organisations. Part of its working programme is an evaluation of the existence and effectiveness of the governance, risk management and control activities. Group audit reports its findings to LeasePlan's Managing Board; its reports are discussed in the Internal Audit Meeting and the Audit Committee.

# 3 CAPITAL ADEQUACY

## 3.1 Capital resources

The eligible capital (BIS capital) that is compared against the risk weighted exposures of LeasePlan consists of Tier 1 capital and Tier 2 capital. The Tier 1 capital is derived from LeasePlan's total equity position. In order to arrive at the Tier 1 capital, adjustments to the total equity are required for the 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 LeasePlan. The eligible capital as at 31 December is shown in the following table:

| | 2010 | 2009 |
|---|---|---|
| **ELIGIBLE CAPITAL** | | |
| Share capital | 71,586 | 71,586 |
| Share premium | 506,398 | 506,398 |
| Translation reserve | 16,073 | -22,057 |
| Hedging reserve | -24,691 | -110,284 |
| Retained earnings | 1,367,038 | 1,172,692 |
| **Total equity** | **1,936,404** | **1,618,335** |
| Prudential filter hedging reserve | 24,691 | 110,284 |
| Goodwill and related intangibles | -92,581 | -94,011 |
| **Tier 1 capital** | **1,868,514** | **1,634,608** |
| Subordinated loans | 269,057 | 268,750 |
| AIRB provision excess | 3,341 | 0 |
| **BIS capital** | **2,140,912** | **1,903,359** |

## 3.2 Capital requirements under Pillar 1

To monitor the adequacy of its available capital, LeasePlan uses ratios established by the Basel Committee of the Bank for International Settlements (BIS). These ratios measure capital adequacy by comparing LeasePlan'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.

LeasePlan uses internal model approaches; the Advanced Internal Rating Based approach (AIRB) for credit risk and the Advanced Measurement Approach (AMA) for operational risk, to determine the risk weighting.

Credit risk, mainly in the form of leases to counterparties, is risk weighted based on the outcome of models developed by LeasePlan. These models are developed based on defined rules as set out by the Basel Committee, and are continuously tested for their predictive quality as well as validated by external parties annually.

In respect of operational risk, no balance sheet exposures exist. Therefore the required capital for operational risk is obtained from the outcome of models that track historic losses and anticipate low frequency - high risk events. The models predict the capital that is required to cover the maximum operational loss LeasePlan could incur under extreme circumstances.

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

The following table analyses actual capital and the minimum required capital under Pillar 1 as at 31 December 2010:

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | Minimum required | Actual | Minimum required | Actual |
| Risk weighted assets | | 12,370,984 | | 12,074,842 |
| | | | | |
| BIS capital | | | | |
| Credit risk leased assets | 632,953 | | 627,211 | |
| Credit risk other assets | 186,603 | | 185,797 | |
| Operational risk | 127,235 | | 114,586 | |
| Currency risk | 42,891 | | 38,394 | |
| **Total** | **989,682** | **2,140,912** | **965,988** | **1,903,359** |
| | | | | |
| BIS ratio | 8.0% | 17.3% | 8.0% | 15.8% |
| Tier 1 capital | | 1,868,514 | | 1,634,658 |
| Tier 1 ratio | | 15.1% | | 13.5% |

The above overview is prepared without taking into account the capital floor that is applicable in relation to the implementation of Basel II regulation. Under the capital floor regulation the risk weighted assets to be used as at 31 December 2010 may not be below 80% of the risk weighted assets as calculated under the former Basel I methodologies.

Including application of the capital floor, the comparison between minimum required and actual capital shows the outcome as displayed in the following table.

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | Minimum required | Actual | Minimum required | Actual |
| Risk weighted assets (Basel I) | | 16,047,269 | | 15,940,628 |
| Application of floor of 80% | 12,837,815 | | 12,752,502 | |
| | | | | |
| BIS capital | | | | |
| Application of floor of 80% | 1,027,025 | 2,140,912 | 1,020,200 | 1,903,359 |
| | | | | |
| BIS ratio | 8.0% | 16.7% | 8.0% | 14.9% |
| Tier 1 capital | | 1,868,514 | | 1,634,658 |
| Tier 1 ratio | | 14.6% | | 12.8% |

In 2011 banking institutions are required to continue applying the capital floor of 80% of Basel I risk weighted assets. In monitoring the adequacy of its capital, LeasePlan constantly reviews the development in (risk weighted) exposures on the one hand and the development in eligible capital on the other hand. Developments in (risk weighted) exposures typically represent movements in the portfolio's opportunities for growth of LeasePlan's core business. The eligible capital will normally grow with profits realised and retained. LeasePlan has a dividend policy that supports the maintenance of adequate capital ratios.

### 3.3 Capital requirements under Pillar 2

Under the second Pillar of the Basel II framework, banking institutions are expected to enhance the link between its risk profile, its risk management and risk mitigation systems and its capital. The main principle is that banking institutions assess the adequacy of its available capital in view of the risks to which it is exposed. The periodical process in achieving the aforementioned objective is referred to as the Internal Capital Adequacy Assessment Process (ICAAP), whereby the assessment of risks goes beyond the minimum requirements as determined in the Pillar 1 process and involves broadly:

- Risks considered under Pillar 1 that are not fully covered under the Pillar 1 process.
- Factors not taken into account by the Pillar 1 process.
- Factors external to the bank (business cycle effects).

LeasePlan uses the outcome of the Pillar 1 calculations as a basis for its calculation of internal capital requirements under Pillar 2. Risk types that are not addressed under Pillar 1 and for which additional capital is maintained under Pillar 2 are:

- Concentration risk: the risk related to the degree of granularity in the lease portfolio, i.e. the exposure to an uneven distribution of business with customers, industries and/or geographical regions.
- Damage risk: the possibility that damages incurred for the account of LeasePlan exceed the compensations received in lease rentals for these risks.
- Interest rate risk: the risk that the profitability of LeasePlan is affected by movements in interest rates.

Furthermore, under Pillar 2, LeasePlan takes a different view on the credit risk capital compared to the capital calculated under Pillar 1:

- The internal assessment of risks has resulted in an outcome of internally required capital for credit risk and residual value risk that deviates from the amounts that are being calculated under Pillar 1. Under Pillar 1, a clear split is required to be made between the contractual amounts due of a client during the contract period (credit risk) and the residual value as set in that contract at contract end (residual value risk). Since LeasePlan, under operational leasing, funds the total investment of the vehicle to its clients and contractually transfers residual value risk (in case of a termination of the contract by the client before original expiry date) partly or totally to the client, the total investment is considered a credit risk during the contract period.
- Separately, LeasePlan calculates internally required capital for asset risk, mainly consisting of residual value exposure at contract termination. LeasePlan's philosophy is that the internal capital requirement should at any time be higher than the consolidated residual value risk exposure for the coming year.

Under Pillar 2, LeasePlan translates all risks assessed to an 8% capital requirement. This is complemented with an additional capital buffer which represents LeasePlan's rating ambition and risk appetite. The total internally targeted minimum capital requirement is set at a level that is also sufficient in a scenario where risks are stressed all together simultaneously. The outcome of the ICAAP is annually followed by the Dutch Central Bank's Supervisory Review and Evaluation Process (SREP).

## 4 CREDIT RISK

### 4.1 Credit risk definition

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 counterparties, represented by accounts receivable due and the book value of vehicles which is (partly) mitigated by the sales proceeds of these vehicles.

### 4.2 Credit risk management structure and organisation

LeasePlan's Managing Board sets authority levels for all LeasePlan Group companies, based on which each Group company is allowed to decide on counterparty acceptance and renewal. The authority levels are granted based on size of the Group company and the perceived quality of credit risk management, and are reviewed by the Group's Credit Committee in its quarterly meetings. Above a Group company's authority, the Group's credit risk management department, the Group's Credit Committee or the Credit Committee of the Supervisory Board is authorised to decide on credit acceptance and renewal. LeasePlan has an internally developed worldwide workflow in place that enables it to efficiently and in accordance with granted authorities handle and monitor credit requests.

In daily meetings the Group's credit risk management department decides within its own delegated authority on credit requests from the Group companies that exceed their authority levels. This department also advises the Group's Credit Committee on items concerning adjustments of delegated authorities, development of local portfolios, credit risk model performance (including stress testing), development of accounts receivable and doubtful debtors, watch accounts and provisions, and introduction and adjustment of credit risk management policies and guidelines. Furthermore, the Group's credit risk management department initiates the introduction and review of counterparty rating models and score cards.

The primary task of the Group's Credit Committee is to decide in regular meetings on credit requests from its Group companies. It concerns more specifically those requests that exceed the authority levels of the individual Group companies and the Group's credit risk management department.

Quantitative specialists within the corporate risk management department are responsible for monitoring and analysing performance of the internal risk models and underlying risk components. In the model development phase this function performs an internal pre-validation of the model and advises on the expected performance of the models to be validated and implemented. The quantitative specialists work in consultation with the several risk management disciplines and are supported by external parties.

The tasks of credit risk management organisations within the Group companies, including the local credit committee comprise among others, the following:

- Define a clear internal credit acceptance policy.
- Decide on credit requests.
- Regularly review the overdue accounts receivable and the doubtful debtors.
- Regularly review the local watch account list, containing all counterparties that need special attention with regard to credit risk management.

In principle, the Managing Director and the Finance Director of a Group company form part of the local credit risk committee. The local credit risk committees act independently from the commercial business area. LeasePlan's group audit department pays, during their audits, specific attention to the way credit risk management has been organised and embedded in the organisation. For this purpose group audit has defined specific activities in its working programme.

### 4.3 Credit risk management policy

LeasePlan has issued policies to its Group companies, which regulate the governance of the local credit risk management organisation and set limits to industry sectors with which Group companies can do business. LeasePlan Group companies are required to define their risk appetite and set their 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.

### 4.4 Credit risk measurement

LeasePlan assesses the probability of default (or PD) of counterparties using internal rating tools tailored to the various categories of counterparties. The tools have been developed internally and combine statistical analysis with credit risk authority judgment and are benchmarked, where appropriate, by comparison with externally available data. The governance built around models ensures that the rating tools are kept under constant review and are adjusted, if necessary. For this purpose LeasePlan regularly monitors if the performance of the models meets internal and external requirements. All models are annually validated by an external party.

LeasePlan also measures concentration risks in the leasing portfolio. In this respect the following credit risk items are assessed:

- Large exposures (single clients and groups of clients).
- Geographic segmentation.
- Industry segmentation.

Furthermore, LeasePlan periodically performs several (reverse) stress test scenarios. In accordance with policy each Group company is required to maintain a special attention and watch list based on the internal rating grade and other available information. These lists are reviewed in regular meetings by the credit committees. Credit risk exposures are monitored on a daily basis. A qualitative analysis of LeasePlan's total credit exposures, defaults and losses is reported on a quarterly basis.

### 4.5 Credit risk exposure

#### 4.5.1 Information on credit risk exposure

Due to accounting principles the credit risk exposure presented in this Pillar 3 report differs in some areas from the credit risk exposure as presented in LeasePlan's Annual Report. The credit risk exposure presented in this report is distributed by exposure classes, while in the Annual Report credit risk exposure is reflected in two separate items based on the accounting qualification of the lease (financial or operational lease). The two balance sheet items reflecting the credit risk exposures related to leasing exposures in the Annual Report are: 'Amounts receivable under finance lease contracts' (under 'Receivables from clients') and 'Property and equipment under operational lease and rental fleet'. The total credit risk exposure with regard to the leasing portfolio as distributed in the Annual Report is shown in the following table:

| **Credit risk exposure** | **2010** | **2009** |
|---|---|---|
| Amounts receivable under finance lease contracts | 2,191,005 | 2,071,700 |
| Property and equipment under operational lease and rental fleet | 11,432,680 | 11,548,795 |
| **Total credit risk exposure** | **13,623,685** | **13,620,495** |

This amount represents LeasePlan's total exposure to counterparties with respect to lease contracts. In the remainder of this section, this will be used to provide further information on credit risk exposures.

### 4.5.2 Credit risk exposure by approach

Effective 1 December 2008 the Group implemented AIRB models for calculating the regulatory capital requirement for credit risk under Basel II. The models for credit risk relate especially to the determination of:

- The probability of default (PD): the likelihood of a counterparty that is assigned a rating getting into default in the next twelve months (expressed in %).
- The loss given default (LGD): the loss the Group expects to incur at the moment of a default (expressed in %).
- The exposure at default (EAD): the actual exposure to a counterparty at the moment of measurement and expressed as expected amount if counterparty would go into default (represented by the remaining amortising book value of lease contracts and arrears).

The models for credit risk are applied to all counterparty exposures, except those related to governments, banks and retail customers. For these exposures LeasePlan applies the standardised approach which prescribes fixed percentages for risk weighting depending on characteristics and conditions of the exposure. The number of counterparties and the total exposures related to the exposure classes banks and governments are relatively low; as a result development of internal models for these exposure classes that meet internal standards is not achievable against reasonable costs. In respect to retail clients LeasePlan is in preparation of implementing an IRB approach before December 2011. The following table shows the credit risk exposure distribution by exposure class and approach:

**Distribution by exposure class and approach**

| | | | 2010 | | | 2009 |
|---|---|---|---|---|---|---|
| **Exposure class** | **AIRB** | **Standardised** | **Total** | **AIRB** | **Standardised** | **Total** |
| Corporates | 10,636,288 | 425,400 | 11,061,688 | 10,816,584 | 292,738 | 11,109,322 |
| Governments | | 719,377 | 719,377 | | 650,664 | 650,664 |
| Banks | | 189,691 | 189,691 | | 231,910 | 231,910 |
| Retail | | 1,579,310 | 1,579,310 | | 1,385,538 | 1,385,538 |
| Other | | 73,619 | 73,619 | | 243,061 | 243,061 |
| **Total** | **10,636,288** | **2,987,397** | **13,623,685** | **10,816,584** | **2,803,911** | **13,620,495** |

### 4.5.3 Credit risk exposure by geography

In presenting information on the basis of geographical segments, the distribution of credit risk exposure is based on the geographical location of the assets. The following geographical segments are used:

- The ‘Europe – euro’ segment contains the Group companies in Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Romania, Slovakia and Spain.
- The ‘Europe – non-euro’ segment contains the Group companies in Czech Republic, Denmark, Hungary, Norway, Poland, Sweden, Switzerland and the United Kingdom.
- The ‘Rest of the world’ segment contains the Group companies in Australia, Brazil, India, Mexico, New Zealand and the United States of America.

The Group companies in Turkey and the United Arab Emirates are not included in this distribution since they are not consolidated in the Group’s financial statements. We refer to chapter 4.8.2 with respect to the treatment of credit risk exposures in respect.

The following table shows the credit risk exposure distribution by exposure class and by geography:

**Distribution by exposure class and geography**

| **Exposure class** | **Europe (euro)** | **Europe (non-euro)** | **Rest of the world** | **Total** | |
|---|---|---|---|---|---|
| Corporates | 6,775,944 | 2,425,772 | 1,859,972 | 11,061,688 | 81% |
| Governments | 232,949 | 284,121 | 202,307 | 719,377 | 5% |
| Banks | 158,286 | 15,144 | 16,261 | 189,691 | 1% |
| Retail | 793,677 | 766,241 | 19,392 | 1,579,310 | 12% |
| Other | 43,252 | 18,969 | 11,398 | 73,619 | 1% |
| **Total as at 31 December 2010** | **8,004,109** | **3,510,246** | **2,109,330** | **13,623,685** | |
| | 59% | 26% | 15% | | 100% |
| **Total as at 31 December 2009** | **8,362,713** | **3,394,677** | **1,863,105** | **13,620,495** | |
| | 61% | 25% | 14% | | 100% |

### 4.5.4 Credit risk exposure by industry

The following table shows the credit risk exposure distribution by exposure class and by industry segment:

**Distribution by exposure class and industry type**

| | Corporates | Governments | Banks | Retail | Other | Total | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|
| Agriculture Forestry and Fishing | 27,454 | 0 | 0 | 11,392 | | 38,847 | 0% | 1% |
| Automotive | 100,911 | 0 | 0 | 11,639 | | 112,550 | 1% | 1% |
| Banks and financial intermediation | 180,106 | 0 | 189,691 | 42,611 | | 412,408 | 3% | 3% |
| Building Materials | 21,078 | 0 | 0 | 2,259 | | 23,337 | 0% | 0% |
| Capital Goods | 1,742,669 | 0 | 0 | 152,386 | | 1,895,055 | 14% | 13% |
| Chemicals | 913,275 | 0 | 0 | 28,194 | | 941,470 | 7% | 8% |
| Construction and Infrastructure | 950,876 | 0 | 0 | 144,563 | | 1,095,439 | 8% | 8% |
| Consumer Durables | 1,624,279 | 0 | 0 | 220,876 | | 1,845,156 | 14% | 13% |
| Diversified-Others | 139,480 | 0 | 0 | 32,362 | | 171,842 | 1% | 1% |
| Food Beverages and Tobaco | 532,673 | 0 | 0 | 16,441 | | 549,115 | 4% | 4% |
| Health Care | 147,261 | 0 | 0 | 29,057 | | 176,319 | 1% | 1% |
| Insurance and Pensionfunds | 217,743 | 0 | 0 | 13,564 | | 231,307 | 2% | 2% |
| Leisure and tourism | 44,711 | 0 | 0 | 18,311 | | 63,021 | 0% | 0% |
| Media | 67,114 | 0 | 0 | 15,624 | | 82,738 | 1% | 1% |
| Natural Resources | 280,522 | 0 | 0 | 13,637 | | 294,158 | 2% | 2% |
| Oil & Gas | 127,914 | 0 | 0 | 3,090 | | 131,004 | 1% | 1% |
| Private Individuals | 5,327 | 0 | 0 | 223,370 | | 228,696 | 2% | 1% |
| Public Administration | 64 | 719,377 | 0 | 5,163 | | 724,603 | 5% | 5% |
| Real Estate | 96,095 | 0 | 0 | 32,071 | | 128,166 | 1% | 1% |
| Retail | 199,074 | 0 | 0 | 46,473 | | 245,548 | 2% | 2% |
| Services | 1,823,792 | 0 | 0 | 403,088 | | 2,226,879 | 16% | 17% |
| Technology | 730,386 | 0 | 0 | 54,380 | | 784,766 | 6% | 6% |
| Telecom | 234,953 | 0 | 0 | 8,790 | | 243,743 | 2% | 2% |
| Transport & Logistics | 433,058 | 0 | 0 | 39,829 | | 472,887 | 3% | 4% |
| Utilities | 325,376 | 0 | 0 | 7,782 | | 333,159 | 2% | 3% |
| Other | 95,497 | 0 | 0 | 2,358 | 73,619 | 171,474 | 1% | 2% |
| **Total as at 31 December 2010** | **11,061,688** | **719,377** | **189,691** | **1,579,310** | **73,619** | **13,623,685** | **100%** | |
| **Total as at 31 December 2009** | **11,109,322** | **650,664** | **231,910** | **1,385,538** | **243,061** | **13,620,495** | **100%** | **100%** |

## 4.6 Risk weighted assets and capital requirements under Pillar 1

The Advanced Internal Rating Based approach measures credit risk using internal data for:

- Probability of default (PD).
- Loss given default (LGD).
- Exposure at default (EAD).
- Remaining maturity.

### 4.6.1 Probability of default

- 4.6.1.1 Rating system

LeasePlan has currently an internal rating system for its exposure class 'corporate counterparties'. Corporate counterparties are segmented into 14 non-default rating classes. LeasePlan's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures may migrate between classes as the assessment of their probability of defaulting might change. LeasePlan's internal rating scale and mapping of external ratings are:

| LeasePlan's rating | Description of grade | 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 listed above are mapped to LeasePlan's rating classes based on the long-term average default rates for each external grade. LeasePlan uses the external ratings where available to benchmark its internal credit risk assessment. Observed defaults for each rating category vary year-on-year, especially over an economic cycle. The governance built around models ensures that the rating tools are kept under constant review and are adjusted if necessary. For this purpose LeasePlan monitors on a quarterly basis if the performance of the models meets internal and external requirements. All models are reviewed annually and are subject to validation by an independent external party.

- 4.6.1.2 Probability of default ranges

To each rating grade a default probability is assigned based on historical default data. The table below summarises the credit ratings of the credit risk exposure of LeasePlan into the applied probability of default ranges:

| | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| **LeasePlan's rating** | **Credit risk exposure** | **PD range** | | **Credit risk exposure** | **PD range** | |
| 1 | 388,296 | 0.03% | 0.03% | 467,696 | 0.03% | 0.03% |
| 2A to 2C | 3,532,896 | 0.03% | 0.10% | 3,735,907 | 0.03% | 0.10% |
| 3A to 3C | 4,236,056 | 0.10% | 0.36% | 4,251,589 | 0.10% | 0.36% |
| 4A to 4C | 2,140,179 | 0.36% | 1.55% | 2,045,227 | 0.36% | 1.55% |
| 5A to 5C | 330,935 | 1.55% | 16.02% | 307,218 | 1.55% | 16.02% |
| 6A | 7,925 | 16.02% | 56.77% | 8,947 | 16.02% | 56.77% |
| Unrated | 2,987,397 | | | 2,803,911 | | |
| **Total** | **13,623,685** | | | **13,620,495** | | |

The average total exposure weighted probability of default for LeasePlan amounts to 0.57%.

For the application of probability of defaults in calculating capital requirements a distinction should be made between Pillar 1 and Pillar 2. According to Pillar 1 regulation, the residual values in LeasePlan's credit risk exposure (approximately 58% of the total credit risk exposure) are subject to a separate risk weighting calculation than the future lease payments. As a result, under Pillar 1, probability of defaults is only used for the calculation of risk weight of future lease payments. Under Pillar 2, these are applied to the full counterparty exposure. Reference is also made to the explanation in section 3.3.

The overview below shows the split of counterparty exposures between future lease payments and residual values in the contracts and their risk weights under Pillar 1. The calculation of risk weight for residual values is based on the remaining maturity of the underlying lease contract whereby a shorter remaining maturity results in a higher risk weight. Since the average remaining maturity of lease contracts is nearly two years (see section 4.6.4), residual values have a relatively high risk weight when compared with the risk weight of future lease payments.

| | | | 2010 | | | 2009 |
|---|---|---|---|---|---|---|
| | Credit risk exposure | Risk weight | Risk weighted assets | Credit risk exposure | Risk weight | Risk weighted assets |
| Future lease payments | 5,727,423 | 34.94% | 2,001,266 | 5,625,203 | 35.03% | 1,970,437 |
| Residual value | 7,896,262 | 74.85% | 5,910,591 | 7,995,292 | 73.42% | 5,869,701 |
| **Total** | **13,623,685** | **58.07%** | **7,911,857** | **13,620,495** | **57.56%** | **7,840,138** |

### 4.6.2 Loss given default

LeasePlan uses internal LGDs based on historical default data. These LGDs are calculated separately for each collateral type (cars & vans, trucks and equipment) and for each country in which LeasePlan is active. The table below displays the average exposure weighted loss given default for LeasePlan at the end of 2010 (29.33%) and the end of 2009 (30.9%).

| | | 2010 | | 2009 |
|---|---|---|---|---|
| **LeasePlan's rating** | Credit risk exposure | Effective LGD | Credit risk exposure | Effective LGD |
| **Total** | **13,623,685** | **29.33%** | **13,620,495** | **30.90%** |

### 4.6.3 Exposure at default

The conversion factor for the EAD is 1.0 of the original credit risk exposure. The main driver for this conversion factor is that in general LeasePlan has no obligation towards counterparties to execute new orders at any time. The original risk exposure is derived from the remaining amortising book value of lease contracts and arrears. LeasePlan's main default criteria are overdue past 90 days and management's judgment of a counterparty's inability to fulfil its financial obligations. The latter criterion is used to avoid disputes with counterparties being reported as defaults.

### 4.6.4 Remaining maturity

The exposure weighted remaining maturity as shown below is based upon residual contractual maturity which is calculated per single object and aggregated on counterparty level:

| | | 2010 | | 2009 |
|---|---|---|---|---|
| **LeasePlan's rating** | Credit risk exposure | Maturity (in years) | Credit risk exposure | Maturity (in years) |
| **Total** | **13,623,685** | **1.83** | **13,620,495** | **1.84** |

### 4.6.5 Risk weight

The risk weight for assets in the credit risk exposure under the Advanced Internal Rating Based approach is calculated using the parameters as set in the internal models for PD, LGD, EAD and remaining maturity. The risk weights for assets in the credit risk exposure under the standardised approach are provided by the Dutch Central Bank as laid down in the Supervisory regulation on solvency requirements for credit risk.

### 4.6.6 Capital requirement under Pillar 1

- 4.6.6.1 Leased assets

The regulatory capital requirement is calculated using the following formula 'Exposure x Risk weight x 8%'. The following table shows the minimum capital requirement for LeasePlan's credit risk exposure:

| | | | | 2010 | | | | 2009 |
|---|---|---|---|---|---|---|---|---|
| **Exposure class** | **Exposure** | **Average risk weight** | **Risk weighted assets** | **Regulatory capital requirement** | **Exposure** | **Average risk weight** | **Risk weighted assets** | **Regulatory capital requirement** |
| AIRB approach | | | | | | | | |
| Corporates | 10,636,288 | 50.91% | 5,414,750 | 433,180 | 10,816,584 | 50.74% | 5,487,875 | 439,030 |
| Standardised Approach | | | | | | | | |
| Corporates | 425,400 | 94.21% | 400,775 | 32,062 | 292,738 | 92.93% | 272,038 | 21,763 |
| Governments | 719,377 | 61.82% | 444,750 | 35,580 | 650,664 | 60.62% | 394,400 | 31,552 |
| Banks | 189,691 | 78.23% | 148,400 | 11,872 | 231,910 | 79.33% | 183,975 | 14,718 |
| Retail | 1,579,310 | 90.52% | 1,429,563 | 114,365 | 1,385,538 | 90.85% | 1,258,788 | 100,703 |
| Other | 73,619 | 100.00% | 73,619 | 5,894 | 243,061 | 99.98% | 243,063 | 19,445 |
| Subtotal | 2,987,397 | 83.59% | 2,497,107 | 199,773 | 2,803,911 | 83.89% | 2,352,263 | 188,181 |
| **Total** | **13,623,685** | **58.07%** | **7,911,857** | **632,953** | **13,620,495** | **57.56%** | **7,840,138** | **627,211** |

The risk weights as presented reflect both the future lease payments as well as the residual values included in the lease contracts. The calculation of risk weight for residual values differs between the advanced internal ratings based approach and the standardised approach. While under the advanced approach the risk weight is dependent on the remaining maturity of the underlying lease contract (risk weight = 1/remaining maturity in years x 100%), residual values under the standardised approach are risk weighted at 100%.

- 4.6.6.2 Other assets

All other assets are subject to the standardised approach and can be summarised as follows:

| | | 2010 | | 2009 |
|---|---|---|---|---|
| **Standardised Approach** | **Risk weighted assets** | **Regulatory capital requirement** | **Risk weighted assets** | **Regulatory capital requirement** |
| Other assets | 1,855,763 | 148,461 | 1,848,163 | 147,853 |
| Off-balance | 374,963 | 29,997 | 342,613 | 27,409 |
| Derivatives | 101,813 | 8,145 | 131,688 | 10,535 |
| **Total** | **2,332,538** | **186,603** | **2,322,463** | **185,797** |

- 4.6.6.3 Stress testing

On a quarterly basis the Group's credit risk management department performs stress testing on the leasing portfolio by assuming deterioration in counterparty's' ratings in combination with a deterioration of LGDs. The worst case scenario calculated under these stress tests assumes an average decrease in counterparties' ratings by two notches and a deterioration of the average LGD by 10%. Such scenario would for LeasePlan result in an increase of required capital amounting to approximately EUR 129 million. The internal capital target calculated under Pillar 2 covers for such a scenario meaning that LeasePlan aims for a minimum capital level that, in the event of such a scenario occurring in combination with stressed scenarios in other risk areas, will keep the capital ratio above the minimum required capital ratio of 8%. The currently available capital is well above the targeted capital.

## 4.7 Credit risk mitigation, provision and impairment

### 4.7.1 Credit risk mitigation

The regulatory capital requirement for credit risk is reduced by the recognition of credit risk mitigation techniques. LeasePlan uses only guarantees by third parties as credit risk mitigation. For guarantees, the substitution method is used which implies that a counterparty's PD is substituted by the PD of the guarantor in case this probability is lower. This implies that the credit risk in respect of the counterparty is substituted by the credit risk of the guarantor. Hence, an exposure fully guaranteed will be assigned the same capital requirement as if the loan was initially granted to the guarantor rather than the counterparty.

The credit risk exposure subject to credit risk mitigation amounts to EUR 1,030 million (9.7% of total credit risk exposure); the impact on regulatory capital requirement is EUR 11.6 million (1% of the minimum capital requirements under Pillar 1).

### 4.7.2 Credit risk provision and impairment

Receivables from clients (mainly lease rentals that have become payable) are individually assessed on indications for impairment. The sources for such indications can be internal, such as (change of) internal rating, payment behaviour and receivable ageing or external, such as (change of) 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. The debtors included in receivables from customers can be detailed as follows:

| **Debtors** | **2010** | **2009** |
|---|---:|---:|
| Neither past due nor impaired | 385,114 | 352,775 |
| Past due but not impaired | 156,005 | 123,520 |
| Impaired | 73,106 | 85,835 |
| **Gross carrying amount** | **614,225** | **562,130** |
| Less: allowance for impairment | -73,343 | -78,406 |
| Less: expected loss provision | -5,754 | -12,289 |
| **Net carrying amount** | **535,128** | **471,435** |

The total impairment allowance for loans and receivables is EUR 79.1 million (2009: EUR 90.7 million) of which EUR 73.3 million (2009: EUR 78.4 million) represents the impaired receivables and the remaining amount of EUR 5.8 million (2009: EUR 12.3 million) represents the expected loss provision determined in line with Basel II. When calculating the expected loss at year-end 2010 (i) the PD for corporate clients was maintained at the current level under the premise that the current economic circumstances are properly reflected in the Group's ratings; and (ii) the LGD was set at the current level under the premise that this properly reflects the level in used vehicle sales proceeds and non-collectable amounts in case of defaults. When calculating the expected loss at year-end 2009 (i) the PD for corporate clients was set one notch below the current level at that moment in time to reflect the expected impact of the envisaged economic circumstances in the Group's ratings in the year to come; and (ii) the LGD was set 5% above the current level at that moment in time to reflect the decreased level in used vehicle sales proceeds and increased non-collectable amounts in case of defaults.

Debtors 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:

| **Debtors past due, but not impaired** | **2010** | **2009** |
|---|---:|---:|
| Past due up to 90 days | 123,462 | 99,909 |
| Past due between 90 - 180 days | 17,200 | 9,724 |
| Past due 180 days - 1 year | 14,338 | 13,886 |
| Past due 1 year - 2 years | 288 | - |
| Past due over 2 years | 717 | - |
| **Total** | **156,005** | **123,520** |

## 4.8 Other credit risk exposures

### 4.8.1 Receivables from financial institutions

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

| *In millions of euros* | 2010 Derivative financial instruments | 2010 Receivables from financial institutions | 2009 Derivative financial instruments | 2009 Receivables from financial institutions |
|---|---|---|---|---|
| **Counterparty rating** | | | | |
| AAA to AA- | 125 | 375 | 96 | 200 |
| A+ to A- | 204 | 1,113 | 178 | 1,077 |
| BBB+ to BBB- | - | 28 | 1 | 35 |
| **Total** | **329** | **1,516** | **275** | **1,312** |

### 4.8.2 Loans to associates and jointly controlled entities

Credit risk for LeasePlan also arises on lending to associates and jointly controlled entities. The underlying business of the respective associates and jointly controlled entities is very similar to LeasePlan's core activities conducted through wholly owned Group companies. In shareholder agreements LeasePlan 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, LeasePlan also monitors and manages its credit exposures to such ventures. As at 31 December 2010 the following exposures existed on associates and jointly controlled entities:

| **Counterparty** | 2010 Outstanding notional | 2009 Outstanding notional |
|---|---|---|
| LPD Holding A,Ş., Turkey | 85,986 | 103,168 |
| Please S.C.S., France | 67,650 | 73,700 |
| LeasePlan Emirates Fleet Management - LeasePlan Emirates LLC, UAE | 10,387 | 8,515 |
| Overlease S.r.L., Italy | 22,548 | 47,466 |
| **Total** | **186,571** | **232,849** |

The risk weighted assets of exposures related to associates and jointly controlled entities are arrived at by applying a 100% risk weight, both for the loan commitments and net equity positions. The committed facilities to the associates and jointly controlled entities amounted to EUR 325 million (2009: 313 million). The net equity value of investments in the above mentioned counterparties amounted to EUR 36 million (2009: 22 million).

## 5 ASSET RISK

### 5.1 Asset risk definition

Within LeasePlan, asset risk is split into two main underlying risk components being residual value risk and risk related to services repair, maintenance and tyres. The residual value risk is defined by LeasePlan as the exposure to potential loss at contract end due to the resale values of assets declining below the estimates made at lease inception. The risk related to service repair, maintenance and tyres is considered LeasePlan's exposure to potential loss due to the actual costs of the services repair, maintenance and tyre replacement exceeding the estimates made at lease inception.

### 5.2 Asset risk management structure and organisation

The Managing Board is the highest ruling authority on asset risk management within LeasePlan. The Managing Board decides on the content and potential changes of policies and is informed about all relevant and significant developments with regard to LeasePlan's asset risk profile. Trends in relevant asset risk related elements are monitored by and discussed in the Group's Asset Risk Committee. This committee also discusses changes to Group policies regarding asset risk and the Group's asset risk position.

The Group's asset risk management department is responsible for establishing and maintaining the asset risk management framework and monitoring the Group's asset risk profile. This department also collates reporting on asset risk at Group level. On a quarterly basis the department prepares reporting on the asset risk position of the Group which is discussed in the Group's Asset Risk Committee and is shared with LeasePlan's Managing Board and Supervisory Board. The report details recent developments related to asset risk and summarises the latest risk measurements across relevant subsidiaries. A Group company's management is responsible for the adequate management (assessment, measurement, reporting and mitigation) of asset risks in their respective portfolios. All LeasePlan subsidiaries have an asset risk management role in place. LeasePlan's group audit department pays, during their audits, specific attention to the way asset risk management has been organised and embedded. This department also verifies compliance with the Group policies. For these purposes group audit has defined specific activities in its working programme.

## 5.3 Asset risk management policy

LeasePlan has a robust policy in place with respect to asset risk management. This policy applies to all Group companies bearing such risk. The policy seeks to ensure that an adequate risk management framework within LeasePlan exists. The policy, among others, describes that due to the complexity involved all Group companies should establish an asset risk committee including the Managing Director and/or the Finance Director. These committees convene with a minimum frequency of once every quarter and have as a primary task to oversee the adequate management of asset risks on behalf of the local management team. Equally, it is the task of this committee to ensure that the management team of a Group company is informed on all relevant issues. The risk committees assess the asset risk exposure (both internal as well as external) and, based on its assessment, decides on the level of pricing and risk mitigating measures. The Group companies are expected to have internal reporting in place regarding asset risk management. The internal reporting should include the trends in termination results, trends in risk mitigation and asset risk measurements.

The policy also describes the minimum standard with respect to risk mitigating techniques. The purpose of these risk mitigating techniques is to ensure that Group companies are placed in a position where asset risks can be managed. Examples of risk mitigation are charging end-of-contract damages and charging the costs related to premature terminations. Additionally, LeasePlan, in many cases, is allowed to recalculate a contract in case of deviations of actual mileages versus budgeted mileages. Finally, the policy outlines the required provision of reporting to Corporate centre.

## 5.4 Asset risk measurement

On a monthly basis the Group's asset risk management department analyses the developments in residual value risk and risk related to service repair, maintenance and tyres as reported by Group companies. Among others, this reporting concerns the integral risk taken on newly contracted fleet, realized results on terminated fleet and the level of risk mitigation applied.

On a quarterly basis Group companies measure the asset risk in their non sold portfolio and report the exposures to the Group's asset risk management department. These measurements are within LeasePlan referred to as a Fleet Risk Assessment (FRA). Measurements and estimates are, as a starting point, based on LeasePlan's own historical performance and in many cases are derived via means of statistical analysis (i.e. GLMs/regressions). The outcomes of measurements are thoroughly reviewed on plausibility and are discussed within local asset risk management committees. These measurements are reviewed by the Group's asset risk management department and discussed in the Group's Asset Risk Committee. These measurements allow LeasePlan to trace developments continuously and discover any adverse trends in a timely manner. The outcomes also serve as a basis for the determination of prospective depreciation of the portfolio.

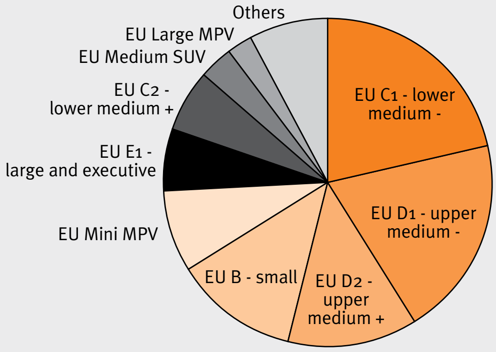
## 5.5 Asset risk exposure

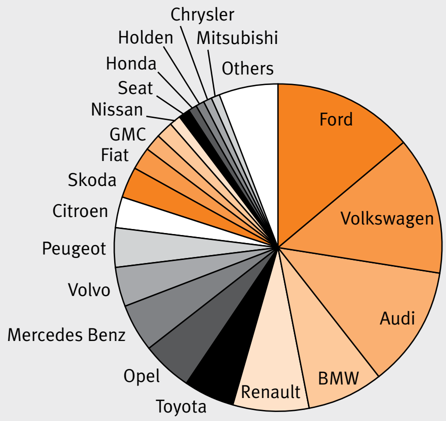
Asset risk represents one of the most significant risk exposures that LeasePlan faces. The residual value element in asset risk amounted to EUR 7.9 billion as at the end of 2010 representing approximately 58% of LeasePlan's balance sheet which can be broken down as follows:

| *In thousands of euros* | 2010 | 2009 |
|---|---|---|
| Future lease payments | 5,727,423 | 5,625,203 |
| Residual value | 7,896,262 | 7,995,292 |
| **Total** | **13,623,685** | **13,620,495** |

In addition to the above-mentioned on-balance residual value the Group has also provided off-balance residual value commitments for non-funded vehicles up to an amount of EUR 0.3 billion (2009: EUR 0.3 billion). The above table includes both operational and finance leases. The Group is therefore not effectively exposed to the entire residual value, since part of this represents its finance lease portfolio. On the remaining amount that the Group is exposed to risk mitigating measures as described above have an important (reducing) impact.

By acting as an independent multi-brand company offering vehicle leasing and fleet management in 30 countries, LeasePlan partly mitigates the risks related to residual values by geographical spread and fleet diversification by brand and type of car. The pie-graphs on the next page show the diversification of all LeasePlan funded vehicles by brand and segment. In Europe, the majority of passenger vehicles are concentrated around small and medium vehicle segments and remained stable compared to the previous year.



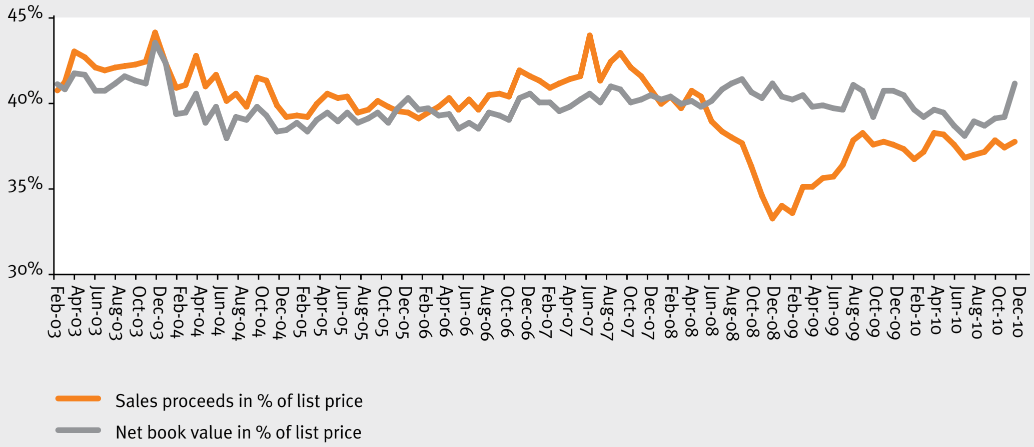




**Examples of models in segments**

| | |
|---|---|
| EU C1 - lower medium - | Volkswagen Golf, Opel Astra, Peugeot 308, Ford Focus |
| EU D1 - upper medium - | Citroen C5, Mazda 6, Opel Vectra |
| EU D2 - upper medium + | Audi A4, Mercedes Benz C-class, BMW 3 series, |
| EU B - small | Volkswagen Polo, Renault Clio, Peugeot 207, Fiat Punto |
| EU Mini MPV | Renault Scenic, Volkswagen Touran, Citroen Picasso |
| EU E1 - large and executive | Audi A6, BMW 5 series, Mercedes Benz E-class |
| EU C2 - lower medium + | Audi A3, BMW 1 series, Volvo C30 |
| EU Medium SUV | BMW X3, Honda CRV, Hyundai Santa Fe |
| EU Large MPV | Ford Galaxy, Mitsubishi Grandis, Renault (Grand) Espace |

The adverse developments in the used vehicle markets worldwide that started in 2008 continued to have an impact in several countries that LeasePlan operates in. Though many major markets started recovering month after month following the low level of sales proceeds at the end of 2008, the sales proceeds on Group level during the year 2010, remained below the estimates made at lease inception. As this risk is embedded in our product offering this resulted in LeasePlan absorbing substantial losses. The graph below shows the historical overview of the development of sales proceeds and the development of net book value of terminated vehicles.

**Development sales proceeds and net book values**




For the risk bearing portfolio at the end of the fourth quarter of 2010, considering the latest trends in the used vehicle markets, it is expected that LeasePlan will generate profits on a portfolio level in terms of termination results. Losses are, however, still expected in the year 2011 (EUR 19 million, excluding existing provisions). The improvement in expected results versus last year's assessment is due to observed market improvements and adjusted pricing for newly contracted vehicles.

## 5.6 Capital requirements

### 5.6.1 Capital requirements under Pillar 1

Under Pillar 1 residual values are considered to be non-credit obligation assets and are risk weighted at 100% under the standardised approach while under the advanced internal ratings based approach a risk weight is applied that depends on the remaining maturity of the underlying contract. For the majority of the assets of LeasePlan, the advanced internal ratings based approach is applied; the regulatory capital related to residual values amounts to EUR 469 million as at the end of 2010. This amount is included in the capital requirements amounting to EUR 633 million calculated for credit risk as shown in section 4.6.6.1.

### 5.6.2 Capital requirements under Pillar 2

Under Pillar 2, LeasePlan calculates internally required capital different from the methodology applied under regulatory requirements for Pillar 1. As explained in section 3.3, the methodology used under Pillar 2 assumes the residual value exposure to be a credit risk during the duration of the contract. Further, asset risk capital is calculated to cover for possible losses when the vehicles are returned at contract maturity. With respect to the latter, a 3% charge on the total on-balance residual value position is used, while for off-balance residual value guarantees a charge is made under the credit risk approach. As at the end of 2010, the internal capital calculated and held for asset risk was considered sufficient to cover a stressed scenario at the level observed in December 2008.

### 5.6.3 Stress testing

LeasePlan performs stress testing as part of its quarterly FRA exercises on a Group level. The outcome of the stress testing is used as a benchmark for the Pillar 2 capital held for asset risk. A one percentage point movement in sales proceeds versus original list prices could lead to a EUR 55 million (before tax) movement in estimated termination results for the year 2011.

# 6 TREASURY RISK

## 6.1 Treasury risk definitions

Treasury risks in this document entail a combination of three individual risks, being liquidity risk, interest rate risk, and currency 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. Interest rate risk is the risk that the profitability of the Group is affected by movements in interest rates and currency risk entails the risk that currency fluctuations have an adverse impact on the Group's result.

## 6.2 Treasury risk management structure and organisation

On Group level treasury risks are managed via the Group's central treasury organisation (Group's central Treasury) whereby the Group's Asset and Liability Committee (ALCO), consisting of members of the Managing Board and relevant senior corporate managers, is the highest ruling authority. The ALCO decides on the content and potential changes of policies and is informed about all relevant and significant developments with regard to LeasePlan's treasury risk profile. Treasury risk positions are monitored on a daily, weekly, monthly and quarterly basis (depending on the risk profile) by the Group's treasury risk management department. All of the aforementioned risks are reported in the quarterly treasury reporting, which is discussed in the meetings of the ALCO meeting. For all risks specific controls are in place as well as specific reporting to the Dutch Central Bank.

## 6.3 Treasury risk management policies

As the matching of maturities, amounts, currency and re-pricing dates of interest bearing assets and liabilities for liquidity, interest rate and currency purposes is fundamental to the management of LeasePlan, the Group has defined specific policies entailing the aforementioned considerations.

## 6.4 Treasury risk measurement

### 6.4.1 Liquidity risk

To control liquidity risk limits are set for the Group's central Treasury on the maximum amount of maturing borrowings per future month. In case of specific transactions, especially in debt capital markets, specific limits are to be obtained from LeasePlan's Managing Board. By spreading out maturities, peak drains on liquidity are avoided. The redemption limits are monitored on a daily basis. In addition to the redemption limits on the Group's central Treasury, each month all Group companies submit a Liquidity Mismatch Report to the Group's treasury risk management department which monitors the duration profile of subsidiary's assets and liabilities in order to identify any mismatches and ensure that these mismatches are covered. This ensures that the profile of existing assets is properly term funded.

In order to control the Group's liquidity position, the Group's central Treasury prepares liquidity projections. These reports show the expected repayment liabilities which are compared with the available funding sources and expected movements in fleet financing in our entities. These projections are constantly updated and reported on a monthly basis. The same overview is also used to test how long LeasePlan will be able to repay maturing debt in the stressed scenario that money market and debt capital market funding is unavailable.

In addition to LeasePlan'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 shows available and required liquidity for a one week bucket and a one month bucket as at 31 December 2010. The Dutch Central Bank sets out 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* | | 2010 | | 2009 |
|---|---|---|---|---|
| | **One week** | **One month** | **One week** | **One month** |
| Available liquidity | 2,402 | 4,241 | 2,075 | 3,650 |
| Required liquidity | 1,510 | 3,209 | 1,064 | 2,401 |
| **Surplus (minimum requirement is above nil)** | **892** | **1,032** | **1,011** | **1,249** |

### 6.4.2 Interest rate risk

The matching principle is monitored through interest rate gap reports, which are reported on a monthly basis to the Group's treasury risk management department. Group companies have interest bearing assets (mainly lease contracts) which are funded through interest bearing liabilities (loans) and non-interest bearing liabilities (mainly working capital and equity). They are limited to have for every future month a maximum mismatch of 5% between their interest bearing assets and liabilities and a maximum average mismatch of 2.5% (+/-) over the interest period. There are special mismatch limits granted to a restricted number of Group companies, usually start-ups.

Interest exposures are controlled by the Group's central Treasury. The Group's central Treasury provides loans to Group companies and attracts funds from the market in combination with (interest rate) derivatives for hedging purposes. To enable the Group's 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 re-pricing that may be undertaken per currency and time bucket. Exposures to limits are monitored daily by the Group's treasury risk management department. Derivative financial instruments are concluded by the Group's central Treasury as an end-user and are important and effective instruments in managing and controlling interest rate risk exposures.

Interest rate risk positions and deviations from the group policy are reported to and discussed by the ALCO on a quarterly basis. The reporting of these positions is also part of the quarterly reporting to the LeasePlan Managing Board and Supervisory Board.

### 6.4.3 Currency risk

LeasePlan is present in 30 countries in and outside the euro currency zone. With the euro as its functional currency, LeasePlan is therefore exposed to translation risk. This risk is the volatility in the euro value of its non-euro Group companies, 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 euro equity value in euro of non-euro Group companies is to protect balance sheet ratios. The exposure of equity to non-euro Group companies is managed in relation to assets in the same respective currency originated by the non-euro Group companies. Thereby the balance sheet ratios are managed on a neutral basis, not being impacted by foreign exchange rate movements.

The adherence to central treasury limits is analysed by the Group's treasury risk management department on a monthly basis and reported to the ALCO on a quarterly basis. In its meetings this committee also discusses the distribution of currencies over Group funds in relation to the assets in the same currencies.

## 6.5 Treasury risk exposure

### 6.5.1 Liquidity

The table below presents the undiscounted cash flows payable and receivable in the relevant maturity groupings

| | 0-3 months | 3-12 months | 1-5 years | > 5 years | Illiquid | Total |
|---|---|---|---|---|---|---|
| **2010** | | | | | | |
| Property and equipment under operational lease and rental fleet | 1,125,453 | 2,645,473 | 7,581,850 | 79,904 | | 11,432,680 |
| Amounts receivable under finance lease contracts | 171,209 | 406,935 | 1,517,371 | 95,490 | | 2,191,005 |
| Other assets | 1,575,236 | 120,318 | 798,152 | 5 | 1,022,890 | 3,516,601 |
| **Total as at 31 December 2010** | **2,871,898** | **3,172,726** | **9,897,373** | **175,399** | **1,022,890** | **17,140,286** |
| Financial liabilities | 4,031,851 | 1,891,450 | 7,285,667 | 164,185 | | 13,373,153 |
| Non-financial liabilities | 144,474 | 1,270 | 2,754 | 28 | 1,587,366 | 1,735,892 |
| **Total as at 31 December 2010** | **4,176,325** | **1,892,720** | **7,288,421** | **164,213** | **1,587,366** | **15,109,045** |

| | 0-3 months | 3-12 months | 1-5 years | > 5 years | Illiquid | Total |
|---|---|---|---|---|---|---|
| **2009** | | | | | | |
| Property and equipment under operational lease and rental fleet | 912,029 | 2,432,240 | 8,114,095 | 90,431 | | 11,548,795 |
| Amounts receivable under finance lease contracts | 215,827 | 555,242 | 1,226,211 | 74,421 | | 2,071,700 |
| Other assets | 1,140,775 | 313,444 | 783,083 | 4 | 993,258 | 3,230,565 |
| **Total as at 31 December 2009** | **2,268,631** | **3,300,926** | **10,123,389** | **164,856** | **993,258** | **16,851,060** |
| Financial liabilities | 3,326,523 | 3,412,775 | 6,487,740 | 151,587 | | 13,378,625 |
| Non-financial liabilities | 123,335 | 1,268 | 2,777 | 28 | 1,521,461 | 1,648,869 |
| **Total as at 31 December 2009** | **3,449,858** | **3,414,043** | **6,490,517** | **151,615** | **1,521,461** | **15,027,494** |

The difference between assets and liabilities in the time bucket 0-3 months relates to the borrowings taken from the European Central Bank (EUR 950 million as at end of 2010 and EUR 1,115 million at the end of 2009) as described in the next section.

- 6.5.1.1 Liquidity risk mitigation

As a precaution, the continued access to financial markets for funding is supported by a number of committed facilities to reduce the liquidity risk for LeasePlan and to safeguard its ability to continue to write new business in case no new funding could be obtained temporarily.

In December 2010 a 3-year committed Revolving Credit Facility (RCF) was concluded with a consortium of 16 high credit quality banks (EUR 1.475 billion maturing in December 2013). This facility replaces the syndicated backstop facility which was to mature at December 2011 for EUR 1 billion. Furthermore, the Group renewed its 3 year credit facility with Volkswagen AG, through its subsidiary Volkswagen International Payment Services N.V., (EUR 1.475 billion) and extended the term to January 2014. In addition, there is a further liquidity backstop facility with ING Bank for EUR 125 million maturing in October 2011.

LeasePlan also concluded three securitisation transactions under the name of Bumper 1 (2006), Bumper 2 (2008) and Bumper 3 (2009). Bumper 1 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 1 B.V. to finance this transaction. 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. Bumper 3 involved the sale of future lease instalment receivables and associated residual value receivables (GBP 887 million) originated by LeasePlan UK Ltd. to the special purpose company Bumper 3 Finance Plc. Debt securities in EUR and GBP were issued by this special purpose company to finance the transaction.

The highest rated notes (rated AAA) under the transactions (EUR 1,120.5 million for Bumper 1 and EUR 663.3 million for Bumper 2) are eligible to be used as collateral value when LeasePlan engages as counterparty in monetary transactions with the European Central Bank. With regards to these notes the European Central Bank requires a rating at the AAA/Aaa level from an external credit assessment institution at issuance. Over the lifetime of the notes, the single A minimum rating threshold would have to be retained. The underlying pool should not consist, in whole or in part, of tranches of other asset backed securities. During 2009 and 2010 this ability has proven useful, in particular with the unrest in financial markets. At the end of 2010 EUR 950 million (2009: EUR 1,115 million) was borrowed from the ECB, which was secured with notes from the securitisation transactions. LeasePlan is in the process of preparing for changes in relevant regulations which will become applicable in the year 2011. In February 2011 the Bumper 1 transaction was unwound.

In February 2010 LeasePlan established LeasePlan Bank, a Dutch internet savings bank. LeasePlan Bank was established with the purpose of further diversifying the funding of the core business activities. Attracting funds from both corporate and private clients through straightforward internet savings products fits into this strategy.

In the stress scenario that money market and debt capital market funding are 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 committed facilities in combination with available excess cash balances and overfunding of existing assets.

### 6.5.2 Interest rate risk

The table on the next page summarises LeasePlan's exposure to interest rate risk 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.

| | 0-3 months | 3-12 months | 1-5 years | > 5 years | Non-interest bearing | Total |
|---|---|---|---|---|---|---|
| **2010** | | | | | | |
| | | | | | | |
| **As at 31 December 2010** | | | | | | |
| **FINANCIAL ASSETS** | | | | | | |
| Derivative financial instruments | | | | | 329,014 | 329,014 |
| Receivables from financial institutions | 946,742 | 130,304 | 313,435 | 124,995 | | 1,515,476 |
| Receivables from clients | 1,773,741 | 432,481 | 424,421 | 95,490 | | 2,726,133 |
| Rebates and bonuses and commissions receivable | | | | | 160,738 | 160,738 |
| Reclaimable damages | | | | | 29,634 | 29,634 |
| Interest to be received | | | | | 2,610 | 2,610 |
| Loans to associates and jointly controlled entities | 24,119 | 74,368 | 88,084 | | | 186,571 |
| Assets held-for-sale | | | | | 2,378 | 2,378 |
| **Total** | **2,744,602** | **637,153** | **825,940** | **220,485** | **524,374** | **4,952,554** |
| | | | | | | |
| **FINANCIAL LIABILITIES** | | | | | | |
| Borrowings from financial institutions | 1,533,400 | 277,700 | 390,214 | | | 2,201,314 |
| Funds entrusted | 1,336,565 | 300,397 | 268,217 | 13,993 | | 1,919,172 |
| Debt securities issued | 625,835 | 898,598 | 6,742,990 | 148,168 | | 8,415,591 |
| Derivative financial instruments | | | | | 423,851 | 423,851 |
| Subordinated loans | | 269,057 | | | | 269,057 |
| Trade payables | | | | | 567,643 | 567,643 |
| Interest payable | | | | | 143,753 | 143,753 |
| Liabilities held-for-sale | | | | | 376 | 376 |
| **Total** | **3,495,800** | **1,745,752** | **7,401,421** | **162,161** | **1,135,623** | **13,940,757** |
| | | | | | | |
| Non-financial assets and liabilities | 1,524,740 | 3,150,913 | 6,691,022 | 66,006 | -508,074 | 10,924,607 |
| | | | | | | |
| **Net on-balance position** | **773,542** | **2,042,314** | **115,541** | **124,330** | **-1,119,323** | **1,936,404** |
| | | | | | | |
| **Derivative financial instruments** | | | | | | |
| Assets | 15,232,243 | 1,039,191 | 8,145,992 | 121,589 | | |
| Liabilities | 13,515,928 | 3,027,448 | 7,962,919 | 24,400 | | |
| | | | | | | |
| **INTEREST GAP** | **2,489,857** | **54,057** | **298,614** | **221,519** | | |
| | | | | | | |
| **As at December 2009** | | | | | | |
| Total financial assets | 2,521,873 | 964,270 | 488,132 | 74,428 | 505,294 | 4,553,997 |
| Total financial liabilities | 3,978,785 | 3,223,362 | 5,746,766 | 7,780 | 1,025,153 | 13,981,846 |
| Non-financial assets and liabilities | 1,345,729 | 3,110,716 | 7,038,660 | 53,692 | -502,613 | 11,046,184 |
| **Net on-balance position** | **-111,183** | **851,624** | **1,780,026** | **120,340** | **-1,022,472** | **1,618,335** |
| Derivative financial instruments | | | | | | |
| Assets | 19,852,742 | 1,408,989 | 7,536,598 | 857,770 | | |
| Liabilities | 17,619,636 | 4,057,536 | 7,251,890 | 762,050 | | |
| **INTEREST GAP** | **2,121,923** | **-1,796,923** | **2,064,734** | **216,060** | | |

The interest gap is presented excluding total equity and non-interest bearing liabilities. When taking into account total equity of EUR 1.9 billion (2009: EUR 1.6 billion) and non-interest bearing liabilities of EUR 1.1 billion (2009: EUR 1.0 billion) the Group's interest rate risk exposures can be qualified as minimal in relation to the overall balance sheet size.

Stress testing takes place regularly on similar exposures during the year by analysing the profit and loss effect of a 200 basis points parallel yield curve shift on all open positions of the central Treasury organisation. As at 31 December 2010 the annualised effect of such a change in interest rates (converted to its EURO equivalent) would be almost EUR 6.6 million for the central treasury organisation, which is equal to approximately 2.4 % of profit before tax.

### 6.5.3 Currency risk

The table below summarises LeasePlan's exposure to currency risk as at 31 December 2010.

| *In thousands of euros* | EUR | GBP | USD | AUD | Other | Total |
|---|---|---|---|---|---|---|
| **As at 31 December 2010** | | | | | | |
| **FINANCIAL ASSETS** | | | | | | |
| Receivables from financial institutions | 1,388,331 | 84,077 | 19,411 | 12,278 | 11,379 | 1,515,476 |
| Receivables from clients | 781,117 | 256,338 | 831,801 | 379,126 | 477,751 | 2,726,133 |
| Rebates and bonuses and commissions receivable | 137,340 | 3,438 | 5,935 | 1,049 | 12,976 | 160,738 |
| Reclaimable damages | 27,377 | | | | 2,257 | 29,634 |
| Interest to be received | 2,336 | | 22 | | 252 | 2,610 |
| Loans to associates and jointly controlled entities | 171,698 | | 4,486 | | 10,387 | 186,571 |
| Assets held-for-sale | 2,378 | | | | | 2,378 |
| **Total** | **2,510,577** | **343,853** | **861,655** | **392,453** | **515,002** | **4,623,540** |
| | | | | | | |
| **FINANCIAL LIABILITIES** | | | | | | |
| Borrowings from financial institutions | 1,553,889 | 4,439 | 13,617 | 152,091 | 477,278 | 2,201,314 |
| Funds entrusted | 1,919,172 | | | | | 1,919,172 |
| Debt securities issued | 5,973,851 | | 2,239,526 | 38,023 | 164,191 | 8,415,591 |
| Subordinated loans | 269,057 | | | | | 269,057 |
| Trade payables | 385,673 | 12,694 | 27,571 | 23,477 | 118,228 | 567,643 |
| Interest payable | 119,460 | 614 | 8,803 | 2,522 | 12,354 | 143,753 |
| Liabilities held-for-sale | 376 | | | | | 376 |
| **Total** | **10,221,478** | **17,747** | **2,289,517** | **216,113** | **772,051** | **13,516,906** |
| | | | | | | |
| Non-financial assets and liabilities | 7,270,711 | 1,124,469 | 123,986 | 616,609 | 1,788,832 | 10,924,607 |
| | | | | | | |
| **Net on-balance position** | **-440,190** | **1,450,575** | **-1,303,876** | **792,949** | **1,531,783** | **2,031,241** |
| Derivatives position | 1,842,804 | -1,321,669 | 1,346,604 | -693,248 | -1,269,328 | -94,837 |
| **CURRENCY POSITION** | | **128,906** | **42,728** | **99,701** | **262,455** | |
| Net investment subsidiaries | | 130,939 | 42,956 | 99,750 | 262,499 | |
| Other | | -2,033 | -228 | -49 | -44 | |
| | | | | | | |
| **As at 31 December 2009** | | | | | | |
| Total financial assets | 2,306,832 | 380,049 | 748,603 | 331,145 | 512,214 | 4,278,843 |
| Total financial liabilities | 9,769,280 | 542,324 | 2,110,067 | 288,198 | 791,592 | 13,501,461 |
| Non-financial assets and liabilities | 7,659,912 | 1,044,667 | 117,070 | 506,264 | 1,718,271 | 11,046,184 |
| **Net on-balance position** | **197,464** | **882,392** | **-1,244,394** | **549,211** | **1,438,893** | **1,823,566** |
| Derivatives position | 966,347 | -766,006 | 1,278,805 | -488,076 | -1,196,301 | -205,231 |
| **CURRENCY POSITION** | | **116,386** | **34,411** | **61,135** | **242,592** | |
| Net investment subsidiaries | | 116,588 | 34,159 | 60,870 | 237,531 | |
| Other | | -202 | 252 | 265 | 5,061 | |

On the basis of above table, the Group's currency risk exposures is according policy as per 31 December 2010 (and 2009) mainly related to the net investment in subsidiaries.

### 6.6 Capital requirements under Pillar 1

The capital requirement under Pillar 1 reflects the investments in non-euro denominated Group companies. This is shown in the following table:

| Currency | 2010 Position in EUR | 2010 Minimum required capital | 2009 Position in EUR | 2009 Minimum required capital |
|---|---|---|---|---|
| GBP | 130,939 | 10,475 | 116,588 | 9,327 |
| USD | 42,956 | 3,436 | 34,159 | 2,733 |
| AUD | 99,750 | 7,980 | 60,870 | 4,870 |
| Other | 262,499 | 21,000 | 237,531 | 19,002 |
| **Total** | **536,144** | **42,891** | **449,148** | **35,932** |

These absolute positions will not be hedged by LeasePlan as the positions have been taken to protect LeasePlan's capital adequacy ratios against foreign exchange rate movements.

## 7 DAMAGE RISK

### 7.1 Damage risk definition

Damage risk is the exposure to potential loss due to costs related to damages incurred for the account of LeasePlan exceeding the compensations included in lease rentals. This damage risk refers to long-tail risks (motor third-party liability, TPL) and short-tail risks (motor material damage, passenger indemnity, and legal defence).

The tail of a risk indicates the length of time elapsing between the occurrence and the ultimate settlement of any damage relating to such risk. Short-tail risks are normally run off in the course of a year whereas long-tail risks can take years to identify and settle. These risks, when internally retained, are either retained in own damage programmes by Group companies, or by LeasePlan's own insurance company, Euro Insurances based 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 European Union member states.

### 7.2 Damage risk management structure and organisation

LeasePlan's Managing Board is the highest ruling authority with respect to damage risk management within the Group. The Managing Board decides on the content of policies as well as amendments to these policies. Parts of the responsibilities of the Managing Board are delegated to the Group's Motor Insurance Risk Committee. The Group's insurance risk management department is responsible for establishing and maintaining the damage risk framework and monitoring LeasePlan's damage risk profile.

The overall approach is to selectively accept damage risk taking into account the best risk/return ratio. In principle the Group only accepts damage risk retention positions arising from its own operational and (to a lesser extent) finance lease portfolio. Damage specialists in each Group company and Euro Insurances accept damage risk in accordance with the strict guidelines of a pre-agreed policy. These policies set out the scope and nature of the risks to be accepted (or not) as well as the authority rules. Special perils falling outside the scope of the policy are transferred to external insurance companies.

Settlement of damages is outsourced to specialised independent damage handling companies in accordance with the strict terms of a service level agreement and following a pro-active approach to damage handling, from expert investigation to early settlement at the lowest possible cost. The Group monitors the damage risk acceptance process and the financial performance in each geography using actuarial and statistical methods for estimating liabilities and determining adequate pricing levels. Regular analysis of damage statistics, strict compliance with damage handling procedures and policies and when necessary, reviews of damage risk pricing, ensure a healthy balance between revenues and damages at both an aggregate level and an individual fleet level. The provision for damages is regularly assessed and periodically verified by (external) actuaries.

The price for acceptance of damage risk is set in each market based on prevailing local market conditions after determining appropriate levels of (re)insurance cover and the expected costs of managing and settling damages. Regular external actuarial assessments support internal actuary assessments of the individual programme damage ratios, which are influenced by statistical evidence of accident frequency in the local market and the cost per large damage. These support the incurred but not reported (or IBNR) factors used to determine appropriate reserve levels necessary to meet projected short and long-tail damages.

(Re)insurance cover is purchased by the Group 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. The Group ensures that the damage risk policy's terms and conditions are mapped against the reinsurance cover in place in order to prevent any uncovered risks.

### 7.3 Damage risk policy
In order to clearly define, manage and limit the risks, principles are laid down in a motor insurance policy that needs to be adhered to by all LeasePlan entities.

### 7.4 Damage risk measurement
Based on the Group motor insurance policy, Group companies report developments in their portfolio exposed to damage risk on a quarterly basis. This reporting includes developments in the number of objects exposed to damage risk, total compensation included in lease rental damages paid, provisioning, damage frequency and loss ratios. The Group's motor insurance risk management department monitors the developments in the relevant portfolios as reported with special attention for the development of loss ratios, provisioning, handling of damage files and receivables originating from reclaimable damages. These developments, including statistical analyses of all individual programmes, are discussed in the Group's quarterly Motor Insurance Risk Committee meetings and are reported to LeasePlan's Managing Board and Supervisory Board on a quarterly basis.

### 7.5 Damage risk exposure
At the end of 2010 the Group was exposed to short-tail damage risk on approximately 411,000 vehicles while long-tail risk exposures existed on about 217,000 vehicles. The total annualised compensating revenues in lease rentals related to this exposure amounted to approximately EUR 354 million.

### 7.6 Capital requirements under Pillar 2
No specific capital requirements are applicable to LeasePlan's damage risk activities under the Pillar 1 framework of Basel II. However, as Euro Insurances is regulated by the Irish Financial Services Regulatory Authority, capital for those activities is held in line with the capital requirement regulations applicable to insurance companies, as laid down in the European Directive.

Under Pillar 2, LeasePlan calculates internally required capital for all its damage risk activities. The methodology used is the regulation as laid down in the European Directive which basically requires a solvency margin expressed as a percentage of insurance premiums. As a result, LeasePlan calculated approximately EUR 57 million as internal capital requirements for damage risk activities.

Since the risks in the damage risk portfolio are quite well predictable, excessive risks are reinsured and LeasePlan considers the amounts of provisioning as sufficient, the outcome of realistic stress tests do not have significant impact on LeasePlan's capital position.

Euro Insurances is preparing for the implementation of Solvency II. Any development relevant for the determination of capital requirements will be analysed to consider if a review of the current approach is necessary.

## 8 OPERATIONAL RISK
### 8.1 Operational risk definition
Within LeasePlan operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, human behaviour and systems or from an external event. An operational loss is the financial impact that arises from the occurrence of an operational loss event.

### 8.2 Operational risk management structure and organisation
LeasePlan's Managing Board decides upon the content and potential changes of LeasePlan's operational risk management policy. This policy prescribes the requirements for the organisation of the operational risk management activities in each Group company.

General trends in operational risks and losses, high impact losses, local entities' operational risk management performance and the operational risk capital model developments are the main topics monitored and discussed by LeasePlan's Operational Risk Committee.

The Group's operational risk management department is responsible for establishing and maintaining the operational risk framework, monitoring LeasePlan's operational risk profile and the collation and validation of operational risk reporting at Group level. This department prepares analyses of the operational losses reported by Group companies for the Group's Operational Risk Committee and initiates the overall assessment of risks in the Group as a basis for the annual ICAAP.

Local management is responsible for managing the operational risks in their Group company. In all Group companies a formal operational risk management role is in place. This function is the driving force behind the increase in risk awareness and the improvement of operational risk management within the subsidiary.

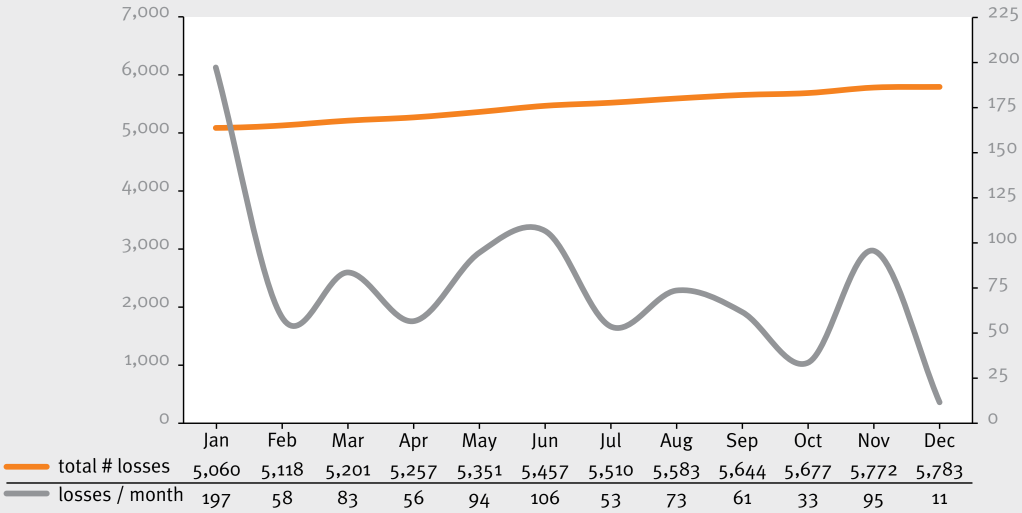
LeasePlan's group audit department pays specific attention to the way operational risk management has been organised and embedded within Group companies. For this purpose group audit has defined specific activities in its working programme. Among others, this department performs checks on the operational loss database, the risk self-assessments, the local operational risk management committee, management's awareness on operational risk management and it annually reviews the governance process around maintenance of capital models.

### 8.3 Operational risk management policy
To ensure a uniform understanding and sound performance of operational risk management LeasePlan has developed an operational risk management policy describing the minimum activities, controls and tools that must be in place within all Group companies. The policy includes requirements on creating awareness, sufficient staffing and governance (including the existence of a local risk committee), loss identification and reporting, risk assessment and definition of operational risk appetite.

### 8.4 Operational risk measurement
LeasePlan applies the Advances Measurement Approach (AMA) in its operational risk framework. Methods deployed within LeasePlan for risk identification are the operational risk scenario analyses, top-down assessments, operational risk self-assessments, operational loss data analysis and the performance of internal and external audits. Based upon the risks identified and losses reported, the operational risk profile of LeasePlan is assessed. Local management uses the outcome of the risk identification activities to assess the probability and impact of identified risks on their organisation and take appropriate action. The Group's operational risk management department is engaged in monitoring the quality and follow up of the risk management processes embedded within the subsidiaries. The progress of actions planned to address insufficiently controlled processes is monitored and periodically reported to the Operational Risk Committee. Operational loss data reported is analysed on a daily basis and reported on a weekly basis. Evaluating the effectiveness of the deployed operational risk mitigation activities is the responsibility of local management. The overall impact of the mitigating activities is assessed by analysing the frequency and impact of operational losses prior to and after implementation of the additional controls. Once established that certain controls have a distinguishable effect on the impact or frequency of the identified operational risks, it is the task of the Group's operational risk management department to communicate and advise Group companies with similar risks about the additional controls.

### 8.5 Operational risk exposure
LeasePlan's exposure to operational risks is demonstrated by means of the operational losses reported from the start of this reporting process until the end of 2010. From the start of the operational loss data recording in 2004 until December 2010 LeasePlan has recorded 5,783 operational losses (4,863 as at the end of 2009). These losses correspond with a total estimated loss amount of EUR 48.8 million (EUR 44.9 million at the end of 2009). The Group companies are required to report gross operational losses, i.e. the maximum estimated loss amount known at the moment of identification of the potential loss, irrespective of any potential recovery. As a result, the net impact of the operational losses (gross loss minus recovery) is substantially lower. The number of losses reported in 2010 is depicted in the graph on the next page:

**Approved losses (cumulative / per month)**




The relatively low number of operational losses in reported in December 2010 is due to a temporary freeze of loss registration as a result of the migration to a newly developed web based platform.

The majority of the operational losses recorded by LeasePlan are classified in the event category 'Execution: Delivery and Process Management'. These categories represent 79% of the total operational loss amount and 77% of the total number of operational losses reported. The distribution of LeasePlan's operational losses is as follows:

| | 2010 | | 2009 | |
|---|---|---|---|---|
| **Basel II category** | **% total (EUR)** | **% total** | **% total (EUR)** | **% total** |
| Business Disruption and System Failures | 7% | 12% | 13% | 5% |
| Clients: Products and Business Practices | 2% | 1% | 10% | 7% |
| Damage to Physical Assets | 1% | 1% | 1% | 2% |
| Employment Practices and Workplace Safety | 3% | 2% | 1% | 1% |
| Execution: Delivery and Process Management | 79% | 77% | 67% | 80% |
| External Fraud | 8% | 7% | 8% | 5% |
| Internal Fraud | 0% | 0% | 0% | 0% |
| **Total** | **100%** | **100%** | **100%** | **100%** |

## 8.6 Capital requirements under Pillar 1

### 8.6.1 Operational risk capital models

LeasePlan uses a hybrid model to determine the required level of operational risk capital for regulatory purposes. This hybrid model consists of a purely quantitative analysis of LeasePlan's internal operational loss data and a more qualitative analysis of LeasePlan specific operational risk scenarios.

The quantitative analysis is performed by modelling the severity and the frequency of loss events, using the internal operational loss data recorded by LeasePlan. The two distributions for the severity and the frequency are combined into one overall loss distribution by way of a Monte Carlo simulation. The resulting loss distribution determines the expected annual loss amount and the required capital at the 99.9th percentile confidence level. The qualitative analysis, or operational risk scenario analysis, is a process by which LeasePlan considers the effect of extreme, but nonetheless possible operational risk scenarios on the organisation. During the analysis, the high impact - low frequency operational risk scenarios are supplemented with relevant internal and external loss data, a description of the business environment and internal control factors to support the expert based frequency and impact estimations for each scenario. For each single scenario, the estimates are modelled to determine the regulatory capital required to be held by LeasePlan at the 99.9th percentile confidence level.

LeasePlan started modelling its capital requirements under AMA in 2006. Since then a model governance structure has been developed and implemented that ensures an annual cycle of model monitoring, development, validation and implementation. Part of the model monitoring activities is the evaluation of the assumptions used in the capital modelling process. If the outcome of the model monitoring requires so, LeasePlan adjusts its assumptions and as a result will recalculate the corresponding capital requirements. This way LeasePlan ensures that the capital continuously reflects its operational risk profile even after significant organisational changes or unexpected external developments. The operational risk regulatory capital requirement of LeasePlan as at the end of 2010 amounts to EUR 127 million, which is the sum of LeasePlan's operational loss data model ( EUR 44.5 million) and scenario model (EUR 82.5 million).

#### 8.6.2 Stress testing

The AMA model in itself already incorporates stress scenarios. These scenarios are explicitly identified and quantified (the operational risk scenarios). From a quantitative point of view the model uses a confidence interval which reflects stressed circumstances. This stress testing is performed by the Group's operational risk management department on a quarterly basis as part of the model governance cycle. The outcome is discussed in the Group's Operational Risk Committee.

To further assess the sensitivity of the models, the Group's operational risk management department performs additional tests including the following items:

- Sensitivity analysis of the operational loss model by measuring the effect on the capital of a 25% increase of the average severity and frequency of all reported losses;
- Sensitivity analysis of the scenario based model by measuring the effect on the capital of increasing the original estimated severities ($p<0.5$ and $p<0.999$) and original estimated frequency median scores +1.

If it is assumed that all (operational) risk scenarios occur at the same time, the extreme impact of all scenarios have been underestimated and LeasePlan has been confronted with an overall increase of 25% of the operational losses (both impact and frequency), the additional capital required amounts to EUR 71 million. The internal capital target calculated under Pillar 2 covers for such a scenario meaning that LeasePlan aims for a minimum capital that, in the event of such s scenario occurring in combination with stressed scenarios in other risk areas, will keep LeasePlan's capital ratio above the minimum required capital ratio of 8%. The current available capital is well above the targeted capital.

## 9 LEGAL AND COMPLIANCE RISK

### 9.1 Legal and Compliance risk definition

Legal risk covers the financial and other losses LeasePlan may suffer as a result of its negligence of, and/or failure to comply with, the applicable laws and regulations. Compliance risk is defined as the risk of legal or regulatory sanctions, financial loss, or loss to reputation LeasePlan may suffer as a result of non-conformance with the integrity, expertise and professionalism requirements of applicable laws, regulations, codes of conduct, good management practices and internal policies.

### 9.2 Compliance risk management structure and organisation

The management of the legal and compliance risk is assigned to the corporate legal & compliance department, which is headed by the SCVP Legal & Compliance. This role also acts as the Group Compliance Officer reporting directly to LeasePlan's Chief Executive Officer and has the right to have direct access to the Chairman of the Supervisory Board. The compliance function in LeasePlan is assigned to a corporate compliance department and to local compliance functions in each of the Group companies. Part of the work conducted, includes the preparation of a monitoring plan which primarily aims at the monitoring of activities that are considered to be important in light of LeasePlan's banking environment. The compliance function identifies, assesses, advises, monitors and reports on LeasePlan's compliance risks. To optimise the coordination of compliance activities at a central level a quarterly Compliance Meeting was established early 2010. Representatives of various corporate departments of LeasePlan participate in these quarterly meetings. For its savings bank activities in the Netherlands which was launched in Q1 2010, a monitoring plan separate from the corporate compliance monitoring plan is in place.

On a quarterly basis the Group Compliance Officer prepares reports on compliance activities with respect to mitigating compliance risks. Next to the informative reporting to senior management within LeasePlan, major risks and incidents related to compliance are discussed with LeasePlan's Chief Executive Officer on a quarterly and, where required, incidental basis. On an annual basis, starting 2011, the Group Compliance Officer presents a report regarding compliance to the Supervisory Board.

### 9.3 Compliance risk policy

The basis for mitigating the compliance risk is formed by LeasePlan's Compliance Charter, as well as the Compliance Risk Policy, which are applicable to all LeasePlan Group companies. In 2010 a renewed Code of Conduct was adopted to better reflect the values and behaviours that exist within the organisation. In 2011 a corresponding employee awareness campaign will be started to help embed the renewed Code of Conduct further. The renewed Code of Conduct will add to the aforementioned basis by ensuring ethical behaviour in the broadest sense, including responsibility in doing business. Furthermore, the corporate compliance function ensures that developments in regulations are captured in new or existing Group policies if necessary. After formal approval by LeasePlan's Managing Board, these policies are announced to the Group companies and their compliance officers.

### 9.4 Compliance risk measurement

Each Group company performs an annual risk assessment in respect of compliance with external laws and regulations. All Group companies report on this assessment in their yearly compliance reports to the Group Compliance Officer.

### 9.5 Capital requirements under Pillar 2

Under Pillar 1 no specific capital requirements for legal and compliance risk need to be calculated for regulatory purposes. The effects from legal and compliance incidents are considered to be operational losses within LeasePlan's definition of an operational loss and as such these events and their impact on LeasePlan's result are reported in the operational loss database. Consequently, the reporting of these losses results in capital requirements under the internal loss data model as described in section 8.6.1. Furthermore, in the determination of low frequency-high impact operational loss scenarios, legal and compliance incidents are also considered.

## 10 REPUTATIONAL RISK

### 10.1 Reputational risk definition and mitigation

Reputational risk within LeasePlan is defined as the current or prospective risk to earnings and/or capital arising from adverse perception of the image of LeasePlan on the part of clients, counterparties, shareholders, investors and regulators.

The identification of potential risks are ensured by both the Group wide risk identification processes taking place annually and the local risk self assessment programmes performed by all entities. Next to the existing controls in place as described under operational risk, LeasePlan continuously monitors its internal controls to avoid its reputation being challenged.

LeasePlan has embedded the safeguarding of its reputation in various policies. Furthermore, as stated previously the renewed Code of Conduct was adopted in 2010 and will be further embedded in the Group in 2011. Three principles form the basis of our Code of Conduct: honesty & trust, respect for the law and honouring human rights. Finally, we continued to work with employees on the LeasePlan core values and identity which helps govern our reputation.

### 10.2 Capital requirements under Pillar 2

Under Pillar 1 no specific capital requirements for reputational risk need to be calculated for regulatory purposes. The effects from reputational incidents are considered to be operational losses within LeasePlan's definition of an operational loss and as such these events and their impact on LeasePlan's result are reported in the operational loss database. Consequently, the reporting of these losses results in capital requirements under the internal loss data model as described in section 8.6.1. Furthermore, in the determination of low frequency-high impact operational loss scenarios, reputational incidents are also considered.

# LIST OF PRINCIPAL CONSOLIDATED PARTICIPATING INTERESTS

Pursuant to Article 379, Part 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 Ltd., Australia
LeasePlan Brasil Ltda., Brazil
LeasePlan Česká republika s.r.o., Czech Republic
LeasePlan Danmark A/S, Denmark
LeasePlan Deutschland GmbH, Germany
LeasePlan Finland Oy, Finland
LeasePlan Fleet Management nv/sa, Belgium
LeasePlan Fleet Management (Polská) Sp. z.o.o., Poland
LeasePlan Fleet Management Services (Ireland) Ltd., Ireland
LeasePlan France S.A.S., France
LeasePlan Hellas SA, Greece
LeasePlan Hungária Gépjármü Kezelö és Fiannszírozó Részvénytá, Hungary
LeasePlan India Ltd., India
LeasePlan Italia S.p.A., Italy
LeasePlan Luxembourg S.A., Luxembourg
LeasePlan Mexico S.A. de C.V., Mexico
LeasePlan Nederland N.V., Netherlands
LeasePlan New Zealand Ltd., New Zealand
LeasePlan Norge AS, Norway
LeasePlan Österreich Fuhrparkmanagement GmbH, Austria
LeasePlan Portugal Comércio e Aluguer de Automóveis e Equipamentos Unipessoal Lda., Portugal
LeasePlan Romania SRL, Romania
LeasePlan (Schweiz) AG, Switzerland
LeasePlan Servicios S.A., Spain
LeasePlan Slovakia s.r.o., Slovakia
LeasePlan Sverige AB, Sweden
LeasePlan UK Ltd., United Kingdom
LeasePlan USA, Inc., USA
Euro Insurances Ltd., Ireland
Globalines Reinsurance Ltd., United Kingdom
LeasePlan Finance N.V., Netherlands
LeasePlan Infrastructure Services Ltd., Ireland
LeasePlan International B.V., Netherlands
LeasePlan Supply Services AG, Switzerland
Mobility Mixx B.V., Netherlands
Travelcard Nederland B.V., Netherlands

All holdings are in the ordinary share capital of the undertaking concerned and are unchanged from 2009.

Special purpose vehicles with no shareholding by the Group are:
Bumper I B.V., Netherlands
LeasePlan Securitisatie B.V., Netherlands
Bumper 2 S.A., Luxembourg
Bumper Car Sales GmbH, Germany
Bumper 3 Finance Plc, United Kingdom

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 LLC, United Arab Emirates (49%)
LPD Holding A.Ş., Turkey (51%)
Excelease N.V., Belgium (51%)
Overlease S.r.L., Italy (51%)
Please S.C.S., France (99.3%)
E Lease S.A.S., France (5%)
Flottenmanagement GmbH, Austria (49%)
Terberg Leasing B.V., the Netherlands (24%)

The net equity accounting treatment is based on whether the Company has significant influence or joint control. In the situations where the Group has a majority shareholding in the entities listed above these entities still qualify as jointly controlled entities as the Group has contractually agreed to sharing of control whereby the strategic and operating decisions relating to the entity require the unanimous consent of the parties sharing control.

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Netherlands Civil Code, LeasePlan Corporation N.V. 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.
Accident Management Services B.V.
Energie LeasePlan B.V.
Firenta B.V.
Lease Beheer N.V.
Lease Beheer Holding B.V.
Lease Beheer Vastgoed B.V.
LeasePlan Finance N.V.
LeasePlan International B.V.
LeasePlan Nederland N.V.
LeasePlan Securitisatie B.V.
LPC Auto Lease B.V.
Mobility Mixx B.V.
Transport Plan B.V.
Travelcard Nederland B.V.

Listed in the Trade Registry of the Gooi-, Eem- and Flevoland Chamber of Commerce and Industry under the number 39037076. LeasePlan Corporation N.V. is incorporated in Amsterdam, the Netherlands.

**Written and published by:**
LeasePlan Corporation N.V., Almere

**Layout and production by:**
Ambitions, ’s-Hertogenbosch

*It's easier to leaseplan*

LeasePlan Corporation N.V.
P.J. Oudweg 41
1314 CJ Almere
the Netherlands

P.O. Box 1085
1300 BB Almere
the Netherlands

Tel: +31 36 539 3911
E-mail: info@leaseplancorp.com
Internet: www.leaseplan.com

**THE WORLD LEADING FLEET AND VEHICLE MANAGEMENT COMPANY**