CELEBRATING 50 YEARS OF LEASEPLAN

ANNUAL REPORT
2013

It's easier to leaseplan

LEASEPLAN IS A GLOBAL VEHICLE LEASING, FLEET SERVICES AND DRIVER MOBILITY PROVIDER. WE HAVE ACHIEVED A LEADING POSITION IN THE INDUSTRY BY CONNECTING CUSTOMERS TO LEASING AND MOBILITY OPPORTUNITIES WHEREVER THEY ARE IN THE WORLD. WE HAVE GROWN THROUGHOUT OUR 50 YEAR'S IN BUSINESS AND NOW MANAGE MORE THAN 1.3 MILLION VEHICLES IN OVER 30 COUNTRIES. WE HAVE A PROVEN TRACK RECORD IN ENHANCING OUR PRESENCE IN TRADITIONAL MATURE FLEET MARKETS, AS WELL AS EXPANDING GEOGRAPHICALLY AND GROWING OUR BUSINESS TO MARKET LEADING POSITIONS. WE ARE ABLE TO CAPITALISE ON OUR SIZE AND SCALE BY PROVIDING EXPERTISE, SAVINGS AND OPPORTUNITIES TO MEET THE NEEDS OF LARGE AND MULTINATIONAL COMPANIES, SMALL AND MEDIUM SIZED ENTERPRISES AND INDIVIDUAL DRIVERS. WE AIM TO MAKE LIFE EASIER FOR OUR CLIENTS. THIS IS REFLECTED IN OUR UNIVERSAL PROMISE TO ALL OUR CLIENTS:

'IT'S EASIER TO LEASEPLAN'.

1963

2013

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

LEASEPLAN
ANNUAL REPORT 2013

REVIEW OF THE YEAR

IN OUR 50TH ANNIVERSARY YEAR, WE ACHIEVED A RECORD NET RESULT AND MADE FURTHER PROGRESS WITH OUR GROWTH STRATEGY. IN THIS SECTION YOU WILL READ THE STORY BEHIND OUR PERFORMANCE IN 2013 AS WE CONTINUED OUR COMPELLING GLOBAL GROWTH STORY.

CORPORATE GOVERNANCE

IN THIS SECTION YOU WILL FIND DETAILS OF LEASEPLAN'S CORPORATE GOVERNANCE, INTERNAL CONTROLS FRAMEWORK AND ACTIONS TAKEN IN 2013.

FINANCIAL STATEMENTS

OTHER INFORMATION

FOR MORE INFORMATION
Visit leaseplan.com

This Annual Report is published in English only.

This document contains forward-looking statements.
Please read the disclaimer inside the rear cover.

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REVIEW OF THE YEAR

KEY NUMBERS

Profit for the year

EUR 326M

2009	165M
2010	199M
2011	225M
2012	241M
2013	**326M**

Total assets

EUR 19.1BN

2009	17.1BN
2010	17.5BN
2011	18.9BN
2012	19.5BN
2013	**19.1BN**

Return on equity

13.3%

2009	11.3%
2010	11.2%
2011	10.9%
2012	10.6%
2013	**13.3%**

Number of vehicles

1.37M

2009	1.31M
2010	1.29M
2011	1.33M
2012	1.35M
2013	**1.37M**

Core Tier 1 ratio

16.9%

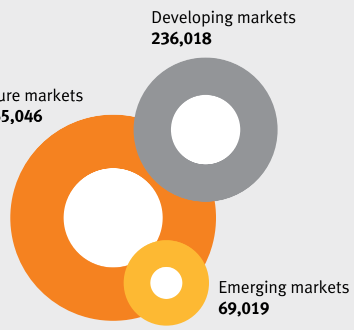
2009	12.8%
2010	14.6%
2011	14.9%
2012	15.6%
2013	**16.9%**

Number of employees

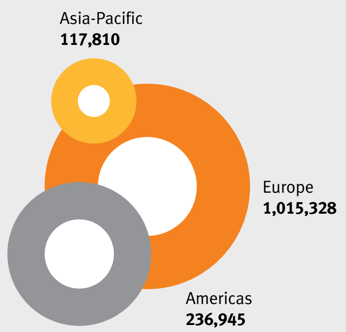
6,571

2009	6,071
2010	6,079
2011	6,257
2012	6,296
2013	**6,571**

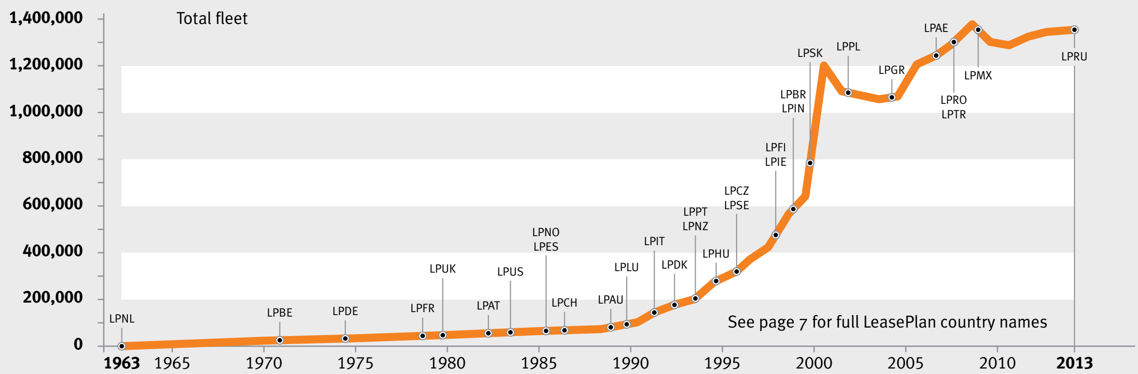
Market spread (number of vehicles)



Geographical spread (number of vehicles)



Growth story 1963 - 2013



See page 7 for full LeasePlan country names

WHO WE ARE

THE ROAD WE ARE TAKING

We believe that a number of key forces will play a significant role in changing the vehicle leasing industry in the years to come. Our industry and the needs of the clients we serve will be shaped by sustainability, new technologies, increased urbanisation and regulation from governments and policy makers. Our future prosperity and business growth will depend on how we serve our customers, conduct business, drive innovation and partner with our stakeholders as these new forces take shape. Our size, scale and expertise have been the hallmarks of our success over the past 50 years. We will continue to use our strengths to develop solutions that add value to our clients. We foresee a shift in services built around the vehicle to services built around the individual driver. There will also be an increasing demand for new mobility services that will require our services to extend beyond the vehicle to other modes of transportation. The future of LeasePlan is to continue to connect clients to leasing and mobility opportunities that make their lives easier wherever they are based. Our mission, vision and values provide the direction for the road we are taking.

OUR MISSION

Our mission is 'to make fleet management and driver mobility easier'.

OUR VALUES

Commitment, Expertise, Passion and Respect

OUR PROMISE

It's easier to leaseplan

OUR VISION

We want to be recognised as the global leader in fleet management and driver mobility.

- Performance "to be the most valued service partner"
- Portfolio "to be the innovation leader in fleet management and driver mobility"
- Processes "to make it easier for all partners in the value chain"
- Planet "to make sustainability our responsibility"
- People "to be truly the best place to work"

OUR STRATEGY

The strategy of LeasePlan is to develop a global approach across the corporation for sustainable growth and profitability. We achieve this by connecting our customers to leasing and mobility opportunities wherever they are based in the world. The pillars under our global strategy are:

Growth | Operational Excellence | Customer Centric Innovation | Right People and Culture

WHERE WE DELIVER SERVICES

LeasePlan Australia (LPAU)
LeasePlan Austria (LPAT)
LeasePlan Belgium (LPBE)
LeasePlan Brazil (LPBR)
LeasePlan Canada (LPCA)*
LeasePlan Czech Republic (LPCZ)

LeasePlan Denmark (LPDK)
LeasePlan Finland (LPFI)
LeasePlan France (LPFR)
LeasePlan Germany (LPDE)
LeasePlan Greece (LPGR)
LeasePlan Hungary (LPHU)
LeasePlan India (LPIN)
LeasePlan Ireland (LPIE)
LeasePlan Italy (LPIT)
LeasePlan Luxembourg (LPLU)
LeasePlan Mexico (LPMX)
LeasePlan Netherlands (LPNL)
LeasePlan New Zealand (LPNZ)

LeasePlan Norway (LPNO)
LeasePlan Poland (LPPL)
LeasePlan Portugal (LPPT)
LeasePlan Romania (LPRO)
LeasePlan Russia (LPRU)
LeasePlan Slovakia (LPSK)
LeasePlan Spain (LPES)
LeasePlan Sweden (LPSE)
LeasePlan Switzerland (LPCH)
LeasePlan Turkey (LPTR)
LeasePlan United Arab Emirates (LPAE)
LeasePlan United Kingdom (LPUK)
LeasePlan United States (LPUS)

* Opened in 2014. Licensing agreement with Foss National Leasing Ltd.

WHAT WE DO

AS A SERVICE INTEGRATOR, WE MANAGE A WIDE VARIETY OF BUSINESS ACTIVITIES IN THE AUTOMOTIVE VALUE CHAIN. WE PERFORM INDEPENDENTLY OR THROUGH OUTSOURCED PARTNERS ALL ACTIVITIES NEEDED FOR CLIENTS TO OPERATE A VEHICLE FLEET, FROM PURCHASING THE VEHICLES TO THE REMARKETING OF THOSE VEHICLES AT THE END OF THE CONTRACT.

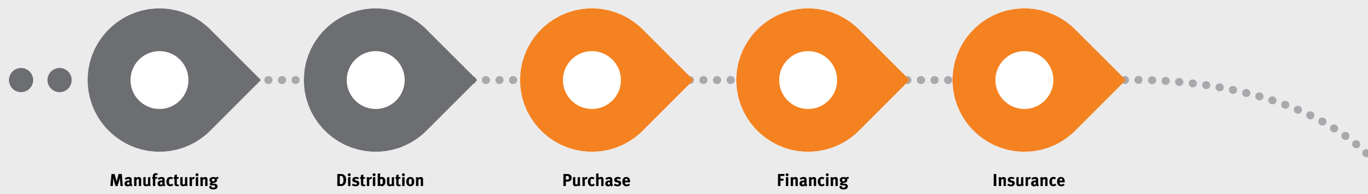
Our business model illustrates the activities we perform and where we create value along the automotive value chain. We are involved in all of these areas except for vehicle manufacturing and distribution. We are independent of vehicle brands and provide services for vehicles of a wide variety of makes and models in line with the specific needs of our clients.

Our services are coordinated across our markets of operation and include:

- purchasing and procurement of vehicles
- financing of vehicles
- comprehensive vehicle insurance services
- vehicle maintenance management and pick-up and delivery service
- cost control systems and fuel purchase cards
- accident management and claim handling services
- fixed-fee fleet outsourcing services by handling all fleet-related matters for clients
- fleet consulting services
- vehicle remarketing by selling used vehicles to drivers, traders and private persons

In addition to providing these services, we focus on continuous innovation that keeps up with client developments and industry trends. This has resulted in the development of additional services, or the modification of existing services, in response to evolving client needs and concerns such as a greater environmental focus, cost saving initiatives, mobility solutions and driver-focused fleet management platforms.

Automotive value chain



- LeasePlan in-sourced
- Not active
- LeasePlan partly in-sourced (in some local entities the activities are outsourced and in others in-sourced)

TAILORED CLIENT OFFERINGS AND PRICING MODELS

Our leasing offerings comprise a variety of bundled and stand-alone services tailored to the specific needs of our clients. Our full service offerings include a mixture of in-sourced and outsourced solutions and are based on two pricing models, open calculation and closed calculation. We also offer management-only as well as financing-only solutions.

Our local operating companies provide fleet management services to diverse client segments in over 30 countries, with additional brand presence in Canada. We offer comprehensive fleet solutions covering strategic fleet advice, funding options, full service leasing and ancillary fleet and driver services to large corporate clients, public sector entities, Small and Medium Enterprises (SMEs) and individual drivers.

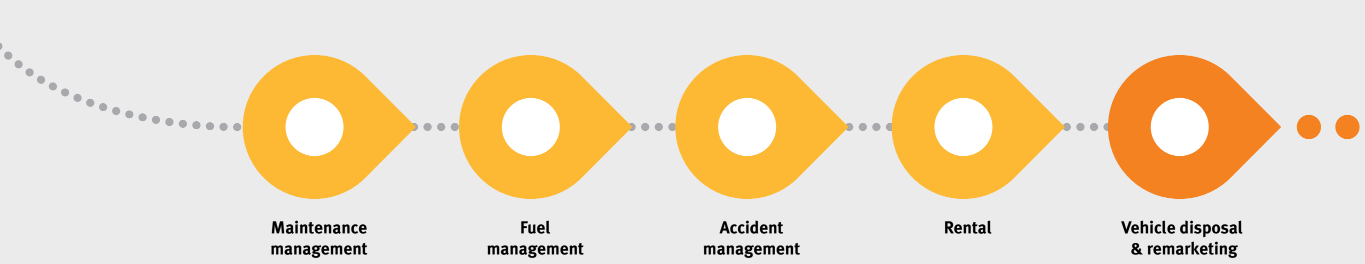
We create value due to the size of our fleet requiring maintenance and replenishment with significant procurement of fleet services and commodities. By leveraging our size and scope, we are able to negotiate favourable pricing structures with our preferred network of suppliers which translate into savings for our clients.

Supplier management

Globally, the management of our supply chain is further enhanced with our central procurement company, LeasePlan Supply Services. This subsidiary aims to turn our size and international presence into an advantage for our local subsidiaries and our clients by managing international agreements with a network of preferred suppliers. In recent years we have significantly strengthened our supplier relationships and control frameworks through procurement excellence. Our local procurement functions use a global blueprint to manage strategic and sustainable relationships with suppliers in ensuring the quality of products and ultimately the service delivered to clients.

Car remarketing

We have built significant expertise in vehicle remarketing which enables us to capture the residual value of a vehicle under management at the end of the service contract. In addition to engaging in traditional local remarketing activities, we have established CarNext International, a subsidiary specialised in coordinating vehicle remarketing activities across borders. Using our knowledge of the resale value of different vehicle makes and models from our multi-brand portfolio we are able to ship specific vehicle brands to those national markets where they are most popular, thereby potentially achieving higher resale values. We are the only leasing company offering a single clear international guideline for the assessment of damage on returned lease vehicles. Our fair wear and tear standard is certified by TÜV Nord and we remain the only leasing company in Europe to maintain an independent quality standard.



CHAIRMAN'S REVIEW

"OUR EXPERTISE, INNOVATION AND SERVICE HAVE BEEN THE HALLMARKS OF OUR SUCCESS FOR 50 YEARS"

VAHID DAEMI
CHAIRMAN OF THE MANAGING BOARD AND CEO

OVERALL, 2013 SAW FURTHER PROGRESS FINANCIALLY AND STRATEGICALLY FOR LEASEPLAN. AS WE REFLECT ON THE YEAR, THERE WERE THREE INDICATORS THAT SHOW THAT WE CONTINUE TO GO FROM STRENGTH TO STRENGTH. FIRST, OUR NET RESULT FOR THE YEAR GREW BY 35% TO EUR 326.4 MILLION – A RECORD LEVEL OF PERFORMANCE THAT REFLECTS OUR STRONG AND BALANCED PORTFOLIO OF BUSINESSES, THE HIGH QUALITY OF SERVICES DELIVERED AND THE DEPTH OF OUR EXPERTISE. SECONDLY, FURTHER GEOGRAPHICAL EXPANSION OF OUR OPERATIONS INTO MAJOR ECONOMIES INCREASED THE INTERNATIONAL COVERAGE OF OUR LEASING AND MOBILITY SERVICES TO CLIENTS. THIRDLY, 2013 MARKED OUR 50TH ANNIVERSARY AND WE SHOWED THAT EXPERTISE, INNOVATION AND SERVICE CONTINUE TO BE THE HALLMARKS OF OUR ONGOING GLOBAL GROWTH STORY.

Many of the countries in which we operate are still in transition from the global financial crisis and, despite some further signs of recovery, economic growth remained largely subdued. With Western Europe emerging from the Euro recession and the US experiencing somewhat stronger growth, the financial markets remained largely stable during the year and there was also a moderate upturn in business and consumer confidence. The banking system, however, remains fragile and could still hamper financial stability. A return to longer-term, stable economic growth will depend on the impacts of the fiscal measures and reforms taken by governments and policy makers. Given that finding resolutions to the complex domestic and international challenges remains work-in-progress, the operating environment will continue to be unpredictable. We have, however, demonstrated that we can perform in this environment and have been further encouraged by our performance in markets where the economic challenges persist the most.

In the past period, including the crisis years, we have made good progress in delivering our growth strategy, the focus of which is connecting customers to leasing and mobility opportunities wherever they are based. We map out where we are in the world and evaluate the options for expanding into new geographies, the opportunities for growth through acquisition and further market penetration through investment in new products and services. By continuing to take this approach we see growth potential in our current markets and the future markets in which we selectively choose to enter, albeit growth potential has to be considered in line with broader economic recovery in our countries.

A good example of the progress we have made in our 50 year history is in terms of the growth in the size and scale of our operations. Today, LeasePlan is a very different company to that of even 15 years ago, with a doubling of our total fleet during this period. Our total fleet currently stands at 1.37 million vehicles worldwide, showing the strategic progress we have made in expanding into new countries as well as new customer segments in more traditional leasing markets. Since the beginning of 2013, we have further expanded into countries such as Russia and Canada. Our new entity LeasePlan Russia was officially opened in July 2013 following a period of robust due diligence. With the leasing market still relatively new in the region we intend to play our role in bringing innovation and value-added leasing services to clients in the market. We are also delighted to bring further visibility of the LeasePlan brand to the Canadian leasing market in early 2014. Our increased presence in the North American region brings our expertise and service offering to multinational clients operating in the country.

Aside from geographical expansion, we achieved further penetration in our current markets, particularly in the growing small to medium customer segment. During the year we announced that we had acquired 100% of the share capital of BAWAG P.S.K. Fuhrparkleasing in Austria, amounting to 6,500 vehicles. In Italy, we completed the acquisition of the fleet and leasing portfolio of Banco Bilbao Vizcaya Argentaria (BBVA), amounting to 20,000 vehicles. From our vantage point, we see further untapped potential in the small to medium leasing segment in our markets. Encouragingly, this is an area where we have built considerable expertise in the past few years.

"WE HAVE MADE EXCELLENT PROGRESS IN FURTHER EMBEDDING OUR CUSTOMER PRINCIPLES ACROSS OUR GLOBAL OPERATIONS"

In terms of our results in 2013, we performed well in maximising the various income streams where we have developed expertise and scale across the entire fleet value chain. Total operating and net finance income for the year rose by 14.7%, substantially in excess of the 4.7% rise in total operating expenses due to further improvements we are making to our business. One of the contributors to the 14.7% increase was net interest income (+EUR 19 million), despite the high costs of maintaining solid liquidity buffers in view of our diversified funding policy and new capital requirements. Another contributing factor underlying our record result for the year is the positive movement in the results of vehicles sold. The contribution to gross profit represented by lease contract expirations and the subsequent sales result increased from EUR 28 million in 2012 to EUR 154 million in 2013. Although different market characteristics play a role, we witnessed improvement in second hand vehicle sales results in nearly all of our markets.

A number of factors converged during the year to help shape the positive result of vehicles sold. One factor was the considerable improvement in the second hand vehicle market, largely due to a short supply of relatively new, well-maintained vehicles. We are able to perform well in this environment as we specifically dispose of the type of vehicles that are attractive to buyers in the second hand vehicle market. Another factor was the moderate improvement in consumer confidence and an easing of available financing compared to the previous crisis years. The main contributing factors to the result, however, were both our prudent setting of residual values in leasing contracts written at the beginning of the global financial crisis and the strong focus on risk mitigating measures we have taken throughout the lifetime of the lease contracts.

As further proof of our healthy capital and liquidity position and the easing of financial markets, we successfully executed benchmark size public Debt Capital Market transactions in Europe, institutional offerings in the US and were also active in Private Placement funding. Furthermore, our retail bank in the Netherlands continued to perform well, with retail deposits entrusted to LeasePlan Bank stabilising at EUR 4.2 billion at year-end. In October, benefiting from our strong and stable funding position, we bought back a USD 500 million Dutch Government guaranteed bond from investors that was due to mature in June 2014. We have now repaid 85% of the bonds that we issued under the Dutch Government guarantee scheme and we are well on track for full repayment in May 2014. At the end of 2013, our liquidity buffer amounted to EUR 4.7 billion and we maintained a healthy Core Tier 1 ratio of 16.9%, up from 15.6% in 2012. We, therefore, are well positioned for the introduction of the new CRD IV and CRR regime for capital adequacy and are making the necessary preparations for compliance with this new EU legislative package that came into force in January 2014.

Every year our appetite for innovation grows and has been one of the hallmarks of our success for 50 years. We are driven by our desire to connect customers to leasing and mobility opportunities that make their lives easier. Consequently, we are continuing to invest in new products and service platforms that are designed to work in many markets around the world, taking the best ideas from one market and introducing these to other markets. Encouragingly, our products and services continue to be well received by our clients with a global client satisfaction score of 92% in 2013. Going forward, we see the future of vehicle leasing shifting focus from services built around the car to services built around the individual driver. Throughout the year we launched a number of improved driver services and will continue to use telematics and analytics to connect drivers to lease services and mobility solutions.

Over the course of the last five years we have made excellent progress in further embedding our customer principles across our global operations. These principles are built around our values and our promise of making leasing easier for our customers. As I present our 2013 results, I am proud to say that our continued success is testament to the talent, entrepreneurial spirit and commitment of the 6,571 people who work for LeasePlan. At the core of our our global operations, engaging our people and supporting their development continues to be fundamental to what we stand for, encouraging a culture where we deliver exceptional business performance through the drive, energy and diversity of our people.

In recent years, we have continued to bring our values and client promise to life through a series of global engagement initiatives, celebrating what makes our business unique, while collectively finding new ways to improve services to clients. Together with the revised HR strategy developed in 2013, our aim is to become one of the best places in the world to work and I am pleased to say we are making good progress. For the third year running we have achieved a result in our global engagement and integrity measure above the standard for high-performing organisations. We have also achieved best places to work accolades and industry leader awards in a number of our countries.

Additionally, a strong governance framework also plays a key role in supporting our business model, while striking an appropriate balance between long-term sustainable value creation and risk. I am confident that we have the right people and processes in place in this regard to support our growth strategy. You will read later in the corporate governance report about our governance activities during the year.

As the Group continues to grow, so do our responsibilies to the communities in which we operate. This was brought into focus during our 'We are LeasePlan' campaign in November as part of our 50 year celebrations. LeasePlan employees spent time during the month working in our local communities to help give something back to those most in need – from raising well-needed funds through to providing time and assistance for very worthy causes. Taking our responsibility as a business leader to a wider community, we also opened the ChildPlan Academy in India, as part of our global LeasePlan ChildPlan initiative. The ChildPlan Academy will provide much needed education and support to disadvantaged street children in the region.

As the last year shows, LeasePlan continues to go from strength to strength. I would like to thank everyone at LeasePlan whose creativity and hard work have played an instrumental role in achieving a record result in our 50th year. I would also like to thank our clients, suppliers, investors and shareholders for their ongoing trust and support. With our clear strategy for growth, focus on exceptional performance and talented team of people, our global growth story will continue to be a compelling one for years to come.

OUTLOOK 2014

A number of key indicators point towards gradual improvements, mainly in European economies where we are present. As market leader we are well positioned to benefit from this development. We expect, however, the pace of recovery to be slow and it has yet to be seen what the full effect thereof will be on our markets.

In 2013 we profited from exceptional circumstances in second hand vehicle markets. While we do not expect these very favourable conditions to endure, we believe our risk mitigation measures will continue to pay off. During 2014, we will put strong emphasis on further sustainable and profitable growth of our portfolio, as this has always been an important driver for the progress of our business.

Vahid Daemi
Chairman of the Managing Board and Chief Executive Officer

"OUR GLOBAL GROWTH STORY WILL CONTINUE TO BE A COMPELLING ONE FOR YEARS TO COME"

LEADERSHIP TEAM

MANAGING BOARD

Vahid Daemi
Chairman of the Managing Board
Chief Executive Officer
Nationality: British

Guus Stoelinga
Member of the Managing Board
Chief Financial Officer
Nationality: Dutch

Sven-Torsten Huster
Member of the Managing Board
Chief Operating Officer Nationality: German

REGIONAL SENIOR VICE-PRESIDENTS

Javier Contreras Garcia
Central Europe & Asia
Nationality: Spanish

Kevin McNally
Northern Europe & Americas
Nationality: British

Nick Salkeld
Southern Europe & Pacific
Nationality: British

CORPORATE SECRETARY

Flora Hennekes – van Rosmalen
Corporate Secretary
Nationality: Dutch

LOCAL MANAGEMENT TEAMS
All of LeasePlan's main operating companies are led by a Managing Director, supported by a local management team.
See page 55.

SENIOR CORPORATE VICE-PRESIDENTS

John Boon
Corporate Strategy & Development
Nationality: British

Tricia Desnos
Human Resources
Nationality: British

Marja Gorter
Legal & Compliance
Nationality: Dutch

Theo Kuipers
Control, Reporting & Tax
Nationality: Dutch

Yolanda Paulissen
Strategic Finance
Nationality: Dutch

Patrick Steenvoorden
Risk Management
Nationality: Dutch

Leo Walraven
Group Audit
Nationality: Dutch

SENIOR VICE-PRESIDENTS GROUP SERVICES

Wolfgang Reinhold
Car Remarketing and Operations
Nationality: German

Jaime Requeijo Gutierrez
Business Development
Nationality: Spanish

50 YEAR HISTORY

1963
LeasePlan was founded in Amsterdam and introduced the concept of equipment leasing to the Netherlands.

1971
LeasePlan invented Open Calculation and provided customers with more transparency and easier budgeting.

1972
LeasePlan went international with the opening of LeasePlan Belgium.

1974
LeasePlan Germany opened.

1976
LeasePlan reached the milestone of 10,000 vehicles on the road.

1977
Travelcard was launched and made it easier for drivers and fleet managers to control costs.

1978
LeasePlan opened its office in France.

1979
LeasePlan United Kingdom opened.

1983
LeasePlan reached 40,000 vehicles on the road.

LeasePlan Austria opened. LeasePlan opened its first office outside of Europe in the US.

1985
LeasePlan Spain and LeasePlan Norway opened their doors.

1986
LeasePlan Switzerland opened its doors.

1988
LeasePlan reached 80,000 vehicles on the road.

LeasePlan Australia is started. LeasePlan Luxembourg also opens its doors.

1991
LeasePlan Italy was opened.

1992
LeasePlan reached a fleet of 175,000 vehicles.

LeasePlan International started, making it easier for global business to manage their fleets across borders. LeasePlan Denmark also opened

1993
LeasePlan Holding N.V. obtained a banking licence in the Netherlands.

LeasePlan Portugal started. LeasePlan New Zealand also opened its doors.

1994
LeasePlan Hungary opened.

Euro Insurances was launched.

1995
LeasePlan Sweden opens its doors.

1996
LeasePlan reached a fleet size of 345,000 vehicles.

LeasePlan Czech Republic started.

1997
LeasePlan Finland and LeasePlan Ireland started.

1998
LeasePlan Brazil started, the first LeasePlan office in South America.

1999
LeasePlan India started.

2000
LeasePlan reached a total fleet size of 1,000,000 vehicles on the road.

LeasePlan Slovakia also opened its doors.

2001
LeasePlan Poland started.

2003
LeasePlan celebrated its 40 year anniversary.

LeasePlan Greece opened its doors. LeasePlan Supply Services launched.

2005
LeasePlan launched its brand promise “It’s easier to leaseplan”.

2006
LeasePlan United Arab Emirates started.

LeasePlan ChildPlan started, with the aim of making life easier for children in developing countries.

2007
GreenPlan launched.

LeasePlan Romania and LeasePlan Turkey opened for business.

2008
LeasePlan Mexico opened.

2010
LeasePlan Bank, a private savings bank operating in the Netherlands, started.

2013
LeasePlan Russia opened in the year of LeasePlan’s 50th birthday.

The company reached a fleet size of 1,370,000 vehicles and achieved a record net result.

STRATEGY FOR GROWTH

WE SEEK TO CREATE VALUE BY INVESTING IN OUR BUSINESS AND OUR PEOPLE FOR GROWTH. WHEREVER THEY ARE BASED IN THE WORLD, WE LOOK TO CONNECT OUR CLIENTS TO LEASING AND MOBILITY OPPORTUNITIES THAT MAKE THEIR LIVES EASIER. OUR GROWTH STRATEGY IS DESIGNED TO EXTEND OUR PRESENCE IN CURRENT MARKETS, DEVELOP NEW CUSTOMER SEGMENTS, FURTHER EXPAND GEOGRAPHICALLY AND DELIVER INNOVATIVE PRODUCTS AND SERVICES. WE CAREFULLY PRIORITISE OUR GROWTH STRATEGY IN ORDER TO ACHIEVE THE MAXIMUM RETURN ON OUR INVESTMENTS. WE ENSURE THAT WE HAVE THE RIGHT PEOPLE AND CULTURE TO CONTINUE OUR GLOBAL GROWTH STORY.

GROWTH

GROWTH IN EXISTING MARKETS | NEW CUSTOMER SEGMENTS | GEOGRAPHICAL EXPANSION

We take a global approach to our business. Central to our decision making for growth is connecting clients, both new and current, to leasing and mobility opportunities wherever they are based. We map out where we are in the world and then evaluate the options and opportunities for expanding into new geographies. We, therefore, take a selective approach to both expansion and multi-country acquisitions by carefully prioritising our investments. We also look to deliver further market penetration inorganically via country-specific acquisition, or by strengthening our value proposition with differentiated products and services.

Progress in 2013

- Our geographical expansion progressed with the opening of LeasePlan Russia.
- Preparations were made for the LeasePlan brand to be made more visible in the North American regional cluster via LeasePlan Canada.
- We delivered country-specific acquisitions in LeasePlan Austria and LeasePlan Italy, achieving further penetration in the small to medium customer segment.

OPERATIONAL EXCELLENCE

EFFICIENT AND EFFECTIVE PROCESSES | FLEXIBLE AND AGILE IT | LEVERAGING OUR SCALE

In connecting our clients to our leasing and driver services, there is a growing demand for data and analytics that provide efficient leasing solutions and enhance the customer experience. The size of our fleet under management requires maintenance and replenishment with significant procurement of fleet services and commodities. By continuing to leverage the size and scale of our business, we seek ways to negotiate favourable pricing structures with our preferred network of suppliers that translate into savings for clients. We are, therefore, continuously looking at alternative ways to optimise our size and scale by maturing our procurement activities across the entire value chain. We have also built significant expertise in vehicle remarketing which enables us to capture the residual value of a vehicle under management at the end of the service contract.

Progress in 2013

- We made further progress in deploying Supplier Integration Management with the aim of improving supplier related services.
- We launched a global ICT strategy looking to maximise the value of our data and information.
- In addition to engaging in traditional local remarketing activities, we have improved CarNext International, a subsidiary specialised in coordinating vehicle remarketing activities across borders.

CUSTOMER-CENTRIC INNOVATION

EASIER VALUE PROPOSITIONS | CREATING 360º CUSTOMER AND DRIVER VIEW | DRIVER MOBILITY

We invest in products, platforms and consultancy services that are designed to work in many markets around the world, taking the best products and ideas from one market and introducing these into new markets. Central to our client promise is connecting customers to leasing and mobility opportunities that make their lives easier. We also look for ways to become more efficient and our preference is to build a product once and then to deploy it many times. In this way, our business becomes more scalable and cost-efficient. It also means we can build products and services on which our clients can standardise, enabling them to make more consistent decisions wherever they operate around the world. We are investing in the way we use data and telematics intelligently to improve services to clients and drivers.

Progress in 2013

- We are deploying FleetPlan to more markets, providing a differentiated outsourcing option for clients.
- We made progress in strengthening our consultancy services, allowing us to bring our expertise to work for the benefit of our clients in a more harmonised and structured way.
- We are making progress in delivering driver related services through the use of telematics, sales platforms and mobile technology.

RIGHT PEOPLE AND CULTURE

ENSURING EXPERTISE | ENGAGING EMPLOYEES | CREATING COLLABORATION

Enabling further growth and the constant demand for new, innovative services mean that we need to be agile to recruit, develop, adapt and move the right talent that fits with our culture. We are meeting this challenge by actively empowering our employees through development plans for the company and individuals. We are also empowering line managers to lead their people. Through global projects, cross-functional business initiatives and international job opportunities we are actively encouraging our people to move around our global business. We are continuously looking at ways to share best practices through internal initiatives to create efficiencies and alignment across the business.

Progress in 2013

- We developed a new HR Strategy, which fully supports the growth strategy of the business.
- We have delivered global engagement programmes designed to build an environment that engenders innovation and further connects our clients to easier leasing and mobility solutions.
- We have made significant progress in executing our best of breed Commercial Training Programme.
- We started a global diversity programme, which will be rolled out in 2014. We believe that diversity will further foster an international mindset that enhances innovation, as well as our ability to work cross-culturally and expand into new markets.
- Our global engagement and integrity survey once again showed results above the benchmark for high-performing organisations, as well as high levels of integrity.

FINANCIAL REVIEW

"OUR NET RESULT OF EUR 326.4 MILLION REPRESENTS AN INCREASE OF EUR 85 MILLION (+35%) COMPARED TO 2012"

OUR FINANCIAL REVIEW IS DESIGNED TO SET OUT THE FINANCIAL HIGHLIGHTS OF THE YEAR AND TO FURTHER DEVELOP THE STORY BEHIND THESE NUMBERS. COMPREHENSIVE FINANCIAL INFORMATION IS PROVIDED IN THE CONSOLIDATED FINANCIAL STATEMENTS. IN 2013, WE DELIVERED EXCELLENT FINANCIAL PERFORMANCE. OUR NET RESULT OF EUR 326.4 MILLION REPRESENTS AN INCREASE OF EUR 85 MILLION (+35%) COMPARED TO 2012 AND DELIVERS A RECORD NET RESULT. AS A RESULT OF FRAGILE ECONOMIC RECOVERY AND MARKET CHARACTERISTICS, WE EXPERIENCED A MIXED PICTURE IN THE DEVELOPMENT OF OUR BUSINESSES IN THE VARIOUS COUNTRIES.

The Volume of lease contracts decreased from EUR 14.9 billion to EUR 14.5 billion, reflecting an increase of 13,000 funded vehicles and a decrease in the average book value of nearly EUR 600 per vehicle. The latter decrease is largely caused by the effect of the appreciating Euro currency against non-Euro currencies in which we operate. In addition to the exchange rate effect, we have seen the average book value per vehicle somewhat decrease reflecting the average ageing of the portfolio. Additionally, the benefit of two acquisitions in Italy and Austria resulted in positive growth in the number of funded vehicles.

During 2013, some LeasePlan businesses continued to consistently grow and outperform their local markets, whereas other businesses experienced strong contractions in the local market and increased competitive pressure on product proposals and pricing. We were able to perform well in this environment due to the geographical diversification of our operations and the size and scope of our business , which also provides the platform for future growth of our fleet under management.

Underlying the strong net result is the positive movement in the Results of vehicles sold. The contribution to Gross profit that is represented by lease contract expirations and the subsequent sales results of vehicles, increased from EUR 28 million in 2012 to EUR 154 million in 2013. Further analysis of the net result shows that activity from other income components increased or remained stable and translated into growth in the overall result. In particular Net finance income benefited from the further easing of financial markets with decreasing spreads and increasing turnover in transactions. Total operating and net finance income grew by EUR 154 million (+14.7%), which substantially exceeds the growth in Operating expenses (+EUR 35 million, + 4.7%). The increase in Operating expenses can largely be explained by investments in further improving our business for growth.

FUNDING HIGHLIGHTS

All funding levers delivered in 2013.

- We issued a 5.5 year EUR 500 million public benchmark trade maturing in April 2019.
- LeasePlan Bank retail deposits stabilised at EUR 4.2 billion.
- We bought back a USD 500 million Dutch Government guaranteed bond that was due to mature in June 2014. We have now repaid 85% of the bonds that we issued under the Dutch Government guaranteed scheme and we are well on track for full repayment in May 2014.
- Our liquidity buffer amounted to EUR 4.7 billion and we maintained a healthy Core Tier 1 ratio of 16.9%.
- We are well prepared for the new CRD IV regime in terms of capital adequacy that came into force in January 2014.

PROFITABILITY

SUMMARY INCOME STATEMENT	2013	2012	Delta
In millions of euros			
Depreciation	47.7	47.4	+0.3
Lease services	153.9	157.6	-3.7
Damage risk retention	156.4	179.7	-23.3
Rental	17.1	23.4	-6.3
Management fees	199.8	196.2	+3.6
Results of vehicles sold (results terminated contracts)	153.9	27.5	+126.4
Other	92.9	88.8	+4.1
Gross profit (revenues -/- cost of revenues)	**821.7**	**720.6**	**+101.1**
Net interest income (excluding unrealised gains/losses)	379.7	360.7	+19.0
Impairment charges on loans and receivables	-25.1	-23.2	-1.9
Unrealised gains/losses on financial instruments	25.7	-3.9	+29.6
Other financial gains/losses	-4.0	-10.1	+6.1
Net finance income	**376.3**	**323.5**	**+52.8**
TOTAL OPERATING AND NET FINANCE INCOME	**1,198.0**	**1,044.1**	**+153.9**
Total operating expenses	777.7	742.8	+34.9
Share of profit of associates and jointly controlled entities	7.4	11.8	-4.4
PROFIT BEFORE TAX	**427.7**	**313.1**	**+114.6**
Income tax expenses	101.3	71.8	+29.5
PROFIT FOR THE YEAR	**326.4**	**241.3**	**+85.1**

SUMMARY

- Total operating and net finance income increased by EUR 154 million, substantially in excess of the EUR 35 million increase in Total operating expenses. Taken together with the small reduction in Share of profit of associates of EUR 4 million, the result raised the Profit before tax by EUR 115 million.
- The Net finance income contributed significantly to income growth, by + EUR 53 million. This was caused by positive Unrealised gains on financial instruments (from EUR 4 million negative to EUR 26 million positive). Net interest income grew by + EUR 19 million and, moreover, maintained its position as highest contributor to total income. This positive increase was despite the high costs of maintaining solid liquidity buffers that we have in view of our diversified funding strategy and new regulatory capital requirements. Impairment charges on loans and receivables increased, but remained overall modest reflecting the secured nature of our credit exposures. The Other financial losses on financial instruments represent the costs associated with the (partial) buy back and early redemption of previously issued Dutch Government guaranteed debt of LeasePlan Corporation.
- Gross profit increased by EUR 101 million, mainly as a reflection of the improved Results of vehicles sold, which increased by EUR 126 million. This latter increase is partly caused by a reclassification from Damage risk retention. However, the lion share is caused by a rise in the prices for second hand vehicles (partly achieved through the efforts of LeasePlan) in almost all countries where we operate and the results of the risk mitigating measures we have taken in the past few years. Where most contract terminations still resulted in a sales loss in 2012 (of average just below EUR 300 per vehicle), this reversed to sales profit in 2013 (of average just above EUR 300 per vehicle). These sales results, plus a number of other end of contract features, are subject to specific contract settlements with customers, and therefore do not fully accrue to us.
- In absolute terms the largest contributions to Gross profit on a continuous basis stem from Management fees, Damage risk retention and Lease services. Collectively, these line items show the continued strong and stable performance of our business model. Connecting clients to leasing services and leveraging the scale and scope of our business are key strengths and the backbone for our continued positive financial performance.
- Income tax expenses increased by EUR 30 million, mainly as a reflection of the increase in Profit before tax but also as a percentage of Profit before tax (from 22.9% to 23,7%). This effective tax rate is due to the geographical spread of our business and the nature of our product. This is further impacted by many different elements of corporate income tax rates, changes therein and changes in tax legislation. We have a transfer pricing policy in place that specifically warrants an appropriate allocation of results over the various jurisdictions.

SOLVENCY

COMPOSITION OF CAPITAL AND RISK-WEIGHTED ASSETS	2013	2012	Delta
In millions of euros			
Share capital and share premium	578.0	578.0	-
Translation reserve	-21.1	31.8	-52.9
Hedging reserve	-15.3	-36.7	+21.4
Post-employment benefit reserve	-6.1	-8.4	+2.3
Other reserves	2,046.0	1,822.7	+223.3
Total equity	**2,581.5**	**2,387.4**	**+194.1**
Prudential filter m-t-m derivatives	15.3	36.7	-21.4
Deduction goodwill	-98.6	-98.6	
Deduction intangible assets	-16.3	-9.0	-7.3
Dividend accrual	-134.0	-94.5	-39.5
AIRB provision shortfall/excess	-10.3	-8.2	-2.1
CORE TIER 1 CAPITAL	**2,337.6**	**2,213.8**	**+123.8**
Total assets on balance sheet	**19,129.4**	**19,487.9**	**-358.5**
Impact of risk-weighting lease portfolio	-6,232.6	-6,693.3	+460.7
Impact of risk-weighting other assets	-2,495.7	-2,407.5	-88.2
On balance risk-weighted assets	**10,401.1**	**10,387.1**	**+14.0**
Other risk exposure amounts	3,443.9	3,790.2	-346.3
RISK-WEIGHTED ASSETS	**13,845.0**	**14,177.3**	**- 332.3**
CORE TIER 1 RATIO	**16.9%**	**15.6%**	

SUMMARY

Fleet numbers have increased when comparing 2013 to 2012, however, this was more than offset by the effects of the appreciating Euro currency causing an overall decrease of risk-weighted assets from EUR 14.2 billion at the end of 2012 to EUR 13.8 billion at the end of 2013 under the advanced model approaches that we use for regulatory solvency reporting.

Due to the rise in Core Tier 1 capital and the decrease in risk-weighted assets the Core Tier 1 ratio increased from 15.6% to 16.9% in 2013. The increase in Core Tier 1 capital is predominantly caused by profit retention, partly offset by a dividend accrual and payment.

During the past years we have, on the basis of our stable businesses and consistently retained profits, been able to substantially raise our Core Tier 1 ratio. The current level is in excess of both internal targets and minimum requirements of the central bank supervisor. Also anticipating the effects of CRD IV and CRR, our current solvency ratio is relatively high. While on the one hand this emphasises our strength, on the other hand it also allows for future growth.

LEASEPLAN BANK

LeasePlan entered the world of consumer banking in February 2010 when we opened our retail saving bank, LeasePlan Bank, in the Netherlands. Aside from supporting the diversified funding strategy of our global business, the aim was to take our expertise in building customer intimacy and deliver it to a new consumer market. During the past four years, LeasePlan Bank has focused its efforts on maturing its customer experiences and building a customer-centric bank. In today’s highly commoditised and digital world, never before has customer centricity mattered more in the banking industry. Consequently, LeasePlan Bank actively works with its customers in deciding how it matures its services to their benefit. LeasePlan Bank is using methods to make savings as easy and transparent as possible. It also actively connects with its customers via social media and other discussion forums. To monitor its progress, LeasePlan Bank checks its customer satisfaction monthly and achieves scores consistently above the industry average. The Autoriteit Financiële Markten (AFM) annually scores the product offering of Dutch banks against the principles of “Modern Spaarbeleid”. In 2013 LeasePlan Bank scored higher than the average of the banks evaluated. The performance of LeasePlan Bank to date in the highly competitive consumer market has also shown the flexibility that exists in our business model. At the end of 2013, retail deposits entrusted to LeasePlan Bank stabilised at EUR 4.2 billion.

RIGHT PEOPLE AND CULTURE

"THE STRATEGIC PRIORITIES OF HR ARE FUNDAMENTAL TO EXECUTING OUR GROWTH STRATEGY"

THE REALISATION OF OUR GROWTH STRATEGY DEPENDS ON MANY THINGS, BUT MOST OF ALL ON HAVING THE RIGHT PEOPLE WHO FIT IN A CULTURE IN WHICH PERFORMANCE IS ALWAYS ALIGNED WITH VALUES. TO SUCCEED IN A COMPETITIVE, INCREASINGLY GLOBAL MARKETPLACE, IT IS CRITICAL TO BE ABLE TO PROVIDE ATTRACTIVE, ENGAGING AND EFFECTIVE PLACES TO WORK FOR OUR PEOPLE THROUGHOUT THE WORLD. WE ARE MEETING THIS CHALLENGE BY OFFERING EXCITING WORK, A STRONG VALUES-DRIVEN CULTURE AND A WELL-EXECUTED STRATEGY FOR DEVELOPING PEOPLE.

With the company employing more than 6,500 people in over 30 countries, our approach to people management needs to afford our businesses and leadership locally with the necessary freedoms to manage people according to local needs, market conditions and requirements. At the same time, a global strategic framework is necessary to deliver consistency and build group-wide capabilities in order to achieve further growth and sustain outstanding performance.

The challenges still present in the global economy and opportunities that come from operating in a global marketplace require businesses to be flexible and adaptable workplaces. The future workplaces may also look different than they do now in how they meet the needs of a new generation of workers, so that they can serve the next generation of customers and drivers. The contours of these challenges and opportunities explain the thinking behind our updated HR Strategy: A framework for freedom that was developed during the course of 2013 (page 27). The HR strategy was widely discussed within the organisation and developed by business leaders and the HR community, led by an HR steering committee. The strategic priorities and activities of the HR strategy are fundamental to executing our growth strategy and are intended to attract, retain, develop and inspire the talent that we require. Although its purpose is to ensure guiding principles for all HR activities, the framework acts as an integrated whole that supports the strategic objectives of the business. Moreover, the HR strategy also helps us move towards our vision: LeasePlan is truly the best place to work.

EMPLOYEE ENGAGEMENT

In 2013, we conducted our third annual global engagement and integrity survey – and 92% of our people participated. It was the third consecutive year that we achieved a participation rate above 90%. The survey measures the extent to which employees contribute to a high performing organisation through employees' level of engagement, strength of leadership, alignment to goals and strategy and organisation capabilities. We increased our performance in all the core success factors and remain above the benchmark for high performing organisations. The integrity that exists within the organisation is another key measure in the global survey. At a time where confidence in the market is low and questions continue to be asked about the integrity and transparency of the business world, we have continued to perform well in terms of business ethics and integrity.

DIVERSITY

Diversity in our business allows us to better understand our clients' needs, attract and retain talented people, and operate more effectively in a global business environment. Diversity fosters an international mindset that enhances innovation, as well as our ability to work cross-culturally and expand into new markets. It also gives us a better understanding of the societies in which we operate. In 2013 we established the groundwork to deliver a new global diversity strategy. The diversity strategy is designed to create an inclusive culture and environment where all our talented employees are enabled and encouraged to contribute to our ongoing success. Diversity helps us to meet our strategic initiatives in

"DIVERSITY IN OUR BUSINESS ALLOWS US TO BETTER UNDERSTAND OUR CLIENTS' NEEDS, ATTRACT AND RETAIN TALENTED PEOPLE, AND OPERATE MORE EFFECTIVELY IN A GLOBAL BUSINESS ENVIRONMENT"

tangible ways. It helps us to identify market opportunities and grow our business. It also makes us stronger in assessing and minimising risks. Starting in 2014, the programme will further embed diversity into our people processes with a focus on talent attraction, training, leadership and talent development and diversity in the workplace.

EMPLOYEE POLICIES AND EMPLOYEE RELATIONS

Our employment policies are developed to reflect local regulatory, cultural and employment requirements. We aim to be truly the best place to work, with a number of our businesses achieving such accolades, and therefore seek to maintain high standards and good employee relations wherever we operate. Furthermore, our businesses operate work councils or other feedback channels for employees to contribute to the further development in our work environments.

TALENT, LEADERSHIP AND CAPABILITY DEVELOPMENT

Our long-term business success depends on the ability to engage and develop our people. Talent development promotes continued innovation in our business. It also helps attract and retain the right people to maintain a competitive edge in an increasingly global marketplace. More than ever, our people expect us to provide opportunities for growth and development. We, therefore, support our people in the development of their qualifications, competencies, employability and career opportunities. While allowing for local differences, we have a consistent, transparent, target setting and performance management process which supports employee mobility across regions. Employees typically have two appraisals a year, where along with their managers, they set goals for the year, assess achievements and define development plans and career paths.

In addition, our talent and leadership programmes are offered to managers at all levels, while the talent programmes accelerate the development of high performing individuals with leadership potential. The objective is to develop high performers who can improve our ability to address key business challenges. We are committed to helping our people perform at their best, enjoy their work and achieve their full potential through ongoing training and development.

- Our Commercial Training Programme was officially launched the aim of honing the specialist skills and expertise of our commercial teams. The Commercial Training Programme uses proven techniques and best practices from across our business, as well as external training specialists. The concept behind the programme is to take the best of LeasePlan to the rest of LeasePlan. The first two modules delivered in 2013, LeasePlan's sales approach and Open Calculation, will be followed by account development and management and further modules in 2014. Due to the success of the Commercial Training Programme it will be used as a blueprint for other training programmes developed across the organisation.
- LeasePlan Academy continued to deliver global talent, people management and senior leadership programmes. The programmes under the purview of LeasePlan Academy are linked to the strategic imperatives of the business. The design and delivery of the academy and its programmes are governed by a specific Faculty Board, comprised of members from the global HR Directors' team, senior executive members, and Managing Directors' group. In 2013 a new vision and value proposition was implemented, providing a greater focus on specific business requirements.

REMUNERATION

Remuneration is closely connected to being an employer of choice. We believe that remuneration is more than just pay, and that an inspiring working environment, the opportunity to have freedom to make decisions, develop one's skills and talents and work for an organisation of which employees can be proud are also important.

We are of the opinion that we pursue a prudent, restrained remuneration policy linked to the success and long-term sustainability of the business. Our Group remuneration policy is explained in detail from page 51. The policy explains the principles underlying the remuneration approach of the business. It was prepared in line with the requirements set by the European Capital Requirements Directive (CRD III) regarding restrained remuneration in the financial sector, and the regulation on sound remuneration set by the Dutch Central Bank.

HR STRATEGY

ENABLE GROWTH	DELIVER EXCEPTIONAL CUSTOMER EXPERIENCE	LEVERAGE SCALE & SCOPE

"LEASEPLAN IS TRULY THE BEST PLACE TO WORK"

ENSURING EXPERTISE	ENGAGING EMPLOYEES	CREATING COLLABORATION

ENSURING EXPERTISE

Enabling further growth and the constant demand for new, innovative services mean that we need to be agile to develop, move, adapt and recruit the right talent that fits with our culture. Through global projects, cross-functional business initiatives and international job opportunities we actively encourage our people to move around the business. As well as giving our people interesting opportunities, this exchange of ideas and expertise is good for the business and good for our clients. Innovation is also critical to the future success of LeasePlan. To maintain and extend our competitive advantage, we are applying innovative thinking to our HR programmes and activities as well as supporting the business in the delivery of further innovation.

ENGAGING EMPLOYEES

The strategic priorities supporting engaged employees are empowering our employees, having development plans for the company and individuals and empowering line managers to lead their people. Having a diverse and engaged workforce with a broad range of strengths helps our people do better work for our clients. We want all of our people to flourish and have the freedom to make decisions. We, therefore, believe in creating an environment where people feel empowered at work and where different skills, knowledge and experiences are valued and used to bring creative solutions to our clients. We are facilitating this challenge through leadership development, training programmes and individual development plans for employees.

CREATING COLLABORATION

Ensuring the flexibility in our HR approach to suit different business, geographies and markets is vital in how we continue to leverage the scale and scope of our business. We have long benefited from the sharing of best practices and tools to create efficiencies and alignment across the business.

CORPORATE SOCIAL RESPONSIBILITY

"WE OPENED THE CHILDPLAN ACADEMY IN INDIA TO HELP PROVIDE EDUCATION AND WELFARE TO CHILDREN IN THE AREA"

WE UNDERSTAND OUR RESPONSIBILITIES AND STRONGLY BELIEVE THAT WE MUST FOCUS ON THESE TO GENERATE PROFITABLE AND LONG-TERM GROWTH. OUR EMPHASIS THIS YEAR HAS BEEN ON GROWTH, DRIVEN BY A DESIRE TO ACHIEVE MORE, TO CREATE MORE IMPACT AND IN TURN TO STRENGTHEN OUR BUSINESS.
WE ARE ESPECIALLY FOCUSED ON HELPING LOCAL COMMUNITIES ACHIEVE THEIR SOCIAL AND ECONOMIC POTENTIAL. OUR MISSION IS TO BE RECOGNISED AS THE GLOBAL LEADER IN FLEET MANAGEMENT AND DRIVER MOBILITY.
WE DO THIS BY PARTNERING WITH OUR CLIENTS TO PROVIDE THEM WITH THE BEST AND MOST EFFICIENT FLEET AND VEHICLE MANAGEMENT SOLUTIONS. IN ACHIEVING OUR AMBITIONS WE RECOGNISE THAT THE LONG-TERM INTERESTS OF OUR STAKEHOLDERS ARE BEST SERVED BY ACTING IN A SOCIALLY RESPONSIBLE AND SUSTAINABLE MANNER.

Our approach to corporate social responsibility begins with sound principles and practices. It extends to providing value-added fleet, vehicle management and driver mobility solutions to our clients around the world. It also includes supporting both the communities in which we operate and wider society by providing our time, expertise, and resources.

LEASEPLAN CODE OF CONDUCT

The LeasePlan Code of Conduct is based on our values, starting with what we expect from employees in our duty of care towards clients, suppliers and business partners and other stakeholders. The Code of Conduct further describes our commitment in providing employees with a fair, rewarding and enjoyable work environment. As we strive to balance the interests of people, planet and profit, our Code of Conduct also gives guidance on our responsibilities towards our wider society and the environment. Furthermore, employees are given information on the several channels open to them for asking questions or dealing with business ethics issues. In 2013, an e-learning programme was delivered to help employees further embed the LeasePlan Code of Conduct in their work. LeasePlan's Code of Conduct can be found at www.leaseplan.com.

OUR STAKEHOLDER ENGAGEMENT

In full awareness of the fact that stakeholder engagement is the basic principle in corporate social responsibility, we consider expectations and opinions of our key stakeholders in all aspects of running our global business. We pay ultimate attention to creating a regular, continuous, and trust-based communication with them. Our main stakeholder engagement in 2013 included:

Engaging our clients

This means keeping a close eye on our clients' needs and desires, through frequent surveys and evaluations:

- Client Loyalty Surveys (CLS)
  Supported by our research partner TNS NIPO, each country carries out at least one full CLS per year. Overall, we have improved weighted global client loyalty and achieved client satisfaction to a level of 92%.
- Driver Satisfaction Surveys (DSS)
  Each country carries out at least one DSS per year, with many countries performing more than one. Understanding driver satisfaction is key to ensuring that we provide the best service in fleet and mobility management.
- Customer networks and forums
  We run customer networks and forums in many countries in order to understand how our clients work with their fleet and what we can do in order to help them with our products and services. The information from these discussions is used as input in product development processes every year. Additionally, our proactive partnering approach means that we work in close consultation with our clients on a regular basis.

Engaging our people

Our annual global engagement and integrity survey provides a comprehensive picture of the level to which LeasePlan employees are engaged in their work and feel supported. The survey focuses on four elements of high performance organisations – engagement, leadership, goals/strategy and organisational capabilities. The survey also measures perception of integrity in the business. In 2013, we improved our results in both metrics and sit above the benchmark for high-performing organisations.

Engaging our suppliers
We employ a partnership approach in our dealings with suppliers. Throughout 2013 we continued to work in close partnership with our suppliers using our well-established supplier relationship approach.

Engaging with other key stakeholders
Additional key stakeholders we continued to engage and build working relationships with in 2011 were:

- Industry associations
- Vehicle manufacturers
- Media
- Regulators and supervisors
- Business partners
- NGOs and sponsorship partners
- Communities

EFFICIENT FLEET VALUE CHAIN & MOBILITY SOLUTIONS

As a service provider, our impact on the environment is significantly limited compared to that of the production sector. Yet we understand there are certain environmental impacts in our operations resulting from our business activities across the fleet value chain and in our offices.

We strive to meet the growing demand of clients for more sustainable mobility products and services that are environmentally friendly, socially responsible, and help generate cost savings. To meet these demands, we advise our clients on several services in helping them achieve their cost-effective fleet objectives. We also offer a number of driver and mobility services to make travelling more efficient for our clients. Under the banner of our flagship global environmental fleet service, GreenPlan, we use our consultative expertise to advise our clients on how to make a green move in their car policy. This can be achieved from a financial perspective, such as vehicle choice and fuel selection, and from the ability to influence driver behaviour. GreenPlan provides periodic reports on CO_2 emissions and energy labels per car or by total fleet numbers. Of course, carbon offsets are still important - GreenPlan also provides access to carbon offsetting programmes. Our worldwide entities either have a choice of using our international partner, CO_2OL, or a dedicated local partner for helping clients move toward a carbon neutral fleet. Additionally, through our international partnership we have supported a number of energy conservation and reforestation programmes across the world. GreenPlan is certified by TüV Rheinland and supported by Intelligent Energy Europe (IEE).

"WE STRIVE TO MEET THE GROWING DEMAND OF CLIENTS FOR MORE SUSTAINABLE MOBILITY PRODUCTS AND SERVICES"

Furthermore, many LeasePlan countries offer driver training and monitoring programmes to develop more environmentally sound driving habits. From LeasePlan UK's SafePlan to Germany's Ctrack system and many more, LeasePlan's forward-thinking environmental stance continues to expand every year.

In terms of remarketing of vehicles at the end of the lease contract, LeasePlan is the only leasing company offering a single clear international guideline for the assessment of damage on returned lease vehicles. TÜV Nord Fair Wear & Tear Standard certifies our car remarketing activities and we remain the only leasing company in Europe to maintain an independent quality standard.

WORKING WITH COMMUNITIES

We take pride in our involvement in the areas where we work and live. In all the countries where we are based, we help local communities and charities do the great work they do. Whether it's sponsorship of a local performing arts centre, funding a local children's shelter, or getting right into the community and doing the volunteer work ourselves, we always strive to make a real contribution to society. Our people worldwide value the chance to get involved in their local communities, and volunteer enthusiastically. This valuable work was brought into focus even more during our 'We are LeasePlan' campaign as part of our 50th anniversary initiatives. During November, colleagues around the world supported their local communities and volunteered their time and raised funds for worthy local causes.

LEASEPLAN CHILDPLAN

We are also committed to making a difference in tackling important social issues globally. We launched LeasePlan ChildPlan in 2006 to provide education and welfare to disadvantaged children and youth around the world. We focus our support in areas where we believe we can make a difference even if they are outside of the countries where we are based. LeasePlan ChildPlan is fully supported by all our countries, with employees often donating their own time and resources. Our support also goes beyond donations and philanthropy and we are now looking at how we can deliver more by using strengths and capabilities as a business. This year we have invested further in LeasePlan ChildPlan as well as continuing our support for three long-term global projects. We also support many local initiatives for children as well as smaller LeasePlan ChildPlan projects.

Child Watabaran Center (CWCN) in Kathmandu, Nepal: Our first project started in 2006 at the same time as we launched LeasePlan ChildPlan. In 2006 our support enabled the building of a new boys' home, girls' home and academic building. Since then we have continued to provide the running costs for the girls' home as well as a mobile health service and transit clinic. With our support, the CWCN has been able to reach over 3,000 children in Kathmandu – providing medical care, empowerment, life skills and education. A large number of children live on the streets in Kathmandu without shelter, food or an opportunity to attend school. The Mobile Health Service operated by CWCN seeks out these children and provides medical assistance and advice on health and hygiene. The Girls' and Boys' homes include a shelter and academic building. The children are taught up to a certain level until they are ready for the regular education system. In addition to academic education the children are taught how to protect themselves both physically, through self-defence classes, and mentally, through counselling. Where possible, and closely guided by the staff at CWCN, the children are reunited with their families.

ChildPlan Academy and children affected by HIV/AIDS, India: In 2013, we provided the support to build the ChildPlan Academy in Namakkal, India. The academy was inaugurated in February and three LeasePlan employees attended the opening ceremony. The aim of the academy is to provide affordable secondary education to children, as currently education in the region is often of poor quality and prohibitively expensive. The academy is equipped to provide 600 children with much needed education. While we continue to support the running costs of the school, the intention for the future is for the ChildPlan Academy to generate a source of income to make it a sustainable community education centre. Further to the ChildPlan Academy, we also provide support to children in Tamilnadu, India, whose lives have been impacted by HIV/Aids. The children are either infected by the disease or affected due to a parent contracting or dying from the disease. The support we provide covers education, including uniforms and school journeys, food and medical care. The families receive additional support, including the opportunity to join an income generating programme. Both projects are part of the Foster a Child Programme (FCP) run by the Society for Serving Humanity.

Helping former child labourers, India: In the Tirupur city of Southern India we help defend the rights and provide much needed support to former child labourers. Often many of the children saved from child labour are not able to fit into the regular education system and need special care. We sponsor children aged between 8 and 14 to attend a Bridge School for a year, after which they are able to enter the regular school system. The sponsorship we provide covers the cost of education, school materials, uniforms, lunch, health check-ups and extra-curricular activities. A school enrolment campaign is also organised to motivate parents to enroll their children. For older children aged between 15 and 21 years, we also provide support for a Vocational Training Centre. The centre helps former child workers learn a trade, helping them become trained electricians, plumbers and computer or mobile technicians. The focus of the training is to help the children acquire the necessary skills to enter the job market and improve their social mobility. The Vocational Training Centre was established as part of an Ecopark, a shelter for vulnerable children. The Ecopark is a sustainable ecological park that saves runaway children from being exploited as child labourers. The Ecopark was established in contrast to the polluted city of Tirupur and is, partly, self-sustaining. We support the Ecopark in its efforts to offer shelter, care and education to the children. In addition, the children are also taught how to to care for the environment. The Ecopark also works hard to reunite many of children with their parents, after which the health and wellbeing of the children continue to be monitored. The projects supporting former child labourers in India are run by SAVE (Social Awareness and Voluntary Education), an organisation that has defended the rights of people in Tirupur for many years.

WE ARE... VOLUNTEERING TOGETHER

WE ARE... SHARING

WE ARE... A GLOBAL FAMILY

LeasePlan

It's easier to leaseplan

WE ARE... LEASEPLAN

We are connected to the communities in our countries and to our colleagues all around the world. In our 50th year we were committed to give even more back to those communities and strengthen the bond with the people who support us. During our 'We are LeasePlan' campaign LeasePlan employees supported many worthy causes in their local communities.

WE ARE... GIVING SOMETHING BACK

IN THIS SECTION YOU WILL FIND DETAILS OF LEASEPLAN'S CORPORATE GOVERNANCE, INTERNAL CONTROLS FRAMEWORK AND ACTIONS TAKEN IN 2013.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

LeasePlan has a well-defined and well-structured corporate governance framework in place to support the company's aim of achieving its strategy. It is imperative that a robust framework is supported by the right culture, values and behaviours, both at the top and throughout the entire organisation. Good corporate governance provides oversight of LeasePlan's conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen.

COMPLIANCE AND GOVERNANCE ACTIONS IN 2013

- Much attention during the year was paid to further building the capacity and quality of the compliance organisation. Working with local staff, compliance tools and systems were improved as well as the quality of compliance risk assessments carried out in the entities.
- The company conducted its third annual integrity survey, as part of its global engagement survey. The survey showed increased results compared to 2012.
- Additional programmes and guidelines were developed in support of established Group policies. Among the topics addressed were the global bribery risk assessment and anti-bribery programme, revised incident and fraud policy, competition laws, data protection laws, and price sensitive information tool and the EMIR framework for our treasury department.
- Compliance training for all employees continued with the roll-out of the Code of Conduct e-learning tool.
- Continued monitoring of regulatory developments, such as the Anti-Money Laundering Directive, the Dutch Banking Code and the Data Protection Regulation and making the necessary preparations for CRD and CRR.

GOVERNMENT SUPERVISION AND REGULATION

LeasePlan is incorporated under the laws of the Netherlands. The principal Dutch law on supervision applicable to us is the Dutch Financial Supervision Act (Wet op het financieel toezicht, the 'Wft'), which entered into force on 1 January 2007 and under which LeasePlan is supervised by the Dutch Central Bank (De Nederlandsche Bank N.V., 'DNB') and the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten, 'AFM'). We are also subject to certain EU legislation, which has an impact on the regulation of our businesses in the EU, and the regulation and supervision of local supervisory authorities of the various countries in which we do business.

SHAREHOLDERS

Global Mobility Holding B.V. holds 100% of LeasePlan shares. Global Mobility Holding is a company owned by the Volkswagen Group headed by Volkswagen AG (50%) and Fleet Investments B.V. (50%).

Volkswagen Group

The Volkswagen Group with its headquarters in Wolfsburg is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The group is made up of twelve brands from seven European countries: Volkswagen, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. The group operates 106 production plants in 19 European countries and a further eight countries in the Americas, Asia and Africa.

Fleet Investments B.V.

Fleet Investments B.V. is an investment company of the German banker Friedrich von Metzler. The heart of the Metzler group is the Frankfurt based bank B. Metzler seel. Sohn & Co. KGaA. Founded more than 330 years ago, it is the oldest private bank in Germany with an unbroken tradition of family ownership. Main group activities focus on asset management, corporate finance, equities, financial markets and private banking. In addition to the head office in Frankfurt, Metzler has offices in Munich, Stuttgart, Cologne/ Düsseldorf, Hamburg, Atlanta, Los Angeles, Seattle, Tokyo, Dublin and Beijing.

The aforementioned activities of Volkswagen Group and Metzler operate independently from the business and banking activities of LeasePlan.

LARGE COMPANY STRUCTURE REGIME

Upon the launch of LeasePlan's internet retail banking activities under the brand LeasePlan Bank in February 2010 and in accordance with Dutch law, the company filed a statement with the Chamber of Commerce of Gooi-, Eem- and Flevoland notifying that it meets the legal requirements of, and qualify for, the Dutch large company structure regime (art. 2:153 Dutch Civil Code). On 9 February 2013, the uninterrupted term of three years expired during which the legal criteria to qualify for the large company structure regime applied. Since this date the company is subject to the large company structure regime. This regime grants specific powers to the Supervisory Board and more influence to employees through the works councils in the appointment of Supervisory Board members. The company's articles of association were amended accordingly.

GROUP ACTIVITIES

LeasePlan has a number of Group activities as described below:

- **Euro Insurances** a wholly owned specialist motor insurance company. It is active in 22 countries, including the European Economic Area, Australia and New Zealand. Euro Insurances is based in Dublin, Ireland and is regulated by the Central Bank of Ireland.
- **LeasePlan Bank** a retail savings bank in the Netherlands and a division within LeasePlan Corporation N.V. It offers straightforward flexible savings products to private clients in the Netherlands.
- **LeasePlan Information Services** a shared data centre. It helps to harmonise LeasePlan's various IT applications and platforms in a robust IT network for the entire business operations, clients and drivers. The company is based in Dublin, Ireland.
- **LeasePlan International** a dedicated entity within LeasePlan focused on selling and marketing international fleet management services and managing the accounts of large international clients worldwide.
- **LeasePlan Supply Services** seeks to leverage LeasePlan's scale and purchasing power in the area of global procurement of fleet management services and international car remarketing (CarNext International).
- **LeasePlan Treasury** arranges and manages LeasePlan's funding programmes and concludes funding and financing transactions with all entities and external counterparts in the financial markets.

The Corporate Centre comprises central functions providing global policies, support services and Group-wide strategic projects to the operating countries of LeasePlan.

ACT ON MANAGEMENT AND SUPERVISION

This new act entered into force in the Netherlands on 1 January 2013. Some important features of this act, which are relevant for LeasePlan, are (i) limitation of the number of board positions of board members, (ii) gender diversity in boards and (iii) clearer rules regarding conflicts of interest of board members. In the revised articles of association of LeasePlan as a result of the introduction of the large company structure regime, additional changes were made in respect of conflicts of interest in order to reflect the new legal requirements. These changes will be worked out in more detail in the Regulations for the Supervisory Board and the Regulations for the Managing Board.

Gender diversity is important for LeasePlan and providing a non-discriminatory environment for our people is one of the principles of our Code of Conduct. The Act on Management and Supervision requires that LeasePlan and its Dutch 'large entities' (as defined in the Act) aim in the years 2013-2015 to establish an equal division of gender in the Managing Boards and Supervisory Boards thereof, i.e. at least 30% male and at least 30% female members. The legislator will evaluate the effect of this temporary law at the end of 2015. The profiles in case of (re) appointment of Managing or Supervisory Board members of LeasePlan require indeed a diverse composition of the Boards. Below we provide an overview of the status of our efforts to aim for at least 30% male and 30% female board members in our 'large entities', as required by the Act on Management and Supervision:

LeasePlan Corporation N.V.
The Managing Board has three male members since 1 April 2011. The Supervisory Board has four male members and one female member. Two male members of the Supervisory Board were reappointed in March 2013 for a second term of four years. In view of their good performance during the first term it was not deemed in the interest of the company to replace them and nominate female members in their place. In 2013, the Supervisory Board decided to extend the board to six members, with the addition of one formally independent member joining in 2014.

Lease Beheer Holding B.V.
The Board of Management is the Managing Board of LeasePlan Corporation N.V. (see LeasePlan Corporation N.V.). It has no Supervisory Board.

Lease Beheer N.V.
The Board of Management has two male members and one female member (since 1 February 2013). It has no Supervisory Board.

LeasePlan Nederland N.V.
The Board of Management has one male and one female member. The Supervisory Board has two male members.

The company laid the foundations in 2013 for the roll-out of a global diversity project commencing in 2014.

DUTCH BANKING CODE

The Dutch Banking Code is a form of self-regulation that took effect on 1 January 2010 on a 'comply or explain' basis. The Banking Code lays out the principles of conduct for Dutch banks in terms of the role of the banks' managing board, supervisory board, corporate governance, client focus, risk management, audit and remuneration. It was initiated with the ambition to restore trust in the Dutch banking sector. On the basis of the principles of the Banking Code regarding the governance structure, products, and services offered by LeasePlan, we confirm that we apply the Banking Code at the consolidated level of LeasePlan. As such the Supervisory Board and Managing Board endorse the principles of the Banking Code, and we follow the comply approach, with one exception. LeasePlan decided not to establish a separate Risk Committee of the Supervisory Board. The Banking Code compliance index 2013 can be found on www.leaseplan.com. In view of the importance of risk management, and also taking into account the size of the Supervisory Board, the Board has determined that instead of a separate Risk Committee, all members will retain full responsibility for overseeing decisions concerning the risk management framework of the Group.

A Monitoring Committee Banking Code was appointed for a term of 3 years, expiring 24 March 2013. It presented annual progress reports to the Dutch Minister of Finance in 2011 and 2012, as well as “Recommendations regarding the Future of the Banking Code” on 22 March 2013. It concludes that Dutch banks are committed to the Code and take it very seriously. The level of compliance is high and the Code has proven to be a key instrument for reform within banks. Nonetheless, the Committee also notes that new laws and regulations and tighter supervisory and enforcement policies have resulted in considerable overlap with a number of the Code's principles. The Committee recommended to the Dutch Minister of Finance to continue working on regaining trust, which includes adjusting the Code and working towards more transparency in banks, as well as independent monitoring. It is yet unclear which actions will be taken as a follow up. LeasePlan, therefore, continues to operate pursuant to the principles of the Banking Code.

MORAL ETHICAL STATEMENT / BANKER'S OATH

The members of the Managing Board of LeasePlan support the Banking Code with regard to the banking activities of the Company and as such have signed the moral ethical statement.

Each member of the Managing Board signed the statement for the first time on 3 May 2010. During its meetings of 19 January 2011 and 30 January 2012 the Managing Board signed the moral ethical statement again. On 1 January 2013 the 'Regulation Oath or Promise Financial Sector' entered into force requiring that Managing Board and Supervisory Board members take the banker's oath or declare the banker's promise (the 'Oath'). The wording of the aforesaid moral ethical statement and the Oath are similar. On 4 December 2012, two members of the Supervisory Board took the Oath in view of their reappointment. On 19 February 2013 all three members of the Managing Board took the Oath. On 13 March 2013 the three remaining members of the Supervisory Board took the Oath. Furthermore, the Identified Staff of LeasePlan (staff whose professional activities have a material impact on our risk profile, including the control functions) signed the Moral Ethical Statement in 2011.

PUTTING CLIENTS FIRST – DUTY OF CARE

In the Banking Code, it is noted that putting the client first is a prerequisite for the bank's continuity. We believe that the moral ethical behaviour and duty of care towards clients prescribed in the Banking Code are complementary to our approach to business. In fact, these underlying principles have long been part of our culture and practices. For LeasePlan this means continually investing in the quality, expertise and professionalism of our people so that we deliver high standards of service, quality and care, which goes beyond any statutory framework. Since 2010 our underlying cultural principles have been further reinforced with a global cultural change programme. In 2010 this started with the LeasePlan Engagement Programme (LEP), which was followed by the LeasePlan Identity Programme (LIP) in 2012. These programmes centred on LeasePlan's core values: Commitment, Expertise, Passion and Respect and on how to act on them in order to ensure that the company fulfils its promise to clients of 'It's easier to leaseplan'. As part of LEP and LIP, all employees worldwide participated in workshops to help them better understand the company values and apply them to their behaviours and daily activities.

LeasePlan conducted ethical business dilemma training for all staff globally as part of LIP. The company annual global engagement and integrity survey includes several questions on client focus. This survey measures engagement as well as our performance on the Seven Elements of an Ethical Culture, as published by the Dutch Central Bank. With regard to client focus the elements 'Transparency' and 'Balance' scores were satisfying and above the global standards. One of the 'Balance' questions concerns taking the interest of clients into consideration in all business activities. One of the 'Transparency' questions concerns the consistent, clear and understandable communication towards all of the company's stakeholders, including clients, employees and suppliers.

With a view to further reinforcing ethical business practices in the interests of clients, LeasePlan uses its Code of Conduct to better reflect the values and behaviour that exist in the organisation. The LeasePlan Code of Conduct more than covers the principles of the Dutch Banking Code with respect to moral ethical conduct. In 2013 a Code of Conduct e-learning tool was rolled out across the Group companies and achieved a global participation rate of 89%.

PRODUCT APPROVAL PROCESSES (PAP)

In view of the introduction of LeasePlan Bank in 2010, the Managing Board approved a separate PAP Policy for products offered specifically by the retail bank in December 2011. The PAP for LeasePlan Bank products consists of an eight-phase development process which includes an assessment of the risks and duty of care towards clients. A dedicated Product Approval Committee, acting as an advisory body to the Managing Board, owns the primary task of overseeing this process for new products and changes to existing products.

In September 2012 the Managing Board of LeasePlan approved the PAP Policy for vehicle leasing and fleet management products and services, as well as our adjusted Product Harmonisation and Structured Pricing Policy. This PAP Policy seeks to ensure that prior to market introduction the products to be developed and/or changes to existing products continue to:

- meet market demand and ensure duty of care towards clients.
- meet requirements with respect to prudent risk management.
- be compliant with internal policies and external rules and regulations.
- be communicated properly within LeasePlan Group, allowing for sharing of good practices and leveraging the economies of scale in their departments.

In addition, new products and services are developed based on market demands and, as part of the standard development process, are often tested with existing and/or prospective clients. Furthermore, in the area of duty of care, we have established mechanisms for monitoring and acting on client and driver feedback as part of the service lifecycle.

Group Audit annually reviews whether the PAP has been designed properly, is present, and works effectively. For 2013 Group Audit did not identify major shortcomings. The PAP for LeasePlan Bank and the PAP for vehicle leasing and fleet management products and services both comply with section 4.5 of the Banking Code.

THE BOARDS

LeasePlan is governed by a two-tiered board structure comprising a Supervisory Board and a Managing Board. Both boards perform their duties and powers as laid down in the relevant laws, rules and regulations, the articles of association, and the regulations applicable to the Managing Board and the Supervisory Board respectively. The requirements of the Banking Code are incorporated in the aforementioned corporate documents, as well as the new legislative requirements following the introduction of the Act on Management and Supervision as of 1 January 2013.

Supervisory Board

The Supervisory Board is responsible for supervising the policy of the Managing Board and the general course of affairs of LeasePlan and its Group companies. The Supervisory Board performs a yearly assessment of the Managing Board members and determines the remuneration and other conditions of employment of the Managing Board members. Furthermore, the Supervisory Board advises the Managing Board in determining our strategic direction and certain resolutions of the Managing Board are subject to approval by the Supervisory Board. There is a lifelong learning programme in place for the members of the Supervisory Board which meets the requirements of the Banking Code. The various training sessions are taken care of by internal and external experts.

Managing Board

The Managing Board conducts the business of the Company in accordance with the applicable laws and regulations, the guidelines and policies established by the Dutch Central Bank from time to time, the Articles of Association of the Company and the Managing Board Regulations.

The Managing Board is made up of three members: the Chairman and Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer of LeasePlan. The Managing Board is responsible for the overall management of the Group and meets every other week. In accordance with principle 3.1.7 of the Banking Code, 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.

The Managing Board is responsible for setting the strategy and resulting business approach and policies for the Company. Moreover, the Managing Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgments and estimates that are prudent and responsible. It is also responsible for establishing and maintaining internal procedures that ensure that the Managing Board knows all major financial information, so that timeliness, completeness and accuracy of external financial reporting are assured. The Managing Board has sufficient diversity in the background, knowledge and expertise of the individual members to warrant proper execution of the overall management of the Group, including its relevant banking activities. The division of tasks within the Managing Board is determined by the Board itself and is approved by the Supervisory Board. The members of the Managing Board are fully supported in performing their duties with the advice and services provided by a mixed and diverse Corporate Management Team.

Banking Code

The Banking Code provisions applicable to the Managing Board have been fully adopted. An individual profile outline was prepared for the Managing Board in order to comply with the requirements of the Banking Code. LeasePlan has a lifelong learning programme in place for the members of the Managing Board, which meets the requirements of the Banking Code. The various training sessions are taken care of by internal and external experts.

Internal controls
The Managing Board is responsible for the systems of internal control that are designed to safeguard controlled and sound business operations and to ensure the quality of internal and external reporting and compliance with applicable laws, regulations and codes of conduct. In devising internal controls, the company has given regard to the nature and extent of the risks that may affect the soundness of the entire enterprise, the likelihood of risks occurring and the cost of control.

CORPORATE GOVERNANCE STATEMENT

Pursuant to the Dutch Decree of 20 March 2009, updated on 1 January 2010, implementing further accounting standards for annual reports (Besluit Corporate Governance) and based on the listing of LeasePlan debt securities on regulated markets in the EU, the following information is provided. The most important features of the control systems set up for securing reliable consolidated financial statements are:

- As a holding entity for the Group, LeasePlan has a uniform set of accounting and reporting principles for its business units based on its application of International Financial Reporting Standards;
- A monthly cycle of reporting is maintained and throughout the year financial results and movements therein are analysed, explained and linked to the risk management information;
- Compliance with these uniform accounting and reporting principles is reviewed by the department of Control, Reporting & Tax and both internal and external auditors;
- Managers of the individual business units submit a letter of representation emphasising the compliance with the uniform set of accounting and reporting principles. The Group of entities that is included in the consolidated financial statements is comprised of subsidiaries in 31 countries acting as separate business units selling LeasePlan's core products. View LeasePlan's main operating companies on page 55.

MANAGING BOARD RESPONSIBILITY ON FINANCIAL REPORTING

The Managing Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and responsible. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Managing Board, so that timeliness, completeness and correctness of external financial reporting are assured.

Conformity statement pursuant to section 5:25c paragraph 2(c) of the Dutch Act on Financial Supervision (Wet op het financieel toezicht). As required by section 5:25c paragraph 2(c) of the Dutch Act on Financial Supervision, each member of the Managing Board hereby confirms that to the best of their knowledge:

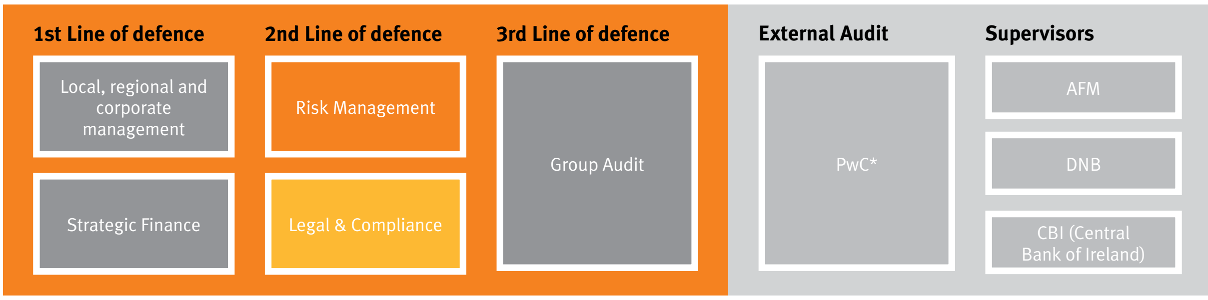
- The LeasePlan 2013 Annual Report gives a true and fair view of the assets, liabilities, financial position and profit and loss of LeasePlan and the subsidiaries included in the consolidated financial statements;
- The LeasePlan 2013 Annual Report gives a true and fair view of the position at the balance sheet date, the development and performance of the business during the financial year 2013 of LeasePlan and the subsidiaries included in the financial statements, together with a description of the principal risks that LeasePlan is being confronted with.

Almere, the Netherlands, 25 March 2014

Vahid Daemi, Chairman and CEO
Guus Stoelinga, CFO
Sven-Torsten Huster, COO

RISK MANAGEMENT

RISK MANAGEMENT



*PricewaterhouseCoopers Accountants N.V.

In line with banking industry best practice and European Banking Authority guidance on internal governance, LeasePlan's control framework includes three lines of defence which are supported by investment in information technology and people. LeasePlan operates a decentralised governance model with support coming from a corporate centre. The following overview outlines the composition and responsibilities of the key parties involved in executing the three lines of defence for risk management within LeasePlan:

I. local, regional and corporate management heads of our businesses that have ownership, responsibility and accountability for assessing, controlling and mitigating risks, whereas the Strategic Finance department is involved in this capacity concerning the central funding of the Group;
II. Corporate Risk Management and the Legal & Compliance departments (acting independently from risk originators) who coordinate, oversee and objectively challenge the execution, management, control and reporting of risks; and
III. Group (Internal) Audit, which through a risk-based approach, provides independent and objective assurance to the management body on how effectively we assess and manage our risks, including the manner in which the first and second lines operate.

Risk appetite

The Managing Board has set the overall risk appetite for LeasePlan in terms of (stand-alone) long-term debt rating, supported by the financial return on risk adjusted capital (i.e. economic return) and the diversified share of funding levers. An institution's rating target is an indication of the overall risk appetite a company may have and the level of capital it will hold. In addition, the Managing Board sets the risk appetite for each underlying risk category for LeasePlan.
The Supervisory Board approves the risk appetite for the Group annually, and approves any changes required throughout the year. The principal financial risks inherent to our business activities are individually discussed in the financial statements.

Risk profile improved in 2013

During 2013 credit losses of LeasePlan's customer portfolio decreased on an overall basis. Whereas the number of defaulted corporate fleet customers remained stable, the losses from these defaults reduced. In terms of small fleet customers a material reduction of defaults was experienced against a similar average loss in 2012. The improvement of LeasePlan's credit risk profile per customer, which is also reflected in credit assessments of its customer base, is caused by improved economic conditions in most (European) markets now that the impacts of the crisis have started to ease.

LeasePlan's termination income which is mainly composed of results from its "assets" (i.e. sales results from terminated leased vehicles and results from repair, maintenance and tyres replacement during the lease contract) contributed significantly to the net result in 2013. During the year LeasePlan experienced a continuous improvement in the sales results in nearly all of its markets.

The company benefited from both prudent setting of residual values in contracts written in the beginning of the crisis as well as from a strong focus on mitigating measures during the lifetimes of the lease contracts. Another factor that supported the improvement of the termination income was the improved prices on second hand car markets. This development was partly a result of improved consumer confidence and largely a consequence of a shortage of supply of attractive second hand vehicles. LeasePlan benefits in this environment as these are the typical type of vehicles that it remarkets.

In terms of access to funding, LeasePlan benefited from the positive and improving market conditions during the year. With the financial market easing it enabled the company to drive the funding costs down further. Further, the funding channels remained open, and investors provided funding under the company's debt capital market programmes. In addition, LeasePlan Bank remained a reliable source of funding. Overall, the liquidity and capital position of LeasePlan remain solid and the Group safely complies with the Capital Requirement Directive IV for capital adequacy that came into effect in January 2014.

Controlled risk taking

During the financial crisis LeasePlan focused on maintaining the size of its portfolio while, additionally, improving its profitability and risk profile. Now that the markets have started to ease from the crisis, LeasePlan is, once again, confident of regaining its pre-crises growth path, in volume as well as in quality of earnings. Future, selective growth will be focused on LeasePlan's core business of fleet and vehicle management only. Therefore, the explicit approach LeasePlan has taken in terms of risk taking will largely remain unchanged.

As a consequence, LeasePlan's risk strategy is designed for profitable growth, and remains based on a prudential approach to setting risk. Moreover, while the markets are still resetting themselves in terms of economic growth, LeasePlan is ready to deal with the current environment as well as any future unpredictability. In the years to come the Group will continue to allocate the necessary time, resources and investment in maintaining the strength of its risk management framework, in terms of its business ambitions and in order to continue complying with regulations.

LeasePlan will continue to fully exploit its internal rating based (IRB) approach for corporate and retail fleet. Such an approach not only demonstrates a solid ability to assess credit risk of the company's customer base, it simultaneously allows setting clear boundaries as to risk taking for Group companies.

Likewise, the Group's Advanced Measurement Approach (AMA) for operational risk will remain the main driver behind business process improvements, while at the same time incorporating the impact of product innovation or business acquisitions of the Group's operations. Furthermore, the Group's insurance activities are balanced by preparations for Solvency II and specific attention for underwriting skills and risk mitigation capabilities.

LeasePlan will also continue its efforts to harmonise the management of asset related risks between Group companies and to remain the best in class in controlling the (residual value) risk. Investments in systems, sharing of best practices, training staff and further development of (statistical) techniques are considered a prerequisite to remain in control of the Group's risks and to support the business written by the Group companies.

LeasePlan remains focused on its diversified funding strategy and will, therefore, sustain matched or (limited) long funding and prudent Core Tier 1 capital levels. Controls over liquidity have been enhanced over recent years and continued investments are required to safely comply with new regulatory requirements in this area.

Furthermore, risk taking is an essential building block in the Group's remuneration framework. Risk taking by definition is required to grow the business profitably. The Group's remuneration practices will, however, continue to reflect the right incentives for balancing risk and return sustainably and do not provide any motivation for excessive risk taking.

A comprehensive overview of LeasePlan's overall risk management framework, including elaboration on all key risks inherent to its business activities, is described in detail in the Pillar III Disclosures, which are available on www.leaseplan.com. In addition, LeasePlan refers to paragraph A of the financial risk management section of the financial statements for a description of the risks on financial instruments (page 78).

GOVERNANCE AND COMPLIANCE

The Senior Corporate Vice-President Legal & Compliance assumes the role of Group Compliance Officer, reporting directly to the Chief Executive Officer and with direct access to the Chairman of the Supervisory Board in specific circumstances. Compliance risk covers the risk of legal or regulatory sanctions, financial loss, or loss to reputation we 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. Half year compliance reports are presented to the Managing Board and an annual compliance overview is presented to the Audit Committee of the Supervisory Board. Compliance risk management is considered to be most effective when a high level of awareness exists within the entire organisation. Therefore, it aims to constantly contribute to the advancement of compliance with external and internal regulation. Our compliance risk management practices are important to the way we conduct business. The basis for mitigating compliance risk is provided by our compliance risk management framework. The Chief Executive Officer has assigned the task for identifying, assessing, advising, monitoring and reporting compliance risks to the independent Group Compliance Officer. A local compliance function exists within each LeasePlan entity. The roles and responsibilities of the compliance function within the LeasePlan group are described in the Compliance Charter.

Trends in the integrity climate within LeasePlan are being measured through the annual global engagement and integrity survey. In 2011 the first integrity survey was conducted globally and the results thereof were used as the "zero-benchmark" for future reference. The 2013 results show the efforts made by LeasePlan and its Group companies in steering integrity matters. The overall perceived level of integrity improved from 4.0 in 2012 to 4.1 in 2013, with a participation rate over 92%.

An important benefit of the integrity survey is that it entails further discussions and awareness on integrity matters in LeasePlan. Furthermore, in order to ensure that the legal and compliance officers in LeasePlan are well positioned to contribute to the success of Group, a Legal & Compliance Change Board was established in 2013. Adopting a business partner role, the Change Board implemented new principles and a refreshed approach in preserving the integrity climate in the company. LeasePlan strives to maintain its reputation as a premier fleet management institution, operating always with the highest integrity. LeasePlan will not knowingly engage in any activity that will adversely impact its reputation. LeasePlan, therefore, continues to safeguard its reputation in various policies and related procedures. In terms of providing a framework for employees and external stakeholders on conduct and business ethics matters, LeasePlan uses its Code of Conduct. Further embedding of the Code of Conduct was achieved internally in 2013 with a global e-learning tool for employees. LeasePlan additionally actively protects its reputation against the consequences of breaches of confidentiality, failures of integrity or interruptions to the availability of information through its information security policy and controls.

GROUP AUDIT DEPARTMENT

Our Group Audit Department provides internal audit services and is recognised as the third line of defence for our control framework. The international Professional Practices Framework of the Institute of Internal Auditors (IIA) guides the internal audit activity.

The scope of the Group Audit Department includes all entities, Group service companies, and head office functions. The Group Audit Department conducts independent audits of our activities and is responsible for providing professional and independent assurance by evaluating the organisation's network of risk management, control, and governance processes, as designed and represented by management. This includes but is not limited to assessing the effectiveness of governance, risk management and internal control processes. The Group Audit Department reports its findings to the Managing Board and provides quarterly updates to the Audit Committee of the Supervisory Board.

The Group Audit Department is headed by the Senior Corporate Vice-President Group Audit who reports directly to the Chief Executive Officer. Regular internal audit meetings are scheduled between the Managing Board and the Senior Corporate Vice-President Group Audit in order to ensure sufficient attention and follow-up is given to the outcome of the audits.

Measures are in place to maintain the independence of the audit function, including the right to directly approach the chairman of the Supervisory Board Audit Committee if circumstances so require. The Chairman of the Audit Committee and the Senior Corporate Vice-President Group Audit have informal meetings twice a year, which took place prior to the Audit Committee meetings in March and December 2013. Additionally, in 2013 the Senior Corporate Vice-President Group Audit held a meeting with the Dutch Central Bank, the external auditor and members of the Control, Reporting & Tax department to discuss risk, respective audit plans and findings.

SUPERVISORY BOARD MEMBERS

Frank Witter
German

Chairman
Year of birth: 1959

Chief Executive Officer, Volkswagen Financial Services AG, Germany
Appointed as member and Chairman of the Supervisory Board on 5 January 2009; reappointed 13 March 2013. Chairman of the Audit Committee, Remuneration Committee and member of the Credit Committee.

Michael Klaus
German

Deputy Chairman
Year of birth: 1961

Personally liable Partner, B. Metzler seel. Sohn & Co. Kommanditgesellschaft auf Aktien and Member of the Managing Board, B. Metzler seel. Sohn & Co.Holding AG.
Appointed member of the Supervisory Board on 1 February 2010. Appointed Deputy Chairman on 19 March 2010; reappointed 13 March 2013. Member of the Audit Committee, the Remuneration Committee and the Credit Committee.

Albrecht Möhle
German

Year of birth: 1958

Global Head of Global Markets and Group Funding, Volkswagen AG, Germany
Appointed member of the Supervisory Board on 7 February 2012. Member of the Credit Committee.

Christian Schlögell
German

Year of birth: 1957

General Counsel, B. Metzler seel. Sohn & Co. Holding AG, Germany
Appointed member of the Supervisory Board on 1 February 2010. Member of the Credit Committee.

Ada van der Veer - Vergeer
Dutch

Year of birth: 1959

Appointed member of the Supervisory Board on 10 December 2010. Member of the Audit Committee and the Remuneration Committee.

Has over 25 years' experience in financial services. Joined the Volkswagen Group in 1992 as Head of Capital Markets at Group Treasury and held senior treasury positions in both Europe and North America until 2001. Prior to rejoining the Volkswagen Group in 2002, he held the position of Corporate Treasurer for SAirGroup in Zurich, Switzerland. From 2002 to 2006 he acted as Chief Executive Officer and Chief Financial Officer of Volkswagen of America Inc. and Volkswagen Canada Inc. In 2006 he was appointed member of the VW Group Board with responsibility for North America. Between 2007 and 2008 he acted as President and Chief Financial Officer of VW Credit Inc. and as Regional Manager for the Americas for all financial services companies. Since 2008, as a member of the VW Group Board, he has held the position of Chief Executive Officer of Volkswagen Financial Services AG based in Germany with full responsibility for the majority of the worldwide financial services operations of Volkswagen AG.

Has over 25 years' experience in finance. Joined his current employer B. Metzler seel. Sohn & Co. in 1991. Has held senior roles as Head of Financial Markets, Head of the Bank's Treasury Committee, Head of Personnel, Co-head of Metzler Real Estate and Market Risk Controller for the entire Metzler Group. Appointed Partner in 2005. Other board positions include: member of the Board of Directors of Metzler/Payden, LLC, Los Angeles; Metzler Realty Advisors, Inc. Seattle; member of the Supervisory Board of BVV Versicherungsverein des Bankgewerbes A.G., Berlin; Executive Officer of Metzler Securities GmbH and General Securities Principal of Metzler Securities Corp., New York. Also member of the Advisory Committee of Hauptverwaltung der Deutschen Bundesbank, Frankfurt. Currently Managing Director of Antje Verwaltungs GmbH, Frankfurt; Fleet Investments B.V., Amsterdam; Global Mobility Holding B.V., Amsterdam. Formerly Managing Director of Metzler Nederland B.V.

Has over 30 years' experience in corporate finance and banking. After joining his current employer, Volkswagen AG, in 1986 in the area of treasuries trade finance, Mr Möhle spent time in risk management followed by a treasury engagement in Volkswagen's Czech subsidiary ŠKODA Auto a.s. In 1992 he was appointed General Manager of Volkswagen Investments Limited in Dublin, which led to the roles of Head of Treasuries Back Office Operations and Head of Capital Markets of the Volkswagen Group. In 2004, he was appointed to his current position, Global Head of Global Markets and Group Funding of Volkswagen AG. Mr Möhle holds Supervisory Board positions at Volkswagen International Finance N.V. Volkswagen International Payment Services N.V., Volkswagen Finance Luxembourg S.A., Volkswagen International Luxembourg S.A. and Volkswagen Group Services S.A. Moreover he sits on the board of Volkswagen Pension Trust e.V. and is Managing Director of Porsche Holding Finance.

Has over 25 years' experience as a banking and corporate lawyer. Joined his current employer, the German Metzler banking group, in 1994 as Head of Legal. Has extensively worked in Europe, North America and Asia on corporate finance, M&A transactions, general banking and compliance matters and structuring issues. Holds various managerial roles at Metzler and is Chairman of the Supervisory Board of Freunde der Eintracht AG, Frankfurt. Prior to 1994, was a Legal Counsel for Robert Bosch GmbH, Stuttgart, and a member of the Supervisory Board of Robert Bosch Elektronik GmbH.

Has over 25 years' broad experience in the financial services industry including a strong background in the banking sector. Her previous positions include Chief Executive Officer of Currence Holding, Chairperson of the Board of Staal Bankiers and member of the Executive Board of Achmea Bank Holding. Since 2007 she has been Director of Stranergy, a company specialised in independent boardroom consultancy and supervision in the areas of strategy, strategic transition, management and corporate governance. Her current other Supervisory Board memberships include the Netherlands Public Broadcasting and Alliander N.V. Furthermore she is member of the Board of Stichting Preferente Aandelen Nedap N.V. and an advisor to the National Register of Directors and Supervisors.

SUPERVISORY BOARD REPORT

During 2013, the Supervisory Board witnessed a crucial period in the company's 50-year history. In an environment where many markets are still going through economic recovery, the strategic and commercial choices made by the company resulted in realising a record level of profit for the year of EUR 326 million. Throughout the year, the Supervisory Board continued to support the execution of the sustainable, profitable growth strategy of the Managing Board. Furthermore, LeasePlan businesses continued in their efforts to deliver value-adding services to clients.

The Supervisory Board is of the opinion that during the year 2013 the working processes, level and frequency of engagement in all critical company activities, access to all necessary and relevant information and the company's management and staff were satisfactory and enabled it to adequately carry out its duties towards all the company's stakeholders.

The Supervisory Board would like to thank LeasePlan's stakeholders for the trust they have placed in the company and its management. The Supervisory Board also wishes to express its appreciation for the continued dedication and efforts of the Managing Board and all LeasePlan employees.

FULL REVIEW OF THE YEAR AND OUTLOOK

A review of LeasePlan's 2013 performance and 2014 outlook is described on pages 4 - 33. This is intended to inform stakeholders and help them assess how the Supervisory Board has acted upon its responsibility to support the success of the company, its Group companies, and their business enterprises.

ANNUAL REPORT AND FINANCIAL STATEMENTS

In accordance with the relevant provisions of the articles of association of LeasePlan, the Supervisory Board has reviewed the annual report and the financial statements of 2013. The Supervisory Board discussed these documents with the Managing Board and PricewaterhouseCoopers Accountants N.V., the independent external auditor, and took note of the independent auditor's report that it issued on the financial statements of 2013. The Supervisory Board proposes that the shareholders adopt the financial statements and the proposed profit appropriation contained therein. The Supervisory Board also recommends that the shareholders endorse the Managing Board's conduct of the company's affairs and the supervision thereof by the members of the Supervisory Board.

THE ROLE OF THE SUPERVISORY BOARD

In accordance with its formal duties and responsibilities, the Supervisory Board supervises the policies pursued by the Managing Board and the general conduct of affairs of LeasePlan and its Group companies. In its role, the Supervisory Board acts as an advisory partner to the Managing Board in determining the company's strategic direction. Regular topics for discussion and, where necessary, approval are the annual and interim figures, operating and financial performance, strategy, funding, acquisitions and major investments, objectives, business plans, budgets, risk management and internal controls of the business.

The chairman of the Supervisory Board is in close contact with the chairman of the Managing Board on a regular basis. The chairman of the Managing Board, together with the corporate secretary, ensures that the members of the Supervisory Board receive timely and clear information on all relevant matters. LeasePlan's internal control functions have direct access to the chairman of the Audit Committee in cases where deemed necessary. The Supervisory Board annually reviews and discusses the yearly board report and Group management letter prepared by the external auditor. The external auditor also attends this discussion. Twice a year the Supervisory Board reviews the progress made on detailed action plans supporting the five-year strategy plan, which has been approved by the Supervisory Board.

In line with Dutch company law, the Dutch banking code and the articles of association, the Supervisory Board regulations require all members of the Supervisory Board to act in accordance with the interests of LeasePlan and its Group companies, and their business enterprises.

Certain resolutions of the Managing Board, specified in the articles of association of LeasePlan and the Supervisory Board regulations, are subject to approval of the Supervisory Board.

COMMITTEES OF THE SUPERVISORY BOARD

On 31 December 2013, the Supervisory Board had three standing committees: the Audit Committee, the Credit

Committee and the Remuneration Committee. In view of the importance of risk management, and also taking into account the size of the Supervisory Board, the Board has determined that instead of a separate risk committee, all members will retain full responsibility for overseeing decisions concerning the risk management framework of the Group. Each Supervisory Board member is entitled to attend the committee meetings, and for that purpose receives the agenda for each committee meeting, as well as all documents tabled to be discussed or dealt with at such meeting.

MEETING FREQUENCY AND STRUCTURE OF THE SUPERVISORY BOARD AND ITS COMMITTEES

In 2013, the Supervisory Board held nine meetings with the Managing Board, of which five through conference call. The Audit Committee meetings were conducted once each quarter. The Remuneration Committee met on two occasions. During the year senior management was frequently invited to make presentations on a range of topics to the Supervisory Board and its committees. Members of the Supervisory Board, the Managing Board and senior management held several meetings that were not part of the formally scheduled meetings and calls. These informal consultations ensured that the Supervisory Board was well informed about the running of the business. Moreover, the Supervisory Board held meetings with the works councils and attended the 50 year celebration with the worldwide management of LeasePlan. The Supervisory Board also held several discussions without the presence of the members of the Managing Board.

ACTIVITIES AND MEETINGS OF THE SUPERVISORY BOARD 2013

The recurring items on the quarterly agenda include the financial and commercial results, market developments, developments related to funding and liquidity (including quarterly approval of the funding framework), performance of the Group companies, and risk management with a specific focus on the performance against the Group approved risk appetite, asset risk management, and credit risk management. The economic climate and prevailing market conditions continued to be regular discussion points. The Supervisory Board kept itself informed on information and data security matters, supporting the Managing Board in keeping this important topic high on the agenda.

During a conference call in February 2013, the Supervisory Board discussed the financial results and headlines of the preceding year with the Managing Board, prior to the public release of the year-end 2012 results.

In March 2013, the Supervisory Board met to discuss the annual report 2012 of LeasePlan, including the management report, the accompanying auditor's report, the financial statements and the proposed profit appropriation. The management letter and Group board report were also discussed in detail in the presence of the independent external auditor. Having reviewed and discussed the aforementioned documents and reports pertaining to the results of LeasePlan, the Supervisory Board approved the year-end figures 2012 including the consolidated financial result. Further, the Supervisory Board recommended to the General Meeting of Shareholders to adopt the annual accounts of 2012.

Also in March, the Supervisory Board received a presentation from senior management of LeasePlan Bank, which is a division of LeasePlan. The discussion centered on the governance and compliance structure of the retail bank, including how it handles information security. The client-centric approach of the retail bank has resulted in above industry standards of client satisfaction. It was also shared that the Netherlands Authority on Financial Markets (AFM) scored LeasePlan Bank's product portfolio above the industry average. Other items discussed during the session were focused on how the retail bank manages its back office operations and front line client service.

In order to facilitate open and productive discussion, the Managing Board provides the Supervisory Board with comprehensive quarterly reports that outline the developments, achievements, challenges and opportunities of the company before each quarterly Supervisory Board meeting. In connection with this, the Supervisory Board instigated a review into the effectiveness of the processes and formats surrounding the aforementioned reporting requirements for shareholders and Supervisory Board members. The review was undertaken by a working group consisting of representatives from the shareholders, the Supervisory Board and the corporate management team of LeasePlan. External consultants provided some additional perspective to the review. The recommendations of the working group were resolved upon during the Supervisory Board meetings in September and December 2013.

In addition to a discussion on the business and market developments, other items discussed during the meeting were an update related to potential acquisitions, the yearly update on HR related trends and developments throughout the Group as well as an update on LeasePlan's approach regarding diversity. The adequacy and effectiveness of LeasePlan's risk management and control systems were also discussed. The Supervisory Board furthermore nominated Mr Witter and Mr Klaus for reappointment to the Supervisory Board for four year terms. Anticipating approval of the Dutch Central Bank and formal appointment by the General meeting of shareholders, the Supervisory Board re appointed Mr Witter as Chairman and Mr Klaus as Deputy-Chairman of the Supervisory Board and both gentlemen as members of the Audit Committee, Credit Committee and Remuneration Committee.

In May 2013, the Supervisory Board discussed and approved a binding offer for the acquisition of Bawag P.S.K. Fuhrparkleasing GmbH in Austria. In June 2013, the Supervisory Board meeting took place at the offices of LeasePlan Italy in Rome. As part of the lifelong learning programme, the Supervisory Board received a presentation on the developments in the Italian economy from Mr T. Boeri, professor of economics at Bocconi University, Milan and vice-rector for research. Mr Boeri's presented his expert view on the status and forecasts for the Italian economy, and Italian perspective on the euro crisis and the strengths, challenges and opportunities for Italy. The Supervisory Board furthermore received a detailed presentation from the management team of LeasePlan Italy on the business and financial position of the company, as well as the challenges and opportunities in the local market.

The geographical as well as the business scope of the Group's portfolio was considered during an in-depth business update from the three Regional Senior Vice-Presidents. Among topics discussed and analysed across all countries were current market developments, the competitive landscape and the foundations for commercial growth for each business. Furthermore, the Supervisory Board spent time discussing the termination results of vehicles sold and the cross border remarketing activities of the Group. An area of particular focus was how a number of the countries are responding to the increasing customer demand for, and growth in, online services. The Supervisory Board discussed how the company is meeting this challenge through the introduction of new services such as FleetPlan. During this discussion, the senior management noted that the countries most affected by the financial crisis were coping well with its residual effects.

Prior to the official launch in July 2013, the Supervisory Board received an update on the current status of the Group's expansion to Russia. The discussion included compliance and due diligence matters, the recruitment of highly experienced and qualified staff and the client potential in the country, mainly from LeasePlan International's customer base.

The Supervisory Board was updated on the acquisition of Bawag P.S.K. Fuhrparkleasing GmbH in Austria.

Furthermore, as part of the quarterly update on funding and liquidity matters the Supervisory Board was informed on the status of discussions with the Dutch Central Bank concerning the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) and related items.

Of strategic and reputational importance to the Group is its effective management of information security matters. The Supervisory Board thereto received a presentation on the information and data security of the organisation. Among the topics discussed was the satisfactory DNB assessment of LeasePlan's retail bank as a result of the far-reaching measures it has taken in order to safeguard the security of sensitive customer data. Explanation was provided on the regular information security self-assessments carried out by the countries.

Also in June, the Supervisory Board discussed the decision to extend the board to six members, with the addition of one formally independent member in 2014.

In the area of remuneration the Supervisory Board confirmed its decision to have engaged an external expert to assist the board in its review of the existing remuneration policy as well as (the peer group used for) benchmarking.

In September 2013, the Supervisory Board held its annual meeting on LeasePlan's strategy. The strategy framework and documentation used for this discussion were prepared using a bottom up, top down approach. Country management prepared local strategies, regional strategy meetings were held in addition to a two-day corporate management team strategy meeting. The Supervisory Board discussed the strategic ambitions for LeasePlan while taking into account regulatory developments, the economic developments and market trends. Further to geographical expansion, the foundation for growth in existing markets was also discussed. The Managing Board shared its vision on the future of leasing whereby the focus will move from the car to the driver and from car ownership to car usership. Among other matters discussed during the strategy session were market developments, environmental trends, the competitive landscape and acquisition possibilities. The Supervisory Board is confident in the strategic choices being made by the Managing Board and will continue to support the execution of its strategy.

In the area of funding and liquidity the Supervisory Board approved the early buy-back of the USD 500 million government guaranteed bond, originally maturing in June 2014.

Also in September, as part of its lifelong learning programme, the Supervisory Board attended a session on diversity hosted by Ms Mollema, Founder and Director of Direction Europe, and LeasePlan's Senior Corporate Vice-President Human Resources. The Supervisory Board furthermore supported the introduction of a global diversity project in the company on the progress of which the board will be updated.

Among other items discussed, the Supervisory Board approved the proposals of the Managing Board with regard to the changed format and contents of Supervisory Board reporting in line with the discussions of the aforementioned appointed working group.

With regard to its composition the Supervisory Board updated the participants on the profile for the 6th member of the Supervisory Board agreed upon with involvement of the Works Councils in view of their specific recommendations rights resulting from the structure regime applying to LeasePlan.

In December 2013, the Supervisory Board extensively discussed the projected year-end results and performance with the Managing Board. The Supervisory Board furthermore reviewed the annual plan 2014-15 and multi-year plan 2014-2018. During the discussions it was particularly highlighted that the current level of termination income experienced in 2013 is not expected to continue due to the increased supply of second hand cars in various markets. Following an in-depth discussion, the Supervisory Board approved the annual plan 2014-15 and the multi-year plan 2014-2018.

Following a proposal of the Managing Board the Supervisory Board furthermore unanimously resolved on the level of the interim and overall dividend payout over the year 2013 to be proposed to the shareholders to be formally resolved upon with pay out in December 2013 and March 2014 respectively.

The Supervisory Board also discussed at length the current business and market developments of the Group. Among the topics discussed, the Supervisory Board received an update on the good progress being made in Italy in integrating the fleet and leasing portfolio of Banco Bilbao Vizcaya Argentaria (BBVA).

During the quarterly risk management review the Supervisory Board again discussed the status of ICAAP and ILAAP discussions. Furthermore the Supervisory Board unanimously approved the risk appetite for the year 2014. Also as final part of the updated reporting to the Supervisory Board the process around credit approvals, as prediscussed by the aforementioned working group, was approved. During the meeting, the Supervisory Board spent considerable time discussing the operational vision for the Group. The operational vision is steered by Operational Excellence Team with significant level of country involvement. The vision will be delivered using the company's global project approach and focuses on areas such as telematics, supplier integration and operational contact management.

As part of further strategic updates, presentations were given by the Managing Board on LeasePlan's ICT strategy as well as on a global project aiming to work towards an integrated financial infrastructure.

The Supervisory Board furthermore as part of the quarterly discussions on funding and liquidity discussed the funding and ratings approach with the Managing Board. The Supervisory Board moreover reviewed and approved the year planning for 2014 including all quarterly, bi-annual and annual items to be discussed.

PROFILE AND COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board of LeasePlan has been composed in such a way to warrant proper execution of the function of the board and its committees. The Supervisory Board size and composition are attuned to the nature and characteristics of the business, and the required expertise and background of each member. The Supervisory Board of LeasePlan has a complementary and mixed composition and complies with the banking code's provisions in the duties it performs under its purview. The Supervisory Board has drawn up a profile to be used as the basis for its current and future composition. In 2014, following discussions with the Supervisory Board and the works councils, the Supervisory Board will appoint a sixth formally independent Supervisory Board member.

TERMS OF APPOINTMENT OF MEMBERS OF THE SUPERVISORY BOARD

Members of the Supervisory Board are appointed for a term of four years and may be reappointed following the expiry of each four-year term. A gradual reappointment schedule is in place in order to ensure that the terms of appointment do not expire at the same time. In March 2013, Mr Witter and Mr Klaus were reappointed by the General Meeting of Shareholders as members of the Supervisory Board for an additional four years, following approval by the Dutch Central Bank.

PERFORMANCE AND DEVELOPMENT

The chairman of the Supervisory Board organises a programme of lifelong learning, with the aim of maintaining the expertise of the Supervisory Board members at the standards that are generally imposed on Supervisory Board members in the Dutch financial sector and improving their expertise where necessary. The learning programme covers relevant developments in the company, in the financial sector, corporate governance in general and, in particular, the financial sector, the duty of care towards the client, integrity, risk management, financial reporting and audits. Every Supervisory Board member takes part in the programme and meets the requirements for lifelong learning.

The Supervisory Board carries out an annual assessment of its own performance, its composition and effectiveness as well as the effectiveness of the lifelong learning programme. Once every three years, the self-assessment is performed with the assistance of independent supervision by a professional party invited by the Supervisory Board. In this triennial assessment, focus lies on the evaluation of the performance of individual Supervisory Board members and the culture within the Supervisory Board, and the relationship between the Supervisory Board and the Managing Board is evaluated. The assessment concerning the year 2013 was done during a separate Supervisory Board session on 4 February 2014. The process used involved an interview by an external agency with all individual members of the Supervisory Board. Based on the outcome of the interviews the external agency produced a report, which was discussed during the session. During the same session the Supervisory Board performed the yearly assessment of the Managing Board, including its lifelong learning programme, in line with the Policy Rule on Suitability 2012 of the Dutch Central Bank.

With regard to the assessment of the Managing Board, feedback sessions take place between the Supervisory Board (for this matter represented by Mr Witter and Ms Van der Veer - Vergeer) and the individual Managing Board members.

COMMITTEES OF THE SUPERVISORY BOARD

Audit Committee
The members of the Audit Committee are Frank Witter, Michael Klaus and Ada van der Veer - Vergeer. Usually all members of the Supervisory Board attend the meetings of the Audit Committee. The Senior Corporate Vice-President Group Audit attends the Audit Committee meetings as a guest.

The Audit Committee met with the Managing Board on four occasions in 2013 with a focus on internal control, and the main input provided by the company's Group Audit department. Every quarter the Audit Committee reviews the main conclusions of the audits concluded during each preceding period, those high priority issues identified by the Group Audit department that have not been addressed conclusively within six months, as well as a report on any fraud and integrity matters.

In March 2013, the Audit Committee resolved to recommend to the General Meeting of Shareholders to reappoint and instruct PricewaterhouseCoopers Accountants N.V. as external auditor for the annual accounts 2013.

In June, the committee approved the internal audit charter for 2013. Moreover, the committee discussed the positive results following the finalisation of the audit health check in LeasePlan Russia. The committee also discussed the inclusion of ILAAP and liquidity management in 2013 in the general audit of LeasePlan Treasury including treasury risk management.

In September, the Audit Committee reviewed and discussed the integrated audit plan of the Group Audit department and the external auditor. The committee discussed the Group Audit department's increased focus on mandatory audit requirements and the prioritisation of information security and access management matters.

In December, the Audit Committee reviewed and approved the detailed planning of the Group Audit department for 2014. In line with the Dutch Banking Code the yearly assessment, carried out by the internal auditor, was performed which concluded that the institution-wide control measures of the Group are sufficiently designed, present and generally work effectively. Annually, the Senior Corporate Vice-President Legal & Compliance reports on relevant regulatory and compliance aspects to the Audit Committee. Among the items discussed were the increased focus on tools and systems to enhance the efficiency of the compliance organisation; the results of the yearly integrity assessment, the code of conduct e-learning tool, customer due diligence self-assessment, reputation management and Group policies of the organisation. Furthermore, the Audit Committee discussed the possible impact of draft EU legislation regarding audit firm rotation.

Credit Committee
The members of the Credit Committee are Frank Witter, Michael Klaus, Albrecht Möhle and Christian Schlögell.

During 2013 the Credit Committee resolved on seven credit applications related to LeasePlan Denmark, LeasePlan Finland, LeasePlan Netherlands, LeasePlan Switzerland and LeasePlan International.

Remuneration Committee
The members of the Remuneration Committee are Frank Witter, Michael Klaus and Ada van der Veer - Vergeer. On a regular basis also the other Supervisory Board members attend the meetings of the committee. The Chief Executive Officer and the Senior Corporate Vice-President HR usually attend the Remuneration Committee meetings as guests.

More information on the involvement of the Remuneration Committee of the Supervisory Board with regard to remuneration matters can be found in the separate remuneration report beginning on page 51.

Almere, the Netherlands, 25 March 2014

The Supervisory Board

Frank Witter
Michael Klaus
Albrecht Möhle
Christian Schlögell
Ada van der Veer - Vergeer

REMUNERATION REPORT

GROUP REMUNERATION POLICY

The remuneration policy of LeasePlan is aimed at attracting, retaining, motivating and rewarding high calibre employees to deliver first rate long-term business performance, in line with the business strategy, within the approved risk appetite. The policy applies to all entities within LeasePlan. Apart from general remuneration principles, it contains specific details about the remuneration structure of the Identified Staff, namely the members of the Managing Board and other selected staff who have a material impact on the risk profile of LeasePlan.

The remuneration policy of LeasePlan is compliant with all relevant regulations and guidelines, including the Dutch Banking Code and the CRD III principles as implemented in the Regulation on sound remuneration policies from DNB and the Dutch Corporate Governance Code. Also, LeasePlan complies with the relevant provisions of the Bonus Prohibition Act for state supported banks that came into force on 20 June 2012.

The remuneration policy is reviewed on an annual basis by Human Resources and the Control Functions Risk, Compliance and Audit. The report is submitted to the (Remuneration Committee of the) Supervisory Board for review. The Remuneration Committee meets twice per year, and more often if business so requires. In 2013 the Remuneration Committee has met to discuss matters relating to the annual execution of the remuneration policy, the peer group methodology and upcoming changes in relevant legislation and regulations. The Group Audit Department carries out a number of special audits on the execution of the remuneration policy.

There have been no material changes to the remuneration policy during 2013.

REMUNERATION FOR IDENTIFIED STAFF

Pursuant to section 3:74a of the Financial Supervision Act, LeasePlan discloses the information in relation to remuneration as reflected in CRD III. This information relates to Identified Staff only and is provided below.

a. Decision making process

The remuneration policy, which applies to all LeasePlan employees within the Group, is developed and approved by the Managing Board. Prior to adoption, the remuneration policy is submitted for final approval of the (Remuneration Committee of the) Supervisory Board on an annual basis. The (Remuneration Committee of the) Supervisory Board also reviews the decision making process that relates to the execution of the remuneration policy, including the Identified Staff target setting and target achievement determination, the application of any risk adjustments and the award of variable remuneration in its various components. The (Remuneration Committee of the) Supervisory Board receives input from Human Resources and the Control Functions (Audit, Risk and Compliance) on these matters.

Managing Board

The (Remuneration Committee of the) Supervisory Board determines the remuneration and other conditions of employment of Managing Board members following consultation with the CEO. In this determination, the (Remuneration Committee of the) Supervisory Board takes into account the specific policy applicable to the members of the Managing Board as adopted by the General Meeting of Shareholders for the remuneration of Managing Board members, as well as the performance and the development of the value of LeasePlan and non-financial indicators that are relevant to the long term objectives of LeasePlan. Generally, the (Remuneration Committee of the) Supervisory Board when reviewing the remuneration and other conditions of employment of Managing Board members, also analyses the possible outcomes of the variable remuneration components and how they may affect the remuneration of the Managing Board members, subject to the applicable legislation. In compliance with the Bonus Prohibition Act no variable remuneration is awarded or paid to the Managing Board during the term the Bonus Prohibition Act applies to LeasePlan.

Other Identified Staff

The fixed and variable remuneration for the other Identified Staff is proposed by the Managing Board and assessed by the (Remuneration Committee of the) Supervisory Board. Other benefits, such as pension, are offered in line with local policy. This provides a consistent approach for

Identified Staff in terms of fixed and variable remuneration, with benefits being provided in line with prevailing local market conditions.

External advisors

In preparing for any changes in the remuneration structure and in the context of a careful assessment, LeasePlan seeks external advice, such as legal advice or other specialist advice, whenever required. If and when required, the Remuneration Committee and the Supervisory Board may be supported by separate external advisors in order to ensure that there are adequate checks and balances in order to achieve a sound decision making process. During the latter part of 2013 the Supervisory Board conducted a review, supported by external advisors, on the peer group methodology used to position remuneration for Identified Staff against the external market.

b. Reward and performance

The variable remuneration of Identified Staff is fully performance-related, and based on financial criteria, such as the profit for the year, and non-financial criteria, such as customer loyalty, integrity and employee engagement. The variable remuneration of Control Functions excludes profit for the year as a target. All variable remuneration of Identified Staff is subject to risk assessments at collective and individual performance levels. This means that the remuneration structure will reward according to performance at Group, company and individual level as appropriate.

c. Main elements of the reward structure

The main reward elements are determined by a set of general remuneration principles:

- The remuneration structure is aligned with LeasePlan's strategy and risk appetite.
- The remuneration positioning of Identified Staff is below the median of the market.
- The remuneration positioning is based on total compensation, including fixed and variable remuneration.
- The remuneration positioning is based on a relevant peer group as approved by the (Remuneration Committee of the) Supervisory Board.
- Variable remuneration is performance-related, consists of a well thought-out mix of financial and non-financial elements and reflects both short and long-term strategic goals.
- Variable remuneration targets are specific, measureable, attainable, relevant and time-bound.
- Variable remuneration of Identified Staff can never exceed 100% of fixed remuneration.
- Variable remuneration consists of cash and non-cash elements (i.e. phantom share units ('PSUs'). 40% of the variable remuneration of Identified Staff is deferred for a period of 3 years and 50%, including the deferred element, is non-cash. The PSUs have a retention period of 1 year after vesting.
- There is alignment between the remuneration packages of Identified Staff and of other senior positions in the company.
- Identified Staff, including the two Managing Board members who are employed by Lease Beheer N.V., participate in a defined contribution plan. All pension plans of Identified Staff are in line with the pension conditions of the relevant entity in their country of employment. All plans are recognised in accordance with the applicable accounting standards.
- Claw back and malus provisions are applicable to all variable remuneration awarded to Identified Staff.

d. Performance criteria

All variable remuneration, including the PSUs, is based on the performance of financial (profit for the year) and non-financial targets such as employee engagement, integrity and customer loyalty. In case of a profit for the year of 90% of budget or lower, there is no payment related to the financial target. In case of a profit for the year of 69% of budget or lower, there is no variable remuneration for any of the Identified Staff. The targets for Control Functions exclude profit for the year targets and the function holders are remunerated on the basis of the achievement of non-financial Group objectives and non- financial targets relevant to their position. The variable remuneration for Control Functions is capped at 50% of base salary.

All variable remuneration is subject to risk assessments in which key risk indicators, covering areas such as capital, liquidity, compliance and residual values play a central role.

e. Main parameters and motivation for the remuneration structure

The described remuneration structure for Identified Staff has been set up to:

- Drive the objective of the remuneration policy - provide, in the context of the business strategy of LeasePlan, remuneration in form and amount that will attract, retain, motivate and reward high calibre employees to deliver first rate long-term business performance within the approved risk appetite.
- Follow the remuneration principles - see point c - Main elements of the reward structure.
- Comply with the relevant legislation and regulations.

There are no non-cash benefits in the context of the variable remuneration structure, other than the PSUs.

f. Aggregated remuneration information of Identified Staff

Identified Staff within LeasePlan consisted of 15 positions in 2013, including the Managing Board positions.

Table [1] shows the fixed and variable remuneration and its components (direct variable remuneration in cash and PSUs and deferred variable remuneration in cash and PSUs) awarded to Identified Staff relating to the financial year 2013.

Remuneration awarded to identified Staff relating to 2013	**Managing Board (#3)**		**Other identified Staff (#12)**	
In thousands of euros	Direct	Deferred and conditional	Direct	Deferred and conditional
Fixed remuneration				
Cash	1,864	NA	3,101	NA
Variable remuneration				
Cash	NA	NA	766	511
Non-cash instruments (PSUs)	NA	NA	766	511

Table [1]

Over 2013, there was no downward risk-adjustment of the variable remuneration following the Ex-Ante Risk Assessment. However, the awarded variable remuneration is still conditional until the final payment of the deferred amounts has taken place. After that, the claw back conditions remain applicable.

Table [2] shows the actual payments in 2013 of variable remuneration to Identified Staff. Distinction is made between the direct variable remuneration in cash relating to 2012 and the amounts that are payable from former years (i.e. direct instruments relating to 2011).

Actual payments variable remuneration to identified Staff	**Managing Board (#3)**		**Other identified Staff (#12)**
In thousands of euros			
Cash	NA	NA	576
Non-cash instruments (PSUs)	NA	NA	840
Reduced through performance adjustments	NA	NA	0

Table [2]

Table [3] shows the variable remuneration that vested in 2013 and the outstanding amounts of deferred remuneration for Identified Staff. The Variable Pay Plan for Identified Staff has been in force since 2011. No amounts of conditional variable remuneration have vested so far. The first conditional and deferred amounts should vest in 2015.

Total amount of outstanding (deferred) remuneration for identified Staff	**Managing Board (#3)**		**Other identified Staff (#12)**	
In thousands of euros	Vested	Unvested	Vested	Unvested
Cash	NA	NA	NA	782
Non-cash instruments (PSUs)	NA	NA	576	944

Table [3]

In 2013, there were no severance payments, nor were there any 'sign-on' or any other form of guaranteed payments made. Also, there were no variable remuneration payments made to the Managing Board due to the Bonus Prohibition Act.

2011 and 2012 variable remuneration

The Ex-Post Risk Assessment has led to no downward adjustment of the deferred elements of the 2011 and 2012 variable remuneration. The February 2014 value of the PSUs at EUR 45.25 (February 2013: EUR 35.12) has been determined on the basis of an external valuation report and has been approved by the (Remuneration Committee of the) Supervisory Board. The direct variable remuneration 2012 in PSUs is at the end of its retention period and will therefore be converted into a gross cash payment in Q1 2014.

REMUNERATION FOR THE MANAGING BOARD

The members of the Managing Board qualify as Identified Staff. Most elements of the remuneration structure of the Managing Board have been described above. This section provides additional remuneration information and a comparison between the years 2013 and 2012.

Incurred costs for Managing Board remuneration

The incurred costs for the remuneration of the Managing Board members in 2012 and 2013 are represented on page 134.

Managing Board *In thousands of euros*	2013	2012
Remuneration element		
Fixed remuneration	1,864	1,787
Other short-term employee benefits	194	187
Post-employment benefits	731	387
Total	**2,789**	**2,361**

The increase in post-employment benefits is mainly caused by one-off additional pension payments for two of the Managing Board members, fulfilling contractual commitments which arose in previous years, one of them dating back to a change in the Dutch pension scheme in 2003. All LeasePlan employees who were affected by that change in 2003, were granted a similar entitlement.

PSUs

Although the variable remuneration structure contains the element of PSUs, the members of the Managing Board are not entitled to shares, options or related remuneration elements during the term the Bonus Prohibition Act applies to LeasePlan.

REMUNERATION FOR THE SUPERVISORY BOARD

Ada van der Veer - Vergeer is the only Supervisory Board member compensated by LeasePlan for the tasks and responsibilities as a member of the Supervisory Board. The total expenses for the Group amounted to EUR 60,000 for 2013. Neither the company nor any of its Group companies has granted any loans, guarantees or advances to the members of the Supervisory Board.

CONCLUSION

Based on a careful assessment, the Supervisory Board believes that LeasePlan is compliant with the applicable rules and regulations whilst providing, in the context of LeasePlan's business strategy, remuneration in form and amount that will attract, retain, motivate and reward high-calibre employees to deliver first rate long-term business performance within acceptable risk parameters. The remuneration structure is balanced and sustainable and is structured in such a way that it does not reward failure. The (Remuneration Committee of the) Supervisory Board will continue to monitor any further developments to ensure that LeasePlan remains compliant with all regulations in the area of remuneration.

MAIN OPERATING COMPANIES

LeasePlan International B.V.
Managing Director: J.L. Criado-Pérez
www.leaseplan-int.com

Australia
LeasePlan Australia Ltd.
Managing Director: S. Haralambopoulos
www.leaseplan.com.au

Austria
LeasePlan Österreich
Fuhrparkmanagement GmbH
Managing Director: N. Storny
www.leaseplan.at

Belgium
LeasePlan Fleet Management nv/sa
Managing Director: M. Van den Broeck
www.leaseplan.be

Brazil
LeasePlan Brasil Ltda.
Managing Director: F. Costa
www.leaseplan.com.br

Czech Republic
LeasePlan Česká republika, s.r.o.
Managing Director: J. Hájek
www.leaseplan.cz

Denmark
LeasePlan Danmark A/S
Managing Director: L. Eegholm
www.leaseplan.dk

Finland
LeasePlan Finland Oy
Managing Director: P. Pihlas
www.leaseplan.fi

France
LeasePlan France S.A.S.
Managing Director: D. Pissens
www.leaseplan.fr

Germany
LeasePlan Deutschland GmbH
Managing Director: J.R. Friman
www.leaseplan.de

Greece
LeasePlan Hellas SA
Managing Director: P. Zagorianakos
www.leaseplan.gr

Hungary
LeasePlan Hungária Zrt.
Managing Director: R. Hansman
www.leaseplan.hu

India
LeasePlan India Ltd.
Managing Director: S. Prasad
www.leaseplan.co.in

Ireland
LeasePlan Fleet Management Services (Ireland) Ltd.
Managing Director: S. O'Buachalla
www.leaseplan.ie

Euro Insurances Ltd.
Managing Director: F. Nisar
www.euroinsurances.net

LeasePlan Finance N.V.
Group Treasurer: Paul Benson
www.leaseplan.com

Italy
LeasePlan Italia S.p.A.
Managing Director: A. Martínez Cordero
www.leaseplan.it

Luxembourg
LeasePlan Luxembourg S.A.
Managing Director: B. Walté
www.leaseplan.lu

Mexico
LeasePlan México S.A. de C.V.
Managing Director: T. Bercx
www.leaseplan.com.mx

Netherlands
LeasePlan Nederland N.V.
Managing Director: B.J.P. Kleinherenbrink
www.leaseplan.nl

LeasePlan Bank
Director: R. Keulemans
www.leaseplanbank.nl

Travelcard Nederland B.V.
Managing Director: J.R. Vink
www.travelcard.nl

New Zealand
LeasePlan New Zealand Ltd.
Managing Director: C.G. Willmer
www.leaseplan.co.nz

Norway
LeasePlan Norge AS
Managing Director: A. Ree-Pedersen
www.leaseplan.no

Poland
LeasePlan Fleet Management (Polska) SP. z.o.o
Managing Director: S.Z. Wontrucki
www.leaseplan.pl

Portugal
LeasePlan Portugal, Lda.
Managing Director: A.O.M. Martins
www.leaseplan.pt

Romania
S.C. LeasePlan Romania S.R.L.
Managing Director: B. Apahidean
www.leaseplan.ro

Russia
LeasePlan Rus LLC
Managing Director: Sergey Dianin
www.leaseplan.ru

Slovakia
LeasePlan Slovakia, s.r.o.
Managing Director: F. Stank
www.leaseplan.sk

Spain
LeasePlan Servicios, S.A.
Managing Director: I. Barbadillo
www.leaseplan.es

Sweden
LeasePlan Sverige AB
Managing Director: F. Göransson
www.leaseplan.se

Switzerland
LeasePlan (Schweiz) AG
Managing Director: B. Schönenberger
www.leaseplan.ch

LeasePlan Supply Services AG
Managing Director: D. Kavanagh

CarNext International
Managing Director: W.E. Reinhold
www.carnext.com

Turkey
LeasePlan Otomotiv Servis ve Ticaret A.S
Managing Director: T. Oktay
www.leaseplan.com.tr

United Arab Emirates
LeasePlan Emirates - LeasePlan Fleet Management LLC
Managing Director: A. Narain
www.leaseplan.ae

United Kingdom
LeasePlan UK Ltd.
Managing Director: D. Brennan
www.leaseplan.co.uk

United States
LeasePlan U.S.A., Inc.
Managing Director: M. A. Pitcher
www.us.leaseplan.com

Licensing agreement with Foss National Leasing Ltd.

Canada
LeasePlan Canada Ltd.
Managing Director: J. Hartley
www.leaseplan.ca

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December

In thousands of euros	Note	2013	2012
Revenues	2	7,421,546	7,684,169
Cost of revenues	2	6,599,803	6,963,601
Gross profit		**821,743**	**720,568**
Interest and similar income	3	859,327	943,635
Interest expenses and similar charges	4	479,668	582,919
Net interest income		**379,659**	**360,716**
Impairment charges on loans and receivables	6	25,083	23,157
Net interest income after impairment charges on loans and receivables		**354,576**	**337,559**
Unrealised gains/(losses) on financial instruments	12	25,716	- 3,866
Other financial gains/(losses)	5	- 3,995	- 10,139
Net finance income		**376,297**	**323,554**
Total operating and net finance income		**1,198,040**	**1,044,122**
Staff expenses	7	472,256	455,165
General and administrative expenses	8	256,763	241,933
Depreciation and amortisation	9	48,716	45,705
Total operating expenses		**777,735**	**742,803**
Share of profit of associates and jointly controlled entities	18	7,462	11,792
Profit before tax		**427,767**	**313,111**
Income tax expenses	10	101,320	71,811
Profit for the year		**326,447**	**241,300**
PROFIT ATTRIBUTABLE TO			
Owners of the parent		326,447	241,300

The notes to the Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

In thousands of euros	Note	2013	2012 Restated
COMPREHENSIVE INCOME			
Profit for the year		**326,447**	**241,300**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes post-employment benefit reserve, before tax		-289	- 6,989
Income tax on post-employment benefit reserve		111	2,364
Subtotal changes post-employment benefit reserve, net of income tax	10	**-178**	**- 4,625**
Items that may be subsequently reclassified to profit or loss			
Changes in cash flow hedges, before tax		58,836	31,032
Cash flow hedges recycled from equity to profit and loss, before tax		- 30,355	- 35,951
Income tax on cash flow hedges	10	- 7,120	1,223
Subtotal changes in cash flow hedges, net of income tax	10	**21,361**	**- 3,696**
Exchange rate differences	30	- 52,894	9,851
Other comprehensive income, net of income tax		**- 31,711**	**1,530**
Total comprehensive income for the year		**294,736**	**242,830**
ATTRIBUTABLE TO			
Owners of the parent		294,736	242,830

The notes to the Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED BALANCE SHEET

In thousands of euros	Note	31 December 2013	31 December 2012 Restated	1 January 2012 Restated
ASSETS				
Cash and balances at central banks	11	978,774	1,015,429	61,946
Receivables from financial institutions	13	1,439,051	1,186,096	1,870,069
Derivative financial instruments	12	120,438	188,920	243,758
Other receivables and prepayments	16	586,793	636,959	645,696
Inventories	15	202,000	201,448	225,460
Receivables from clients	14	2,829,949	3,093,213	2,964,060
Property and equipment under operating lease and rental fleet	19	12,226,631	12,419,634	12,194,828
Other property and equipment	20	82,696	87,327	80,875
Loans to associates and jointly controlled entities	17	258,369	223,689	192,588
Investments in associates and jointly controlled entities	18	55,170	48,935	37,760
Intangible assets	21	163,752	163,423	169,080
Corporate income tax receivable		30,941	48,857	38,112
Deferred tax assets	22	154,835	174,001	146,921
		19,129,399	**19,487,931**	**18,871,153**
Assets classified as held-for-sale and discontinued operations		-	-	5,132
Total assets		**19,129,399**	**19,487,931**	**18,876,285**
LIABILITIES				
Trade and other payables and deferred income	27	1,945,350	1,888,075	1,927,849
Borrowings from financial institutions	24	2,523,337	1,776,693	1,535,899
Derivative financial instruments	12	197,490	226,212	258,216
Funds entrusted	25	4,320,156	4,111,419	2,985,400
Debt securities issued	26	6,988,740	8,523,227	9,535,928
Provisions	28	331,254	323,248	272,599
Corporate income tax payable		43,922	39,741	55,285
Deferred tax liabilities	22	197,595	211,885	154,764
		16,547,844	**17,100,500**	**16,725,940**
Liabilities classified as held-for-sale and discontinued operations		-	-	244
Total liabilities		**16,547,844**	**17,100,500**	**16,726,184**
EQUITY				
Share capital	29	71,586	71,586	71,586
Share premium	29	506,398	506,398	506,398
Other comprehensive income		- 42,466	- 13,239	- 14,762
Other reserves	30	2,046,037	1,822,686	1,586,879
Total equity		**2,581,555**	**2,387,431**	**2,150,101**
Total equity and liabilities		**19,129,399**	**19,487,931**	**18,876,285**

The notes to the Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Attributable to the owners of the parent				
	Share capital	**Share premium**	**Retained earnings**	**Other comprehensive income**	**Total equity**
Balance as at 1 January 2012 (as previously reported)	**71,586**	**506,398**	**1,586,879**	**- 10,979**	**2,153,884**
Effect of adoption IAS19R				- 3,783	- 3,783
Balance as at 1 January 2012 (restated)	**71,586**	**506,398**	**1,586,879**	**- 14,762**	**2,150,101**
Total comprehensive income				1,530	1,530
Transfer from/to			7	- 7	-
Profit for the year			241,300		241,300
Transactions with owners of the parent – Dividend relating to 2012			- 5,500		- 5,500
Balance as at 31 December 2012 (restated)	**71,586**	**506,398**	**1,822,686**	**- 13,239**	**2,387,431**
Total comprehensive income				- 31,711	- 31,711
Transfer from/to			- 2,484	2,484	-
Profit for the year			326,447		326,447
Post-employment plans in associates			- 112		- 112
Transactions with owners of the parent – Dividend relating to 2012			- 94,500		- 94,500
Transactions with owners of the parent – Dividend relating to 2013			- 6,000		- 6,000
Balance as at 31 December 2013	**71,586**	**506,398**	**2,046,037**	**- 42,466**	**2,581,555**

OTHER COMPREHENSIVE INCOME

In thousands of euros	**Translation reserve**	**Post-employment benefit reserve**	**Hedging reserve**	**Total**
Balance as at 1 January 2012 (as previously reported)	**21,988**	**-**	**- 32,967**	**- 10,979**
Effect of adoption IAS19R		- 5,272		- 5,272
Related income tax		1,489		1,489
Balance as at 1 January 2012 (restated)	**21,988**	**- 3,783**	**- 32,967**	**- 14,762**
Gains/(losses) arising during the period	9,851	- 6,989	- 4,919	- 2,057
Related income tax		2,364	1,223	3,587
Transfer to other reserves			- 7	- 7
Balance as at 31 December 2012 (restated)	**31,839**	**- 8,408**	**- 36,670**	**- 13,239**
Gains/(losses) arising during the period	- 52,894	-289	28,481	- 24,702
Related income tax		111	- 7,120	- 7,009
Transfer to other reserves		2,484		2,484
Balance as at 31 December 2013	**- 21,055**	**- 6,102**	**- 15,309**	**- 42,466**

The notes to the Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December

In thousands of euros	Note	2013	2012 Restated
OPERATING ACTIVITIES			
Profit before tax		427,767	313,111
Adjustments			
Interest income	3	- 859,327	- 943,635
Interest expense	4	479,668	582,919
Impairment on receivables	6	25,083	23,157
Bargain purchase gain	23	- 4,016	-
Valuation allowance on inventory	15	- 10,000	- 9,700
Depreciation operating lease portfolio and rental fleet	19	2,814,015	2,774,235
Depreciation other property and equipment	20	24,096	23,583
Amortisation and impairment intangible assets	21	24,620	22,122
Investment income, share of profit and impairments of associates and joint ventures	18	- 7,462	- 11,792
Financial instruments at fair value through profit and loss	12	- 25,716	3,866
Changes in			
Increase/(decrease) provisions		4,426	43,659
Derivative financial instruments		86,837	15,272
Increase/(decrease) trade and other payables and other receivables		152,684	- 75,643
(Increase)/decrease inventories	15	184,130	207,431
Amounts received for disposal of objects under operating lease	19	1,749,087	1,989,906
Amounts paid for acquisition of objects under operating lease	19	- 4,542,590	- 5,059,022
Acquired new finance leases and other increases of receivables from clients		- 896,946	- 708,557
Repayment finance leases		1,194,252	581,375
Cash generated from operations		**820,608**	**- 227,713**
Interest paid		- 524,073	- 568,572
Interest received		860,804	944,780
Income taxes paid		- 88,655	- 70,020
Income taxes received		18,680	8,309
Net cash inflow/(outflow) from operating activities		**1,087,364**	**86,784**
INVESTING ACTIVITIES			
Proceeds from sale of other property and equipment	20	8,763	13,188
Acquisition of subsidiary, net of cash acquired	23	- 26,701	-
Acquisition of other property and equipment	20	- 30,484	- 43,169
Acquisition of intangible assets	21	- 20,674	- 18,372
Divestments of intangible assets	21	159	2,207
Capital (increase)/decrease in associates and jointly controlled entities	18	-	- 754
Redemption on loans/(loans provided) to associates and jointly controlled entities	17	- 34,680	- 31,101
Dividend received from associates and jointly controlled entities	18	960	1,371
(Increase)/decrease in held-for-sale investments		-	4,888
Net cash inflow/(outflow) from investing activities		**- 102,657**	**- 71,742**
FINANCING ACTIVITIES			
Receipt of receivables from financial institutions		4,425,588	7,368,028
Balances deposited to financial institutions		- 4,887,393	- 7,278,992
Receipt of borrowings from financial institutions		5,325,529	5,765,466
Repayment of borrowings from financial institutions		- 4,609,641	- 5,652,519
Receipt of funds entrusted		264,706	1,228,757
Repayment of funds entrusted		- 55,970	- 102,737
Receipt of debt securities		2,958,378	6,334,217
Repayment of debt securities		- 4,492,866	- 7,346,917
Dividends paid to Company's shareholders		- 100,500	- 5,500
Net cash inflow/(outflow) from financing activities		**- 1,172,169**	**309,803**
CASH AND BALANCES WITH BANKS AT 1 JANUARY		**1,183,236**	**860,480**
Net movement in cash and balances with banks		- 187,462	324,845
Exchange gains/(losses) on cash and balances with banks		- 1,578	- 2,089
Cash and balances with banks at 31 December	11	**994,196**	**1,183,236**

The notes to the Consolidated Financial Statements are an integral part of these statements.

GENERAL NOTES

1. GENERAL INFORMATION

LeasePlan Corporation N.V.

LeasePlan Corporation N.V. (the "Company") is a company domiciled in and operating from Almere, the Netherlands and having its statutory seat in Amsterdam, the Netherlands. The address of its registered office is P.J. Oudweg 41, 1314 CJ Almere. The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. The Group consists of a growing international network of companies engaged in fleet and vehicle management services, mainly through operating leasing. At the end of 2013, the Group employed just over 6,500 people worldwide and had offices in 31 countries. A list of the principal consolidated subsidiaries is included on page 136. The Company has held a universal banking licence in the Netherlands since 1993 and is regulated by the Dutch central bank. Therefore, specific additional (IFRS) disclosures are included that focus on the Company's liquidity and solvency and on the risks associated with the assets and liabilities recognised on its balance sheet and with its off-balance sheet items. The income statement in the Company's financial statements has been presented in abridged form pursuant to the provisions of Article 402, Part 9, Book 2, of the Dutch Civil Code.

Global Mobility Holding B.V.

Global Mobility Holding B.V., a company owned by Volkswagen group headed by Volkswagen AG (50%) and Fleet Investments B.V. (50%)., holds 100% of the Company's shares. Global Mobility Holding B.V. is a limited liability company established in the Netherlands.

Volkswagen Group

The Volkswagen group with its headquarters in Wolfsburg is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The group is made up of twelve brands from seven European countries: Volkswagen, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. The Volkswagen group operates 106 production plants in 19 European countries and a further eight countries in the Americas, Asia and Africa.

Fleet Investments B.V.

Fleet Investments B.V. is an investment company of the German banker Friedrich von Metzler. The heart of the Metzler group is the Frankfurt based bank B. Metzler seel. Sohn & Co. KGaA. Founded more than 330 years ago, it is the oldest private bank in Germany with an unbroken tradition of family ownership. Main group activities focus on asset management, corporate finance, equities, financial markets and private banking. In addition to the head office in Frankfurt, Metzler has offices in Munich, Stuttgart, Cologne/Düsseldorf, Hamburg, Atlanta, Los Angeles, Seattle, Tokyo, Dublin and Beijing.

The aforementioned activities of Volkswagen group and Metzler operate independently from the business and banking activities of LeasePlan.

2. BASIS OF PREPARATION

(i) Statement of compliance

The consolidated financial statements for the year ended 31 December 2013 were authorised for issue by the Managing Board on 25 March 2014. The Managing Board may decide to amend the financial statements as long as these are not adopted by the General Meeting of Shareholders. The General Meeting of Shareholders may decide not to adopt the financial statements, but may not amend these. In accordance with Article 362 paragraph 6, Book 2 of the Dutch Civil Code the Managing Board can, after adoption, at any time disclose facts which seriously affect the adopted financial statements. Such disclosure has to be filed at the Chamber of Commerce. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as adopted by the European Union (EU). The sequence of assets and liabilities in the consolidated balance sheet for the year ended 31 December 2013 has changed compared to the consolidated balance sheet for the year ended 31 December 2012. The reason for this change in sequence is to better reflect the order of liquidity for assets and liabilities resulting in reliable and more relevant financial information. This change in presentation of assets and liabilities does not constitute a change in classification. The comparative numbers have been adjusted to conform to changes in presentation in the current year. The adjustments made have neither an impact on profit for the period nor on total equity.

New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the Group.

The following new standards, amendments and interpretations to published standards are mandatory for the first time for the financial year beginning 1 January 2013 and are relevant for the Group:

- Amendment to IAS 1 'Financial statement presentation' regarding other comprehensive income (effective 1 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented in 'Other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. There is no material impact on the Group.
- IAS 19 'Employee benefits' was amended in June 2011 (effective date 1 January 2013). The impact on the Group is as follows: elimination of the corridor approach and recognition of all actuarial gains and losses in other comprehensive income as they occur; immediate recognition of all past service costs and replacing interest cost and expected return on plan assets with a

net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Adoption of IAS 19 revised resulted in the retrospective recognition of unrecognised actuarial losses of EUR 3.8 million at 1 January 2012 (EUR 8.4 million at 31 December 2012) with a corresponding restatement of comparative figures.

- Amendment to IFRS 1 'First time adoption' on hyperinflation and fixed dates (effective 1 January 2013). The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. There is no material impact on the Group.
- Amendment to IFRS 1 'First time adoption' on government loans (effective 1 January 2013). This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. There is no material impact on the Group.
- Amendment to IFRS 7 'Financial instruments: Disclosures' on asset and liability offsetting (effective 1 January 2013). This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. These new disclosures are included in the financial risk paragraph (Offsetting financial assets and liabilities).
- IFRS 13 'Fair value measurement' (effective 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. There is no material impact on the Group.
- Annual improvements 2011 (effective 1 January 2013). These annual improvements address six issues in the 2009-2011 reporting cycle. It includes changes to:
  – IFRS 1 'First time adoption';
  – IAS 1 'Financial statement presentation';
  – IAS 16 'Property plant and equipment';
  – IAS 32 'Financial instruments: Presentation';
  – IAS 34 'Interim financial reporting'.
  There is no material impact on the Group.
- IFRIC 20 'Stripping costs in the production phase of a surface mine' (effective 1 January 2013). This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. There is no material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2013 and not early adopted
The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2013 and have not been early adopted in preparing these consolidated financial statements.

- IAS 27 (revised 2011) 'Separate financial statements' (effective 1 January 2014) includes the requirements relating to separate financial statements. No material impact on the Group is expected.
- IAS 28 (revised 2011) 'Associates and joint ventures' (effective 1 January 2014) includes the requirements for associates and jointly controlled entities that have to be equity accounted following the issue of IFRS 11. No material impact on the Group is expected.
- Amendment to IAS 32 'Financial instruments: Presentation' on asset and liability offsetting (effective 1 January 2014). These amendments are to the application guidance in IAS 32 'Financial instruments: Presentation' and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. No material impact on the Group is expected.
- IFRS 9 (2013) 'Financial instruments' consists of three phases.
  Phase one addresses the classification and measurement of financial assets and financial liabilities and was issued in November 2009. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to a company's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.
  Phase two addresses credit losses and therefore the impairment methodology for financial instruments and an exposure draft was published in March 2013. The IASB proposes that expected credit losses would be recognised for all financial instruments subject to impairment accounting. Expected credit losses would be recognised from the point at which financial

instruments are originated or purchased. There would no longer be a threshold before expected credit losses would start to be recognised. The amount of expected credit losses that are recognised would depend on the change in credit quality since initial recognition to reflect the link between expected credit losses and the pricing of the financial instrument.
Phase three addresses hedge accounting and was issued in November 2013. The new hedge accounting model enables companies to better reflect their risk management activities in the financial statements As a principle-based approach, IFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between types of items. This will enable more entities to apply hedge accounting that reflects their risk management activities. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data.
The Group is yet to assess the full impact of IFRS 9 and has not yet decided on the date of adoption.

- IFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether a company should be included within the consolidated financial statements of the parent company (effective date 1 January 2014). The standard provides additional guidance to assist in the determination of control where this is difficult to assess. No material impact on the Group is expected.
- IFRS 11 'Joint arrangements' is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form (effective date 1 January 2014). No material impact on the Group is expected.
- IFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other companies, including joint arrangements, associates, special purpose companies and other off-balance sheet vehicles (effective date 1 January 2014). No material impact on the Group is expected.
- IFRIC 21 'Levies' (effective date 1 January 2014). This interpretation addresses the accounting for a liability to pay a levy. The obligating event that gives rise to a liability to pay a levy is that activity that triggers the payment of the levy, as identified by the legislation. No material impact on the Group is expected.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Exposure drafts published that are relevant for the Group
The following exposure drafts are relevant for the Group:

- IFRS 9 Credit losses; reference is made to the aforementioned description of IFRS 9
- Leases: In May 2013 the IASB and FASB (the boards) issued a (re)exposure draft (ED) on Leases. The boards have developed a new approach to lease accounting that would require a lessee to recognise assets and liabilities for the rights and obligations created by leases. The model reflects that, at the start of a lease, the lessee obtains a right to use the underlying asset for a period of time, and the lessor has provided or delivered that right. Both the asset and the liability are initially measured at the present value of lease payments. The ED proposes a dual approach to the recognition, measurement and presentation of expenses and cash flows arising from a lease. The principle for determining which approach to apply is based on the amount of consumption of the underlying asset. This reflects that there is a difference between a lease for which the lessee pays for the part of the underlying asset that it consumes (or uses up) during the lease term, and a lease for which the lessee merely pays for use. An entity would classify a lease largely on the basis of the nature of the underlying asset, i.e.:
  (a) most leases of equipment or vehicles would be classified as Type A leases;
  (b) most leases of property would be classified as Type B leases.
  For type A leases, a lessee would present amortisation of the right-of-use asset in the same line item as other similar expenses (for example, depreciation of property, plant, and equipment) and interest on the lease liability in the same line item as interest on other, similar financial liabilities. For type B leases, a lessee would present lease payments as one amount in a lessee's income statement and recognise on a straight-line basis. There are few changes proposed to the accounting applied by lessors of finance leases. For operating leases, the extent of change would depend on whether the underlying asset is property or equipment. A lessor would distinguish between most property and most equipment leases in the same way that a lessee would under the proposals. For operating leases of property, the accounting applied by the lessor is essentially unchanged. For operating leases of equipment or vehicles, however, the changes proposed are significant. A lessor of most equipment or vehicles leases would:
  (a) recognise a lease receivable and a retained interest in the underlying asset (the residual asset), and derecognise the underlying asset; and
  (b) recognise interest income on both the lease receivable and the residual asset over the lease term.
  While the Group is yet to assess the full impact of the ED it is clear that in view of the nature of the underlying asset the Group will have to recognise a lease receivable and a retained interest in the underlying asset which represents a significant change. Furthermore, the Group is investigating how it can support its lessees in calculating the right of use asset and corresponding liability.

(ii) Basis of measurement
The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments which are measured at fair value.

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

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

The main estimates and underlying assumptions relate to the residual values at the end of the contract date, the assessment of the impairment of the lease portfolio, the defined benefit pensions obligations, the fair value of the derivatives, the assessment of the income tax position and damage risk provision and the impairment of intangibles and goodwill.
Information on the above-mentioned areas of estimation and judgement is provided in note Y - Critical accounting estimates, assumptions and judgements.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
The accounting policies set out below have been applied consistently by the Group to all periods presented in these consolidated financial statements, unless otherwise stated.

Note A - Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries all of which prepare financial statements up to 31 December.

(i) Subsidiaries
Subsidiaries are all companies (including special purpose companies) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another company. The Group also assesses existence of control when it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at its fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Transactions with non-controlling interests and disposals
The Group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the company is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that company are accounted for as if the Group had directly disposed of the related assets or liabilities. This may imply that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Associates
Associates are those companies over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for applying the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted associate, including any other unsecured receivables, the Group does not recognise further losses, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Reference is made to note S for the impairment of non-financial assets.

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

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

Note B - Foreign currency

(i) Foreign currency transactions
Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under the caption 'Cost of revenues', except when deferred in other comprehensive income as qualifying cash flow hedges.

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign subsidiaries are taken to other comprehensive income. Since 1 January 2004, the Group's date of transition to IFRSs, such translation differences have been recognised in the translation reserve of equity. When a foreign subsidiary is disposed of or sold, in part or in full, the relevant amount in this reserve is recognised in the income statement as part of the gain or loss on disposal or sale.

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

Note C - Financial assets and liabilities

(i) Classification
Financial assets are initially recognised at fair value. Subsequent measurement depends on the classification described below. The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were initially acquired or originated. Financial liabilities are initially recognised at fair value net of transaction costs incurred and are subsequently carried at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the financial liability using the effective interest method.

Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held-for-trading and those designated at fair value through

profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are categorised as held-for-trading unless these are designated as hedging instrument in a hedge.

Gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in the income statement in the period in which these gains and losses arise and are included in the caption 'Unrealised gains/(losses) on financial instruments' in the income statement.

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

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

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

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

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

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

(ii) Recognition
A financial asset is recognised if the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognised on settlement date, i.e. the date that a financial asset is delivered to the company that purchased this financial asset. Loans are recognised when cash is advanced to the borrowers.

(iii) Derecognition
A financial asset is derecognised when and only when the contractual right to receive cash flows expires or when the financial asset, together with all the risks and rewards of ownership, have been transferred.

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

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

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

Note D - Derivative financial instruments and hedge accounting

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

The fair value of interest rate, currency and currency interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date. The fair values of not actively traded instruments are calculated using a broadly accepted discounted cash flow method, while taking into account relevant market observable data such as quoted forward prices and interest rates.

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

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

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

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

(i) Cash flow hedging
When derivatives are designated as a hedging instrument in a cash flow hedge, the effective portion of changes in the fair value of derivatives is recognised directly in other comprehensive income as a separate component of equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement in the caption 'Unrealised gains/(losses) on financial instruments'.

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

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

(ii) Fair value hedging
The Group applies fair value hedge accounting to eliminate the income statement volatility arising from different measurement principles applied by IAS 39 to some issued fixed rate notes and to all issued structured notes (hedged items both measured at amortised cost) and related derivatives (hedging instruments measured at fair value through profit and loss).

The future cash flows on the fixed leg of the swaps (hedging instrument), which the Group will apply to change the interest profile of the notes, will match the cash flows of the notes but in an opposite way thus creating a highly effective hedge. The change in the fair value of the debt attributable to the change of the underlying swap rate is in principle equal and opposite to the change in the fair value of the swap. As the hedging period always matches the period of life-time of the note, the basis adjustments are fully reversed at maturity and no further amortisation of basis adjustments is necessary.

Changes in the fair value of a hedging instrument designated as a fair value hedge are recognised in the income statement. The carrying amount of the hedged item measured at amortised cost has been adjusted by gains or losses attributable to the hedged risk. These gains or losses are recognised in the income statement in the caption 'Unrealised gains/(losses) on financial instruments'.

(iii) Derivatives
Changes in the fair value of derivatives that are not designated as a hedging instrument in a cash flow hedge are recognised immediately in the income statement in the caption 'Unrealised gains/(losses) on financial instruments'.

Note E - Lease contracts

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

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

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

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

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

The operating lease instalments are recognised in the financial statements in their entirety on a straight-line basis over the lease term. The instalments are classified and presented in the following categories in the income statement: (i) revenues; and (ii) interest income (effective interest method).

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

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

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

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

Note F - General and presentation format
The Group considers the presentation model for banks as the most appropriate format. Within the banking model interest income and interest expenses are separately shown on the face of the income statement whereas the operating expenses are presented under the categorical method. For its main activity – leasing – the related revenues and costs are shown separately based on the functional method taking into account IFRSs presentation requirements. As IFRSs do not define an income statement for leasing business within the banking industry, the Group makes this distinction to give the reader a better understanding of the performance of the business.Revenues only include the gross inflow of economic benefits received and receivable by the Group on its own account; amounts collected on behalf of third parties are therefore excluded.

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

The calculation of the effective interest rate includes all fees and points, paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

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

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

Note H - Revenues and cost of revenues
(i) Revenues
Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

Revenues include the various components of the lease instalment, such as repair, maintenance and tyres (RMT), damage risk retention, depreciation and management fees. The lease instalments may include passed on costs such as fuel, road taxes and other taxes which do not represent the inflow of economic benefits and/or are collected on behalf of third parties and are therefore not presented as revenues.

Revenues from operating lease instalments are presented straight-line over the lease term. For closed calculation income related to lease services is recognised over the term of the contract based on historical statistics and expected service costs. For open calculation contracts the income related to lease services that will be earned by the Group is not certain until final settlement takes place and accordingly is not recognised until that time and is recognised in the sales result settlements. Expected losses are recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenues.

The interest portion of the lease instalment is classified under the caption 'Net interest income' (see note G), using the effective interest method. As the total revenues from the lease instalments are presented straight-line the adjustment required to present the interest portion income on the effective interest method is included in the category 'Other'.

Revenues also include the proceeds of the sale of vehicles from terminated lease contracts and rental revenues from renting out the rental fleet portfolio. The proceeds from the sale of vehicles are recognised when the objects are sold. The rental revenues are recognised on a straight-line basis over the term of the rental agreement.

Other revenues that cannot be categorised as any of the revenues specified above, but are income categories of regular business operations such as (volume related) bonuses earned in connection with pass-on costs, are included in the category 'Other'. Other revenues are generally recognised when services are rendered.

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

Cost of revenues also includes the carrying amount of the sold vehicles and the costs associated with the rental activities.

Note I - Employee benefits

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

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

Obligations for contributions to defined contribution pension plans are recognised as expenses in the income statement as incurred. One less significant multi-employer defined benefit plans exists, which is accounted for as defined contribution plan as the Company does not have access to information about the plan to satisfy the requirements for presenting it as a defined benefit plan.

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

(b) Defined benefit plans
A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

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

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

The pension liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. Actuarial gains and losses from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in income.

Settlements and curtailments invoke immediate recognition (in the income statement) of the consequent change in the present value of the defined benefit obligations and in the market value of the plan assets.

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

(c) Other post-employment benefits
Some Group companies provide other post-employment benefits to their employees based on local legal requirements. These benefits mainly comprise termination indemnities which are either payable at retirement age or if the employee leaves. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The obligations are valued annually by qualified independent actuaries.

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

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

(iii) Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Bonus plans
The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Note J - Income tax
Income tax in the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the income tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Current income tax assets and current income tax liabilities are only offset if there is a legally enforceable right to offset the recognised amounts and if a subsidiary intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

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

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

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

Note K - Receivables from financial institutions
This caption includes amounts receivable from Dutch and foreign credit institutions under government supervision with fixed or determinable payments that are not quoted in an active market. These receivable balances are shown after any accumulated impairment losses and are initially measured at fair value and subsequently at amortised cost using the effective interest method.

Note L - Receivables from clients
This caption includes lease instalments receivable from the finance and operating lease portfolio, from the rental

portfolio and receivables arising from other business activities. These receivable balances are shown after any accumulated impairment losses and are initially measured at fair value and subsequently at amortised cost using the effective interest method.

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

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

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

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

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

Note N - Intangible assets

(i) Goodwill

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

Goodwill is allocated to cash generating units and is tested for impairment annually and whenever there is an indication that the unit may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are charged to the income statement and are not subsequently reversed. Gains and losses on the disposal of a company include the carrying amount of goodwill relating to the company sold.

(ii) Software

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

Expenditure on research activities undertaken to gain new technical knowledge and understanding is recognised in the income statement when incurred.
Expenditure on development of software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use of the software in a manner that will generate future economic benefits and can measure the costs to complete the development. The capitalised cost of internally developed software includes all costs directly attributable to developing software and are amortised over its useful life. Capitalised internally developed and externally purchased software are measured at cost less accumulated amortisation and any accumulated impairment.
An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

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

(iii) Other intangible assets

Other intangible assets include customer relationship intangible assets and customer contract intangible assets acquired as part of business combinations and recognised separately from goodwill. Customer relationship intangible assets are amortised over 10 years and customer contract intangible assets are amortised over the remaining contract period (on average three to four years).
Other intangible assets that are acquired by the Group have finite useful lives and are measured at cost less accumulated amortisation and impairment.

(iv) Amortisation

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

Note O - Other property and equipment

(i) Measurement

Items of property and equipment owned and for Group use are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

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

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in operating income in the income statement during the year of disposal.

(ii) Depreciation

The cost of other property and equipment is depreciated to its estimated residual value and recognised in the income statement on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. The residual value and the useful life of the leased assets are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate. Land is not depreciated.

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

Property	30 - 50 years
Furniture and fixtures	3 - 12 years
Hardware	3 - 5 years
Company cars	3 - 4 years

Note P - Property and equipment under operating lease and rental fleet

Property and equipment under operating lease and rental fleet are measured at cost less accumulated depreciation and impairment losses. The assets subject to operating leases are presented in the balance sheet according to the nature of the asset. The depreciation policy for depreciable leased assets is consistent with the Company's normal depreciation policy for similar assets. The leased assets are depreciated on a straight-line basis over its contract period to its residual value. The contract period ranges on average between three to four years. Upon termination of the lease or rental contract the relevant assets are reclassified to the caption 'Inventories' at their carrying amount. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Note Q - Inventories

Inventories are stated at the lower of cost and net realisable value. Upon termination of the lease or rental contract the relevant assets are reclassified from the caption 'Property and equipment under operating lease and rental fleet' to the caption 'Inventories' at their carrying amount. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

Note R - Other receivables and prepayments

Other receivables and prepayments include prepayments in respect of expenses attributable to a subsequent period plus amounts still to be received.

Note S - Impairment

(i) (Leased) assets and assets for own use

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

In the annual assessment of whether there is any indication that an asset may be impaired, the Group considers both external as well as internal sources of information. If such indication for impairment exists an analysis is performed to assess whether the carrying value of the asset or cash generating unit under an operating lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and the value in use. The value in use is determined as the present value of the future cash flows expected to be derived from the object or cash generating unit.

(ii) (Lease) receivables

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

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

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

(iii) Non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

(iv) Assets carried at amortised cost

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

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

(v) Assets classified as available-for-sale

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

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition costs and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

(vi) Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of all other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Note T - Interest-bearing loans and borrowings

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

Note U - Capital and dividends

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

Note V - Provisions

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

(i) Damage risk provision

The damage risk provision for motor third party liability, legal defence, motor material damage and passenger indemnity is calculated on the basis of the damages history and technical damage risk principles. The amount of the provision also includes an allowance for losses incurred but not yet reported (IBNR).

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

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

(ii) Other provisions

Other provisions include amounts for litigation and claims as well as onerous contracts. For litigation and claims the best estimate of the future outflow of resources has been recognised. Regarding onerous contracts, the present obligation under a contract that is onerous is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

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

Note W - Statement of cash flows

The consolidated statement of cash flows has been drawn up in accordance with the indirect method, classifying cash flows as cash flows from operating, investing and financing activities. Changes in balance sheet items that have not resulted in cash flows have been eliminated for the purpose of preparing this statement.

(i) Operating cash flows

Operating cash flows comprise all cash flows during the period that do not qualify as either investing cash flows or financing cash flows. In the net cash flow from operating activities, the result before profit is adjusted for those items in the income statement and changes in balance sheet items, which do not result in actual cash flows during the year. As the main operating activity of the Group is to provide operating and finance leases, cash payments to acquire underlying assets under operating lease and finance lease are classified as an operating activity. A similar approach is followed for interest received and interest paid, even though these arise on financing balances.

(ii) Investing cash flows

Investing activities include cash flows with respect to acquisition and sale of assets under other property and equipment, intangible assets and other long-term assets. Investing activities also include cash flows relating to acquisition, disposal and dividend of equity interests in associates, jointly controlled entities and held-for-sale investments.

(iii) Finance cash flows

Finance cash flows include cash flows relating to obtaining, servicing and redeeming sources of finance, but exclude interest received and interest paid as these are included in the operating cash flows. The sources of finance include amounts borrowed from financial institutions and dividends paid. The cash flows related to LeasePlan Bank are included in the cash flow of funds entrusted on a net basis. Next to the cash flows relating to the sources of finance, the cash flows relating to balances deposited to financial institutions are included in the finance cash flows, even though these arise from investing activities.

(iv) Cash and balances with banks

Cash and balances with central banks are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The short-term characteristic of a cash equivalent is generally taken as a term of three months or less from the date of acquisition. The balance includes cash, central bank deposits, call money and cash at banks. Bank overdrafts and call money that are repayable on demand are included in the cash flows with respect to borrowings from financial institutions.

Note X - Segment reporting

Segment reporting is based on the internal reporting to the Group's key management (in its function as the chief operating decision-maker), which makes decisions on the allocation of resources and assesses the performance of the reportable segments. Consequently, segment information is presented in the consolidated financial statements in respect of the Group's leasing activities and Group activities.

Leasing activities comprise the main activity of the Group which is providing fleet management services including the purchase, financing, service and remarketing of vehicles. The Group offers a mono-line product through all of its 31 LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. As a result the subsidiaries are grouped in categories based on maturity of the market and to a lesser extent maturity of the subsidiary.

Group activities provide services in the area of treasury, damage risk retention, procurement and infrastructure to support the leasing activities.

Note Y - Critical accounting estimates, assumptions and judgements

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

(i) Impairment of goodwill and intangible assets

Determining whether goodwill or intangible assets are impaired requires an estimation of the value in use of the groups of cash generating units to which the goodwill and intangible assets have been allocated. The key assumptions calculating the value in use are those regarding discount rates, growth rates and other expected changes in cash flows. The sensitivity to estimates and assumptions used is disclosed in note 21 of the consolidated financial statements of the Company.

(ii) Review of depreciable amount and depreciation period of (leased) assets

The basis for the depreciation of a lease contract is the investment value at cost less the estimated residual value as included in the contract in combination with the contract duration. A change in these accounting estimates leads to a change in depreciation that has an effect in the current period and/or is expected to have an effect in subsequent periods.

Statistical models and calculations (regression analysis) are used to calculate a vehicle's future value as accurately as possible. The Group has an advanced management information system that closely monitors changes in the contractual residual values used in lease contracts. The existing residual value risks are also periodically assessed at a portfolio level. The sensitivity to estimates and assumptions used is disclosed in the financial risk section (Asset risk).

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

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

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

(v) Damage risk retention
The damage risk retention provision is based on assumptions such as technical damage risk principles, policyholder behaviour, inflation and court decisions. The assumptions may differ from the actual data as a result of changes in economic and market conditions.

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

(vii) Fair value of derivatives
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has mainly used discounted cash flow analysis for calculating the fair value of the derivatives.

Note Z - Comparatives
Where this is necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.
The adjustments made have neither an impact on profit for the year nor on total equity with the exception of the application of IAS 19 revised which resulted in the recognition of an actuarial loss in equity of EUR 3.8 million at 1 January 2012 and EUR 8.4 million at 31 December 2012.

The adjustments can be summarised as follows:

Consolidated balance sheet
- The sequence of assets and liabilities in the condensed consolidated balance sheet for the year ended 31 December 2013 changed compared to the consolidated balance sheet for the year ended 31 December 2012. The reason for this change in sequence is to better reflect the order of liquidity for assets and liabilities resulting in reliable and more relevant financial information. This change in presentation of assets and liabilities does not constitute a change in classification. The comparative numbers have been adjusted to conform to changes in presentation in the current year. The adjustments made have neither an impact on profit for the period nor on total equity.

Consolidated statement of changes in equity
- Adoption of IAS 19 revised resulted in the retrospective recognition of unrecognised actuarial losses of EUR 3.8 million at 1 January 2012 (EUR 8.4 million at 31 December 2012) in equity.

Credit risk
- In the external rating table the unrated part of the lease contract portfolio was restated whereby the banking and government clients (amounting to EUR 819 million) were reclassified to the relevant rating class corresponding with their external rating.

Liquidity risk
- Future payments in the liquidity risk table were restated resulting in a lower balance of EUR 786 million. The adjustment reflects the exclusion of previously included future loan redemptions.

FINANCIAL RISK MANAGEMENT

All amounts are in thousands of euros, unless stated otherwise

INTRODUCTION

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

	2013	2012
FINANCIAL ASSETS		
Cash and balances at central banks	978,774	1,015,429
Receivables from financial institutions	1,439,051	1,186,096
Derivative financial instruments	120,438	188,920
Rebates and bonuses and commissions receivable	173,046	197,286
Reclaimable damages	25,491	24,882
Interest to be received	1,465	2,941
Receivables from clients	2,829,949	3,093,213
Loans to associates and jointly controlled entities	258,369	223,689
Total	**5,826,583**	**5,932,456**
NON-FINANCIAL ASSETS	**13,302,816**	**13,555,475**
TOTAL ASSETS	**19,129,399**	**19,487,931**
FINANCIAL LIABILITIES		
Trade payables	582,085	565,008
Interest payable	125,468	169,873
Borrowings from financial institutions	2,523,337	1,776,693
Derivative financial instruments	197,490	226,212
Funds entrusted	4,320,156	4,111,419
Debt securities issued	6,988,740	8,523,227
Total	**14,737,276**	**15,372,432**
NON-FINANCIAL LIABILITIES	**1,810,568**	**1,728,068**
TOTAL LIABILITIES	**16,547,844**	**17,100,500**

A. STRATEGY IN USING FINANCIAL INSTRUMENTS

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

Derivatives are financial instruments, of which the value changes in response to the change in an underlying variable. Derivatives require little to no initial investment and are settled at a future date. Under IFRSs derivatives are initially and subsequently recognised on the balance sheet at fair value. Examples of derivatives used by the Group are forward rate agreements, interest rate swaps, currency swaps and currency interest rate swaps. Derivative transactions are contracted to hedge the interest rate and currency exposures associated with the funding of lease contracts. In particular the interest rate swaps cover the interest rate positions between lease contracts and borrowed funds and currency (interest rate) swaps cover the mismatch between the currency structure of lease contracts and borrowed funds.

The operating lease portfolio has not been designated to a fair value hedge following IAS 32 AG9. The Group has applied cash flow and fair value hedges of the interest rate risk and other types of market risks on the issued debt securities and other borrowings to mitigate both current and future income statement volatility arising due to the variability of cash flows attributable to currency and interest rate movements, and due to the exposure to changes in fair values of recognised liabilities. It should be noted that while as a result of the above the Group mitigates interest rate risk and currency risk from an economic perspective, these derivatives do not always qualify for hedge accounting from an accounting perspective and in such cases the unrealised gains and losses are recognised in the income statement.

The contracted notional amounts of all derivatives are listed below:

			2013			2012
	Interest rate contracts	Currency contracts	Total	Interest rate contracts	Currency contracts	Total
Fair value hedge	4,018,659	134,986	4,153,645	2,959,446	120,905	3,080,351
Cash flow hedge	2,650,558	-	2,650,558	2,315,993	-	2,315,993
Not in hedge	11,029,960	3,147,805	14,177,765	13,430,819	4,126,184	17,557,003
Total	**17,699,177**	**3,282,791**	**20,981,968**	**18,706,258**	**4,247,089**	**22,953,347**

(i) Cash flow hedges
The company hedges the exposure to variability in future interest payments on recognised floating rate bonds and notes issued and on highly probable forecast transactions (short-term rolling over liabilities) attributable to changes in underlying swap and money market rates. In cash flow hedging, the hedged risks are future changes in cash flows stemming from anticipated re-pricings and/or roll-overs of borrowings due to interest rate movements. To apply highly effective cash flow hedges the forecasted cash flows, which are subject to a hedge, must be 'highly probable'. Based on the business activity of the Group and the financial/operational ability of the Group to carry out the transactions, the likelihood that forecasted cash flows will take place is very high. These forecasted cash flows are expected to occur and to affect the income statement in the period 2014-2017.

The Group applies a cash flow hedge as an aggregate hedging of a similar group of assets/liabilities. A group of derivatives sharing the same characteristics is designated to the hedge with a group of borrowings with the same characteristics. Any ineffectiveness resulting from these cash flow hedges is recognised in the income statement when incurred.

(ii) Fair value hedges
Fair value hedge accounting is applied in such a way that the changes in fair value of the recognised liability (issued note) attributable to the hedged risk fully offsets the changes in fair value of the receive leg of the derivative transaction (interest rate swap, currency swap or currency interest rate swap). In other words, the cash flows on the note and the receive leg of the swap are equal and opposite.

Fair value hedge accounting entails that the hedged item (i.e. the note) that is measured at amortised cost is constantly being adjusted for gains/losses attributable to the risk being hedged. This adjustment is booked in the income statement, where it offsets the measurement of the fair value of the hedging instrument that is also recorded in the income statement.

(iii) Risk weighting
The notional amounts of the derivatives provide an indication of the size of the contracts but do not indicate the extent of the cash flows and risks attached hereto. In determining the capital adequacy requirement, both existing and potential future credit risk is taken into account. The current potential loss on derivatives, which is the fair value based on market conditions at the balance sheet date (positive replacement cost) is netted applying the relevant Basel II netting criteria and increased by a percentage of the relevant notional amounts, depending on the nature and remaining term of the contract (potential future credit risk). This non-weighted credit risk is risk weighted based on the credit rating of the counterparty and the remaining term.

The Group maintains control limits from a credit risk point of view and (for a significant part of the derivative portfolio) uses Credit Support Annexes (CSAs) to International Swaps and Derivatives Association (ISDA) master agreements to mitigate the risk through periodic margin calls. This credit risk exposure is managed as part of the overall lending limits with financial institutions. The positive replacement cost of the derivative financial instruments amounting to EUR 120 million (2012: EUR 189 million) converts to a risk-weighted equivalent of EUR 35 million (2012: EUR 50 million) taking into account Basel II netting requirements and the inclusion of the potential future credit risk.

B. CAPITAL ADEQUACY
To monitor the adequacy of its capital the Group uses ratios established by the Basel Committee of the Bank for International Settlements (BIS). These ratios measure capital adequacy by comparing the Group's eligible regulatory capital with its risk-weighted assets for credit risk, operational risk and market risk (currency risk). In November 2008 the Company received approval from the Dutch central bank to use the Advanced Internal Ratings Based (AIRB) approach for credit risk of the corporate portfolio and the Advanced Measurement Approach (AMA) for operational risk, for determining the risk-weighting. Following a project in 2011 and 2012, in June 2013 the Company received approval from the Dutch central bank to use the AIRB approach for the various retail portfolios in the United Kingdom and the Netherlands. The Company will implement this approach as from 1 January 2014.

Credit risk, mainly due to leases with counterparties, is risk weighted based on the outcome of models as developed by the Group. These models are developed based on defined rules as set out by the Basel Committee (and as laid down in the Capital

Requirements Directive) and are regularly monitored for their predictive quality. Regularly these models are being validated by external parties. The models for credit risk relate especially to the determination of:

- the probability of default (PD), being the likelihood of a client that is assigned a rating getting into default in the next 12 months (expressed in %);
- the loss given default (LGD), being the loss the Group expects to incur at the moment of a default (expressed in %); and
- the exposure at default (EAD), being the actual exposure to a client expressed as the expected amount if a client would go into default (in nominal currency represented by the remaining amortising book value of lease contracts).

The models for credit risk are applied to all corporate client exposures and in the calculation of the related capital requirement a confidence level of 99.9% is used.

For the exposures related to governments, banks and retail clients the Group applies the Standardised Approach of the Capital Requirements Directive which prescribes fixed percentages for risk weighting depending on characteristics and conditions of the exposure.

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

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

The following table illustrates the reconciliation between the total assets on the balance sheet and the risk weighted assets.

			2013			2012
	Carrying amount	Risk-weighted	Risk-weight	Carrying amount	Risk-weighted	Risk-weight
AIRB approach	11,110,129	5,365,790	48%	11,751,872	5,552,590	47%
Standardised approach	3,424,725	2,936,512	86%	3,185,474	2,691,465	84%
Lease contract portfolio	**14,534,854**	**8,302,302**	**57%**	**14,937,346**	**8,244,055**	**55%**
Cash and balances at central banks	978,774	-	0%	1,015,429	-	0%
Receivables from financial institutions	1,439,051	339,577	24%	1,186,096	295,850	25%
Derivative financial instruments	120,438	35,129	29%	188,920	44,393	23%
Other assets	2,056,282	1,724,108	84%	2,160,140	1,802,793	83%
Total assets	**19,129,399**	**10,401,116**	**54%**	**19,487,931**	**10,387,091**	**53%**
Off-balance sheet exposures		3,443,861			3,790,246	
Risk-weighted assets Basel II		**13,844,977**	**72%**		**14,177,337**	**73%**

The eligible regulatory capital (BIS capital) that is compared against the risk-weighted exposures of the Group only consists of Core Tier 1 capital. The Core Tier 1 capital is derived from the Group's total equity position. In order to arrive at the Core Tier 1 capital, adjustments to the total equity are required for the IFRS prudential filters as implemented in the Decree on Prudential Rules pursuant to the Act on Financial Supervision (Wft).

The following table illustrates the reconciliation between Group equity and Core Tier 1 capital.

	2013	2012
Total equity	**2,581,555**	**2,387,431**
Prudential filter m-t-m derivatives	15,309	36,670
Deduction goodwill	-98,604	-98,604
Deduction intangible assets	-16,287	-8,959
Dividend accrual	-134,000	-94,500
AIRB provision shortfall	-10,336	-8,243
Core Tier 1 capital	**2,337,637**	**2,213,795**

The following table analyses actual capital and the minimum required capital, which are based on Basel II (Pillar 1), as at 31 December.

		2013		2012
	Minimum required	Actual	Minimum required	Actual
Risk-weighted assets Basel II		13,844,977		14,177,337
Risk-weighted assets excluding capital floor		12,946,265		12,941,350
BIS capital	1,107,598	2,337,637	1,134,187	2,213,795
BIS ratio	8.0%	16.9%	8.0%	15.6%
Core Tier 1 capital		2,337,637		2,213,795
Core Tier 1 ratio		16.9%		15.6%
Core Tier 1 ratio excluding capital floor		18.1%		17.1%

In monitoring the adequacy of its capital the Group is constantly reviewing the development in (risk-weighted) exposures on the one hand and in eligible capital on the other hand. Stress testing forms a part of the aforementioned monitoring. Developments in (risk-weighted) exposures typically represent relative movements in the portfolio of the Group's core business. The eligible capital normally will grow with retained profits after dividend distribution. The Company has a dividend policy that supports the maintenance of adequate capital ratios.

As of 1 January 2014 the new CRR/CRD IV regime will be applicable. With the adoption of this regime and as available capital is largely above the minimum threshold as determined by regulation, the capital floor ceases to have impact on the Group's capital ratios. In addition, the Group will process a number of other changes as per 1 January 2014 that will impact the risk-weighted assets such as (i) implementation of updated models for PD and LGD, (ii) implementation of AIRB models for a large part of the retail portfolio and accounts receivable, (iii) application of the 1/t formula for risk-weighting of the residual value of the portfolio for which the standardised method is applied, and (iv) inclusion of commitments in connection with the forward purchase of property and equipment under operating lease.
The Group's preliminary assessment is that the above-mentioned changes will result in a Core Tier 1 ratio under CRR/CRD IV ranging between 16%-18%.

C. CREDIT RISK

Credit risk definition
Credit risk is the risk that a counterparty will be unable to fulfil its financial obligations when due. The Group is exposed to credit risk for vehicles leased to counterparties through both receivables due under the lease and the book value of vehicles. The credit risk of the book value of vehicles is partly mitigated by the sales proceeds of these vehicles. In addition, the Group is exposed to credit risk originating from banking and treasury activities which includes deposits placed with banks or other financial institutions, hedging instruments such as derivatives and reinsurance activities. Finally, the Group is exposed to credit risk as a result of our (re)insurance activities as well as receivables from vehicle manufacturers and other suppliers.

Credit risk management structure and organisation
LeasePlan's Managing Board sets authority levels for all Group companies, based on which each Group company is allowed to decide on (vehicle leasing and fleet management) counterparty acceptance and renewal. The authority levels are granted based on the relative 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, the Credit Committee of the Supervisory Board or the Supervisory Board is authorised to decide on credit acceptance and renewal thereof depending on the size of the counterparty limit requested by

the Group company. The Group has a custom built web-based global credit risk management system in place that enables the Group to efficiently and in accordance with granted authorities handle and monitor credit requests and defaults.

The Group's credit risk management department advises the Group's Credit Committee in quarterly meetings on items concerning adjustments of delegated authorities, development of credit risk in local portfolios, internal credit risk models performance, stress testing, development of account receivables 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.

Quantitative specialists within the Company 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 several corporate risk management disciplines and are supported by external parties, among others for validation of the models.

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 account receivables and the doubtful debtors; and
- 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. The Group's audit department pays, during the audits, specific attention to the way credit risk management has been organised and embedded in the organisation. For this purpose the group audit department has defined specific activities in its working programme.

The policy for counterparty credit risk for banking and treasury counterparties which applies to all Group companies (including the Group's central Treasury operations) is set by the Group's Credit Committee. The Group's treasury risk management department reviews adherence to limits on a daily basis. For credit risk in respect of reinsurance reference is made to the section on motor insurance risk.

Annually the Group's risk management department prepares the risk appetite, which includes all risk areas and is subject to approval by the Managing Board and Supervisory Board. On a quarterly basis the risk management department reports on actual performance against the risk appetite to the Supervisory Board. This report includes the credit risk position of the Group. The credit risk position is furthermore discussed in the Group's Credit Committee and is shared with the Managing Board.

Credit risk management policy
The Group 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. 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.
The Group distinguishes policies and portfolio between corporate clients, retail clients, governments, banks and others. In this respect, retail clients are defined as clients with a vehicle fleet with an investment value not exceeding EUR 1 million with which there is no active commercial relationship.
Except for retail customers, which are assessed whenever a credit application is received, the credit risk of all counterparties is assessed at least once a year.

Each Group company is required to maintain a special attention list and a watch list which are based on the internal rating grades and other available information. These lists are reviewed in regular meetings by the credit committees. Credit risk exposures on companies included in these lists are monitored on a daily basis by the respective risk management teams on both local level and Group level. A qualitative analysis of our total credit exposures, defaults and losses is reported on a quarterly basis to the Group's Credit Committee.

As per above, credit risk arising from the use of the relationship with banking and treasury counterparties is laid down in a specific counterparty policy. Limits are set on a single-name basis and are aligned with the Group's risk appetite. Key criteria used in setting limits are among others long term debt rating, credit risk assessment on the related banks and participation in the revolving credit facility. The Group, equally, puts in place acceptance criteria for reinsurance of motor insurance risks.

Credit risk measurement

The Group uses an internally developed risk measurement system to measure the probability of default and the exposure to potential defaults for the corporate lease portfolio. The Group uses this measurement system to be able to report on such credit risk to external regulators.

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

	Europe (euro)	Europe (non-euro)	Rest of the world	Total
FINANCIAL ASSETS				
Cash and balances at central banks	978,753	21		978,774
Receivables from financial institutions	1,268,145	112,805	58,101	1,439,051
Derivative financial instruments	120,438			120,438
Rebates and bonuses and commissions receivable	141,205	22,098	9,743	173,046
Reclaimable damages	23,526	1,605	360	25,491
Interest to be received	1,435	30		1,465
Receivables from clients	869,330	684,381	1,276,238	2,829,949
Loans to associates and jointly controlled entities	258,369			258,369
Total as at 31 December 2013	**3,661,201**	**820,940**	**1,344,442**	**5,826,583**
Total as at 31 December 2012	**3,521,998**	**858,790**	**1,551,668**	**5,932,456**

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

	Financial institutions	Manufacturing	Wholesale trade	Transport and public utilities	Public sector	Other industries	Total
FINANCIAL ASSETS							
Cash and balances at central banks	978,774						978,774
Receivables from financial institutions	1,439,051						1,439,051
Derivative financial instruments	120,438						120,438
Rebates and bonuses and commissions receivable		173,046					173,046
Reclaimable damages						25,491	25,491
Interest to be received	1,465						1,465
Receivables from clients	192,054	718,874	534,114	247,600	114,542	1,022,765	2,829,949
Loans to associates and jointly controlled entities						258,369	258,369
Total as at 31 December 2013	**2,731,782**	**891,920**	**534,114**	**247,600**	**114,542**	**1,306,625**	**5,826,583**
Total as at 31 December 2012	**2,608,620**	**965,524**	**603,373**	**268,223**	**135,942**	**1,350,774**	**5,932,456**

Information on past due and/or impaired financial assets as at 31 December can be shown as follows:

	Carrying amount	Neither past due nor impaired	Past due but not impaired	Impaired	Allowance for impairment
FINANCIAL ASSETS					
Cash and balances at central banks	978,774	978,774			
Receivables from financial institutions	1,439,051	1,439,051			
Derivative financial instruments	120,438	120,438			
Rebates and bonuses and commissions receivable	173,046	173,046		1,287	- 1,287
Reclaimable damages	25,491	25,491		5,360	- 5,360
Interest to be received	1,465	1,465			
Receivables from clients	2,829,949	2,394,385	434,417	87,409	- 86,262
Loans to associates and jointly controlled entities	258,369	258,369		7,325	- 7,325
Total as at 31 December 2013	**5,826,583**	**5,391,019**	**434,417**	**101,381**	**- 100,234**
FINANCIAL ASSETS					
Cash and balances at central banks	1,015,429	1,015,429			
Receivables from financial institutions	1,186,096	1,186,096			
Derivative financial instruments	188,920	188,920			
Rebates and bonuses and commissions receivable	197,286	197,286		1,239	- 1,239
Reclaimable damages	24,882	24,882		3,245	- 3,245
Interest to be received	2,941	2,941			
Receivables from clients	3,093,213	2,719,710	374,462	78,900	- 79,859
Loans to associates and jointly controlled entities	223,689	223,689		7,325	- 7,325
Total as at 31 December 2012	**5,932,456**	**5,558,953**	**374,462**	**90,709**	**- 91,668**

Cash and balances at central banks/receivables from financial institutions

The Group maintains liquid assets at central banks and a diversified group of solid commercial banks.

Derivative financial instruments

In addition to its natural exposure to credit risk in the leasing of vehicles, the Group is also exposed to credit risk because of its use of derivative financial instruments and because of excess cash being deposited with banks. Both credit risks arising from the Group's central Treasury operations are controlled by setting specific nominal limits for the limited number of financial institutions that such transactions are being concluded with and the requirement of minimal external rating grades that such counterparties are assigned. Exposures on derivative financial instruments are mitigated by using CSAs (reference is made to paragraph 'A. Strategy in using financial instruments'). At year end 2013 the Group received EUR 27 million cash collateral under these CSAs (2012: EUR 41 million).

Receivables from clients

Receivables from clients are individually assessed on indications for impairment. The sources for such indications can be internal, such as internal credit rating, payment behaviour and receivable ageing or external, such as external credit ratings and solvency information. Impairment is recognised when collection of receivables is at risk and when the recoverable amount is lower than the carrying amount of the receivable, also taking into account cash collateral (amounting to EUR 37.6 million at year-end 2013 (2012: EUR 13.1 million)) and the fact the Group retains legal ownership of the leased asset until transfer of such ownership at the end of the lease contract.

Receivables from clients 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 clients that were past due but not impaired were as follows:

	2013	2012
Receivables from clients past due, but not impaired		
Past due up to 90 days	381,586	302,427
Past due between 90 - 180 days	18,975	27,158
Past due between 180 days - 1 year	16,291	25,112
Past due 1 - 2 years	8,454	10,150
Past due over 2 years	9,111	9,615
Total	**434,417**	**374,462**

When invoiced lease instalments for finance leases are past due also the remaining not yet invoiced finance lease receivables (relating to the remaining contract duration) become past due and are included in the above balance of receivables from clients past due but not impaired. This balance of not yet invoiced finance lease receivables amounts to EUR 279 million (2012: EUR 202 million).

Receivables from clients impaired and the allowance for impairment were as follows:

	2013	2012
Impaired loans and receivables from clients	**87,409**	**78,900**
Provision on clients provided for	80,262	73,399
Incurred but not reported loss provision	6,000	6,460
Total allowance for impairment	**86,262**	**79,859**

The total impairment allowance for loans and receivables is EUR 86.3 million (2012: EUR 79.9 million) of which EUR 80.3 million (2012: EUR 73.4 million) represents the impaired receivables and the remaining amount of EUR 6.0 million (2012: EUR 6.5 million) represents the incurred but not reported loss provision. Reference is made to note 14 to the consolidated balance sheet.

The Group is in the process of assessing the levels of forbearance activities. In view of the asset backed nature and relatively short duration of the lease contracts the impact of forbearance activities is estimated to be not material, also taking into account the limited levels of credit losses the Group experiences.

Loans to associates and jointly controlled entities

Credit risk for the Group arises on lending to associates and jointly controlled entities. The underlying business of the respective associates and jointly controlled entities is very similar to the Group's core activities conducted through subsidiaries. In shareholder agreements the Group has agreed with its respective partners the ability to provide debt funding under specific credit documentation. Such provision of credit is committed and established limits are reviewed regularly. In the control on its investments in associates and jointly controlled entities, the Group also monitors and manages its credit exposures to such ventures. The impairment in the table above relates to loans to Overlease, a jointly controlled entity in Italy. In June 2009 the shareholders of Overlease decided to enter into a liquidation scenario for this company. As a result it is expected that Overlease will not be able to fully repay loans received from the Group.

Credit risk measurement including non-financial assets

Corporate counterparties of the Group (the lease contract portfolio) are segmented into 14 non-default rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The governance framework built around models ensures that the rating tools are kept under constant review and are renewed when necessary. For this purpose the Group monitors on a quarterly basis if the performance of the models meets internal and external requirements. Annually, all models are validated by an external party. The Group's internal ratings scale and mapping of external ratings are:

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

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

The table below summarises the credit rating of the relevant financial assets of the Group, except for the lease contract portfolio which includes both financial assets (finance leases) and non-financial assets (operating leases) as credit rating is performed on the total lease contract portfolio. The credit rating of the finance lease portfolio is, however, not substantially different from the credit rating of the total lease contract portfolio. Counterparties included in the lease contract portfolio that are subject to the AIRB models and for which no external rating is available, the 'external' rating is based on the internal Group's rating equivalent as mentioned in the mapping table above. The unrated part mainly includes the lease contract portfolio to retail clients for which there is not an internal ratings model. As of 2014 AIRB models will be applied to the retail clients in the United Kingdom and the Netherlands amounting to EUR 1.2 billion. There are no defaults included in the unrated part of the lease contract portfolio.

			2013			2012
External rating	**Lease contract portfolio**	**Derivative financial instruments**	**Receivables from financial institutions**	**Lease contract portfolio**	**Derivative financial instruments**	**Receivables from financial institutions**
AAA to AA-	968,763	36,770	181,007	1,055,466	63,415	269,999
A+ to A-	3,810,872	79,671	1,218,289	3,939,949	115,015	896,805
BBB+ to BBB-	4,493,904	3,997	24,694	5,105,469	10,490	15,211
BB+ to BB-	2,280,998		5,399	2,129,471		3,779
B+ to B-	228,459		5,485	266,233		
CCC+ to C	5,213		181	6,537		302
At default	65,545			67,253		
Unrated	2,681,100		3,996	2,366,968		
Total	**14,534,854**	**120,438**	**1,439,051**	**14,937,346**	**188,920**	**1,186,096**

The Company applies a local judgement criterion in its default definition. As a consequence of this local judgement criterion, the PD of the corporate counterparties is somewhat lower than when applying a default definition solely based on a definition of default as being over 90 days in arrears (as per the Basel II definition) whereas the LGD of the corporate counterparties is somewhat higher. The local judgement criterion is used to avoid disputes with counterparties being reported as defaults and reflects the automotive service nature of our business.

Loss given default or loss severity represents the Group's expectation of the extent of a loss should default occur. It is expressed as percentage loss of the exposure at the time a counterparty is declared in default and typically varies by country and transactional features like the leased object. The average credit risk exposure weighted estimated loss given default percentage of the corporate portfolio and applicable to the capital calculation of the Group in 2013 amounted to 30% (2012: 30%). The remaining maturity of the AIRB lease portfolio on average amounts to 1.96 years (2012: 2.03 years).

On a quarterly basis the Group's credit risk management department performs stress testing on the corporate lease portfolio by assuming deterioration in counterparties' ratings in combination with a deterioration of LGDs. The worst case scenario calculated under these stress tests assumes an average decrease in all corporate counterparties' ratings by 2 notches and a deterioration of the average LGD by 10%. Such scenario would for the Group result in an increase of required capital amounting to approximately EUR 150 million which includes an additional AIRB provision shortfall of EUR 24 million.

D. ASSET RISK

Asset risk definition

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

Asset risk management structure and organisation

The Managing Board is the highest ruling authority on asset risk management within the Group. The Managing Board decides on the content and potential changes of policies and is informed about all relevant and significant developments with regard to the Group'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.

Annually the Group's risk management department prepares the risk appetite, which includes all risk areas and is subject to approval by the Managing Board and Supervisory Board. On a quarterly basis the Group's asset risk management department reports on actual performance against the risk appetite to the Supervisory Board. This report includes the asset risk position of the Group. The asset risk position is furthermore discussed in the Group's Asset Risk Committee and shared with the Managing Board.

A Group company's management is responsible for the adequate management (risk identification, risk assessment and response, risk control, monitoring and communication) of asset risks in their respective lease portfolios. All Group companies have an asset risk management role in place. The Group'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 the group audit department has defined specific activities in its working programme.

Asset risk management policy
The Group has a robust policy in place with respect to asset risk management that applies to all Group companies bearing such risk. The policy, among others, outlines a limit structure which is based on the Group's defined residual value risk appetite, whereby the level of risk taking is determined for three echelons within the Group (i.e. country, region and Group). Furthermore, the policy 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. This committee convenes with a minimum frequency of once every quarter and has 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 local asset risk committee assesses influences on 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 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, the Group is in many cases allowed to recalculate the asset risk parameters in a contract in case of deviations of actual mileage versus budgeted mileage.

Asset risk measurement
Asset risk is analysed throughout the term of the lease contracts: starting at lease inception, following it through its term up to lease termination. Measuring asset risk at all three stages of the lease contracts assists in tracing developments with respect to asset risk elements and identifying adverse trends.

- Contract Inception; on a monthly and quarterly basis the contractual residual values and the pricing applied for vehicle repair, maintenance and tyre replacement risk of the Group companies are reviewed. Any developments arising from the pricing reviews are then discussed with local and regional management.
- During Contract Life; the Group companies measure the residual value risk and repair, maintenance and tyre replacement risk on vehicles under lease contracts and report the estimated results of these exposures at lease termination to the corporate centre on a quarterly basis. These measurements are referred to as fleet risk assessments. In many cases these measurements are calculated through statistical analysis (such as multiplicative models or linear regressions) based on the Group's historical vehicle sales results. Estimates in respect of residual values and results from vehicle repair, maintenance and tyre replacement are made at an individual vehicle level and aggregated to portfolio level. The outcomes of these measurements are reviewed and discussed within local asset risk management committees. The outcomes can also serve as a basis for the determination of any prospective depreciation of the Group's consolidated portfolio.
- Contract Termination; for vehicle leases terminated within the relevant monthly or quarterly reporting period, the actual sales proceeds from the vehicle and the result from vehicle repair, maintenance and tyre replacement are monitored and reviewed in comparison to the estimates made at lease inception and adjusted during the term of the lease.

On a quarterly basis all Group companies assess the exposures in the existing lease portfolios for future years and inter alia compare contracted residual values to the latest expectations of future market prices. With a view to the consolidated Group outcome of the assessment of expected residual value results in future years, no additional depreciation charge was taken in 2013 (2012: nil). Reference is made to note 2 and note 19 to the consolidated financial statements.

In determining additional depreciation charges not only the outcome of the comparison between residual value and expected future market price is relevant. Also the risk mitigating measures which the Group actively pursues to manage residual value risk prior to, during and at the end of a lease contract are of importance. Examples of such measures are forward looking in respect of estimated numbers of early terminations, mileage variation adjustments to lease rentals and amounts of end of contract damages invoiced at contract termination. Additional management actions and compensating elements as well as other risk bearing elements of the product (i.e. maintenance, tyre replacement and repair) are included in the Group's exposure and in the determination of additional depreciation charges.

The Group monitors this exposure on a continuous basis and adjusts its residual values for new leases accordingly. New leases are originated for original terms of three to four years, but are in practice also regularly adjusted during the term of the lease (either extended or early terminated).

The Group's residual position in relation to the total lease portfolio can be illustrated as follows:

	2013	2012
Future lease payments	6,442,577	6,745,323
Residual value	8,092,277	8,192,023
Total	**14,534,854**	**14,937,346**

The above table includes both operating 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. Taking also into account the geographical and make/model diversification of the Group's portfolio of vehicles, it is appropriate to conclude that the Group is well set up for managing volatility in used vehicle prices.

The Group performs stress testing as part of the above-mentioned quarterly assessment. A one percentage point movement in the latest expectation of future (used car) market prices would lead to a EUR 51 million movement in estimated termination results for the year 2014.

E. TREASURY RISK

Treasury risk definitions

Treasury risk in this respect entails 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 and shareholder's equity of the Group is affected by movements in interest rates. Currency risk entails the risk that currency fluctuations have an adverse impact on the Group's result and shareholder's equity.

Treasury risk management structure and organisation

Annually the Group's risk management department prepares the risk appetite, which includes all risk areas and is subject to approval by the Managing Board and Supervisory Board. On a quarterly basis the Group's risk management department report on actual performance against the risk appetite to the Supervisory Board. This report includes the treasury risk positions of the Group, including liquidity, currency and interest rate risk. The treasury risk positions are furthermore discussed in the Group's Funding and Treasury Committee (FTRC) and shared with the Managing Board.

As risk committees like the FTRC are meant for going-concern situations, a Liquidity Crisis Committee (LCC) and Capital Crisis Committee (CCP) exists at the Group's level to handle critical liquidity and capital situations. The LCC and CCP includes among others all Managing Board members, all regional senior vice-presidents that are responsible for LeasePlan Group and senior corporate vice-presidents of Risk Management, Strategic Finance, Control, Reporting & Tax and Corporate Strategy & Development. The activation, role and mandate of the LCC are governed by the Liquidity Contingency Plan and Capital Contingency Plan. As of 2013 the Dutch central bank has required all Dutch banks to have a recovery plan in place, for the hypothetical situation the Group nears critical levels for survival. Although not limited to, such a case would presumably materialise via the liquidity or capital position of the Group.

The compliance of the Group and Group companies (including the Group's central Treasury and LeasePlan Bank) is monitored on, at least, a monthly basis by the Group's treasury risk management (TRM) department whereas treasury risk positions of the Group's central Treasury are monitored daily. The department TRM is part of Corporate Risk Management, is physically present at the Group's central Treasury. and has the responsibility to monitor treasury risk limits, achievement of liquidity targets and to identify control breakdowns, inadequacy of processes and unexpected events. Non-compliance and follow-up measures are discussed with the FTRC.

Treasury risk management policy

Liquidity risk policy

The liquidity risk appetite and tolerance levels are based on the following key principles:

- compliance with minimum regulatory liquidity requirements at all times;
- maintaining sufficient liquid assets to meet financial obligations under severe but plausible stress events for a period of at least one month without negatively affecting ongoing business; and
- maintaining access to liquidity buffers and developing a set of possible management actions to meet the financial obligations during a period of continuing stress for at least nine months.

Liquidity risk is not perceived as a driver for profit by the Group, hence the policy is aimed at matched funding and diversification of funding sources. Liquidity risk is managed by seeking to conclude funding that matches the estimated run-off profile of the leased assets. This matched funding principle is applied both at a consolidated group and at subsidiary level taking into account specific mismatch tolerance levels depending on the asset total of the subsidiary. Group companies' local management is responsible to adhere to the matched funding policy and has the possibility to attract funding directly via external banks or to attract funding at the Group's central Treasury. For the latter situation, a fund transfer price is applied. The fund transfer price is adjusted monthly and approved by the Managing Board.

A key instrument in the liquidity risk management is the funding planning maintained at Group level and is a recurring item on the FTRC agenda. The funding planning forecasts issuances and redemptions for each funding source, resulting in a multi-year projection of the liquidity position. Apart from the actual forecast, a stress-tested forecast is calculated based on stress assumptions. The governance of the liquidity stress testing process is outlined in the Liquidity Stress Testing Policy.

The Group maintains a number of stress scenarios addressing idiosyncratic and market wide risk drivers in both specific and combined scenarios. On a monthly basis a high-level stress test is performed based on fixed parameterisation of cash flow forecasting, in addition to the quarterly stress testing cycle.

Stress testing results are used both for contingency planning as for going-concern funding and risk activities, for instance to set the target level for the liquidity buffer to meet a period of severe stress. Stress testing is also input for periodic recalibration of the risk appetite for liquidity risk.

Liquid assets are maintained to meet a one month stress period. To meet a longer term stress period of at least nine months, the Group has established several committed credit facilities from solid financial institutions, diversified across countries inside and outside the European Monetary Union and of Volkswagen group. In addition to the Group's own internal policies and controls, liquidity risk is also supervised by and reported to the Dutch central bank on a monthly basis. The liquidity supervision by the Dutch central bank is focused on identifying available sources of liquidity and required liquidity.

Interest rate risk policy
The Group accepts and offers lease contracts to clients at both fixed and floating interest rates, for various durations and in various currencies. Interest rate risk within LeasePlan is managed separately for:
- Group companies and jointly controlled entities, carrying interest-bearing assets (mainly lease contracts) and funding on their balance sheet, which mainly is inter-company funding supplied by the Group's central treasury;
- the Group's central treasury, concluding external funding, external derivatives and granting inter-company loans to Group companies.

The interest rate risk policy is to match the interest rate profile of the lease contract portfolio with a corresponding interest rate funding profile to minimise the interest rate risk, as measured by interest rate gap reports per Group company. Group companies carry interest-bearing assets on their balance sheet funded by interest-bearing liabilities (loans and other indebtedness). Where interest-bearing sensitive liabilities fall short to cover interest-bearing assets, non-interest sensitive working capital and subsidiary's equity are allowed to cover interest-bearing assets, as part of the matched funding policy. Given LeasePlan's capital position, the Group is comfortable by not fully hedging the interest rate exposure due to Group company's lease portfolios. Due to accounting treatment of lease contracts, this does not lead to gains or losses in the Group's income statement or in shareholder's equity. Thereby derivative financial instruments are entered into to mitigate or reduce interest rate exposures and are not used for trading purposes. Due to the accounting treatment of derivative financial instruments, the Group is exposed to volatility in the Group's income statement due to interest rate fluctuations.

The Group's central Treasury provides loans to Group companies and attracts funds from the market in conjunction with interest rate derivatives entered into for hedging purposes. Derivative financial instruments are concluded by the Group's central Treasury as an end user only. To enable the Group's central Treasury to achieve economies of scale, smaller inter-company assets are grouped into larger size external funding transactions. Some timing differences are unavoidable in this process and interest rate risk exposures are inherent to the central treasury process. To manage this risk, limits are set for the level of mismatch of interest rate re-pricing that may be undertaken by currency and time period.

Currency risk policy
Due to its activities in 31 countries, the Group is exposed to currency exchange rates and uses the euro as its functional currency. Whenever reasonably possible, hedging is applied by means of matching assets and liabilities or by means of financial derivatives.

Nearly all debt funding, directly or via derivatives, is concluded in the currency in which assets are originated, thereby protecting balance sheets ratios against currency fluctuations. This principle is applied both at Group level, and at the local Group companies. This is required both when obtaining funds at local banks or at the Group's central Treasury. In order to facilitate this, the Group's central Treasury has limits per currency in line with the Group's approved risk appetite.

The Group is exposed to the currency risk on its equity holdings of its subsidiaries, including annual results. The Company has in general the policy not to hedge translation risk, but keeps open the possibility to do so when operations are denominated in highly volatile currencies or in a high inflation environment.

Treasury risk measurement

Liquidity risk measurement

The table below presents the contractual undiscounted cash flows payable of the financial liabilities of the Group in the relevant contractual maturity groupings. The cash flows do not reconcile to the balance sheet because the balance sheet amounts are presented on an amortised cost basis. As a result of the diversified funding strategy funds entrusted increased (savings deposits of LeasePlan Bank) and funding in the debt capital markets reduced.

	0-3 months	3-12 months	1-5 years	> 5 years	Total
FINANCIAL LIABILITIES					
Trade payables	582,085				582,085
Borrowings from financial institutions	181,706	1,371,669	969,962		2,523,337
Funds entrusted	2,550,184	1,170,326	596,431	3,215	4,320,156
Debt securities issued	411,755	1,958,319	3,840,813	777,853	6,988,740
Future payments (interest and commitment fees)	95,197	213,135	351,987	147,844	808,163
Total as at 31 December 2013	**3,820,927**	**4,713,449**	**5,759,193**	**928,912**	**15,222,481**
FINANCIAL LIABILITIES					
Trade payables	565,008				565,008
Borrowings from financial institutions	463,461	298,583	1,014,649		1,776,693
Funds entrusted	2,303,455	1,263,981	537,464	6,519	4,111,419
Debt securities issued	943,282	2,120,769	5,321,413	137,763	8,523,227
Future payments (interest and commitment fees)	131,324	245,045	400,247	107,351	883,967
Total as at 31 December 2012	**4,406,530**	**3,928,378**	**7,273,773**	**251,633**	**15,860,314**

For interest rate swaps and forward rate agreements the undiscounted cash flows are presented on a net basis into the relevant maturity groupings, whereas the undiscounted cash flows on currency swaps are presented on a gross basis. Compared to 2012 the decrease in cash inflow and outflow from currency swaps in the 0-3 months bucket is due to the fact that more funding is attracted in local currency in 2013.

	0-3 months	3-12 months	1-5 years	> 5 years	Total
Interest rate swaps/forward rate agreements, netted cash flow	- 15,022	12,172	47,924	126,585	171,659
Currency swaps cash inflow	1,937,863	776,903	1,039,278	-	3,754,044
Currency swaps cash outflow	- 1,928,339	- 808,548	- 1,067,819	-	- 3,804,706
Total as at 31 December 2013	**- 5,498**	**- 19,473**	**19,383**	**126,585**	**120,997**
Interest rate swaps/forward rate agreements, netted cash flow	- 13,259	- 9,688	10,198	109,257	96,508
Currency swaps cash inflow	2,824,788	577,222	1,002,507	-	4,404,517
Currency swaps cash outflow	- 2,831,339	- 587,478	- 1,012,561	-	- 4,431,378
Total as at 31 December 2012	**- 19,810**	**- 19,944**	**144**	**109,257**	**69,647**

As a precaution the continued access to financial markets for funding the Company maintains a liquidity buffer. This buffer includes committed (standby) credit facilities to safeguard its ability to continue to write new business also when temporarily no new funding could be obtained and hence to reduce the liquidity risk for the Group.

The following funding arrangements have been concluded by the Group:

- A committed standby facility was renewed bilaterally with an individual bank (EUR 125 million maturing in October 2014). In addition a three year committed revolving credit facility was renewed in December 2012 with a consortium of 13 banks (EUR 1.25 billion) maturing in December 2015. Furthermore, in December 2012 a three year credit facility with Volkswagen

A.G., through its subsidiary Volkswagen International Luxemburg S.A., (EUR 1.25 billion) maturing December 2015 was renewed. None of these facilities include material adverse change clauses. During 2013 and 2012 no withdrawals were made on the above-mentioned facilities.
- The Group concluded a range of public asset backed securitisation transactions under the name of Bumper 2 (2008/2011: EUR 876 million), Bumper 4 (2011: EUR 1 billion), Bumper 5 (2012: GBP 838 million) and a private asset backed securitisation transaction under the name Bumper France (2013: EUR 799 million). These transactions involve the sale of lease receivables and related residual value receivables originated by various Group companies to special purpose companies. Debt securities were issued by these special purpose companies to finance these transactions. The higher rated notes were sold to external investors and the subordinated notes were retained by the Group. For further details on the transactions reference is made to the consolidated financial statements of the Company (note 13 and note 19) and the Company financial statements (note 4).
- The Group concluded in December 2012 a structured finance transaction under the name 'Bumper CARS NL'. This is a private transaction and uses a securitisation structure under Dutch law common for operating lease securitisations. As per year-end 2013 the committed credit facility in this transaction is drawn for EUR 480 million (2012: nil). For further details on the transaction reference is made to the consolidated financial statements of the Company (note 19) and the Company financial statements (note 4).
- LeasePlan Bank, the Group's internet savings bank in the Netherlands, launched in February 2010, targets private individuals. Through the savings bank, the Company aims to fund to 30% and 35% of its balance sheet total over time. By the end of 2013, LeasePlan Bank raised EUR 4.165 billion (2012: EUR 3.949 billion).
- In the last quarter of 2008 and in the first half of 2009 the Group has availed of the possibility to issue debt under the Credit Guarantee Scheme of the State of the Netherlands. At the end of 2013 EUR 1 billion was outstanding under this scheme (reference is made to note 26 to the consolidated balance sheet of the Company). The Credit Guarantee Scheme is a public scheme, available for Dutch banks, drawing under this scheme is subject to approval of the Dutch central bank. The scheme contains important terms and conditions that the Group is comfortable to adhere to.

The Dutch central bank sets out minimum liquidity level requirements demanding that available liquidity exceeds required liquidity at all times. The Group is in compliance with this minimum liquidity requirement.

The Group's liquidity stress testing program includes the integration of risk drivers and review of stress scenarios, governance, tools used and documentation of the stress testing process. The Group maintains a number of stress scenarios addressing idiosyncratic and market wide risk drivers in both specific and combined scenarios. On a monthly basis a high-level stress test is performed based on fixed parameterisation of cash flow forecasting, in addition to the quarterly stress testing cycle. Stress testing results are used both for contingency and going-concern activities, for instance to measure against the target level for the liquidity buffer under severe stress, which is a minimum of 9 months.

Interest rate risk measurement

Interest rate risk within LeasePlan is managed separately for:
- Group companies and jointly controlled entities, carrying interest bearing assets (mainly lease contracts),on their balance sheet,
- the Group's central treasury, concluding external funding, external derivatives and granting inter-company loans to Group companies.

Group companies' interest rate exposure resulting from covering interest-bearing assets by both interest-bearing liabilities and non-interest bearing working capital and equity is EUR 2.6 billion. Due to accounting treatment of lease contracts, this does not lead to gains or losses in the Group's income statement or in shareholder's equity.

Stress testing takes place regularly on central treasury exposures during the year by analysing the profit and loss effect of an unexpected increase of 200 basis points parallel yield curve shift in all currencies. The results on the interest positions are due to the fact that the Group's central Treasury leaves interest exposures open by not fully hedging the inter-company funding. These interest rate positions are held in different currencies yet mainly in EUR, USD, GBP and CHF, for which limits have been approved as part of risk appetite. The Managing Board has approved absolute limits for all these currencies. The open interest positions are sensitive to a change in interest rates. The analysis is performed by calculating the impact of an increase in rates on the future cash flows of all transactions (including the off-balance transactions) categorised as open interest rate position. Based on this analysis it can be concluded that with an increase in interest rates of 200 basis points the results on the open interest positions will decrease the profit before tax for the year ending 31 December 2013 by approximately EUR 6.9 million (2012: EUR 5.6 million). The calculation is based on a blended yield curve of cash rates and swap rates derived from Bloomberg. This methodology is also used within the Pillar 2 capital calculation.

Currency risk measurement

The Group has a limited exposure to effects of fluctuations in currencies on its financial position and cash flows. The main cause for this limited exposure is that nearly all debt funding, directly or via derivatives, is concluded in the currency in which assets are originated. Also the Group's equity is allocated to the currencies in which assets are denominated. The Group monitors the relative currency exposure, by comparing the Group's RWA and regulatory capital per currency area. The Group's aim is to neutralise the Group's capital ratio due to currency exchange rate fluctuations. Being active largely in the euro currency zone, the Group is exposed to the possible exit of one or more individual member states.

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

	EUR	GBP	USD	AUD	Other	Total
As at 31 December 2013						
FINANCIAL ASSETS						
Cash and balances at central banks	978,558	46	1	22	147	978,774
Receivables from financial institutions	1,264,946	96,302		51,355	26,448	1,439,051
Rebates and bonuses and commissions receivable	139,859	3,805	7,022	2,140	20,220	173,046
Reclaimable damages	23,526				1,965	25,491
Interest to be received	1,383	1	51		30	1,465
Receivables from clients	868,967	249,080	1,014,732	242,632	454,538	2,829,949
Loans to associates and jointly controlled entities	226,013		12,237		20,119	258,369
Total	**3,503,252**	**349,234**	**1,034,043**	**296,149**	**523,467**	**5,706,145**
FINANCIAL LIABILITIES						
Trade payables	400,015	17,635	27,420	25,050	111,965	582,085
Interest payable	100,109	440	3,993	5,637	15,289	125,468
Borrowings from financial institutions	991,442	420,577	22,675	411,147	677,496	2,523,337
Funds entrusted	4,318,557				1,599	4,320,156
Debt securities issued	4,410,943	168,226	1,415,554	165,468	828,549	6,988,740
Total	**10,221,066**	**606,878**	**1,469,642**	**607,302**	**1,634,898**	**14,539,786**
NON-FINANCIAL ASSETS AND LIABILITES	7,629,962	1,379,652	171,685	437,993	1,872,956	11,492,248
Net on-balance position	**912,148**	**1,122,008**	**- 263,914**	**126,840**	**761,525**	**2,658,607**
Derivatives position	922,064	- 920,478	337,869	- 1,137	- 415,370	- 77,052
CURRENCY POSITION		**201,530**	**73,955**	**125,703**	**346,155**	
Net investment subsidiaries		194,260	77,307	126,626	342,850	
Other		7,270	- 3,352	- 923	3,305	
As at 31 December 2012						
Total financial assets	3,295,517	380,491	1,201,938	332,128	533,462	5,743,536
Total financial liabilities	11,277,179	918,870	765,158	715,994	1,469,019	15,146,220
Non-financial assets and liabilities	7,654,792	1,440,059	140,267	596,861	1,995,428	11,827,407
Net on-balance position	**- 326,870**	**901,680**	**577,047**	**212,995**	**1,059,871**	**2,424,723**
Derivatives position	1,994,904	- 723,030	- 508,228	- 82,883	- 718,055	- 37,292
CURRENCY POSITION		**178,650**	**68,819**	**130,112**	**341,816**	
Net investment subsidiaries		180,595	69,385	133,750	334,792	
Other		- 1,945	- 566	- 3,638	7,024	

At 31 December the Group has assessed the difference between RWA and regulatory capital at Group level and for individual currency areas, as the relative currency exposure. The logic behind this is that if the relative RWA/regulatory capital position is the same as for the Group both RWA and regulatory capital allocated to the non-functional currency will deviate, but will not impact the Group's capital ratio. Taking a 10% presumed currency shock on all currencies against euro, an instantaneous impact on the Group's capital would be EUR 18.2 million.

Although the Group is aware that (relative) currency exposure exists, for business and practical reasons, the exposure is not fully mitigated.

F. MOTOR INSURANCE RISK

Motor insurance risk definition

As a result of its normal business activities the Group is exposed to motor insurance risk. Motor insurance risk is the exposure to potential loss due to costs related to damages incurred for the Group's account exceeding the compensations included in lease rental payments. This risk consists of long-tail risks (motor third party liability and legal defence) and short-tail risks (motor material damage and passenger indemnity).

Motor insurance risk management structure and organisation

The Managing Board is the highest ruling authority with respect to motor insurance 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 motor insurance risk management department is responsible for establishing and maintaining the motor insurance risk framework and monitoring Group's motor insurance risk profile. The motor insurance risks are retained by the Group's insurance subsidiary, Euro Insurances based in Dublin, Ireland, (these risks are referred to as insurance risk). In addition, some LeasePlan subsidiaries have a local risk retention scheme for motor material damages and retain the damage risk, while also offering insurance coverage through either Euro Insurances or external providers. Euro Insurances is regulated by the Central Bank of Ireland and its 'European passport' enables it to support Group companies in all EU countries. Euro Insurances is currently in the process of preparing for implementation of Solvency II (standardised approach). The Group's reinsurance subsidiary, Globalines Reinsurance, seeks to reinsure the third party liability and catastrophic events liability of Euro Insurances up to certain defined limits of coverage, while external reinsurance providers are used for any coverage required outside of Globalines Reinsurance's coverage limits, to minimise the financial impact of a single large accident and/or event.

Annually the Group's risk management department prepares the risk appetite, which includes all risk areas and requires approval by the Managing Board and is discussed in the Supervisory Board. On a quarterly basis the Group's risk management department prepares reporting to the Supervisory Board on performance against the risk appetite, including developments within motor insurance within the Group. The motor insurance position is furthermore discussed in the Group's Motor Insurance Risk Committee and shared with the Managing Board.

Motor insurance risk management policy

The overall approach is to selectively accept damage and insurance risk in LeasePlan subsidiaries and Euro Insurances. The Group's objective is to identify and develop the motor insurance risk profile and to continuously monitor and manage these risks in line with Group's risk appetite for motor insurance risk. In principal the Group only accepts damage and insurance risk positions arising from its own operating and (to a lesser extent) finance lease portfolio, no material third party business exists. Damage and insurance specialists in each Group company accept damage or insurance risk in accordance with the strict guidelines of a pre-agreed risk selection and pricing procedures. These procedures 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 procedures 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.

In order to clearly identify, monitor, manage and limit the risks, principles are laid down in a motor insurance risk policy that needs to be adhered to by all Group companies. Main requirements are the existence of motor insurance risk function with all Group Companies which is independent from the insurance (pricing) department and a local motor insurance risk committee which is required to monitor exposure and discuss trends and developments thereof. Clear authorisation structures are in place for intended launches of and changes in insurance structures and programmes. Reinsurers are selected on the basis of their financial strength, price, capacity and service and are monitored, also in respect of credit ratings, on a quarterly basis. The Group ensures that the damage and insurance risk policy's terms and conditions are mapped against the reinsurance cover in place in order to prevent any uncovered risks.

Motor insurance risk measurement

The Group monitors the damage and insurance risk acceptance process and the financial performance using actuarial and statistical methods for estimating liabilities and determining adequate pricing levels. Regular analysis of damage and loss ratio statistics, strict compliance with damage handling procedures and policies and when necessary, reviews of damage and insurance 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 and insurance 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 loss 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 (IBNR) and Incurred But Not Enough Reported (IBNER) factors used to determine appropriate reserve levels necessary to meet projected short-tail and long-tail damages.

Under the motor insurance risk policy, Group companies measure and monitor their motor insurance risk exposure by performing a yearly damage and insurance risk self-assessment. On a quarterly basis Euro Insurances, Globalines Reinsurance and Group companies measure and report their risk exposures by means of premium developments and loss ratios to central management. These loss ratios are consolidated on group level and monitored against our defined risk appetite.

G. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below summarises the Group's financial assets and financial liabilities of which the derivatives are measured at fair value and the other financial assets and other financial liabilities are measured at amortised costs on the balance sheet as at 31 December.

	Carrying value		Fair value	
	2013	2012	2013	2012
LEVEL 1				
Financial assets				
Loans and receivables				
Cash and balances at central banks	978,774	1,015,429	978,774	1,015,429
Total	**978,774**	**1,015,429**	**978,774**	**1,015,429**
LEVEL 2				
Derivative financial instruments in hedge	65,024	100,922	65,024	100,922
Financial assets at fair value through the income statement				
Derivative financial instruments not in hedge	55,414	87,998	55,414	87,998
Loans and receivables				
To financial institutions	1,439,051	1,186,096	1,439,270	1,186,475
Rebates and bonuses and commissions receivable	173,046	197,286	173,046	197,286
Reclaimable damages	25,491	24,882	25,491	24,882
Interest to be received	1,465	2,941	1,465	2,941
To associates and jointly controlled entities	258,369	223,689	269,173	232,394
Total	**2,017,860**	**1,823,814**	**2,028,883**	**1,832,898**
Financial liabilities				
Derivative financial instruments in hedge	79,534	67,997	79,534	67,997
Financial liabilities at fair value through the income statement				
Derivative financial instruments not in hedge	117,956	158,215	117,956	158,215
Other liabilities measured at amortised cost				
Trade payables	582,085	565,008	582,085	565,008
Interest payable	125,468	169,873	125,468	169,873
Borrowings from financial institutions	2,523,337	1,776,693	2,560,934	1,812,505
Funds entrusted	4,320,156	4,111,419	4,396,624	4,219,440
Debt securities issued	6,988,740	8,523,227	7,195,851	8,737,910
Total	**14,737,276**	**15,372,432**	**15,058,452**	**15,730,948**
LEVEL 3				
Loans and receivables				
To clients	2,829,949	3,093,213	2,880,948	3,170,689
Total	**2,829,949**	**3,093,213**	**2,880,948**	**3,170,689**

There were no transfers between levels 1 and 2 during the year.

Financial instruments in level 1

The fair value of financial instruments which are traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Cash and balances with central banks are the only financial instruments held by the Group that are included in level 1.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of the interest rate swaps and cross currency swaps is calculated as the present value of the estimated future cash flows based on observable yield curves at commonly quoted intervals, while taking into account the current creditworthiness of the counterparties.
- The yield curve for all collateralised derivatives is based on the overnight index swap (OIS) rate (a vast majority of the Group's derivatives is collateralised).
- The valuation methodology of the cross currency swaps includes a liquidity premium (which swaps less liquid currencies into those that are considered more liquid in the market and vice versa).
- The counterparty's probability of default is estimated using market CDS spreads resulting in credit valuation allowances.
- The Groups own creditworthiness and probability of default is estimated using input such as secondary spreads and cost of funding curve as well as information from counterparties resulting in a debit valuation allowance.
- Other techniques such as discounted cash flow analysis based on observable yield curves at commonly quoted intervals, are used to determine the fair value for the remaining financial instruments.
- For certain other receivables (Rebates and bonuses and commissions receivable, Reclaimable damages and Interest to be received) and payables (Trade payables and Interest payable) with a remaining term well below one year the carrying value is deemed to reflect the fair value.

The derivative financial instruments not in hedge are to a large extent derivatives that mitigate interest rate risk and currency risk from an economic perspective but do not qualify for hedge accounting from an accounting perspective. The Group is not involved in active trading of derivatives.

Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the financial instrument is included in level 3. Receivables from clients are included in level 3 as the pricing is not based on observable market data. The fair value of the receivables to clients is calculated as the present value of the (estimated) future cash flows based on yield curves that next to observable market data also include client specific pricing considerations, while also taking into account the current creditworthiness of the client.

H. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting agreements and similar agreements.

	Gross amounts of recognised financial instruments	Gross amounts of recognised financial instruments set off in the balance sheet	Net amounts of financial instruments presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
As at 31 December 2013						
Derivative financial assets	120,438	-	120,438	- 99,952	- 16,681	3,805
Derivative financial liabilities	197,490	-	197,490	- 99,952	- 62,173	35,365
As at 31 December 2012						
Derivative financial assets	188,920	-	188,920	- 148,906	- 40,014	-
Derivative financial liabilities	226,212	-	226,212	- 148,906	- 68,846	8,460

For the financial assets and liabilities subject to enforceable master netting agreements or similar agreements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.
Except for derivative financial instruments there are not other financial assets or liabilities subject to offsetting.

I. TRANSFER OF (FINANCIAL) ASSETS

The Group engages in various securitisation transactions (Reference is made to note 13 and note 19 of the consolidated financial statements of the Company and note 4 of the Company Financial Statements). As a consequence of such transactions (financial) assets are transferred from the originating group subsidiaries to special purpose companies that are included in the consolidated financial statements of the Group. In view of this the transferred (financial) assets are not derecognised in their entirety from a Group perspective.

The table below summarises the Group's transferred (financial) assets and financial liabilities that are not derecognised in their entirety at 31 December.

	Loans and receivables			
	Receivables from clients (finance leases)	**Receivables from financial institutions (collateral deposited)**	**Property and equipment under operating lease**	**Total**
As at 31 December 2013				
Carrying amount				
Assets	157,629	196,401	2,942,752	3,296,782
Associated liabilties				
Bonds and notes originated from securitisation transactions				1,455,924
Borrowings from financial institutions				479,618
Net carrying amount position				**1,361,240**
For those liabilities that have recourse only to the transferred assets				
Fair value				
Assets	161,012	195,705	2,997,654	3,354,371
Associated liabilties				
Bonds and notes originated from securitisation transactions				1,469,757
Borrowings from financial institutions				487,747
Net fair value position				**1,396,867**
As at 31 December 2012				
Carrying amount				
Assets	248,133	250,460	2,418,408	2,917,001
Associated liabilties				
Bonds and notes originated from securitisation transactions				1,894,864
Borrowings from financial institutions				-
Net carrying amount position				**1,022,137**
For those liabilities that have recourse only to the transferred assets				
Fair value				
Assets	255,164	250,460	2,484,649	2,990,273
Associated liabilties				
Bonds and notes originated from securitisation transactions				1,917,535
Net fair value position				**1,072,738**

SPECIFIC NOTES

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EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in thousands of euros, unless stated otherwise

NOTE 1 - SEGMENT INFORMATION

Operating segments are reported in accordance with the internal reporting provided to the Group's key management (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. Segment information is presented in the consolidated financial statements in respect of the Group's leasing activities (LeasePlan) and Group activities, which are the basis of segment reporting.

Leasing activities

Leasing activities comprise the main activity of the Group which is providing fleet management services including the purchase, financing, maintenance and remarketing of vehicles. The Group offers a mono-line product through all of its 31 LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. As a result the subsidiaries are grouped in categories based on maturity of the market and to a lesser extent maturity of the subsidiary. Segmentation is presented as follows:

- Mature

The focus in this segment is on innovation of services and products as well as cost excellence by means of harmonisation and standardisation. Geographies in these segments are: Australia, Belgium, France, Germany, Italy, the Netherlands, Portugal, Spain, United Kingdom and United States.

- Developing

The focus in this segment is on a seamless and efficient organisational structure facilitating a further development of the business. Geographies in this segment are: Austria, Czech Republic, Denmark, Finland, Ireland, Luxembourg, New Zealand, Norway, Poland, Sweden and Switzerland.

- Emerging

The focus in this segment is on client segmentation and differentiation of services from competitors as well as on a high quality management and service excellence while investing in sales force. Geographies in this segment are: Brazil, Greece, Hungary, India, Mexico, Romania, Russia, Slovakia, Turkey and United Arab Emirates.

Group activities

These activities provide services in the area of treasury, damage risk retention, procurement and infrastructure to support the leasing activities. Companies included are: LeasePlan Supply Services, LeasePlan Information Services, LeasePlan International, Euro Insurances as well as the Group's central Treasury (including LeasePlan Bank) and other support activities.

The segment reporting format reflects the Group's management and internal reporting structure and is based on the internal system of management accounting. The main purpose of the management accounting is to enable a comparison between leasing subsidiaries. This results in an allocation of income and expense from Group activities to the leasing activities as well as a zero equity assumption for the leasing activities in order to facilitate comparison. There are no asymmetrical allocations as both the leasing activities and the Group activities are measured on the basis of the same internal system of management accounting. The Group activities allocate all relevant revenues and related costs to the leasing activities.

Segment revenues, operating income, operating expenses and operating result include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment assets include property and equipment under operating lease and rental fleet and amounts receivable under finance lease contracts.

Inter-segment pricing is determined on an arm's length basis. Internal segment revenues are not presented separately given their insignificance.

The segment information is presented in the table below as at 31 December.

Segment	**LeasePlan**									
In millions of euros	**Mature**		**Developing**		**Emerging**		**Group activities**		**Total**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
VOLUME										
Lease contracts	10,882	11,308	3,125	3,126	528	503	-	-	**14,535**	**14,937**
PROFITABILITY										
Revenues	5,656	5,923	1,471	1,450	274	288	21	23	**7,422**	**7,684**
Cost of revenues	5,046	5,401	1,297	1,298	237	258	20	7	**6,600**	**6,964**
Gross profit	**610**	**522**	**174**	**152**	**37**	**30**	**1**	**16**	**822**	**720**
Net finance income	**223**	**226**	**43**	**48**	**14**	**14**	**96**	**36**	**376**	**324**
Total operating and net finance income	**833**	**748**	**217**	**200**	**51**	**44**	**97**	**52**	**1,198**	**1,044**
Total operating expenses	**557**	**539**	**128**	**122**	**40**	**33**	**53**	**49**	**778**	**743**
Share of profit of associates	1	-	-	-	5	10	1	2	**7**	**12**
Profit before tax	**277**	**209**	**89**	**78**	**16**	**21**	**45**	**5**	**427**	**313**
Income tax expenses	75	59	19	18	2	2	5	- 7	**101**	**72**
Profit for the year	**202**	**150**	**70**	**60**	**14**	**19**	**40**	**12**	**326**	**241**
NET FINANCE INCOME DETAILS										
Net interest income	244	248	44	48	17	15	74	50	**379**	**361**
Impairment charges	38	40	3	3	3	2	-	-	**44**	**45**
Reversal of impairment	- 17	- 18	- 2	- 3	-	- 1	-	-	**- 19**	**- 22**
Net interest income after impairment charges	**223**	**226**	**43**	**48**	**14**	**14**	**74**	**50**	**354**	**338**
Unrealised gains/(losses) on financial instruments	-	-	-	-	-	-	26	- 4	**26**	**- 4**
Other financial gains/(losses)	-	-	-	-	-	-	- 4	- 10	**- 4**	**- 10**
Net finance income	**223**	**226**	**43**	**48**	**14**	**14**	**96**	**36**	**376**	**324**

Revenues and other key figures of the subsidiaries are distributed relatively evenly over the segments and in principle there are no individual subsidiaries that contribute more than 10% to the overall revenues except for LeasePlan in the Netherlands. The Netherlands is also the domicile country of the Group. Key figures for the Netherlands are: Revenues EUR 956 million (2012: EUR 983 million) and Lease contracts EUR 1.9 billion (2012: EUR 1.9 billion).

The Group is predominantly funded from the Group's central Treasury and therefore the majority of the Group's financial liabilities are included in the segment 'Group activities'.

The geographical information is presented in the following table:

In millions of euros	**Revenues**		**Lease contracts**	
	2013	**2012**	**2013**	**2012**
Europe (euro)	4,711	4,765	8,537	8,411
Europe (non-euro)	1,829	1,795	3,850	3,989
Rest of the world	882	1,124	2,148	2,537
Total	**7,422**	**7,684**	**14,535**	**14,937**

NOTE 2 - REVENUES AND COST OF REVENUES

Revenues and cost of revenues comprise the various service components as included in the lease instalment, such as repair, maintenance and tyres, damage risk retention and depreciation, as well as the proceeds and costs of the sale of vehicles sold.

(i) Revenues

	2013	2012
Depreciation	2,850,389	2,807,342
Lease services	919,049	952,477
Damage risk retention	530,531	525,708
Rental	176,051	232,469
Management fees	199,775	196,152
Proceeds of cars and trucks sold	2,495,497	2,593,402
Other	250,254	376,619
Total	**7,421,546**	**7,684,169**

Damage risk retention includes EUR 73.4 million (2012: EUR 86.4 million) for third party liability risk retained by Euro Insurances, the Group's own internal insurance company.
The caption 'Other' mainly includes bonuses earned in connection with costs recharged to clients and income related to various non-leasing activities.

(ii) Cost of revenues

	2013	2012
Depreciation	2,802,671	2,759,928
Lease services	765,130	794,916
Damage risk retention	374,087	346,034
Rental	158,910	209,099
Cost of cars and trucks sold	2,341,630	2,565,931
Other	157,375	287,693
Total	**6,599,803**	**6,963,601**

The Group reviews whether as a result of changes in the estimated residual value and/or the useful life of the property and equipment under operating lease prospective adjustments to the depreciation charges are required. For 2013 this did not result in additional depreciation charges (2012: nil). Reference is made to note 19 and the financial risk section (Asset risk).

(iii) Gross profit

The gross profit (revenues -/- cost of revenues) can be shown as follows:

	2013	2012
Depreciation	47,718	47,414
Lease services	153,919	157,561
Damage risk retention	156,444	179,674
Rental	17,141	23,370
Management fees	199,775	196,152
Results of vehicles sold (results terminated contracts)	153,867	27,471
Other	92,879	88,926
Total	**821,743**	**720,568**

NOTE 3 - INTEREST AND SIMILAR INCOME

This caption mainly includes interest income from operating and finance leases, and to a lesser extent also interest income on deposits placed by the Group with financial institutions amounting to EUR 12.0 million (2012: EUR 17.1 million).

NOTE 4 - INTEREST EXPENSES AND SIMILAR CHARGES

	2013	2012
Interest expense on debt securities issued	267,251	359,511
Interest expense on funds entrusted	102,204	128,519
Interest expense on borrowings with financial institutions	110,213	94,889
Total	**479,668**	**582,919**

NOTE 5 - OTHER FINANCIAL GAINS/(LOSSES)

In September 2013 the Company repurchased in full the USD 500 million bond raised under the Credit Guarantee Scheme of the State of the Netherlands (maturity date June 2014) resulting in a loss of EUR 4.0 million.
In December 2012 the Company repurchased above par part (EUR 500 million notional) of a bond raised under the Credit Guarantee Scheme of the State of the Netherlands (maturity date May 2014, total issued notional amount EUR 1.5 billion) resulting in a loss of EUR 10.1 million.

NOTE 6 - IMPAIRMENT CHARGES ON LOANS AND RECEIVABLES

The net impairment charges can be detailed as follows:

	Note	2013	2012
Trade receivables			
Impairment		44,099	44,924
Reversal of impairment		- 20,332	- 22,150
	14	**23,767**	**22,774**
Other			
Reclaimable damages		970	398
Rebates and bonuses		346	- 15
Total		**25,083**	**23,157**

NOTE 7 - STAFF EXPENSES

	2013	2012
Wages and salaries	357,874	347,010
Social security charges	54,841	52,102
Defined contribution pension costs	22,670	23,844
Defined benefit post-employment costs	3,500	3,886
Other staff costs	33,371	28,323
Total	**472,256**	**455,165**

The average number of staff employed (including temporary staff) by the Group during the year was 6,203 (2012: 6,041), of whom 894 (2012: 860) were employed in the Netherlands. At year-end the nominal number of staff employed by the Group was 6,571 (2012: 6,296).

The breakdown of post-employment costs is as follows:

	Note	2013	2012
Current service costs	28 (ii)	2,876	2,202
Interest expense/(income)	28 (ii)	699	596
Curtailments and settlements	28 (ii)	-75	- 13
Other		-	1,101
Defined benefit post-employment costs		**3,500**	**3,886**
Defined contribution pension costs		22,670	23,844
Total post-employment costs		**26,170**	**27,730**

NOTE 8 - GENERAL AND ADMINISTRATIVE EXPENSES

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

NOTE 9 - DEPRECIATION AND AMORTISATION

	Note	2013	2012
Depreciation other property and equipment	20	24,096	23,583
Amortisation intangible fixed assets	21	24,620	22,122
Total		**48,716**	**45,705**

NOTE 10 - INCOME TAX EXPENSES

The income tax expenses in the income statement can be shown as follows:

	Note	2013	2012
Current tax			
Current tax on profits for the year		86,102	48,990
Adjustments in respect of prior years		6,038	- 7,721
Total current tax		**92,140**	**41,269**
Deferred tax			
Origination and reversal of temporary differences		29,643	34,041
Changes in tax rates		- 5,426	- 4,919
Adjustments in respect of prior years		- 15,037	1,420
Total deferred tax	22	**9,180**	**30,542**
Total		**101,320**	**71,811**

The deferred tax adjustments in respect of prior years mainly include: (i) valuation allowances on deferred tax assets in relation to tax losses and tax credits amounting to a release of EUR 2.6 million (2012: EUR 2.3 million; charge) as the Group considers it not probable that future taxable profits will be available, also taken into account the statutory limitations for loss compensation, against which these tax losses and tax credits can be utilised; and (ii) a release of EUR 9.2 million for anticipated adjustments of prior years' tax returns (2012: release EUR 1.0 million).

Further information on deferred income tax assets and liabilities is presented in note 22.

Effective tax rate reconciliation

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic nominal tax rate of the domicile country (25%) of the parent and is as follows:

		2013		2012
Profit before tax		**427,767**		**313,111**
Tax calculated at domicile country nominal tax rate	25.0%	106,941	25.0%	78,278
Effect of different tax rates in foreign countries		8,226		3,784
Weighted average taxation	**26.9%**	**115,167**	**26.2%**	**82,062**
Income not subject to tax		- 3,642		- 3,915
Expenses not deductible for tax purposes		4,220		4,884
Changes in tax rates		- 5,426		- 4,919
Adjustments in respect to prior years				
Current tax		6,038		- 7,721
Deferred tax		- 15,037		1,420
Total effective taxation	**23.7%**	**101,320**	**22.9%**	**71,811**

The weighted average of the local tax rates applicable to the Group for 2013 is 26.9% (2012: 26.2%) which is higher than the domicile country nominal tax rate of 25.0% predominantly as a result of the fact that the Group realises on average, relatively more profits in jurisdictions with a tax rate higher than 25.0%. The increase of the weighted average of the local tax rates in 2013 is a result of both lower profits in jurisdictions with a tax rate below the average and higher profits in jurisdictions with a tax rate above the average.
The effective tax rate in 2013 of 23.7% is higher than 2012 (22.9%), which is partly caused by the higher weighted average tax rate and partly as a result of the difference in the adjustments in respect to prior years.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

			2013			2012
	Before tax	**Tax (charge)/ credit**	**After tax**	**Before tax**	**Tax (charge)/ credit**	**After tax**
Cash flow hedges	28,481	- 7,120	21,361	- 4,919	1,223	- 3,696
Post-employment benefit reserve	-289	111	-178	- 6,989	2,364	- 4,625
Exchange rate differences	- 52,894	-	- 52,894	9,851	-	9,851
Total	**- 24,702**	**- 7,009**	**- 31,711**	**- 2,057**	**3,587**	**1,530**

NOTE 11 - CASH AND BALANCES WITH BANKS

	Note	2013	2012
Cash and balances with banks			
Cash and balances at central banks		978,774	1,015,429
Call money, cash at banks included in Receivables from financial institutions	13	139,265	348,115
Call money and bank overdrafts included in Borrowings from financial institutions	24	- 123,843	- 180,308
Balance as at 31 December for the purposes of the statement of cash flows		**994,196**	**1,183,236**

All cash and balances at (central) banks are available at call except for the mandatory reserve deposits at the Dutch central bank. These mandatory reserve deposits amounting to EUR 50.1 million (2012: EUR 47.7 million) are not available for use in the Group's day-to-day operations. The mandatory reserve deposits form part of the 'Cash and balances at central banks'.

NOTE 12 - DERIVATIVE FINANCIAL INSTRUMENTS

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

	2013			2012		
	Notional amounts	Fair value Assets	Fair value Liabilities	Notional amounts	Fair value Assets	Fair value Liabilities
Fair value hedge						
Interest rate swaps/ forward rate agreements	4,018,659	64,815	27,571	2,959,446	100,704	473
Currency swaps	134,986	5	18,270	120,905	218	4,021
Cash flow hedge						
Interest rate swaps/ forward rate agreements	2,650,558	204	33,693	2,315,993	-	63,503
Total derivatives in hedge	**6,804,203**	**65,024**	**79,534**	**5,396,344**	**100,922**	**67,997**
Interest rate swaps/ forward rate agreements	11,029,960	29,030	60,858	13,430,819	66,897	123,531
Currency swaps/ currency forwards	3,147,805	26,384	57,098	4,126,184	21,101	34,684
Total derivatives not in hedge	**14,177,765**	**55,414**	**117,956**	**17,557,003**	**87,998**	**158,215**
Total	**20,981,968**	**120,438**	**197,490**	**22,953,347**	**188,920**	**226,212**

The fair value is based on the price including accrued interest (dirty price). Reconciliation between the fair value of the derivative financial instruments and the hedging reserve included in group equity is as follows:

	2013	2012
Fair value cash flow hedges – assets	204	-
Fair value cash flow hedges – liabilities	- 33,693	- 63,503
Less: accrued interest on cash flow hedges	13,106	14,636
Total net position cash flow hedges	**- 20,383**	**- 48,867**
Less: cumulative fair value gains/(losses) through income statement (hedge ineffectiveness)	- 29	- 27
Tax on cash flow hedges	5,103	12,224
Hedging reserve	**- 15,309**	**- 36,670**
Movement hedging reserve 2013	**21,361**	

The unrealised gains/(losses) on financial instruments recognised in the income statement break down as follows:

	2013	2012
Derivatives not designated as hedges	28,761	- 5,278
Derivatives at fair value hedges	- 68,200	5,203
Derivatives at cash flow hedges (ineffectiveness)	2	6
	- 39,437	**- 69**
Bond and notes used in fair value hedges	65,153	- 3,797
Unrealised gains/(losses) on financial instruments	**25,716**	**- 3,866**

A fixed rate bond (reference is made to note 26) is included in a fair value hedge whereby the bond (hedged item) is measured at amortised cost and is constantly being adjusted for gains/losses attributable to the risk being hedged. This adjustment is recognised in the income statement, where it offsets (to a large extent) the remeasurement of the fair value of the hedging instrument that is also recognised in the income statement.

NOTE 13 - RECEIVABLES FROM FINANCIAL INSTITUTIONS

This caption includes amounts receivable from Dutch and foreign banks. Amounts receivable from financial institutions includes call money and current account bank balances that form part of the cash and balances with banks in the cash flow statement.

	Note	2013	2012
Amounts receivable from banks		1,031,527	511,649
Call money, cash at banks	11	139,265	348,115
Cash collateral deposited for securitisation transactions		196,401	250,460
Cash collateral deposited for derivative financial instruments		69,000	74,080
Other cash collateral deposited		2,858	1,792
Balance as at 31 December		**1,439,051**	**1,186,096**

The cash collateral deposited for securitisation transactions relates to the Bumper securitisation transactions, reference is made to the financial risk section (Liquidity risk) and to note 4 of the Company financial statements.
The cash collateral deposited for derivative financial instruments originates from Credit Support Annexes (CSAs) to International Swaps and Derivatives Association (ISDA) master agreements and reference is made to the financial risk section (Strategy in using financial instruments).

The maturity analysis is as follows:

	2013	2012
Three months or less	1,170,757	859,790
Longer than three months, less than a year	-	-
Longer than a year, less than five years	268,294	326,306
Balance as at 31 December	**1,439,051**	**1,186,096**

NOTE 14 - RECEIVABLES FROM CLIENTS

This item includes amounts receivable under lease contracts and trade receivables, after deduction of allowances for impairment, where necessary.

	2013	2012
Amounts receivable under finance lease contracts	2,308,222	2,517,711
Trade receivables	521,727	575,502
Balance as at 31 December	**2,829,949**	**3,093,213**

The maturity analysis is as follows:

	2013	2012
Three months or less	780,107	813,409
Longer than three months, less than a year	414,936	548,179
Longer than a year, less than five years	1,564,955	1,651,836
Longer than five years	69,951	79,789
Balance as at 31 December	**2,829,949**	**3,093,213**

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

(i) Impairment allowance

The movement in impairment allowance on receivables is as follows:

	Note	2013	2012
Balance as at 1 January		**79,859**	**75,687**
Net impairment charges	6	23,767	22,774
Receivables written off during the year as uncollectable		- 16,685	- 18,754
Exchange rate differences		- 679	152
Balance as at 31 December		**86,262**	**79,859**

For a description of the criteria used to determine whether receivables to clients are impaired reference is made to the financial risk section (Credit risk). The Group recognises, next to specific impairment allowances of EUR 80.3 million (2012: EUR 73.4 million), an incurred but not reported loss provision of EUR 6.0 million (2012: EUR 6.5 million) based on the probability of default (PD) and the loss given default (LGD).

(ii) Finance lease contracts

The amounts receivable from clients include finance lease receivables, which may be analysed as follows:

Gross investment in finance leases, with remaining maturities.

	2013	2012
Not longer than a year	730,177	870,270
Longer than a year, less than five years	1,694,123	1,763,758
Longer than five years	75,290	90,370
	2,499,590	**2,724,398**
Unearned finance income on finance leases	191,368	206,687
Net investment in finance leases	**2,308,222**	**2,517,711**

Net investment in finance leases, with remaining maturities.

	2013	2012
Not longer than a year	673,312	786,086
Longer than a year, less than five years	1,564,959	1,651,836
Longer than five years	69,951	79,789
Balance as at 31 December	**2,308,222**	**2,517,711**

The accumulated allowance for uncollectable minimum lease payments receivable amount to EUR 6.6 million (2012: EUR 7.0 million).

A part of the financial leased assets is encumbered (securitised) as a result of the asset backed securitisation transactions concluded by the Group. The total value of the securitised financial leased assets amounts to EUR 157.6 million (2012: EUR 248.1 million). For further details on the transactions reference is made to the financial risk section (Treasury risk), note 19 of the consolidated financial statements and note 4 of the Company financial statements.

NOTE 15 - INVENTORIES

	Note	2013	2012
Cars and trucks from terminated lease contracts	19	185,736	192,744
Valuation allowance		- 1,800	- 11,800
Carrying amount cars and trucks from terminated lease contracts		**183,936**	**180,944**
New cars and trucks in stock	19	18,064	20,504
Balance as at 31 December		**202,000**	**201,448**

Inventories are stated at the lower of cost or net realisable value. The inventories are expected to be settled within 12 months after balance sheet date.

NOTE 16 - OTHER RECEIVABLES AND PREPAYMENTS

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

	2013	2012
Rebates and bonuses and commissions receivable	173,046	197,286
Prepaid motor vehicle tax and insurance premiums	111,918	147,953
VAT and other taxes	31,507	26,927
Reclaimable damages	25,491	24,882
Other prepayments and accrued income	51,955	47,101
Interest to be received	1,465	2,941
Reinsurance assets	24,991	23,555
Other	166,420	166,314
Balance as at 31 December	**586,793**	**636,959**

The majority, of the other receivables and prepayments, has a remaining maturity of less than one year.

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

NOTE 17 - LOANS TO ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The loans to associates and jointly controlled entities are accounted for at amortised cost and the maturity analysis is as follows:

	2013	2012
Loans deposited	265,694	231,014
Impairment	- 7,325	- 7,325
Carrying amount as at 31 December	**258,369**	**223,689**
Three months or less	8,241	30,517
Longer than three months, less than a year	97,014	49,022
Longer than a year, less than five years	153,114	144,150
Balance as at 31 December	**258,369**	**223,689**

NOTE 18 - INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Principal jointly controlled entities and associates that are accounted for under the equity method in the consolidated financial statements are:

Jointly controlled entities

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%)

Associates

Terberg Leasing B.V., the Netherlands (24%)

The equity method is based on whether the Group has significant influence or joint control. In the situations where the Group has a majority shareholding in the companies listed above these companies 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 company require the unanimous consent of the parties sharing control. The accounting period of the principal associates and jointly controlled entities aligns with the accounting period of the Group.

The Group's share of the result, in its principal jointly controlled entities and associates, is as follows:

			2013			2012
	Associates	Jointly controlled entities	Total	Associates	Jointly controlled entities	Total
Balance as at 1 January	**10,183**	**38,752**	**48,935**	**10,264**	**27,496**	**37,760**
Share of results	1,496	5,966	7,462	1,526	10,266	11,792
Capital increase	-	-	-	-	754	754
Dividend received	- 960	-	- 960	- 1,607	236	- 1,371
Other	-	- 267	- 267	-	-	-
Balance as at 31 December	**10,719**	**44,451**	**55,170**	**10,183**	**38,752**	**48,935**

There are no material contingent liabilities of the associates and jointly controlled entities other than loan commitments (reference is made to note 31).

The summarised financial information for the material interests in associates and jointly controlled entities can be shown as follows:

			2013			2012
	Associates	Jointly controlled entities	Total	Associates	Jointly controlled entities	Total
Assets	75,241	279,835	355,076	72,317	328,989	401,306
Liabilities	64,523	240,467	304,990	62,135	302,644	364,779
Total income	42,435	16,649	59,084	45,600	17,613	63,213
Net income	1,496	5,966	7,462	1,526	10,266	11,792
Dividend paid	960	-	960	1,371	-	1,371

NOTE 19 - PROPERTY AND EQUIPMENT UNDER OPERATING LEASE AND RENTAL FLEET

	Note	Operating lease	Rental fleet	Total
Carrying amount as at 1 January 2012		**12,129,275**	**65,553**	**12,194,828**
Purchases		5,008,809	50,213	5,059,022
Transfer from inventories	15	19,025	-	19,025
Transfer to inventories	15	- 192,744	-	- 192,744
Disposals		- 1,950,465	- 39,441	- 1,989,906
Depreciation		- 2,759,928	- 14,307	- 2,774,235
Exchange rate differences		103,552	92	103,644
Carrying amount as at 31 December 2012		**12,357,524**	**62,110**	**12,419,634**
Cost		17,607,859	77,163	17,685,022
Accumulated depreciation and impairment		- 5,250,335	- 15,053	- 5,265,388
Carrying amount as at 31 December 2012		**12,357,524**	**62,110**	**12,419,634**
Purchases		4,506,283	36,307	4,542,590
Transfer from inventories	15	20,503	-	20,503
Acquisition of subsidiary	23	300,827	-	300,827
Transfer to inventories	15	- 185,736	-	- 185,736
Disposals		- 1,723,967	- 25,120	- 1,749,087
Depreciation		- 2,802,671	- 11,344	- 2,814,015
Exchange rate differences		- 308,021	- 64	- 308,085
Carrying amount as at 31 December 2013		**12,164,742**	**61,889**	**12,226,631**
Cost		17,506,295	75,795	17,582,090
Accumulated depreciation and impairment		- 5,341,553	- 13,906	- 5,355,459
Carrying amount as at 31 December 2013		**12,164,742**	**61,889**	**12,226,631**

The Group concluded five securitisation transactions under the names of Bumper 2 (2008/2011), Bumper 4 (2011), Bumper 5 (2012), Bumper CARS NL (2013) and Bumper France (2013). These transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies (which are included in the consolidated financial statements of the Company). As a result of this sale this caption includes encumbered (securitised) operating lease assets for an amount of EUR 2.9 billion (2012: EUR 2.4 billion), which can be detailed as follows:

	2013	2012
Bumper 2	548,468	822,045
Bumper 4	427,228	762,774
Bumper 5	473,397	833,589
Bumper CARS NL	694,444	-
Bumper France	799,215	-
Total	**2,942,752**	**2,418,408**

For further details on the transactions reference is made to the financial risk section (Treasury risk) and note 4 of the Company financial statements.

The Group reviews whether as a result of changes in the estimated residual value and/or the useful life of the property and equipment under operating lease prospective adjustments to the depreciation charges are required. For 2013 this did not result in additional depreciation charges (2012: nil). Reference is made to note 2 and the financial risk section (Asset risk).
In 2013 and 2012 there were no impairments on leased assets.

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

	Nominal value	
	2013	2012
Not longer than a year	2,799,708	3,112,634
Longer than a year, less than five years	4,435,457	4,747,933
Longer than five years	49,623	53,876
Total	**7,284,788**	**7,914,443**

NOTE 20 - OTHER PROPERTY AND EQUIPMENT

	Note	Property	Equipment	Total
Carrying amount as at 1 January 2012		**14,908**	**65,967**	**80,875**
Purchases		1,485	41,684	43,169
Disposals		- 42	- 13,146	- 13,188
Depreciation	9	- 1,201	- 22,382	- 23,583
Exchange rate differences		- 52	106	54
Carrying amount as at 31 December 2012		**15,098**	**72,229**	**87,327**
Cost		38,468	193,404	231,872
Accumulated depreciation and impairment		- 23,370	- 121,175	- 144,545
Carrying amount as at 31 December 2012		**15,098**	**72,229**	**87,327**
Purchases		562	29,922	30,484
Acquisition of subsidiary	23	42	-	42
Disposals		- 47	- 8,716	- 8,763
Depreciation	9	- 1,253	- 22,843	- 24,096
Exchange rate differences		- 100	- 2,198	- 2,298
Carrying amount as at 31 December 2013		**14,302**	**68,394**	**82,696**
Cost		38,900	200,540	239,440
Accumulated depreciation and impairment		- 24,598	- 132,146	- 156,744
Carrying amount as at 31 December 2013		**14,302**	**68,394**	**82,696**

The title to the other property and equipment is not restricted and these assets are not pledged as security for liabilities.

NOTE 21 - INTANGIBLE ASSETS

	Note	Internally generated software development costst	Software licenses	Customer relationship	Customer contract	Goodwill	Total
Carrying amount as at 1 January 2012		**49,632**	**8,734**	**7,931**	**4,179**	**98,604**	**169,080**
Purchases		13,469	4,903				18,372
Divestments		- 118	- 2,089				- 2,207
Amortisation	9	- 14,581	- 4,388	- 1,663	- 1,490		- 22,122
Exchange rate differences		288	12				300
Carrying amount as at 31 December 2012		**48,690**	**7,172**	**6,268**	**2,689**	**98,604**	**163,423**
Cost		113,414	51,632	25,494	4,808	98,604	293,952
Accumulated amortisation and impairment		- 64,724	- 44,460	- 19,226	- 2,119		- 130,529
Carrying amount as at 31 December 2012		**48,690**	**7,172**	**6,268**	**2,689**	**98,604**	**163,423**
Purchases		13,859	6,815				20,674
Acquisition of subsidiary	23		273	2,942	8,000		11,215
Divestments			- 159				- 159
Amortisation	9	- 16,216	- 4,780	- 1,550	- 2,074		- 24,620
Exchange rate differences		- 6,611	- 170				- 6,781
Carrying amount as at 31 December 2013		**39,722**	**9,151**	**7,660**	**8,615**	**98,604**	**163,752**
Cost		112,707	56,608	28,437	12,808	98,604	309,164
Accumulated amortisation and impairment		- 72,985	- 47,457	- 20,777	- 4,193		- 145,412
Carrying amount as at 31 December 2013		**39,722**	**9,151**	**7,660**	**8,615**	**98,604**	**163,752**

The remaining amortisation period for the majority of the intangible assets with a finite life is approximately three years. The title to the intangible assets is not restricted and the intangible assets are not pledged as security for liabilities.
In 2013 the Group recognised EUR 5.4 million of research and development expenditure as an expense.

In 2013 and 2012 no indications for impairment or reversal of impairment on intangibles with a finite life were identified and consequently no impairment charge was recognised or reversed.
The increase in 2013 in the intangible assets (Customer relationship and Customer contract) relates to the acquisition of the Italian fleet and vehicle leasing activities of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) and to the acquisition of BAWAG P.S.K. Fuhrparkleasing GmbH, reference is made to note 23.

The goodwill relates to the acquisition in 2005 of three companies of Europcar Fleet Services in Italy, Spain and Portugal, to the acquisition in 2008 of Daimler Chrysler Fleet Management France S.A.S., which operates under the brand name DCS fleet and to the acquisition in 2011 of Multirent - Aluguer e Comércio de Automóveis, S.A., which operates under the name of Santander Consumer Multirent (Multirent). All acquired companies were engaged in providing leasing services. Goodwill is allocated to the Group's cash generating units which have incorporated the above mentioned acquisitions and can be presented as follows:

Cash generating unit	Acquisition	Year	Discount rate	Goodwill
LeasePlan Italy	Europcar	2005	12.45%	46,646
LeasePlan Spain	Europcar	2005	12.70%	14,413
LeasePlan Portugal	Europcar	2005	13.70%	14,799
LeasePlan France	DCS	2008	10.75%	10,313
LeasePlan Portugal	Multirent	2011	13.70%	12,433
Total				**98,604**

Annually, or more frequently if events or changes in circumstances indicate a potential impairment, goodwill is reviewed for impairment. There was no impairment recognised in 2013 (2012: nil). The impairment test is identical for all cash generating units and based on value in use. The value in use was determined by discounting future cash flows generated from the continuing use of the cash generating units in which the acquired operating companies were incorporated. Cash flows were projected on actual financial results and the 5-year business plans. The growth rates included in the business plans exceed the long term average growth rate for this business as a reflection of the relative growth potential of the markets and to allow for an improvement in market position. In order to align the planned growth rate to the long-term growth rate, the cash flows were extrapolated for a further 10 years based on a gradually declining growth rate. A discount rate was applied which is built up of (i) a risk free rate (2%), (ii) a market premium (6.5%) multiplied by a market specific ß (1.3) and (iii) a country specific risk premium (ranging between 0.3% and 3.25%).
There are no cash generating units with relatively little headroom between the carrying amount and the value in use.

NOTE 22 - DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

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

	Deferred tax asset		Deferred tax liability	
	2013	2012	2013	2012
Goodwill	10,324	12,168	-	-
Property and equipment under operating lease	16,162	15,621	288,900	283,127
Other property and equipment	5,979	4,201	11,012	1,589
Provisions	18,565	14,100	54	10
Deferred leasing income	61,862	38,571	5,774	11,021
Tax value of losses carried forward recognised	115,294	147,467	-	-
Tax credits and prepayments	7,661	34,225	-	-
Other receivables	36,985	57,671	5,689	24,193
Other payables	14,991	26,552	19,154	68,520
Tax (assets)/liabilities	**287,823**	**350,576**	**330,583**	**388,460**
Offset of deferred tax assets and liabilities	- 132,988	- 176,575	- 132,988	- 176,575
Balance as at 31 December	**154,835**	**174,001**	**197,595**	**211,885**
Net tax position			**42,760**	**37,884**
Movement net tax position 2013	**- 4,876**			

The movement in the net deferred tax position can be summarised as follows:

	Note	2013	2012
Balance as at 1 January		**- 37,884**	**- 7,842**
Acquisition of subsidiary	23	9,123	-
Income statement (charge)/credit	10	- 9,180	- 30,542
Tax (charge)/credit relating to components of other comprehensive income	10	- 7,009	3,587
Exchange rate differences		2,190	- 3,087
Balance as at 31 December		**- 42,760**	**- 37,884**

The income statement (charge)/credit can be broken down as follows:

	Note	Deferred tax asset		Deferred tax liability	
		2013	2012	2013	2012
Goodwill		- 1,844	- 1,803	- 113	-
Property and equipment under operating lease		- 9,502	- 27,063	5,772	10,074
Other property and equipment		43	227	6,687	443
Provisions		3,488	454	- 564	10
Deferred leasing income		16,933	- 11,021	- 6,153	- 7,681
Tax value of losses carried forward recognised		- 32,173	12,995	- 9,382	-
Tax credits and prepayments		- 26,564	14,049	- 195	-
Other receivables		- 24,974	10,474	- 25,629	- 7,845
Other payables		- 13,699	- 4,108	- 49,535	29,745
Movement in deferred tax		**- 88,292**	**- 5,796**	**- 79,112**	**24,746**
Offsetting movement in deferred tax liability		79,112	- 24,746		
Income statement (charge)/credit	10	**- 9,180**	**- 30,542**		

The Group recognises deferred income tax assets for the tax value of losses and tax credits carried forward to the extent that that the realisation of the related tax benefit through future taxable profits is probable.
The Group has not recognised identifiable tax losses for an amount of EUR 87.2 million (2012: EUR 89.6 million) and has not recognised tax credits for an amount of EUR 9.1 million (2012: EUR 10.6 million) as the Group considers it not probable that future taxable profits will be available (also taking into account expiry dates when applicable) against which these tax losses and tax credits can be utilised.

The expiration profile of the losses carried forward can be illustrated as follows:

	2013	2012
Expire within a year	-	-
Expire after a year, less than five years	36,241	43,505
Expire after five years	118,475	138,299
No expiry date	231,659	316,152
Total	**386,375**	**497,956**
Tax value	115,294	147,467

The total tax value of losses carried forward is presented before offsetting the corresponding deferred tax liabilities (which are reflected in the offset of deferred tax assets and liabilities as shown in the disclosure of tax assets and liabilities).
The deferred tax liability relating to property and equipment under operating leases reverses over the remaining term of the operating lease contracts which ranges from three to four years.

NOTE 23 - EFFECT OF ACQUISITIONS

In 2013 the Group concluded two acquisitions, namely the Italian fleet and leasing activities of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) and BAWAG P.S.K., Fuhrparkleasing GmbH.
The following table summarises the consideration paid, the fair value of assets acquired and liabilities assumed at acquisition date.

Consideration at:	**Note**	**BBVA**	**BAWAG**	**Total**
Cash		14,786	11,915	26,701
Total consideration		**14,786**	**11,915**	**26,701**
Acquisition related expenses (included in the general and administrative expenses in the consolidated income statement for the period ended 31 December 2013)		4,336	200	4,536
Recognised amounts of identifiable assets acquired and liabilities assumed				
Receivables from clients		23,686	64,130	87,816
Corporate income tax receivable		1,869	-	1,869
Inventories		9,304	146	9,450
Other receivables and prepayments		13,690	125	13,815
Property and equipment under operating lease and rental fleet	19	255,760	45,067	300,827
Other property and equipment	20	33	9	42
Intangible assets	21	273	-	273
Deferred tax asset	22	11,683	175	11,858
Customer relationship (included in intangible assets)	21	-	2,942	2,942
Customer contract (included in intangible assets)	21	-	8,000	8,000
Borrowings from financial institutions		- 257,383	- 95,842	- 353,225
Trade and other payables and deferred income		- 37,126	- 9,687	- 46,813
Provision for post-employment benefits	28	- 1,531	- 289	- 1,820
Other provisions		- 1,456	- 126	- 1,582
Deferred tax liabilities	22	-	- 2,735	- 2,735
Total identifiable net assets		**18,802**	**11,915**	**30,717**
Bargain purchase gain		- 4,016	-	- 4,016
Total		**14,786**	**11,915**	**26,701**

Italian fleet and vehicle leasing activities of Banco Bilbao Vizcaya Argentaria, S.A.
On 13 December 2012 the Group signed an agreement to acquire the Italian fleet and vehicle leasing activities of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA). The total BBVA lease portfolio currently consists of approximately 20,000 vehicles and the acquisition allows the Group to further expand into the Italian fleet and leasing market. The acquisition further supports the Group's selective growth strategy. The transaction was completed on 27 February 2013 and on that date the Group acquired the entire share capital of two Italian entities, BBVA Renting S.p.A. and BBVA Autorenting S.p.A. and the Group has refinanced the entire business with its own funding.

The opportunity for this acquisition arose from the trend that banks are concentrating on their core business and consequently selling off non core businesses especially outside their home market. This resulted in a bargain purchase gain of EUR 4 million which is included in the caption 'Other revenues' (reference is made to note 2).

The fair value of acquired receivables from clients amounts to EUR 23.7 million. The gross contractual amount for receivables from clients due is EUR 38.9 million, of which EUR 15.2 million is expected to be uncollectible. No contingent liabilities were recognised.

Since 27 February 2013 the acquisition contributed EUR 169.2 million to the 2013 revenues included in the consolidated income statement, and also contributed net profit of EUR 0.2 million over the same period.
Had the acquisition been consolidated from 1 January 2013, the consolidated income statement of the combined entity (LeasePlan Italy and the acquired company) for the year ended 31 December 2013 would show pro-forma revenue of EUR 685.8 million and pro-forma loss of EUR 5.1 million.

BAWAG P.S.K. Fuhrparkleasing GmbH
On 2 July 2013 the Group signed an agreement with BAWAG P.S.K. Leasing GmbH, the leasing subsidiary of BAWAG P.S.K., to purchase their vehicle leasing and fleet management activities based in Vienna, Austria. The acquisition entails some 6,500

cars and allows the Group to further expand into the profitable Austrian small and medium enterprise sector, an area of the fleet and vehicle management industry in which the Group already has considerable expertise globally. The acquisition further supports the Group's selective growth strategy. The transaction was completed on 30 September 2013 and on that date the Group acquired the entire share capital of BAWAG P.S.K. Fuhrparkleasing GmbH and the Group has refinanced the entire business with its own funding.

The fair value of acquired receivables from clients amounts to EUR 0.6 million. The gross contractual amount for receivables from clients due is EUR 1.7 million, of which EUR 1.1 million is expected to be uncollectible. No contingent liabilities were recognised.

Since 30 September 2013 the acquisition contributed EUR 7.3 million to the 2013 revenues included in the consolidated income statement, and also contributed net profit of EUR 0.1 million over the same period.
Had the acquisition been consolidated from 1 January 2013, the consolidated income statement of the combined entity (LeasePlan Austria and the acquired company) for the year ended 31 December 2013 would show pro-forma revenue of EUR 164.6 million and pro-forma profit of EUR 5.0 million.

NOTE 24 - BORROWINGS FROM FINANCIAL INSTITUTIONS

This item includes amounts owed to banks under government supervision.

The maturity analysis of these loans is as follows:

	Note	2013	2012
On demand	11	123,843	180,308
Three months or less		57,863	283,153
Longer than three months, less than a year		1,371,669	298,583
Longer than a year, less than five years		969,962	1,014,649
Balance as at 31 December		**2,523,337**	**1,776,693**

On demand amounts owed to financial institutions relating to call money and bank overdraft balances form part of the cash and balances with banks in the cash flow statement.
Borrowings from financial institutions include an outstanding balance of EUR 1,532 million (2012: EUR 1,195 million) which is non-euro currency denominated as at 31 December 2012. The remainder of the borrowings from financial institutions is denominated in euro. Reference is made to the financial risk section (Currency risk).

In December 2012 a three year committed revolving credit facility was renewed with a consortium of 13 banks (EUR 1.25 billion) maturing in December 2015. During 2013 and 2012 no amounts were drawn under this facility.
In December 2012 Bumper CARS NL B.V. concluded an asset backed securitisation warehousing facility of EUR 500 million with two banks. This facility is part of the Bumper CARS transaction and is committed for two years, thereafter the facility will be repaid in line with the amortisation of the securitised assets. At 31 December 2013 the facility is drawn for EUR 480 million (2012: nil). For further details on the Bumper CARS transaction reference is made to note 4 of the Company financial statements.

NOTE 25 - FUNDS ENTRUSTED

This item includes all non-subordinated loans not included in the caption 'Borrowings from financial institutions' or 'Debt securities issued'.

The maturity analysis of these loans is as follows:

	2013	2012
Three months or less	2,550,184	2,303,455
Longer than three months, less than a year	1,170,326	1,263,981
Longer than a year, less than five years	596,431	537,464
Longer than five years	3,215	6,519
Balance as at 31 December	**4,320,156**	**4,111,419**

This caption includes savings deposits raised by LeasePlan Bank amounting to EUR 4.165 billion (2012: EUR 3.949 billion) of which 54.7% (2012: 68.7%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a universal banking licence in the Netherlands.

The average interest rates on the outstanding balances of the savings deposits in original maturity terms are as follows:

	2013	2012
On demand	1.96%	2.31%
A year or less	2.30%	3.35%
Longer than a year, less than or equal to two years	2.75%	3.24%
Longer than two years	3.69%	3.82%

The interest rate of the on demand accounts is set on a monthly basis.

The funds entrusted include an outstanding balance of EUR 1.6 million (2012: EUR 1.5 million) which is non-euro currency denominated as at 31 December 2013. The remainder of the funds entrusted is denominated in euro. Reference is made to the financial risk section (Currency risk).

NOTE 26 - DEBT SECURITIES ISSUED

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

	2013	2012
Bonds and notes – originated from securitisation transactions	1,455,924	1,894,864
Bonds and notes – other	5,452,866	6,421,619
Bonds and notes – fair value adjustment on hedged risk	9,336	74,488
Commercial Paper	70,614	77,599
Certificates of Deposit	-	54,657
Balance as at 31 December	**6,988,740**	**8,523,227**

There is no pledge of security for these debt securities except for the bonds and notes which are originated from asset backed securitisation transactions.

The debt securities issued include an outstanding balance of EUR 2.6 billion (2012: EUR 2.5 billion) which is non-euro currency denominated as at 31 December 2013. The remainder of the debt securities is denominated in euro. The fair value adjustment is attributable to the hedged risk on bonds and notes in fair value hedges. This fair value hedging policy is commented on in the financial risk section (Strategy in using financial instruments).

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

	2013	2012
Bonds and notes	2.8%	2.8%
Commercial Paper	2.0%	2.0%
Certificates of Deposit	-	1.1%
Average interest rate	**2.8%**	**2.8%**

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

	2013	2012
Three months or less	411,755	943,282
Longer than three months, less than a year	1,958,319	2,120,769
Longer than a year, less than five years	3,840,813	5,321,413
Longer than five years	777,853	137,763
Balance as at 31 December	**6,988,740**	**8,523,227**

At year-end 2013 the caption 'Bonds and notes – originated from securitisation transactions' can be detailed as follows:

	2013	2012
Bumper 2	385,597	649,056
Bumper 4	171,797	486,525
Bumper 5	366,947	759,283
Bumper France	531,583	-
Total	**1,455,924**	**1,894,864**

Further reference is made to the financial risk section (Treasury risk) and note 4 of the Company financial statements.

At year-end 2013 the caption 'Bonds and notes – other' includes the following bonds raised under the Credit Guarantee Scheme of the State of the Netherlands. The 2013 annual fee payable to the State of the Netherlands amounted to EUR 12.2 million (2012: EUR 25.4 million) and is included in 'Interest expenses and similar charges' (note 4).

Term	Rate option	Interest rate	Maturity date	Currency	Notional amount
Five year	Fixed	3.250%	May 2014	EUR	1,000,020

The fixed rate bond listed above is included in a fair value hedge whereby the bond (hedged item) is measured at amortised cost and is constantly being adjusted for gains/losses attributable to the risk being hedged. This adjustment is recognised in the income statement, where it offsets (to a large extent) the remeasurement of the fair value of the hedging instrument that is also recognised in the income statement.

NOTE 27 - TRADE AND OTHER PAYABLES AND DEFERRED INCOME

	2013	2012
Trade payables	582,085	565,008
Deferred leasing income	580,508	546,104
Other accruals and other deferred income	215,972	198,680
Other amounts owed	230,434	215,988
Interest payable	125,468	169,873
Advance lease instalments received	106,430	93,404
Accruals for contract settlements	80,250	74,339
VAT and other taxes	24,203	24,679
Balance as at 31 December	**1,945,350**	**1,888,075**

The majority of the trade and other payables and deferred income has, except for deferred leasing income, a remaining maturity less than one year. Deferred leasing income relates to amounts received in advance, as part of the monthly lease instalments, to cover lease expenses in a subsequent period.

NOTE 28 - PROVISIONS

		2013	2012
Damage risk retention provision	(i)	268,845	264,489
Post-employment benefits	(ii)	26,350	28,255
Other provisions	(iii)	36,059	30,504
Balance as at 31 December		**331,254**	**323,248**

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

(i) Damage risk retention provision

	2013	2012
Provision for Third Party Liability (TPL)	127,322	159,592
Provision for damage claims	38,448	18,990
Incurred but not reported (IBNR)	103,075	85,907
Balance as at 31 December	**268,845**	**264,489**

The damage risk retention provision breaks down as follows:

			2013			2012
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Damages reported	165,770	-11,871	153,899	178,582	- 14,198	164,384
Damages IBNR	103,075	-13,120	89,955	85,907	- 9,357	76,550
Total damage risk provisions	**268,845**	**-24,991**	**243,854**	**264,489**	**- 23,555**	**240,934**
Current	45,192	-	45,192	38,829	-	38,829
Non-current	223,653	-24,991	198,662	225,660	- 23,555	202,105
Total damage risk provisions	**268,845**	**-24,991**	**243,854**	**264,489**	**- 23,555**	**240,934**

The development of the third party liability (TPL) exposures provides a measure of the Group's ability to estimate the ultimate value of damages. The top half of the table below illustrates how the Group's estimate of total damages outstanding for each accident year has changed at successive year-ends. The bottom half of the table below reconciles the cumulative damages to the amounts appearing in the balance sheet for TPL. The accident year basis is considered the most appropriate for the business written by the Group.

Accident year	**< 2008**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**Total**
At end of accident year	308,863	57,619	49,325	45,753	64,201	100,559	70,452	
One year later	297,324	48,282	45,177	37,305	53,396	68,425		
Two years later	287,239	51,016	43,162	31,679	49,857			
Three years later	282,500	46,087	40,839	27,119				
Four years later	280,988	42,312	39,822					
Five years later	274,451	41,390						
More than five years later	269,861							
Estimate of cumulative claims	269,861	41,390	39,822	27,119	49,857	68,425	70,452	
Cumulative payments to date	- 228,827	- 32,965	- 27,904	- 18,172	- 19,605	- 26,033		
Gross outstanding damage liabilities	**41,034**	**8,425**	**11,918**	**8,947**	**30,252**	**42,392**	**70,452**	**213,420**
Less: IBNR	4,393	2,670	4,059	4,694	15,741	25,668	28,873	86,098
Total provision for TPL, excluding IBNR	**36,641**	**5,755**	**7,859**	**4,253**	**14,511**	**16,724**	**41,579**	**127,322**

The total provision for TPL, excluding IBNR for the years prior to 2008 can be detailed as follows:

	Gross outstanding damage liabilities	**Less: IBNR**	**Total provision for TPL, excluding IBNR**
2007	6,013	1,851	4,162
2006	4,685	627	4,058
2005	13,250	1,020	12,230
2004	7,747	505	7,242
2003	3,979	235	3,744
2002	5,616	94	5,522
< 2001	- 256	61	- 317
Total	**41,034**	**4,393**	**36,641**

The expected maturity analysis of the gross outstanding damage liabilities is as follows:

	Not longer than a year	**Between 1-2 years**	**Between 2-5 years**	**Longer than 5 years**	**Total**
Gross outstanding damage liabilities	113,113	40,550	44,818	14,939	213,420

(ii) Provision for post-employment benefits

The provision for post-employment benefits comprises both defined benefit pension plans and other post-employment benefits. The Group operates a number of pension plans around the world. Most of these pension plans are defined contribution plans. In four countries, the Group has defined benefit pension plans, which for the majority are not open to new participants. The total number of participants in these pension plans is 414 (2012: 431). In addition, the Group operates other post-employment benefit plans in five countries for legally required termination indemnities, which are payable at either the retirement date or the date the employees leave the Group. The total number of participants of these other post-employment benefit plans is 1,213 (2012: 1,098).

The valuations of provisions for post-employment benefits are performed by independent qualified actuaries on an annual basis. The following tables summarise the impact on the balance sheet, payment obligations, assets and economic assumptions in respect of the main post-employment benefits in the various countries.

	Note	2013	2012
Balance as at 1 January		**62,897**	**53,739**
Movements in projected benefit obligations			
Current service costs	7	2,876	2,202
Interest expense	7	1,334	1,984
Employer's contributions/(refunds)		283	240
Remeasurements			
(Gain)/loss from change in demographic assumptions		- 12	-88
(Gain)/loss from change in financial assumptions		330	7,007
Experience (gains)/losses		- 26	-442
Benefits paid		381	- 1,762
Past service costs	7	- 634	- 13
Settlements	7	- 10,402	- 54
Liabilities acquired in business combination	23	1,820	-
Exchange rate differences	7	- 929	84
Balance as at 31 December: benefit obligations		**57,918**	**62,897**
Balance as at 1 January		**34,646**	**31,355**
Movements in plan assets			
Interest income	7	635	1,388
Remeasurements			
Return on plan assets, excluding amounts included in interest expense		- 187	53
Employer's contribution		6,387	2,506
Plan participants contribution		276	626
Benefits paid		840	- 1,361
Settlements	7	- 10,402	-
Exchange rate differences	7	- 618	79
Balance as at 31 December: plan assets		**31,577**	**34,646**
Funded status: surplus/(deficit) as at 1 January		**- 28,251**	**- 22,384**
Funded status: surplus/(deficit) as at 31 December		**- 26,341**	**- 28,251**
Prepaid pension cost (included in other assets)		- 9	- 4
Prepaid/(accrued) benefit cost as at 31 December		**- 26,350**	**- 28,255**

In the course of 2013 the defined benefit pension plan in the United States of America was settled by means of a transfer of all obligations and plan assets to an insurance company. The balance sheet impact of this settlement is included in the table above.

Reference is made to note 7 for the details on the amounts recognised in the income statement in respect of the Group's post-employment defined benefit plans. Expected contributions to post-employment defined benefit plans are EUR 1.4 million for the year ending 31 December 2014.

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

The weighted averages of the main actuarial assumptions used to determine the value of the provision for post-employment defined benefits as at 31 December were as follows:

	2013	2012
Discount rate/Expected return on plan assets	2.6%	2.6%
Inflation rate	1.3%	2.3%
Expected increment in salaries	2.3%	2.3%
Future pension increases	0.0%	0.0%

The rates used for interest discount factors, inflation, salary developments and future pension increases reflect country specific conditions.
The expected return on plan assets is determined by considering the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk free premium associated with the respective asset classes and the

expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets. The expected returns of the individual plans have been weighted on the basis of the fair value of the assets of the plans in order to determine the average expected return on plan assets. All other assumptions are weighted on the basis of the post-employment benefit obligations.

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

	2013	2012
Male	21.6	19.8
Female	24.8	22.7

The plan assets comprise the following:

	2013	2012
Equity instruments	1%	15%
Debt instruments	4%	48%
Other assets	95%	37%
Total	**100%**	**100%**

The experience adjustments on plan assets and plan liabilities are as follows:

	2013	2012	2011	2010	2009
Present value of defined benefit obligations	57,918	61,710	52,552	70,543	61,752
Fair value of plan assets	31,577	34,531	31,240	49,952	43,917
Deficit/(surplus) in the plans	**26,341**	**27,179**	**21,312**	**20,591**	**17,835**
Experience adjustments on plan liabilities	- 36	95	- 609	- 413	455
Experience adjustments on plan assets	229	222	- 1,588	- 1,039	2,346

(iii) Other provisions

	Other long-term employee benefits	Termination benefits	Litigation	Miscellaneous	Total
Balance as at 1 January	**11,880**	**1,491**	**5,775**	**11,358**	**30,504**
Charge/(credit) to the income statement					
Additional provisions	3,561	1,110	7,335	11,485	23,491
Unused amounts reversal	- 838	- 83	- 567	- 4,466	- 5,954
Usage during the year	- 677	- 1,345	- 223	- 9,932	- 12,177
Transfer	180	- 221	-	41	-
Exchange rate differences	- 343	-	120	418	195
Balance as at 31 December	**13,763**	**952**	**12,440**	**8,904**	**36,059**

The transferred amounts in the movement schedule above reflect a few reclassifications between the various provision categories.

(a) Other long-term employee benefits
Other long-term employee benefits include provisions for medium-term bonus schemes, jubilee payments and extra vacation entitlements. Due to its nature these provisions will largely not be settled within 12 months.

(b) Termination benefits
The provision for termination benefits relates to expected payments in order to terminate the employment of an employee or group of employees before the normal termination date. The balance relates to a small number of employee related litigations and obligations of relatively small size and are expected to be settled within 12 months.

(c) Litigation
Litigation provisions have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. These provisions are not employee related and are not expected to be settled within 12 months.

(d) Miscellaneous
Miscellaneous provisions include items which cannot be classified under one of the other captions. The nature of the items is diverse and long-term and includes provisions for guarantee payments and onerous contracts.

NOTE 29 - SHARE CAPITAL AND PREMIUM

At 31 December 2013, the authorised capital amounted to EUR 250 million (2012: EUR 250 million), divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each, of which EUR 71.6 million is issued and paid up.
The holders of the ordinary shares are entitled to receive dividend as declared from time to time and are entitled to vote per share at meetings of the Company.
The share premium reserve is a reserve in which the amount paid in excess of the nominal value is included.

NOTE 30 - OTHER RESERVES

Translation reserve
The translation reserve comprises all exchange rate differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company. In 2013 no translation differences related to discontinued operations were recycled to the income statement (2012: nil). The significant movement in 2013 is mainly caused by appreciation of the euro against the Australian dollar and the Norwegian kroner.

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

Post-employment benefit reserve
The post-employment benefit reserve comprises the actuarial gains and losses recognised on defined benefit post-employment plans. In 2013 an amount of EUR 2.5 million was transferred from the post-employment benefit reserve to retained earnings as a result of the settlement of the defined benefit pension plan in the United States of America (reference is made to note 28).

Dividend
In March 2013 a final dividend payment was made of EUR 94.5 million (EUR 0.38 cent per share) related to 2012 and in December 2013 an interim dividend was paid of EUR 6.0 million (EUR 0.02 cent per share).

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

NOTE 31 - COMMITMENTS

The Group has entered into commitments in connection with the forward purchase of property and equipment under operating lease and rental fleet amounting to EUR 1.2 billion (2012: EUR 1.1 billion) as at the balance sheet date. These commitments are entered into in the ordinary course of business and are back-to-back matched with lease contracts entered into with customers. Furthermore, the Group has entered into commitments in connection with long-term rental and lease contracts. The future aggregate minimum lease payments under these contracts are as follows:

	2013	2012
Not longer than a year	32,055	31,841
Longer than a year, less than five years	85,151	87,098
Longer than five years	49,285	60,503
Total	**166,491**	**179,442**

For a number of clients, residual value guarantees have been given to a total of EUR 270 million (2012: EUR 274 million).

Credit facilities have been concluded with associates and jointly controlled entities amounting to EUR 290 million (2012: EUR 272 million) of which EUR 266 million (2012: EUR 231 million) is drawn. Reference is made to note 17.

NOTE 32 - RELATED PARTIES

Identity of related parties

Related parties and enterprises, as defined by IAS 24, are parties and enterprises which can be influenced by the Company or which can influence the Company. Global Mobility Holding B.V. is shareholder of the Company. The business relations between the two companies and its indirect shareholders are handled on normal market terms. No transactions occurred in 2013 and 2012.

The Group purchases cars and trucks manufactured by the Volkswagen Group. These purchases are entered into in the ordinary course of business and are handled on normal market conditions. These cars and trucks are not directly obtained from the Volkswagen Group but indirectly through importers and dealers in these brands and are sold based on the price lists and terms that would be available to third parties.

In December 2012 the Company renewed a EUR 1.25 billion credit facility from Volkswagen A.G. through its subsidiary Volkswagen International Luxemburg S.A. for a period of 3 years ending December 2015. No amounts were drawn under this facility in 2013 and 2012.

All business relations with associates and jointly controlled entities are in the ordinary course of business and handled on normal market terms. An amount of EUR 266 million (2012: EUR 231 million) is provided as loans to associates and jointly controlled entities (reference is made to note 17).

Transactions with key management personnel

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

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

The key management personnel compensations are as follows:

	2013	2012
Fixed remuneration	4,966	4,809
Other short-term employee benefits	1,282	1,131
Post-employment benefits	1,414	1,033
Other long-term employee benefits	2,304	1,305
Total	**9,966**	**8,278**

The increase in the other short-term employee benefits in 2013 is mainly caused by higher short-term variable remuneration as a consequence of the significantly higher net result in 2013.

The increase in other long-term employee benefits is largely caused by a revaluation of the (2011) phantom share units (PSUs) granted in February 2012 to the February 2013 PSU valuation (EUR 0.4 million) and caused by higher long-term variable remuneration as a consequence of the significantly higher net result in 2013 (EUR 0.5 million).
In both 2013 and 2012 there were no termination benefits.

The compensations are distributed as follows:

	2013	2012
Managing Board	2,789	2,361
Senior Vice-Presidents	7,177	5,917
Total	**9,966**	**8,278**

The total remuneration is included in the caption 'Staff expenses' (reference is made to note 7). The remuneration of the Managing Board is further disclosed in note 15 of the Company financial statements. Both in 2013 and 2012 in compliance with the Bonus Prohibition Act no variable remuneration is rewarded or paid to the Managing Board during the term of the Bonus Prohibition Act.

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

Remuneration of the members of the Supervisory Board
Ada van der Veer - Vergeer is the only Supervisory Board member compensated by LeasePlan for the tasks and responsibilities as a member of the Supervisory Board. The total expenses for the Group amounted to EUR 60 thousand for 2013 (2012: EUR 55 thousand). Neither the company nor any of its Group companies has granted any loans, guarantees or advances to the members of the Supervisory Board.

NOTE 33 - CONTINGENT ASSETS AND LIABILITIES

As at year-end 2013, guarantees had been provided on behalf of the consolidated subsidiaries in respect of commitments entered into by those companies with an equivalent value of EUR 3.1 billion (2012: EUR 2.6 billion). The Company charges a guarantee fee to the respective subsidiaries based on normal market terms.

In 2014 the Company is subject to the 'Resolution Levy' imposed by the State of the Netherlands on the Dutch banking sector if the Dutch deposit guarantee scheme for banks is applicable to the Company on 1 February 2013 as well as on 31 March 2014, 31 May 2014 and 31 July 2014. If this is the case the Company estimates that the total levy payable will amount to EUR 8.5 million.

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

NOTE 34 - EVENTS OCCURRING AFTER THE REPORTING DATE

No material events have occurred after the reporting date.

COMPANY FINANCIAL STATEMENTS

BALANCE SHEET OF THE COMPANY

for the year ended 31 December (before profit appropriation)

In thousands of euros	Note	2013	2012
ASSETS			
Cash and balances with central banks	2	978,732	1,015,392
Amounts due from banks	3	923,112	698,928
Debt securities	4	477,513	483,029
Loans to group companies	5	8,544,301	8,692,749
Loans to jointly controlled entities	6	248,926	205,011
Investments in group companies	5	2,211,999	2,175,887
Investments in jointly controlled entities	6	32,099	27,296
Other assets	7	344,502	303,083
Intangible assets	8	974	348
Total assets		**13,762,158**	**13,601,723**
LIABILITIES			
Amounts due to banks	9	118,485	132,709
Funds entrusted	10	4,167,513	3,952,420
Debt securities issued	11	5,309,589	5,766,727
Other liabilities	12	1,585,016	1,362,436
Total liabilities		**11,180,603**	**11,214,292**
EQUITY			
Share capital		71,586	71,586
Share premium		506,398	506,398
Other comprehensive income		- 42,466	- 13,239
Legal reserves		372,235	424,518
Other reserves		1,347,355	1,156,868
Profit for the year		326,447	241,300
Shareholders' equity	13	**2,581,555**	**2,387,431**
Total equity and liabilities		**13,762,158**	**13,601,723**

INCOME STATEMENT OF THE COMPANY

In thousands of euros	Note	2013	2012
Result from subsidiaries after taxation	5	329,852	245,990
Other results after taxation		- 3,405	- 4,690
Profit for the year		**326,447**	**241,300**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

All amounts are in thousands of euros, unless stated otherwise

NOTE 1 - GENERAL

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

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

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

Under reference to Article 362 sub 8, Part 9, Book 2 of the Dutch Civil Code, the associates and jointly controlled entities are measured and valued in accordance with the same IFRSs accounting standards as adopted in the consolidated financial statements of the Company.

The accounting policies set out before in preparing the consolidated financial statements for the year ended 31 December 2013 and the consolidated financial statements for the year ended 31 December 2012 are also applied in the Company's financial statements, with the exception of the valuation of investments in subsidiaries.

Investments in subsidiaries, associates and jointly controlled entities

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

NOTE 2 - CASH AND BALANCES WITH CENTRAL BANKS

The majority of this amount is cash deposited at the Dutch central bank of which a part is the mandatory reserve deposit that amount to EUR 50.1 million (2012: EUR 47.7 million) which is not available for use in the Group's day-to-day operations.

NOTE 3 - AMOUNTS DUE FROM BANKS

A break down of this caption is as follows:

	2013	2012
Call money and cash at banks	177	260,777
Cash collateral Bumper transactions	3,255	6,591
Cash collateral derivative financial instruments	60,930	46,860
Deposits with banks	858,750	384,700
Balance as at 31 December	**923,112**	**698,928**

NOTE 4 - DEBT SECURITIES

This caption includes investments in bonds resulting from securitisation programmes concluded by the Company. The following debt securities are issued:

Programme	Originator	Special purpose company	Currency	Transaction value*
Bumper 2	LeasePlan Deutschland GmbH	Bumper 2 S.A.	EUR	875,600
Bumper 4	LeasePlan Nederland N.V.	Bumper 4 (NL) Finance B.V.	EUR	1,019,681
Bumper 5	LeasePlan UK Ltd.	Bumper 5 Finance Plc	GBP	837,714
Bumper France	LeasePlan France S.A.S.	Bumper France FCT	EUR	799,215

**Transaction value at issue date. The transaction value of Bumper 2 is at re-issue date in 2011.*

These transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies. Debt securities were issued by these special purpose companies to finance these transactions. The special purpose companies are responsible for making interest and principal payments to the note-holders. The note-holders do not have recourse on the Company or other Group companies in case of non-performance or default by the special purpose companies. The Group has deposited cash collateral for these securitisation transactions, reference is made to note 13 of the consolidated financial statements of the Company. The higher rated notes are sold to external investors and the other notes are bought by the company.

The Bumper notes bought by the Company are as follows:

	2013	2012
Bumper 2	225,900	225,900
Bumper 5	251,613	257,129
Total	**477,513**	**483,029**

The Company provided in 2011 a subordinated loan to Bumper 4 (NL) Finance B.V. for an amount of EUR 275.5 million, which is included in note 5.

The maturity of the Bumper notes bought by the Company is as follows:

	2013	2012
Longer than a year, less than five years	477,478	480,393
Longer than five years	35	2,636
Balance as at 31 December	**477,513**	**483,029**

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

In 2008 Bumper 2 S.A. issued under this securitisation transaction debt securities with a final legal term of 15 years and a revolving period of five years, after which redemption takes place. Bumper 2 S.A. and Bumper Car Sales GmbH are special purpose companies, but are included in the consolidated financial statements of the Company. The debt securities issued in March 2008 were divided into A-notes (EUR 663.3 million), B-notes (EUR 74.4 million) and C-notes (EUR 137.9 million). The notes were listed on the Irish Stock Exchange. The transaction was assessed by Standard & Poor's resulting in an AAA-rating for the A-notes and an A-rating for the B-notes.

In 2011 a new ECB rule became effective which requires that all notes (including existing notes) which are used for collateral purposes with the ECB need to be assessed by at least two rating agencies. In 2011 the Company restructured the Bumper 2 transaction in order to have the notes rated by two rating agencies. In March 2011 Bumper 2 S.A. bought back all Bumper 2 notes issued in 2008 and issued new notes. The debt securities issued in March 2011 are divided into A-notes (EUR 602.4 million), B-notes (EUR 47.9 million) and C-notes (EUR 225.9 million) which are listed on the Irish Stock Exchange. The transaction was assessed by Standard & Poor's and Fitch Ratings, resulting in an AAA-rating for the A-notes and AA-rating for the B-notes. The final legal term and the revolving period, after which redemptions take place are unchanged. During and after the restructuring process the Company successfully sold the A-notes and B-notes to external investors, the C-notes are held by the Company. The interest payable on the notes on a monthly basis is equal to one-month Euribor plus a mark-up. The C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.

Bumper 4
The Bumper 4 transaction was completed in April 2011 whereby EUR 1,019.6 million of future lease instalment receivables and associated residual value receivables originated by LeasePlan Nederland N.V. (the "originator") were sold to Bumper 4 (NL)

Finance B.V., a special purpose company specially incorporated for the purpose of securitisation transactions under the laws of the Netherlands. Debt securities were issued by Bumper 4 (NL) Finance B.V. and a subordinated loan received from the Company are used to finance this transaction. The title to the underlying objects is retained by the originator.

The notes issued under this securitisation transaction have a final legal term of 15 years and a revolving period of one year. During this revolving period Bumper 4 (NL) Finance B.V. can use available funds to purchase new receivables. Bumper 4 (NL) Finance B.V. is a limited liability company, but is included in the consolidated financial statements of the Company.

The debt securities issued in April 2011 are divided into A-notes (EUR 703.5 million), B-notes (EUR 40.7 million) and a subordinated loan of (EUR 275.5 million). The notes are listed on Euronext Amsterdam. The transaction is assessed by Fitch Ratings and Moody's, resulting in an AAA-rating (Fitch) and an Aaa-rating (Moody's) for the A-notes. The class B-notes are rated AAA by Fitch Ratings and Aa2 by Moody's.

The A-notes and B-notes are sold to external investors. The interest payable on the notes on a monthly basis is equal to one-month Euribor plus a mark-up. The B-notes are subordinate to the A-notes. The loan (EUR 275.5 million) provided by the Company to Bumper 4 (NL) Finance B.V. is subordinate to the A-notes and the B-notes.

Bumper 5

The Bumper 5 transaction was completed in April 2012 whereby GBP 837.7 million of future lease instalment receivables and associated residual value receivables originated by LeasePlan UK Ltd. (the "originator") were sold to Bumper 5 Finance Plc, a limited liability company specially incorporated for the purpose of a securitisation transaction under the laws of England and Wales. Debt securities were issued by Bumper 5 Finance Plc in EUR and GBP to finance this transaction. To hedge the currency risk arising from purchasing GBP receivables and issuing EUR A1-notes Bumper 5 Finance Plc concluded a currency swap. The title to the underlying objects is retained by the originator (except for vehicles under an Employee Car Ownership Scheme).

The notes issued under this securitisation transaction have a final legal term of ten years and a revolving period of nine months. Bumper 5 Finance Plc is a limited liability company, but is included in the consolidated financial statements of the Company. The debt securities issued in April 2012 are divided into A1-notes (EUR 445.8 million), A2-notes (GBP 212.1 million), B-notes (GBP 46.1 million) and C-notes (GBP 209.5 million). The notes are listed on the Irish Stock Exchange. The transaction was assessed by Standard & Poor's and Fitch Ratings resulting in an AAA-rating for the A-notes and an AA-rating for the B-notes.

The A-notes and B-notes were sold to external investors, the C-notes are held by the Company. The interest payable on the notes on a monthly basis is equal to one month Euribor plus a mark-up for the EUR notes and one month Libor plus a mark-up for the GBP notes. The C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.

Bumper CARS NL

The Bumper CARS transaction is a private transaction with two banks and uses a securitisation structure under Dutch law common for operating lease securitisations and closed on 6 December 2012. Bumper CARS NL B.V. entered into a master hire purchase agreement with LeasePlan Nederland N.V. (the "originator"). Based on this agreement Bumper CARS NL B.V. can buy future discounted cash flows of lease receivables and residual values from the originator. As per 31 December 2013 future discounted cash flows amounting to EUR 694 million were transferred from the originator to Bumper CARS NL B.V. With this transaction Bumper CARS NL B.V. concluded an asset backed securitisation warehousing facility with two banks. The volume of this facility is EUR 500 million and is drawn for EUR 480 million as per 31 December 2013 (December 2012: nil). The committed facility is rated AAA by DBRS. Bumper CARS NL B.V. is a special purpose limited liability company incorporated under Dutch law for this transaction and is included in the consolidated financial statements of the Company.

Bumper France

The Bumper France transaction was completed in March 2013 whereby EUR 799 million of future lease instalment receivables and associated residual value receivables originated by LeasePlan France S.A.S. (the "originator") were sold to Bumper France FCT, a limited liability company specially incorporated for the purpose of a securitisation transaction under the laws of France. Debt securities were issued by Bumper France FCT in USD and EUR to finance this transaction. To hedge the currency risk arising from purchasing EUR receivables and issuing USD A-notes Bumper France FCT concluded a currency swap. The title to the underlying objects is retained by the originator.

The notes issued under this securitisation transaction have a final legal term of nine years and a revolving period of one year. Bumper France FCT is a limited liability company, but is included in the consolidated financial statements of the Company. The debt securities issued in March 2013 are divided into A-notes (USD 733 million), and B-notes (EUR 232 million).
The A-notes were sold to an external investor, the B-notes are held by the Group. The interest payable on the notes on a monthly basis is equal to one month Libor plus a mark-up for the USD notes and a fixed rate for the EUR notes. The B-notes are subordinate to the A-notes.

NOTE 5 - INVESTMENTS IN AND LOANS TO GROUP COMPANIES

Movements in investments in group companies are as follows:

	2013	2012
Balance as at 1 January	**2,175,887**	**2,018,739**
Purchase of and increase in subsidiaries	29,403	9,702
Reductions in subsidiaries	-273,358	- 102,861
Result of subsidiaries	329,852	245,990
Direct changes in equity	2,496	- 5,533
Exchange rate differences	- 52,281	9,850
Balance as at 31 December	**2,211,999**	**2,175,887**

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

The maturity analysis on the loans is as follows:

	2013	2012
Three months or less	1,532,998	1,283,659
Longer than three months, less than a year	2,119,473	1,842,988
Longer than a year, less than five years	4,614,657	5,288,875
Longer than five years	277,173	277,227
Balance as at 31 December	**8,544,301**	**8,692,749**

NOTE 6 - INVESTMENTS IN AND LOANS TO JOINTLY CONTROLLED ENTITIES

The investment relates to jointly controlled entities in Turkey and the United Arab Emirates.
Movements in jointly controlled entities are as follows:

	2013	2012
Balance as at 1 January	**27,296**	**14,740**
Share of results	4,933	9,974
Investments	-	2,582
Exchange rate differences	- 130	-
Balance as at 31 December	**32,099**	**27,296**

The investment in 2012 relates to the transfer of the shares of the jointly controlled entity in the United Arab Emirates from a subsidiary to the Company.

The loans relate to jointly controlled entities in France, Turkey and the United Arab Emirates.

The maturity analysis on the loans is as follows:

	2013	2012
Three months or less	4,187	24,500
Longer than three months, less than a year	91,625	42,277
Longer than a year, less than five years	153,114	138,234
Balance as at 31 December	**248,926**	**205,011**

The company has entered into loan commitments of EUR 267 million (2012: EUR 240 million) of which EUR 249 million has been drawn at year-end 2013 (2012: EUR 205 million). There are no other material contingent liabilities of the jointly controlled entities.

NOTE 7 - OTHER ASSETS

Besides derivative financial instruments this caption includes a corporate income tax receivable from fiscal authorities and Group companies forming part of the fiscal unity. The Company settles corporate income tax due or receivable on taxable income with its Group companies forming part of the fiscal unity as if these Group companies were responsible for their tax filings on a stand-alone basis.

	2013	2012
Derivative financial instruments	140,189	225,462
Tax receivables	12,948	29,588
Other	191,365	48,033
Balance as at 31 December	**344,502**	**303,083**

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

	2013			2012		
	Notional amounts	**Fair value Assets**	**Fair value Liabilities**	**Notional amounts**	**Fair value Assets**	**Fair value Liabilities**
Fair value hedge						
Interest rate swaps/ forward rate agreements	3,979,159	61,000	27,571	2,850,881	94,707	473
Currency swaps	134,986	5	18,270	102,280	218	3,686
Cash flow hedge						
Interest rate swaps/ forward rate agreements	2,570,558	204	32,533	2,030,993	-	58,513
Total derivatives in hedge	**6,684,703**	**61,209**	**78,374**	**4,984,154**	**94,925**	**62,672**
Interest rate swaps/ forward rate agreements	14,079,078	58,341	71,401	15,335,359	114,607	114,827
Currency swaps/ currency forwards	2,365,142	20,639	16,234	3,484,220	15,930	24,749
Total derivatives not in hedge	**16,444,220**	**78,980**	**87,635**	**18,819,579**	**130,537**	**139,576**
Total	**23,128,923**	**140,189**	**166,009**	**23,803,733**	**225,462**	**202,248**

The fair value is based on the price including accrued interest (dirty price).

The unrealised gains/(losses) on financial instruments recognised in the income statement breaks down as follows:

	2013	2012
Derivatives not designated as hedges	382	18,404
Derivatives at fair value hedges	- 66,536	15,038
Derivatives at cash flow hedges (ineffectiveness)	35	- 5
	- 66,119	**33,437**
Financial liabilities used in fair value hedges	63,500	- 13,826
Unrealised gains/(losses) on financial instruments	**- 2,619**	**19,611**

NOTE 8 - INTANGIBLE ASSETS

	Purchased software	
	2013	2012
Carrying amount as at 1 January	**348**	**670**
Purchases	878	312
Depreciation	- 252	- 634
Carrying amount as at 31 December	**974**	**348**
Cost	3,510	2,632
Accumulated depreciation and impairment	- 2,536	- 2,284
Carrying amount as at 31 December	**974**	**348**

The purchased software in 2013 relates to the purchase of licences for a finance system. The purchased software in 2012 and earlier relates to a banking system for LeasePlan Bank.

NOTE 9 - AMOUNTS DUE TO BANKS

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

The maturity of these loans is as follows:

	2013	2012
Three months or less	26,469	48,096
Longer than three months, less than a year	52,550	24,063
Longer than a year, less than five years	39,466	60,550
Balance as at 31 December	**118,485**	**132,709**

Amounts due to banks include an outstanding balance of EUR 1.4 million (2012: EUR 2.4 million) which is non-euro currency denominated as at 31 December 2013. The remainder of the amounts due to banks is denominated in euro.

NOTE 10 - FUNDS ENTRUSTED

The maturity analysis of funds entrusted is as follows:

	2013	2012
Three months or less	2,535,136	2,288,143
Longer than three months, less than a year	1,134,600	1,226,788
Longer than a year, less than five years	497,777	437,489
Longer than five years	-	-
Balance as at 31 December	**4,167,513**	**3,952,420**

This caption mainly includes savings deposits raised by LeasePlan Bank amounting to EUR 4.165 billion (2012: EUR 3.949 billion) of which 54.7% (2012: 68.7%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a universal banking licence in the Netherlands.

The average interest rates on the outstanding balances of the savings deposits in original maturity terms are as follows:

	2013	2012
On demand	1.96%	2.31%
A year or less	2.30%	3.35%
Longer than a year, less than or equal to two years	2.75%	3.24%
Longer than two years	3.69%	3.82%

The interest rate of the on demand accounts is set on a monthly basis.

The funds entrusted are fully denominated in euro as at 31 December 2013 and 2012.

NOTE 11 - DEBT SECURITIES ISSUED

This caption includes negotiable, interest-bearing securities, other than those of a subordinated nature. The debt securities issued include a number of bonds, which were raised under the Credit Guarantee Scheme of the State of the Netherlands. An overview of these bonds is included in note 26 of the consolidated financial statements of the Company.

	2013	2012
Bonds and notes	5,274,667	5,656,440
Commercial Paper	34,922	54,657
Certificates of Deposit	-	55,630
Balance as at 31 December	**5,309,589**	**5,766,727**

	2013	2012
Bonds and notes	3.0%	3.1%
Commercial Paper	0.5%	1.2%
Certificates of Deposit	-	1.1%
Average interest rate	**3.0%**	**3.1%**

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

	2013	2012
Three months or less	22,912	201,333
Longer than three months, less than a year	1,227,632	1,335,260
Longer than a year, less than five years	3,281,192	4,092,371
Longer than five years	777,853	137,763
Balance as at 31 December	**5,309,589**	**5,766,727**

The debt securities include an outstanding balance of EUR 1.7 billion (2012: EUR 1.5 billion) which is non-euro currency denominated as at 31 December 2013. The remainder of the debt securities is denominated in euro.

NOTE 12 - OTHER LIABILITIES

	2013	2012
Loans from Group companies	1,245,097	966,340
Amounts payable to Group companies	50,180	26,438
Derivative financial instruments	166,009	202,248
Other accruals and other deferred income	117,568	152,928
Corporate income tax payable	6,162	14,482
Balance as at 31 December	**1,585,016**	**1,362,436**

For derivative financial instruments reference is made to the table in note 7.

The maturity analysis of the loans from Group companies is as follows:

	2013	2012
Three months or less	81,683	143,566
Longer than three months, less than a year	837,933	60,000
Longer than a year, less than five years	50,000	487,293
Longer than five years	275,481	275,481
Balance as at 31 December	**1,245,097**	**966,340**

NOTE 13 - SHAREHOLDERS' EQUITY

Share capital

As at 31 December 2013, the authorised capital amounted to EUR 250 million (2012: EUR 250 million), divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each, of which EUR 71.6 million is issued and paid up. There were no movements in the issued and paid up capital in 2013 and 2012.

The movement in shareholders' equity is as follows:

	Share capital	Share premium	Reserves			Profit for the year	Share-holders' equity
			Legal reserves	Other compre-hensive income	Other reserves		
Balance as at 1 January 2012	**71,586**	**506,398**	**370,326**	**- 14,762**	**992,266**	**224,287**	**2,150,101**
Total comprehensive income				1,530			1,530
Transfer from/to				- 7	7		
Profit for the year						241,300	241,300
Total recognised income/ (expenses) for the year	**-**	**-**	**-**	**1,523**	**7**	**241,300**	**242,830**
Transfer from/to			54,192		- 54,192		
Appropriation of result					224,287	- 224,287	
Dividend					- 5,500		- 5,500
Balance as at 31 December 2012	**71,586**	**506,398**	**424,518**	**- 13,239**	**1,156,868**	**241,300**	**2,387,431**
Total comprehensive income				- 31,711			- 31,711
Transfer from/to				2,484	- 2,484		
Profit for the year						326,447	326,447
Post-employment plans in associates					- 112		- 112
Total recognised income/ (expenses) for the year	**-**	**-**	**-**	**- 29,227**	**- 2,596**	**326,447**	**294,624**
Transfer from/to			- 52,283		52,283		
Appropriation of result					241,300	- 241,300	
Dividend					- 100,500		- 100,500
Balance as at 31 December 2013	**71,586**	**506,398**	**372,235**	**- 42,466**	**1,347,355**	**326,447**	**2,581,555**

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

Legal reserves are non-distributable reserves relating to requirements to establish reserves for specific purposes either by the Articles of Association of the Company, Part 9, Book 2, of the Dutch Civil Code and/or by local law.
The legal reserves relate to minimum reserves to be maintained for the non-distributable share in cumulated profits of subsidiaries and associates and jointly controlled entities.

The Other comprehensive income comprises the translation reserve, the hedging reserve and the post-employment benefit reserve. The translation reserve comprises all exchange rate differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company as of 1 January 2004. No translation differences related to discontinued operations are recycled to the income statement (2012: nil). The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred and that prove to be highly effective in relation to the hedged risk. The movement in cash flow hedges is disclosed in the consolidated statement of comprehensive income. The post-employment benefit reserve comprises the actuarial gains and losses recognised on defined benefit post-employment plans.
The legal reserves, translation reserves, hedging reserves and post-employment benefit reserve are non-distributable reserves of the Company pursuant to the provisions of Part 9, Book 2, of the Dutch Civil Code.

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

NOTE 14 - STAFF

The Company does not directly employ any staff.

NOTE 15 - MANAGING BOARD REMUNERATION

In addition to their salaries, the Group also provides non-cash benefits to the Managing Board and contributes to post-employment defined contribution plans on their behalf. The Managing Board is also the statutory board of the Company. Both in 2013 and 2012 in compliance with the Bonus Prohibition Act no variable remuneration is rewarded or paid to the Managing Board during the term of the Bonus Prohibition Act.

	2013	2012
Fixed remuneration	1,864	1,787
Other short-term employee benefits	194	187
Post-employment benefits	731	387
Total	**2,789**	**2,361**

The increase in post-employment benefits is mainly caused by one-off additional pension payments for two of the Managing Board members, fulfilling contractual commitments which arose in previous years, one of them dating back to a change in the Dutch pension scheme in 2003. All LeasePlan employees who were affected by that change in 2003, were granted a similar entitlement.

In both 2013 and 2012 there were no termination benefits. The Dutch crisis levy ('crisisheffing') in relation to the Managing Board remuneration amounted to EUR 148 thousand (2012: EUR 133 thousand) and is not included in the table above. The Group has not granted any loans, guarantees or advances to members of the Managing Board.

Remuneration of the members of the Supervisory Board

Ada van der Veer - Vergeer is the only Supervisory Board member compensated by LeasePlan for the tasks and responsibilities as a member of the Supervisory Board. The total expenses for the Group amounted to EUR 60 thousand for 2013 (2012: EUR 55 thousand). Neither the company nor any of its Group companies has granted any loans, guarantees or advances to the members of the Supervisory Board.

NOTE 16 - AUDIT FEES

The caption 'General and administrative expenses' in the consolidated financial statements includes an amount of EUR 5.3 million (2012: EUR 5.2 million) of audit fees for services provided by PricewaterhouseCoopers Accountants N.V. and its network.

			2013	2012
	PwC Accountants N.V.	Other PwC network	Total PwC network	Total PwC network
Audit services	793	3,233	4,026	3,808
Audit related services	522	447	969	1,175
Tax advice	-	104	104	97
Other (non-audit) services	112	43	155	124
Total services	**1,427**	**3,827**	**5,254**	**5,204**

NOTE 17 - COMMITMENTS

Credit facilities have been concluded with associates and jointly controlled entities amounting to EUR 267 million (2012: EUR 240 million) of which EUR 249 million (2012: EUR 205 million) is drawn (reference is made to note 6).

NOTE 18 - CONTINGENT LIABILITIES

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

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

As at 31 December 2013, guarantees had been provided on behalf of the consolidated subsidiaries outside the Netherlands. These guarantees had been provided in respect of commitments entered into by those companies and amount to a value of EUR 3.1 billion (2012: EUR 2.6 billion).

In 2014 the Company is subject to the 'Resolution Levy' imposed by the State of the Netherlands on the Dutch banking sector if the Dutch deposit guarantee scheme for banks is applicable to the Company on 1 February 2013 as well as on 31 March 2014, 31 May 2014 and 31 July 2014. If this is the case the Company estimates that the total levy payable will amount to EUR 8.5 million.

Almere, 25 March 2014

Managing Board

Vahid Daemi, Chairman and CEO
Guus Stoelinga, CFO
Sven-Torsten Huster, COO

Supervisory Board

Frank Witter, Chairman
Michael Klaus, Deputy Chairman
Albrecht Möhle
Christian Schlögell
Ada van der Veer - Vergeer

LIST OF PRINCIPAL CONSOLIDATED PARTICIPATING INTERESTS

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

Principal subsidiaries, which are fully included in the consolidated financial statements, are:
LeasePlan Australia Limited, 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 N.V., Belgium
LeasePlan Fleet Management (Polská) Sp. z.o.o., Poland
LeasePlan Fleet Management Services Ireland Limited, Ireland
LeasePlan France S.A.S., France
LeasePlan Hellas S.A., Greece
LeasePlan Hungária Gépjármű Kezelö és Finanszírozó Részvénytá, Hungary
LeasePlan India Private Limited, India
LeasePlan Italia S.p.A., Italy
LeasePlan Luxembourg S.A., Luxembourg
LeasePlan Mexico S.A. de C.V., Mexico
LeasePlan Nederland N.V., the Netherlands
LeasePlan New Zealand Limited, New Zealand
LeasePlan Norge A/S, Norway
LeasePlan Österreich Fuhrparkmanagement GmbH, Austria
LeasePlan Portugal Comércio e Aluguer de Automóveis e Equipamentos Unipessoal Lda., Portugal
LeasePlan Romania SRL, Romania
LeasePlan Rus LLC, Russia
LeasePlan (Schweiz) AG, Switzerland
LeasePlan Servicios S.A., Spain
LeasePlan Slovakia s.r.o., Slovakia
LeasePlan Sverige AB, Sweden
LeasePlan UK Limited, United Kingdom
LeasePlan USA, Inc., USA

Euro Insurances Limited, Ireland
Globalines Reinsurance Limited, United Kingdom
LeasePlan Finance N.V., the Netherlands
LeasePlan Information Services Limited., Ireland
LeasePlan International B.V., the Netherlands
LeasePlan Supply Services AG, Switzerland
Mobility Mixx B.V., the Netherlands
Travelcard Nederland B.V., the Netherlands

All holdings are in the ordinary share capital of the undertaking concerned and are unchanged from 2012.

Special purpose companies with no shareholding by the Group are:
Bumper 2 S.A., Luxembourg
Bumper Car Sales GmbH, Germany
Bumper 4 (NL) Finance B.V., the Netherlands
Bumper 5 Finance Plc, United Kingdom
Bumper CARS NL B.V., the Netherlands
Bumper France FCT, France

Principal associates and jointly controlled entities that are accounted for under the equity method 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 companies listed above these companies 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 company require the unanimous consent of the parties sharing control.

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Dutch Civil Code, a declaration of joint and several liability with respect to the financial obligations of the majority of the participating interests in the Netherlands is filed. Such declaration is filed for the following participating interests.

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.
LPC Auto Lease B.V.
Mobility Mixx B.V.
Transport Plan B.V.
Travelcard Nederland B.V.

OTHER INFORMATION

DISTRIBUTION OF PROFIT

PROVISIONS OF THE ARTICLES OF ASSOCIATION ON PROFIT APPROPRIATION

Article 25

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

Proposed profit appropriation

A dividend of EUR 6 million was paid out in December 2013. A final dividend of EUR 134 million, bringing the total dividend for the year to EUR 140 million, is proposed for the general meeting of shareholders on 25 March 2014. The remainder of the financial net profit amounting to EUR 186.4 million will be added to the general reserve (Other reserves).

Events after balance sheet date

No material events have occurred after the balance sheet date.

Independent auditor's report

To: the general meeting of LeasePlan Corporation N.V.

Report on the financial statements

We have audited the accompanying financial statements 2013 of LeasePlan Corporation N.V., Amsterdam as set out on pages 57 to 137. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2013, the company income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Managing Board's responsibility

The Managing Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the Managing Board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Managing Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2013, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Managing Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the report of the Managing Board, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 25 March 2014
PricewaterhouseCoopers Accountants N.V.

Original has been signed by E. Hartkamp RA

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