

Annual Report 2014



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 in over 50 years in business and now manage more than 1.4 million vehicles in 32 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'*.



LeasePlan

Annual Report 2014

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LeasePlan at a glance

Key numbers & Business overview

The road we are taking

LeasePlan believes 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 for over 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

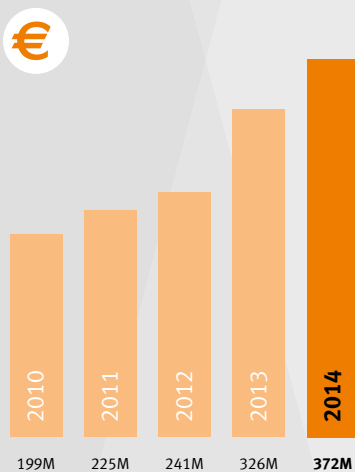
The strategy of LeasePlan is to develop a global approach across the corporation for sustainable growth and profitability. We achieve this by connecting our customers to leasing and mobility opportunities wherever they are based in the world. The pillars under our global strategy are:

Growth

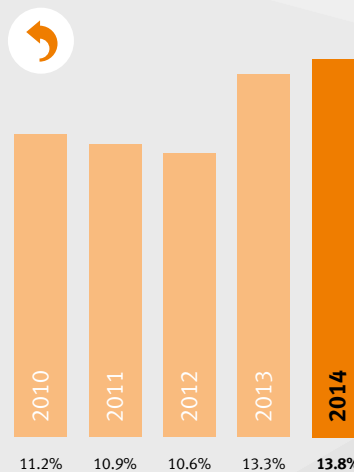
Operational Excellence

Customer Centric Innovation

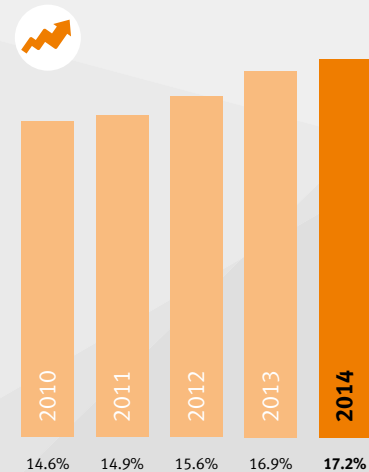
Right People and Culture



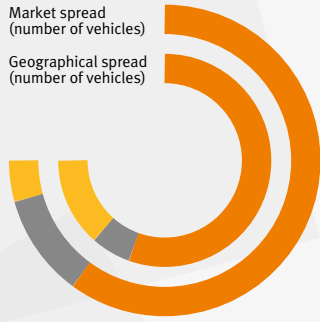
Profit for the year **372M**



Return on equity **13.8%**



Common equity tier 1 ratio **17.2%**



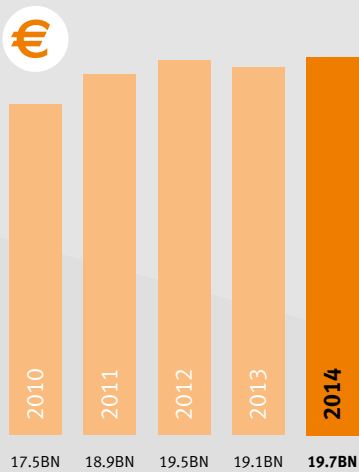
Market spread

| | | |
|---------------------------------|-------------------------------|------------------------------|
| ■ Developing markets 204,358 | ■ Mature markets 1,143,526 | ■ Emerging markets 74,848 |
|---------------------------------|-------------------------------|------------------------------|

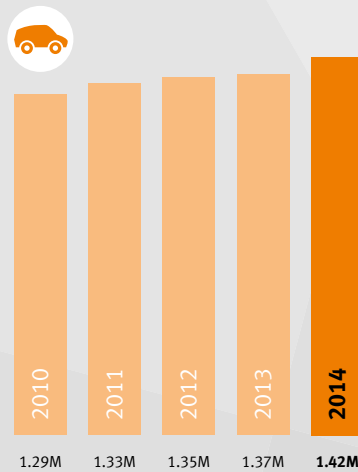
Geographical spread

| | | |
|---------------------------|-----------------------|-----------------------|
| ■ Asia-Pacific 112,577 | ■ Europe 1,051,991 | ■ Americas 258,164 |
|---------------------------|-----------------------|-----------------------|

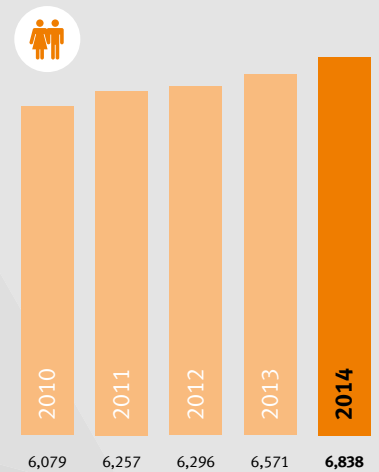
We deliver services in 32 countries



Total assets **19.7BN**



Number of vehicles **1.42M**



Number of employees **6,838**

Business model

Business Model Value Chain



- LeasePlan in-sourced
- LeasePlan partly in-sourced (in some local entities the activities are in-sourced and in some others outsourced)
- Activities in the value chain in which LeasePlan is not active

Value outputs – a diversified mix of services (% of income from the value chain)

| | 2014 | | |
|--------------------------|----------------|------|--|
| Depreciation | 43,287 | 3% | Purchase |
| Lease services | 152,033 | 11% | Maintenance management |
| Damage risk retention | 174,341 | 13% | Insurance and accident management |
| Rental | 15,114 | 1% | Rental management |
| Management fees | 202,237 | 15% | Management** |
| Result of vehicles sold* | 246,336 | 19% | Vehicle disposal and remarketing |
| Other | 90,817 | 7% | Fuel management |
| Total | 924,165 | | |
| Net interest income | 416,499 | 31% | Financing |
| Total margin | 1,340,664 | 100% | * (results terminated contracts) ** (maintenance, accident, rental, fuel) |

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.

Tailored leasing services and pricing models

We provide 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 32 countries. 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 maximise 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. TÜV Nord certifies our fair wear and tear standard and we remain the only leasing company in Europe to maintain an independent quality standard.

Review of the year



Guided by its mission to make fleet management and driver mobility easier, LeasePlan continued to make good progress in 2014 against the drivers behind its growth strategy: growth, operational excellence, customer centric innovation and right people and culture. In terms of performance indicators for the year, the strong results give further indication of the geographical diversity benefits LeasePlan enjoys as a group, as well as the strengths the company is able to leverage across its value chain.

A year of further progress

Given that the moderate recovery lost momentum towards the end of 2014, the operating environment continued to present numerous challenges and needed to be well managed. Not least of which came as a result of the uncertainty created by structurally lower economic growth over a prolonged period coupled with an unpredictable political outlook in many countries.

Amid this environment, the past year has once again seen the strengths of LeasePlan's global operations manifested in the company's performance. In terms of profitability, the result for the year amounted to EUR 372 million, an increase of EUR 46 million (+14%) compared to 2013 and represents another impressive result for the group.

“LeasePlan continued to make good progress in 2014 against the drivers behind its growth strategy: growth, operational excellence, customer centric innovation and right people and culture.”

Vahid Daemi

CEO and Chairman of the Managing Board

Throughout the recent period, LeasePlan has remained not only profitable but also managed to grow its net results substantially. Partially, this is driven by volume growth in the business. Over a five year period LeasePlan has grown its fleet by 113,000 vehicles. Correspondingly, during this same period the company has substantially improved its leverage in the value chain that has also enabled solid growth in net results.

It should be noted that contrary to other financial institutions the positive company results are not driven by the accommodative monetary policy of the European Central Bank but is a reflection of genuine improvements and continued investment in LeasePlan's business model.

LeasePlan's business model provides for service diversification with the leasing of the vehicle, such as maintenance, insurance, tyre management, damage repair and fuel management. The result enables LeasePlan to leverage economies of scale in dealing with various, increasingly international, suppliers. Further to the positive financial results, commercially this allows for the development of increasingly competitive and innovative customer propositions in all segments of the markets, including small to medium enterprises.

A noteworthy positive trend in the net results in recent years is the development in the risk position that LeasePlan assumes on the value of vehicles sold on terminated lease contracts. For comparison, LeasePlan was confronted with sudden large decreases in residual values as a result of lease contracts that originated pre-2008. Whereas, in the last two years, on lease contracts written during the height of the crisis, the company has benefited from such contracts expiring in an environment where second hand vehicle prices have rapidly increased.

The improvement in the second hand vehicle market in the last two years is mainly a consequence of the reduction in new vehicles registrations immediately after the crisis. As a result, LeasePlan has witnessed the upward trend in the vast majority of European second hand vehicle markets and has given rise to an increase in results of vehicles sold in 2014 to EUR 246 million (2013: EUR 154 million).

In terms of LeasePlan's value chain, the service components that continued to provide material stability in the company's performance during the year were lease services, damage risk retention and management fees. These service components amounted to EUR 528 million of total operating and net finance income, representing above 40% of LeasePlan's overall income. The largest single source of income remained net interest income, which was considerably above 30% of total income.

Strategic progress

Over the past period LeasePlan has seen steady transformation into a sustainable growth company, underpinned by an energising and purpose-driven business model. Whilst growth needs to be well managed, 2014 was another year of progress on that journey. LeasePlan made two key announcements in expanding the global footprint of its leasing services. LeasePlan Canada officially opened for business and expands coverage and service in the region. Additionally, LeasePlan acquired full ownership of LeasePlan Turkey in February 2015, an emerging leasing market that has seen good fleet growth. Increasing LeasePlan's global footprint remains essential as fleet management becomes even more of a global activity for international clients. LeasePlan's dedicated international entity that serves and coordinates the fleets of large international clients grew by 18,000 units during the year, reaching a total of close to 400,000 vehicles under management.

In terms of market penetration, LeasePlan's vehicle numbers increased to 1.42 million in 2014 from 1.37 million the previous year. In terms of new customer segments, LeasePlan continued to develop the capability of its business model to seize the opportunities in the small to medium enterprise (SME) market. With the establishment of a dedicated team and focused local strategies, LeasePlan grew its SME segment in serviced-fleet during 2014. The group also witnessed growth in the fleet portfolio of its emerging leasing markets. Going forward, LeasePlan's investment in its drivers for growth will continue to build the capabilities of its back office operations as well improving front-line services that deliver customer-centric innovations. This includes product and service diversification alongside the leasing of a vehicle as well as digital services and mobility solutions for drivers.

Central to this approach is ensuring the company maintains the right culture and people. LeasePlan continued to invest in programmes and training that foster the company values and service principles. Additionally, LeasePlan has made diversity a priority with an initial global awareness programme on gender diversity, which made good progress during the year and will continue in 2015. As an illustration of LeasePlan's dedicated service-culture, employee engagement rose again and customer loyalty and driver satisfaction continued to rise from a position above industry standards.

Maintaining good governance

LeasePlan further improved its capital adequacy during the year. The common equity tier 1 ratio, as calculated under the new stricter CRD IV regime reached 17.2% (2013: 16.9%). Whilst the relentless march for regulatory reform continues at pace, LeasePlan also believes that a business built on the sound principles of values and good governance is likely to succeed over the long-term. The company therefore, continues to respond constructively in implementing the increased number of applicable regulations as well as reinforcing its long held values in all its business dealings. On remuneration, LeasePlan remains committed to linking pay to the longer-term objectives of the group and, in turn, the longer-term interests of its stakeholders. The current remuneration framework, set out later in the report, reflects this.

Managing Board focus

Throughout 2014, the Managing Board focused its work on three main areas: growth strategy and execution, people and succession, and culture and values. The cornerstones of the sustainable growth strategy remain unchanged and, whilst the Managing Board continues to discuss each element of the strategy, the focus is on execution. In relation to people and succession, the company was pleased to appoint Nick Salkeld to a new Managing Board position of Chief Commercial Officer. The appointment will support LeasePlan's drive for new avenues of growth across its operations as well as focusing on delivering products and services that meet the changing needs of clients.

The appointment further demonstrates LeasePlan's commitment to achieving sustainable growth and improving the performance of its global operations. Additionally, there were a number of other important managerial appointments throughout the year in roles supporting the growth of the business. Whilst all of the changes have been carefully managed, most importantly the process has confirmed that the organisation has an effective pipeline of talent running through the business.

For the commitment and ingenuity shown during the year the Managing Board would like to express its thanks to the management and staff in LeasePlan. They continue to be the main factor that drive the success and core values of the company. The Managing Board would also like to express its appreciation to LeasePlan's loyal supplier base and the continued trust of its customers. Finally, the Board expresses its appreciation for the continued support of its shareholders.

Status ownership of LeasePlan

In the interest of all stakeholders, LeasePlan makes reference to the public announcements of March 2015 regarding its 100% shareholder Global Mobility Holding B.V.¹ entering into discussions concerning the potential divestment of LeasePlan Corporation N.V. LeasePlan emphasises that the discussions are still in progress and may or may not result in an agreement. Any transaction and any change of ownership of LeasePlan Corporation will be subject to regulatory and competition authorities' approval.

Outlook 2015

Amid increased exposure to risks in currency markets, oil prices, interest rates and economic monetary policy, LeasePlan looks ahead to the first half of 2015 with cautious optimism. The challenging environment and increasingly tough competitive landscape will need to be well managed, as was the case in previous years. Although difficult to forecast, LeasePlan expects the second hand vehicle market to remain strong. In this trading environment, LeasePlan believes that its risk mitigation measures will continue to bring advantages. The company will continue to seek ways to leverage the benefits from the global scale of its operations, the resilience of its diversified revenue streams, its focus on customer loyalty and investment in innovative solutions that aim to retain and attract clients.

¹ **Global Mobility Holding B.V.**

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

Leadership team

Managing Board



Vahid Daemi
CEO and Chairman



Guus Stoelinga
CFO



Sven-Torsten Huster
COO



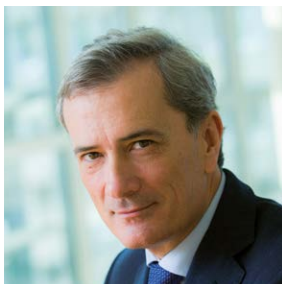
Nick Salkeld
CCO

Corporate Secretary



Flora Hennekes
Corporate Secretary

Regional Senior Vice-Presidents



Javier Contreras Garcia
**Southern Europe
and Pacific Region**



Kevin McNally
**Northern Europe
and Americas Region**



Ignacio Barbadillo
**Central Europe
and Asia Region**

Senior Corporate Vice-Presidents



Tricia Desnos
Human Resources



Yolanda Paulissen
Strategic Finance



Marja Gorter
Legal & Compliance



Theo Kuipers
Control, Reporting & Tax



Paul Lejeune
Risk Management



John Boon
**Corporate Strategy
and Development**



Leo Walraven
Group Audit

Senior Vice-Presidents Group Services



Jaime Requeijo Gutiérrez
Business Development



Wolfgang Reinhold
**Car Remarketing, Operations
and Procurement**



Phil Parker
**Information & Communication
Technology**

Leadership biographies

Vahid Daemi

CEO and Chairman of the Managing Board

Has over 20 years of LeasePlan experience. Started as Finance Director in the UK in 1993, became Managing Director of LeasePlan UK in 1995 before moving on to become COO (1998) and later CEO and Chairman of the Managing Board of LeasePlan Corporation N.V. (2006). Prior to LeasePlan he held various financial, strategy and commercial positions at DIAGEO and Pepsico. Mr Daemi is also Vice Chairman of the board of LeaseEurope, the trade body that represents the leasing and automotive rental industry in Europe. Mr Daemi holds a first class Honours degree in Economics from the London School of Economics and is a UK Chartered Accountant.

Guus Stoelinga

CFO and Member of the Managing Board

Has over 20 years of LeasePlan experience. Started as the Finance Director in LeasePlan Netherlands and of Auto Lease Holland before becoming Senior Vice-President Business Process Management of LeasePlan Corporation N.V. in 2000, followed by the position of Senior Vice-President Business Integrations and Senior Vice-President Corporate Strategy and Development. Appointed to his current position in 2007. Previously held various audit positions at KPMG and financial positions at Banque Paribas, Netherlands. Mr Stoelinga is a Dutch Chartered Accountant (NBA).

Sven-Torsten Huster

COO and Member of the Managing Board

Has over 25 years of automotive industry experience. Started at Volkswagen AG as Assistant to the CEO, moved on to Information Systems and Business Process management as division manager before becoming COO and CIO of Volkswagen Financial Services AG in 2003. Appointed to his current position in 2011. Mr Huster holds a degree in Industrial Engineering from Hamburg University and an MBA in Business and Public Administration from Harvard and MIT.

Nick Salkeld

CCO and Member of the Managing Board

Has over 30 years of automotive business experience. Started at Ford Motor Credit Company as zone manager and Nissan UK as Fleet sales manager before becoming Operations Director at Automotive Leasing and Commercial Director at LeasePlan UK. Held the position of Managing Director of LeasePlan International and was appointed Regional Senior Vice-President in 2004. Mr Salkeld was appointed to the new position of Chief Commercial Officer and Member of the Managing Board in 2014. Mr Salkeld holds a Bachelor of Arts degree in Economics from the University of Manchester.

Flora Hennekes

Corporate Secretary

Has over 30 years of LeasePlan experience. Started as Executive Secretary at LeasePlan Corporation in 1983. Was appointed Corporate Secretary in 1988. Ms Hennekes holds a Bachelor of Education and a Certificate in Business Law.

Javier Contreras Garcia

Regional Senior Vice-President Southern Europe and Pacific Region

Has over 25 years of automotive experience. Started at BMW Ibérica as market analyst and Marketing Manager before becoming the Commercial General Director followed by the position of CEO of Grupo Alto Gestion. He held the position of Managing Director of LeasePlan Spain before being appointed Regional Senior Vice-President at LeasePlan Corporation since 2006. Mr Contreras Garcia holds a degree in Economics from Madrid University.

Kevin McNally

Regional Senior Vice-President Northern Europe and Americas Region

Has over 25 years of automotive business experience. Started at Rover Cars as a Business Car and Fleet Manager before becoming a Fleet Sales Director at Nissan Motor GB followed by the position of Commercial Director and Managing Director of LeasePlan UK. Has held his current position since 2006. Mr McNally holds a Bachelor of Science Honours degree from the University of Newcastle upon Tyne.

Ignacio Barbadillo

Regional Senior Vice-President Central Europe and Asia Region

Has over 12 years of LeasePlan experience. He started as Finance Director in Spain in 2002, became Managing Director of LeasePlan Spain in 2006 and Senior Vice-President of the Central Europe and Asia Region of LeasePlan Corporation N.V. as from January 2015. Mr Barbadillo previously held various sales, operations and finance positions with Procter & Gamble Spain Hilti Group Spain and Grupo Prisa Spain. He holds a degree in Business Administration from Universidad Complutense de Madrid, Spain, with extension in Wooster College, Ohio, USA. He also finished a Management Development Program (PDD) in IESE Business School in Spain.

Tricia Desnos

Senior Corporate Vice-President Human Resources

Has over 25 years of experience in various HR roles in Iveco Ford Truck, Telewest Communications, Vodafone UK, and Dunn and Bradstreet. At Dunn and Bradstreet was European HR Director for sales and then was appointed to work directly for the European President in 2002. In 2006 was appointed to the position of Director Human Resources at LeasePlan UK. Has held her current position since 2009. Ms Desnos holds a Bachelor Degree in Education from Durham University and is a member of the Chartered Institute of Personnel and Development.

Yolanda Paulissen

Senior Corporate Vice-President Strategic Finance

Has over 20 years of experience in finance. Started at LeasePlan Corporation as an international Funding Manager in 2006. Left LeasePlan to become Senior Consultant Corporate Finance at Van den Boom Groep and NIBC before returning to LeasePlan as a senior Manager in Corporate Strategy and Development followed by a position of Director Mergers and Acquisition. Has held her current position since 2010. Ms Paulissen holds a Master's degree in Business Economics from Maastricht University.

Marja Gorter

Senior Corporate Vice-President Legal & Compliance

Over 20 years of corporate legal experience. Started as an attorney at law at NautaDutilh for a period of 10 years, initially in Rotterdam and subsequently in New York. Thereafter she started working as Senior Company Lawyer at Royal Ahold, and then became the Director Legal and Corporate Secretary at Atradius, Credit Insurers. Joined LeasePlan in 2006 and has held her current position since 2010. Ms Gorter holds Master's degrees in Law from Nijmegen University and the University of the Netherlands Antilles. She is also a graduate of the compliance programme from Vrije Universiteit Amsterdam.

Theo Kuipers

Senior Corporate Vice-President Control, Reporting & Tax

Over 20 years of experience in finance with LeasePlan. Started as international Funding Manager and later became Treasurer for LeasePlan Australia before becoming Managing Director of Euro Insurances based in Dublin, Ireland. Has held his current position since 2006. Mr Kuipers holds a Master's degree in Economics from Groningen University.

Paul Lejeune

Senior Corporate Vice-President Risk Management

Has over 20 years of LeasePlan experience. Started as Finance Manager in Auto Lease Holland in 1990 and became Finance Director of Auto Lease Holland in 2000. After the merger of the three Dutch entities Mr Lejeune was appointed as Manager Risk Management and Control of LeasePlan Netherlands. Appointed Regional Finance Director of the Northern Europe and Americas Region in 2010 and took up the post of Senior Corporate Vice-President Risk Management at the beginning of 2015. Mr Lejeune holds a Master of Business Administration from Groningen University.

John Boon

Senior Corporate Vice-President Corporate Strategy and Development

More than 30 years of commercial and finance experience. Trained and qualified as UK Chartered Accountant with Arthur Andersen. Held financial positions at Rosehaugh and Grand Met before joining LeasePlan UK in 1993 as Finance Planning and Admin Manager. Subsequently, he was promoted to Finance Controller and then Finance Director. Has held his current position since 2008. Mr Boon holds a Bachelors of Arts Honours degree in Economics and Politics from Warwick University.

Leo Walraven

Senior Corporate Vice-President Group Audit

Over 30 years of audit experience. Started his career with NMB bank (now ING) and Arthur Andersen before becoming Audit Manager at LeasePlan Corporation and later Head of Audit and Control. Has held his current position since 2003. Mr Walraven holds a Master's degree in Economics from Amsterdam University and is a Dutch Chartered Accountant.

Jaime Requeijo Gutiérrez

Senior Vice-President Business Development

Holds more than 20 years of experience in sales, marketing and business analytics. Has worked for Peugeot, McKinsey, Deutsche Bank, Citibank and Royal and Sun Alliance. Joined LeasePlan Spain as Marketing and CRM Director and later became Director in charge of new markets. Has held his current position since 2006. Mr Requeijo holds a Master of Business Administration from J.L. Kellogg Graduate School of Management.

Wolfgang Reinhold

Senior Vice-President Car Remarketing, Operations and Procurement

Has over 30 years of automotive experience. Started his career as Regional Sales Manager for Hertz in Germany after which he became Branch Director for ALD Autoleasing. Joined LeasePlan Germany as Managing Director before assuming his current position in 2006. Mr Reinhold holds a commercial certificate from a commercial school.

Phil Parker

Senior Vice-President, Information & Communication Technology

Has over 20 years of LeasePlan experience. Mr Parker started as Information Technology (IT) Director in LeasePlan UK in 1994. In 1998 he was appointed Group IT Director for LeasePlan Corporation. Following an external role within GMAC, Mr Parker rejoined LeasePlan UK in 2002 before taking the role of Managing Director of LeasePlan's shared technology services centre, LeasePlan Information Services in 2007. In January 2015 he was appointed as Senior Vice-President, Information & Communication Technology. Mr Parker holds a Bachelors of Science Honours degree in Electrical & Electronic Engineering from University of Manchester and a Master of Business Administration from Warwick Business School.

Financial review

| Summary income statement <i>In millions of euros</i> | 2014 | 2013 | Delta |
|--|----------------|----------------|----------------|
| Depreciation | 43.3 | 47.7 | - 4.4 |
| Lease services | 152.0 | 143.3 | + 8.7 |
| Damage risk retention | 174.4 | 167.0 | + 7.4 |
| Rental | 15.1 | 17.1 | - 2.0 |
| Management fees | 202.2 | 199.8 | + 2.4 |
| Results of vehicles sold (results terminated contracts) | 246.4 | 153.9 | + 92.5 |
| Other | 90.8 | 92.9 | - 2.1 |
| Gross profit (revenues-/- cost of revenues) | 924.2 | 821.7 | + 102.5 |
| Net interest income (excluding unrealised gains/losses) | 416.5 | 379.7 | + 36.8 |
| Impairment charges on loans and receivables | - 20.1 | - 25.1 | + 5.0 |
| Unrealised gains/losses on financial instruments | - 12.1 | 25.7 | - 37.8 |
| Other financial gains/losses | 0.0 | - 4.0 | + 4.0 |
| Net finance income | 384.3 | 376.3 | + 8.0 |
| Total operating and net finance income | 1,308.5 | 1,198.0 | + 110.5 |
| Total operating expenses | 816.0 | 777.7 | + 38.3 |
| Share of profit of investments accounted for using the equity method | 6.6 | 7.4 | - 0.8 |
| Profit before tax | 499.1 | 427.7 | + 71.4 |
| Income tax expenses | 127.1 | 101.3 | + 25.8 |
| Profit for the year | 372.0 | 326.4 | + 45.6 |
| Profit for the year from discontinued operations | 0.0 | 0.0 | - |
| Profit for the year | 372.0 | 326.4 | + 45.6 |

The summary income statement aims to provide a concise overview of the financial performance of the group in 2014. For a more comprehensive review the reader is referred to the Financial Statements starting on page 65 containing full IFRS compliant disclosure of the Income Statement, Balance Sheet, other primary statements and all associated notes thereto.

The profit for the year amounts to EUR 372 million, an increase of EUR 46 million (+14%) compared to 2013, and represents another impressive result for LeasePlan. Throughout the financial crisis and the subsequent economic uncertain times we have been able to remain not only profitable, but also to substantially grow our net results. This is partially driven by volume growth in the business, over the past five years we have grown our fleet by 113,000 vehicles, but moreover we have been able to substantially improve our leverage in the value chain.

Contrary to other financial institutions this improvement is not driven by the accommodative monetary policy of the European Central Bank, but it is a reflection of genuine improvements in the merits of the business model.

Providing various adjacent services with the leasing of the vehicle, like maintenance, insurance, tyre management, damage repair and fuel management, LeasePlan is able to leverage economies of scale in dealing with various, increasingly international, suppliers. This leverage is allowing for competitive propositions to customers in all segments of the markets, including small to medium enterprises, and improved results for LeasePlan.

Also important in the positive trend of the net results is the development in the risk position that LeasePlan assumes on the value of vehicles of terminated lease contracts. Where in the onset of the financial crisis we were confronted with sudden large decreases in such values, for contracts that were originated in the years before the emergence of the crisis, we have in the last two years experienced the opposite: contracts originated during the crisis have expired in an environment where second hand vehicle prices have rapidly increased, mainly as a consequence of the reduced registration of new vehicles three to four years ago. This trend has emerged in almost all (European) markets in which LeasePlan operates. Additionally, the company benefited from both more prudent setting of residual values in contracts written in the beginning of the crisis back in 2008 and 2009 as well as from a continued focus on mitigating measures during the lifetime of the lease contracts.

The largest and more or less stable contributors to the total operating and net finance income remain lease services, damage risk retention and management fees, totalling EUR 528 million (EUR 510 million in 2013) and representing well over 40% of overall income (43% in 2013). These diversified service components in the business provide for material stability in financial performance.

The single largest source of income remains net interest income (above 30% of total income). The diversified funding strategy implies exposure to price developments in the different financial markets. However, this is mitigated by our matched funding policy. In 2014 we have witnessed and benefited from reduced spreads in both the ABS and unsecured capital markets. Overall this has resulted in an increase of Net interest income to EUR 417 million during the year, up from EUR 380 million in 2013.

The main negative deviation in 2014 versus 2013 is caused by the unrealised losses on financial instruments, from EUR 26 million positive in 2013 to EUR 12 million negative in 2014. The derivative financial instruments the group uses cause volatility in the results through mark-to-market valuation changes, this is explained further in paragraph A of the financial risk management section on page 86. During 2014 interest rates, mainly in EUR, GBP and AUD decreased causing losses on the market valuations of concluded derivatives. Operating and tax expenses have remained relatively stable, with no major deviations in 2014 compared to prior periods.

Strategic and business review

Market characteristics

The global vehicle leasing industry is quite diverse with unique and individual traits in each country market. Three main types of providers, OEM captives, commercial banks and independent leasing companies dominate the industry and, thereby, compete for the same customers. Whereas traditional vehicle leasing was the domain of larger corporate fleets, customer segments have broadened considerably to include large multinational companies, small to medium enterprises (SME), government and public sector bodies and individual (private) consumers.

Each market needs individual attention and each customer segment requires adaptable business models and services. The growth of vehicle leasing is distinctive all over the world. Vehicle leasing is well established across most of Western Europe and the US, whereas until recently it could be interpreted as an emerging market in many Central and Eastern European countries, South America, Asia, India and Russia. The new and emerging leasing markets provide the most growth potential as the benefits of leasing, rather than purchasing vehicles, take hold. Additionally, large multinational organisations operating in these countries are increasing looking for coordinated, global fleet management. In the mature markets additional growth will come from enhanced services and insurance offerings around the core leasing contract, as well as the SME sector. Further consolidation in the mature markets is also expected.

One of the major challenges for the industry, particularly with its relationship to the banking sector, is the growing importance of regulation. Furthermore, the transition to the proposed new lease accounting standards will usher in a period of adjustment and uncertainty. The new rules will alter many key financial metrics that investors use to determine company valuations and credit agencies use to determine credit worthiness. Perhaps the most significant unintended consequence of the new regime could be a shift in the lessor-lessee dynamic.

In terms of social trends, the auto finance and leasing business has continually evolved. In order to satisfy customers' needs, companies are diversifying their products and services. This evolution will enter a new age with new mobility concepts and the technological development of vehicles. During the last few years, service and product bundles have mushroomed from basic maintenance into an array of services tailored to different areas of the value chain. This trend looks set to continue, driven by innovations in vehicle technology and car usership models. Population growth, congestion and the rise in total cost of ownership have spurred interest in greener mobility products. Increasingly, the industry will be shaped by a number of forces such as urbanisation, increased world population, further challenges to climate change and increasing pressures on business to adopt sustainable practices. As the world's population grows and cities become more congested, traditional patterns of vehicle ownership are also likely to change. Mobility as a service, such as car sharing, will become more popular and onboard telematics will open up new opportunities for value added services for customers as well as changing the connectivity in the value chain. Mobility as a service and technological developments will also see a change to the competitive landscape.

Leasing companies tend to focus on mature market share in terms of the operational leasing market. Future market share will be determined in terms of the overall company car market or even the total car market, bringing new dimensions of growth potential. Furthermore, looking at future trends there is untapped potential for leasing companies. The main players will be those who are able to utilise their size, scale, brand identity and expertise correctly in order to seize their share of a future mobility market.

Growth

Operational
Excellence

Customer
Centric
Innovation

Right People
and Culture

The pillars of
our global strategy

LeasePlan seeks to create value by investing in its business and 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

LeasePlan takes a global approach to its business. We map out where we are in the world and then evaluate the options and opportunities for expanding into new geographies while considering our clients' footprint and their global service requirements. We are also continuously working on strengthening our value proposition with differentiated products and services for both new and current customer segments. Finally, we look to deliver further market penetration inorganically via (multi) country acquisitions in order to strengthen our market position.

- Growth in existing markets
- New customer segments
- Geographical expansion

LeasePlan extended its global footprint further in 2014 with the opening of LeasePlan Canada through our Canadian partner Foss National Leasing. The move brings regional benefits to customers through service integration. Additionally, LeasePlan acquired of the 49% stake in LPD Holding A.Ş, the holding company of LeasePlan Turkey from the Doğuş Group. LeasePlan Turkey has become a leading player in the local market, which has good growth potential. The transaction was closed in February 2015.

Small and medium sized enterprises (SMEs)

LeasePlan sees SMEs as the growth engine of the economy and the company is keen to continue to support these businesses with its professional propositions. In the last few years we have developed our competence in the SME segment in many countries, meeting the local market standards. Our growing SME fleet portfolio is composed of more than 235,000 vehicles. Last year we established a global SME team to take responsibility for developing, implementing and managing the global SME strategy. The aim is to provide a standard SME business model delivering processes, systems, tools and propositions in order to sustainably grow our fleet in this segment. In order to further expand our reach to the market we are enhancing our channel management to meet the needs of our growing partner network in several countries. Also investments in our digital marketing approach will allow us to tap further growth potential for operational leasing in the SME segment and even, in some countries, the private lease segment.

Operational Excellence

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 improved services and 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 maximise the residual value of a vehicle under management at the end of the service contract.

- Efficient and effective processes
- Flexible and agile IT
- Leveraging our scale

LeasePlan's Operational Excellence journey started in 2012 and it has already come a long way. Supplier integration was one of the first areas to be addressed. LeasePlan is now able to control all details of the job request from our partner garages and manage approval and invoicing automatically. This brings significant efficiency gains and savings for LeasePlan and its customers. We are now adding more supplier management capabilities, which will allow us to improve the selection of our partners who are critical for our service excellence strategy.

Supplier Integration Management Solution (SIMS)

SIMS provides LeasePlan with total control of the maintenance authorisation process, delivering a granular level of management that can ensure the right vehicle part is fitted for the right price at the right time. It enables the country to approve (automatically and manually), decline or query a request for authorisation raised by a supplier.

Operational Contact Management (OCM)

OCM will offer a solution to record all driver interactions in an automated and organised way, thereby enabling: the creation of a 360° view on the driver, traceability of all interactions with drivers, reducing time spent finding out what happened with the driver and efficiency gains as a result of drivers performing self service. The result of which will enable LeasePlan to offer the best possible service to the driver.

Telematics

Telematics will enable LeasePlan to shift the services delivered to customers and drivers from reactive to proactive by utilising the data and analytical insights available. This will enable LeasePlan to leverage information to improve existing ways of doing business. Today we offer the LeasePlan telematics solution in selected markets with the highest demand. During 2015 we will further expand the coverage of the solution and will start to use telematics data to improve the efficiency of our internal processes.

Customer Centric Innovation

LeasePlan invests 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 that 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.

- Easier value propositions
- Creating 360° customer and driver view
- Driver mobility

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. Driver satisfaction reached 93% in 2014.

Client Advisory Boards: We organise Client Advisory Boards 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.

FleetPlan

FleetPlan is designed to unburden clients by providing an entire outsourced option for fleet management. After its creation in the Netherlands, LeasePlan deployed FleetPlan to more markets in 2014 with additional deployment planned in 2015. The service will provide a differentiated outsourcing option for clients.

Consultancy services

LeasePlan Consultancy Services brings customised advice to key clients on the more complex or strategic fleet management issues in the areas of, for example, cost savings, process optimisation and reducing the carbon footprint. LeasePlan now has a consultancy services team in each of its countries. During the year further progress was made 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.

Driver-related services and mobility solutions

LeasePlan is making progress in delivering driver-related services through the use of telematics, sales platforms and mobile technology. Additionally, we recognise the increasing demand for mobility solutions beyond the traditional lease product and are therefore investing in solutions such as corporate car sharing and flexible lease products.

Right People and Culture

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.

- Ensuring expertise
- Engaging employees
- Creating collaboration

Employee engagement

In 2014, we conducted our fourth annual global engagement and integrity survey – and 93% of our people participated. 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 perception of integrity that exists within our culture is another key measure in the global survey. Since 2011 LeasePlan annually measures trends in the perceived integrity climate within LeasePlan through the global engagement and integrity survey. The 2014 result marked the continued efforts made by LeasePlan and its entities in further improving the integrity environment. The overall perceived level of integrity has improved from 4.1 in 2013 to 4.2 (on a scale from 1 – 5) in 2014. The integrity survey further serves the purpose of ensuring continued discussions and awareness on integrity matters in LeasePlan.

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. The awareness phase of a global diversity programme was launched in 2014. Supported by senior executives and led locally by diversity ambassadors, every employee took part in workshops or team discussions about the benefits of a diverse workforce to an organisation and its employees. Issues discussed and debated included how to identify unconscious bias and adapt one's behaviour accordingly both within and outside the office, create and maintain inclusive work environments and create effective, open and diverse teams. Using a central toolkit to guide the discussions, the start of the programme helps to celebrate people's differences and foster a different way of working within an existing team. The intention was also to recognise people's abilities, skill sets and experience.

LeasePlan UK – Women's Arctic challenge

The Women's Arctic challenge is part of LeasePlan's ongoing programme to put the career development of women at the forefront of the company's commercial agenda. The project also hopes to raise awareness and challenge unconscious gender bias within the company as well as across the industry. In April 2015, 12 women from LeasePlan UK are taking on the challenge of their lives. They will be undertaking a 100km ski-trek of Baffin Island in the Arctic Circle in temperatures averaging -15 degrees. Professional adventurer and gender equality advocate, Debra Searle MVO MBE, will lead the 18-day trip. www.leaseplanarcticchallenge.co.uk



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 training and development.

Commercial Training

Our Commercial Training Programme was officially launched with 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”. Following the success of the first two modules delivered in 2013, LeasePlan has developed the concept further with programmes tailored to Account Development and Management and Fleet Insurance 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

LeasePlan Academy continued to deliver global talent, people management and senior leadership programmes as well as product support and global project training initiatives. 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.

LeasePlan
ACADEMY

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 56.

Corporate social responsibility

LeasePlan understands its responsibilities and strongly believes that it must focus on these to generate profitable and long-term growth. The company is focused on growth, driven by a desire to achieve more, to create more impact for our stakeholders and in turn to strengthen our business. We are especially focused on helping communities achieve their social and economic potential through the wider activities of our business as well as our time and resources. LeasePlan's mission is to be recognised as the global leader in fleet management and driver mobility and, as such, has economic, environmental and social impacts. By partnering with our clients we 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.

LeasePlan's 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 can best achieve this aim by integrating social responsibility and sustainability thinking into all aspects of its business.

LeasePlan code of conduct

Integrated thinking is guided by the LeasePlan code of conduct, which is rooted in our corporate values. It starts 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. LeasePlan's Code of Conduct can be found at www.leaseplan.com.

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 and safer 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 CO₂ 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, CO₂OL, 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).

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

LeasePlan takes pride in its involvement in the areas where it operates and wider communities outside of its operating markets. 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.

LeasePlan ChildPlan

LeasePlan is committed to making a difference in tackling important social issues globally. We launched LeasePlan ChildPlan in 2006 enabling education and welfare to disadvantaged children and youth around the world, both in and outside of the countries where LeasePlan is established. We focus our support in areas where we believe we can make a difference. LeasePlan ChildPlan is fully supported by all our countries, with employees often donating their own time and resources. 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.

LeasePlan
ChildPlan

ChildPlan Academy and children affected by HIV/AIDS, India: LeasePlan has supported this project since 2013 after having provided all the required funds to build the ChildPlan Academy in Namakkal, India. 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 quality education. LeasePlan recently committed to also provide the funds for a much needed school bus enabling children living in remote areas to also enrol in the academy.

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 enrol 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, enabling them to 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. 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 care for the environment. The Ecopark also looks to reunite many of the children with their parents.

SMILES 3.95



Governance

Corporate Governance

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 2014

Much attention during the year was paid to further building the capacity and quality of the compliance organisation, in particular in the LeasePlan entities.

- The company conducted its fourth annual integrity survey, as part of its global engagement and integrity survey. The survey showed increased results compared to 2013.
- Additional programmes and guidelines were developed in support of established group policies. Among the topics addressed were the gifts and entertainment monitoring programme, drafting of a policy framework, competition laws, data protection laws, acquisition of a new control automation tool, price sensitive information tool and the EMIR framework for the LeasePlan Treasury.
- The risk appetite for compliance and reputation risk, as well as implementing a new reputational risk management framework.
- A Group Privacy Officer was appointed.
- Two global privacy policies were developed, which will qualify as "Binding Corporate Rules" (BCR). When personal data of clients, suppliers, other business partners and employees needs to be shared among various LeasePlan entities, the BCR provides a robust level of protection.
- Compliance training for all employees continued with the rollout of the Anti-Bribery e-learning tool.
- A new basic training was set up for new Local Compliance Officers.
- Continued monitoring of regulatory developments, such as sanctions, the Anti-Money Laundering Directive, the Banking Code (Future Oriented Banking package) and the Data Protection Regulation and for the implementation of CRD IV 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 (including CRR/CRD IV), 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's shares. Global Mobility Holding is a company jointly 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 118 production plants in 20 European countries and a further eleven 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.

Status ownership of LeasePlan

In the interest of all stakeholders, LeasePlan makes reference to the public announcements of March 2015 regarding its 100% shareholder Global Mobility Holding B.V. entering into discussions concerning the potential divestment of LeasePlan Corporation N.V. LeasePlan emphasises that the discussions are still in progress and may or may not result in an agreement. Any transaction and any change of ownership of LeasePlan Corporation will be subject to regulatory and competition authorities' approval.

Large company structure regime

Since 9 February 2013 the company is, in accordance with art 2:153 Dutch Civil Code, subject to the large company structure regime. This regime grants specific powers to the Supervisory Board and more influence to employees through the works council in the process of the appointment of Supervisory Board members. As set out in the company's Articles of Association the mitigated large company structure regime applies.

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 23 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** - a group service that 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** - a dedicated entity that arranges and manages LeasePlan's funding programmes and concludes funding and financing transactions with all entities and external counterparts in the financial markets.
- **Travelcard** - a fuel card innovation company offering ease of use, fuel monitoring and additional innovative mobility services to fleet managers and business drivers in the Netherlands.

The Corporate Centre provides global policies, support services and group-wide strategic projects to the operating countries of LeasePlan.

Act on management and supervision

This 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 mitigated large company structure regime, additional changes were made in respect of conflicts of interest in order to reflect the aforesaid 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 and implemented in 2015. 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.

On 21 August 2014 a fourth Managing Board member was appointed in the role of Chief Commercial Officer, resulting in a Managing Board consisting of four male members. This candidate was selected based on his more than twenty years of management experience within LeasePlan with specific expertise in areas of business management and development as well as sales and marketing. There were no suitable female candidates available to fill this position at the relevant point in time. LeasePlan's global diversity project is expected to further support the development of balanced gender diversity throughout the various levels in the organisation. The Supervisory Board has four male members and one female member. Ms A.P.M. van der Veer was reappointed for a second term of four years on 22 October 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 three male members and one female member (since 21 August 2014). It has no Supervisory Board. In view of the appointment of the Chief Commercial Officer to the Managing Board of LeasePlan Corporation N.V. this person also joined the Board of Management of Lease Beheer N.V.

LeasePlan Nederland N.V.

The Board of Management has one male and one female member. The Supervisory Board has two male members.

Banking Code

The 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 (2010) regarding the governance structure, products, and services offered by LeasePlan, we confirm that we apply the Banking Code (2010) at the consolidated level of LeasePlan. As such the

Supervisory Board and Managing Board endorse the principles of the Banking Code (2010), 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 (2010) compliance index for 2014 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.

The report (2013) of the Committee on the Structure of Dutch Banks (the 'Wijffels Committee') laid the foundations for the further strengthening of Dutch banks. In line with this report and for the purpose of restoring trust in Dutch banks, the Dutch Banking Association (NVB) in October 2014 presented a package called 'Future-oriented Banking'. This package consists of the Social Charter, the updated Banking Code and the rules of conduct associated with the bankers' oath. The aforementioned documents became effective as of 1 January 2015. In October 2014 the new Monitoring Committee Banking Code was appointed, which will monitor adherence to the Banking Code (2015). The Monitoring Committee will issue yearly public reports. LeasePlan underwrites the Social Charter and will continue to operate pursuant to the principles of the Banking Code (2015). In addition to the various Board Members that already took the oath, LeasePlan introduced the bankers' oath for all applicable staff early in 2015.

Moral ethical statement / banker's oath

Between 2010 and 2012 the members of the Managing Board of LeasePlan have annually signed the moral ethical statement required under the Banking Code (2010). 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.

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 aforementioned 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 the then members of the Managing Board took the Oath. On 13 March 2013 the three remaining members of the Supervisory Board took the Oath. On 21 August 2014 Nick Salkeld was appointed as Chief Commercial Officer. He took the Oath on 17 September 2014.

Putting clients first – duty of care

In the Banking Code (2010), 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 (2010) 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 centered 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, 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.

In 2014 an introduction program for new employees regarding the LeasePlan Identity (values and brand promise) has been developed and made available to all entities. 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 Banking Code (2010) with respect to moral ethical conduct. Since 2013 a Code of Conduct e-learning tool has been available to employees in all group companies.

Corporate governance 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. The Managing Board approved the PAP Policy in 2012 for vehicle leasing and fleet management products and services, as well as our adjusted Product Harmonisation and Structured Pricing Policy. The 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 2014 the Group Audit Department 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 (2010).

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 (2010) 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 (2010). 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, the Articles of Association of the Company and the Managing Board Regulations.

The Managing Board is made up of four members: the Chairman and Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Chief Commercial Officer of LeasePlan. The new position of Chief Commercial Officer was filled as per 21 August 2014. 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 (2010), 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 Executive and Corporate Management Team.

Banking Code (2010)

The Banking Code (2010) 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 (2010). LeasePlan has a lifelong learning programme in place for the members of the Managing Board, which meets the requirements of the Banking Code (2010). 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 32 countries acting as separate business units selling LeasePlan's core products. View LeasePlan's main operating companies on page 62.

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 2014 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 2014 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 2014 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 2015

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

Capital adequacy

| Composition of capital and risk exposure amounts | 2014 | 2013 | Delta |
|---|-----------------|-----------------|----------------|
| <i>In millions of euros</i> | | | |
| Share capital and share premium | 578.0 | 578.0 | - |
| Other reserves | - 13.2 | - 42.6 | + 29.4 |
| Retained earnings | 2,278.1 | 2,046.1 | + 232.0 |
| Total IFRS equity | 2,842.9 | 2,581.5 | + 261.4 |
| Exclude profit for the year | - 372.0 | - | - 372.0 |
| Foreseeable dividend | - | - 140.0 | + 140.0 |
| Interim dividend paid out of retained earnings | 6.0 | 6.0 | - |
| Prudential filter m-t-m derivatives | 6.9 | 15.3 | - 8.4 |
| Deduction of intangible assets (including goodwill) | - 167.9 | - 114.9 | - 53.0 |
| Deduction of deferred tax assets | - 50.6 | - | - 50.6 |
| AIRB provision shortfall | - 37.6 | - 10.3 | - 27.3 |
| Prudential valuation adjustment | - 0.2 | - | - 0.2 |
| Common equity tier 1 capital | 2,227.5 | 2,337.6 | - 110.1 |
| Total assets on balance sheet | 19,655.7 | 19,129.4 | + 526.3 |
| Impact of risk-weighting lease portfolio | - 7,658.6 | - 6,232.6 | - 1,426.0 |
| Impact of risk-weighting other assets | - 2,273.0 | - 2,495.7 | + 222.7 |
| On balance risk-weighted assets | 9,724.1 | 10,401.1 | - 677.0 |
| Other risk exposure amounts | 3,237.3 | 3,443.9 | - 206.6 |
| Total risk exposure amount | 12,961.4 | 13,845.0 | - 883.6 |
| Common equity tier 1 ratio | 17.2% | 16.9% | |

In 2014 the group is subject to the Capital Requirement Regulation/Capital Requirements Directive IV regime (CRR/CRD IV), ("Basel III"), while in 2013 the Basel II regime was applicable. This causes material changes in the measurement of both common equity tier 1 capital and the total risk exposure amounts. The common equity tier 1 capital was mainly negatively impacted by the deduction under CRR/CRD IV of a broader definition of Intangible assets and of a certain part of the deferred tax assets. Also the condition that interim profits can no longer be included had a negative impact. The profits for the year can only be added to the common equity tier 1 capital after adoption of the annual accounts, including a decision on the profit distribution, in March 2015. As a consequence of this also no foreseeable dividend is deducted (a further dividend of EUR 230 million was paid out of retained earnings in February 2015).

The total risk exposure amount has on a net basis decreased during 2014, even though the size of LeasePlan's funded fleet has increased. This is mainly caused by implementation of new advanced measurement models for retail portfolios, wider application of the 1/t measurement for residual value exposures and by the abolishment of the Basel II transitional capital floor.

The current level of common equity tier 1 capital is in excess of both internal targets and minimum requirements of the Dutch Central Bank.

For a more comprehensive review the reader is referred to the Capital Adequacy paragraph in the Financial Risk Management section starting on page 86.

Risk management

| 1st Line of defence | 2nd Line of defence | 3rd Line of defence | External Audit | Supervisors |
|--|-----------------------------------|---------------------|------------------|------------------|
| Local, regional and corporate management | Risk Management | Group Audit | PwC ¹ | AFM ² |
| Strategic Finance | Information Security & Governance | | | DNB ³ |
| | Legal & Compliance | | | CBI ⁴ |

¹ PWC - PricewaterhouseCoopers Accountants N.V.

² AFM - Autoriteit Financiële Markten

³ DNB - De Nederlandsche Bank

⁴ CBI - Central Bank of Ireland

In line with banking industry best practice and relevant regulation on internal governance, LeasePlan’s control framework includes three lines of defence 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, Information Security & Governance 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 our Managing Board and the Audit Committee of the Supervisory Board, 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 layers. 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 2014

During 2014 the number of credit losses of LeasePlan's customer portfolio continued to decrease on an overall base, which was reflected in a reduced number of defaults recorded for both the corporate and retail segments. Whereas the average credit loss in the retail segment somewhat increased, a clear decrease in average credit losses was observed in the corporate customer portfolio, leading to a slightly lower level of credit losses overall.

LeasePlan's termination income 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) and continued to contribute substantially to the net result. During the year LeasePlan experienced a continuous improvement in the sales results in nearly all its markets.

The company benefited from both more prudent setting of residual values in contracts written in the beginning of the crisis back in 2008 and 2009 as well as from a continued focus on mitigating measures during the lifetime 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 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 positive market conditions during the year. The funding channels remained open, and investors provided funding under the company's debt capital market and securitisation programmes. Furthermore, the positive market conditions enabled the company to drive the funding costs down further. In addition, LeasePlan Bank remained a stable source of funding. Overall, the liquidity and capital position of LeasePlan remain solid and the group safely complies with the Capital Requirement Regulation/Capital Requirements Directive IV regime (CRR/CRD IV), for capital adequacy that came into effect in January 2014.

Controlled risk taking

2014 marked a successful year for LeasePlan, as the company continued on its path toward a pre-crisis growth trajectory in terms of volume and quality of earnings. The risk and control focus advanced during the crisis remains a core part of the overall company approach. LeasePlan's strategic growth ambitions will be focused on the company's core business of fleet and vehicle service only. Volume objectives in the large corporate and small to medium (SME) markets will continue to be reinforced by a sound risk management framework for a healthy and sustainable growth across the globe.

LeasePlan's risk strategy is designed for sustainable, profitable growth and is, therefore, based on a prudential approach to setting risk objectives. Moreover, while the markets are still sensitive in terms of economic growth, LeasePlan is well positioned to manage current market circumstances and future developments. In the years to come, the group will continue to allocate the necessary time, resources and investment to maintain the strength of its risk management framework, in support of its business ambitions and regulatory compliance.

LeasePlan continues to leverage its internal rating based (IRB) status and its approach to corporate and retail sectors to appropriately reflect the level of risk in current and potential portfolio. This status reflects the group's commitment to the high level of credit risk management standard and allows for advanced credit risk assessment and clear risk appetite setting for group companies.

Likewise, the Group's Advanced Measurement Approach (AMA) for operational risk signals the group's commitment to operational excellence and risk awareness. It will remain the main driver behind business process improvements across existing and new products and 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 also continues to harmonise the management of asset related exposures 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 pursuing a diversified funding strategy and will sustain matched funding. At any time during the year LeasePlan met the liquidity survival horizon as set by the group, being a minimum of nine months. Prudent liquidity management and controls are in place to ensure compliance with new regulatory requirements.

Furthermore, risk is an essential building block in the group's remuneration framework. Balanced risk taking is by definition required to grow the business profitably. The group's remuneration framework will continue to reflect the right incentives for managing risk and return in alignment with risk appetite objectives in a sustainable and healthy manner and will discourage 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 86).

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. In 2014 a Group Privacy Officer was appointed, who reports to the SCVP Legal & Compliance. 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. Compliance reports are presented to the Managing Board every half-year 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 legal and compliance function, as well as a local privacy function exists within each LeasePlan entity.

Since 2011 LeasePlan annually measures trends in the perceived integrity climate within LeasePlan through the global engagement and integrity survey. The 2014 result marked the continued efforts made by LeasePlan and its entities in further improving the integrity environment. For LeasePlan group the overall perceived level of integrity has improved from 4.1 in 2013 to 4.2 (on a scale from 1 – 5) in 2014. The participation rate for 2014 was 93%. The integrity survey further serves the purpose of ensuring continued 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 the group, a Legal & Compliance Change Board was established in 2013. After the launch of the new positioning, it is now called the Legal & Compliance Support Group, which interacts with the local lawyers and compliance officers via a number of geographic peer groups. Adopting a business partner role, this structure 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.

Due to the importance of safeguarding LeasePlan's reputation, the Managing Board set the Risk Appetite for Reputation Risk at "low". On inherent risk basis, LeasePlan has a low risk appetite for reputational risk exposure, recognising that every strategic choice made by LeasePlan will be scrutinised and judged by its stakeholders. Also, on residual basis, reputational risk appetite is considered low. This is because LeasePlan considers its brand and image a key asset across all business activities and stakeholders. That is, there is a low tolerance for any activities that threaten LeasePlan's reputation. Consequently, the low appetite (inherent) for reputational risk means that LeasePlan will not knowingly engage in any activity that is inconsistent with its code of conduct, recognised as incorrect by its stakeholders or that deviates from their expectations which will have a material adverse impact on the company. In order to manage reputation risk, LeasePlan has developed a reputation risk management framework and will continue to develop adequate mitigating measures.

In terms of providing a framework for employees and external stakeholders on conduct and business ethics matters, LeasePlan uses its code of conduct. 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.

Supervisory Board biographies



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.

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.



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.

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 Capital 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. Formerly Managing Director of Fleet Investments B.V., Amsterdam; Antje Verwaltungs GmbH, Frankfurt; Global Mobility Holding B.V., Amsterdam and Metzler Nederland B.V., Amsterdam.



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.

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.



Christian Schlöggel

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; reappointed 13 March 2012. Member of the Credit Committee.

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.



Ada van der Veer - Vergeer

Dutch

Year of birth: 1959

Appointed member of the Supervisory Board on 10 December 2010; reappointed on 22 October 2014. Member of the Audit Committee and the Remuneration Committee.

Has over 25 years' 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 in the areas of strategy and corporate governance. Her current other Supervisory Board memberships include Alliander N.V. and NPO - the Netherlands Public Broadcasting (appointed by the Crown). Furthermore she is Board member of Stichting Preferente Aandelen Nedap N.V., Advisor to the National Register of Directors and Supervisors, and Core team member of the Educational programme for Non-Executives and Supervisors of the Erasmus University.

Supervisory Board report

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 372 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. An important event in May 2014, was LeasePlan's repayment of the last tranche of government guaranteed funding.

The Supervisory Board is of the opinion that during the year 2014 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.

The Supervisory Board makes reference to the public announcements of March 2015 regarding the 100% shareholder Global Mobility Holding B.V. entering into discussions concerning the potential divestment of LeasePlan Corporation N.V. Whilst the discussions are still in progress and may or may not result in an agreement, the Supervisory Board emphasises that it will continue to act in accordance with its formal duties and responsibilities. Any transaction and any change of ownership of LeasePlan Corporation will be subject to regulatory and competition authorities' approval.

Full review of the year and outlook

A review of LeasePlan's 2014 performance and 2015 outlook is described on pages 3 to 31. This is intended to inform stakeholders and help them assess how the Supervisory Board has acted upon its formal duties and responsibilities 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 2014. 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 2014, as included on pages 157 to 166 of this report. 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, (potential) acquisitions and major investments, objectives, business plans, budgets, IT infrastructure, risk management, risk appetite, governance, internal controls and any other organisational developments 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 and the corporate secretary ensure that the members of the Supervisory Board receive timely and clear information on all relevant matters. LeasePlan's internal control functions (Risk Management, Compliance and Audit) have direct access to the Chairman of the Audit Committee. 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 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. The Supervisory Board may discuss and, where necessary, approve certain decisions by way of written resolutions outside of the scheduled meetings.

Committees of the Supervisory Board

In order to ensure the efficiency of its work, the Supervisory Board has 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 rather than 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 2014, the Supervisory Board held eight meetings with the Managing Board, of which five were plenary and three were arranged through conference call. The Audit Committee and the Remuneration Committee held four plenary meetings each throughout the year. 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 relevant discussions throughout the year 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. The Supervisory Board, additionally, held several discussions among its members without the presence of the members of the Managing Board.

Activities and meetings of the Supervisory Board 2014

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 including approval of credit exposures above EUR 100 million. 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 on 7 February 2014, the Supervisory Board discussed in detail the financial results and headlines of the preceding year with the Managing Board, prior to the public release of the year-end 2013 results.

In March 2014, the Supervisory Board met in plenary to discuss the annual report 2013 of LeasePlan, including the management report, the accompanying auditor's report, the financial statements and the proposed profit appropriation. The group management letter and the yearly 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 2013 including the consolidated financial result without qualification. Further, the Supervisory Board recommended to the General Meeting of Shareholders to adopt the annual accounts of 2013.

Also in March, the Supervisory Board comprehensively discussed business and market developments following a detailed presentation from the Managing Board. The discussion focused on a wide range of topics not limited to but including the competitive landscape in certain countries, market conditions, the progress of recent acquisitions and on how profitable growth across the group will be realised through a targeted approach. The Supervisory Board also discussed LeasePlan's future agreement to acquire the 49% stake the Doğuş Group held in LPD Holding A.Ş., the holding company of LeasePlan Turkey. In order to avoid potential conflicts of interests Mr Witter and Mr Möhle did not participate in the relevant discussions.

Further items discussed during the meeting were an update on, and subsequent approval of, LeasePlan's funding framework and programme. Also the update of the risk appetite statement as proposed by the Managing Board was agreed upon. The Supervisory Board also received the yearly update on HR related trends and developments throughout the group as well as an update on LeasePlan's group-wide diversity programme. The adequacy and effectiveness of LeasePlan's risk management and control systems were also discussed. The Supervisory Board also approved several corporate housekeeping matters.

In June 2014, the Supervisory Board meeting took place at the offices of LeasePlan Netherlands in Almere. The Supervisory Board received a detailed presentation from the management team of LeasePlan Netherlands on the business, and financial position of the company, as well as the challenges, opportunities and trends in the Dutch market. The apparent trends in the Dutch market were also discussed in detail. The Supervisory Board was informed that LeasePlan Netherlands has been recognised as a top employer for the fifth year in a row.

As part of the lifelong learning programme in June 2014, the Supervisory Board received a presentation on governance, supervision and the developments in the Dutch economy from Dr J.P. Balkenende, partner of EY focusing on corporate responsibility, internal affairs and areas at the interface of the public and private sectors. Dr Balkenende is also Professor of Governance, Institutions and Internationalisation at the Department of Applied Economics, Erasmus University Rotterdam. Dr Balkenende's presentation was supported by Mr J. Nijssen, partner of EY.

The geographical as well as the business scope of the group's portfolio were 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 official opening of LeasePlan Canada in June 2014 where the prospects for the business look promising. Of additional note were the stability of businesses and strength of the management teams in the countries. Attention was given to the favourable termination results of vehicles sold in the majority of countries in the group. During the regional discussion, senior management also noted the progress of key global projects, investments and business developments in the individual countries.

Also in June the Supervisory Board discussed a geographical expansion scenario analysis as part of the strategy update. Geographical expansion is an important topic of discussion as it has proven to be an important growth contributor in the past. The discussion centered on the demand of international clients in determining potential future markets for LeasePlan. Tax management across the group was a further item of comprehensive discussion.

During the June meeting further discussion took place on the principles of change to be incorporated into the Supervisory Board Regulations and Articles of Association. Changes were required in order to reflect the anticipated composition of six members of the Supervisory Board, to include relevant changes in view of the applicable mitigated large company regime and to reflect new Dutch legislation regarding conflicts of interest. It was noted that following the mitigated large company regime the Works Councils have a specific right of recommendation regarding the (re)appointment of Supervisory Board members. The Supervisory Board took note of the way in which the Works Councils will exercise their rights.

Following the agreed extension of the Managing Board through the appointment of a Chief Commercial Officer, the Supervisory Board conducted a comprehensive process of assessment that resulted in the recommendation to the shareholders to appoint Mr Nick Salkeld to the relevant position. In addition the Supervisory Board decided the remuneration for the position. The appointment, approved by the shareholders, is designed to support LeasePlan's drive for new avenues for growth as well as focusing on delivering products and services that meet the changing needs of clients.

During a conference call on 13 August 2014, the Supervisory Board discussed at length the HY 2014 results, interim report and results announcement.

In September 2014, the Supervisory Board held a plenary session 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 and a two-day corporate management team strategy meeting took place. The strategy plenary discussion focused on two specific areas of growth and diversity. In terms of growth, the discussion focused on sustainable growth and profitability underpinned by the strategic pillars of growth, operational excellence, customer centric innovation and right people and culture. Also attention was paid to the growing importance of data quality, effective IT and the introduction of telematics. LeasePlan has invested in several global projects to make further progress in this respect. The discussion also focused on geographical expansion and routes to further market penetration. Among other matters discussed during the strategy session were economic and market developments, market trends, the competitive landscape and acquisition possibilities. The second topic of discussion during the strategy plenary session was the global diversity project of LeasePlan. The discussion focused on the four phases of the project (awareness, understanding, involvement and ownership). In view of the importance of diversity, it was agreed to include an overview of the progress made in this respect in the yearly Human Resources update to the Supervisory Board.

In September, the Supervisory Board nominated Ms Van der Veer – Vergeer to be reappointed for a term of four years as a member of the Supervisory Board. The reappointment was confirmed on 22 October 2014.

Among the quarterly discussion items was the funding & liquidity update, this time also including an update on LeasePlan's investment policy and related considerations. During the September meeting, the Supervisory Board discussed the outcome of the governance assessment undertaken by the management of LeasePlan, with support from Deloitte. The analysis confirmed the strengths of LeasePlan's current operating model, which has been one of the cornerstones of the group's success, while revealing some opportunities to improve the supporting governance model of the business. A number of work streams have been established involving country and corporate management. The Supervisory Board continues to be updated on this important project.

Also in September, the Supervisory Board discussed the Pension 2015 proposal for employees based in the Netherlands as a result of changes in the relevant Dutch legislation. The formal resolution to adopt the pension change was taken by the Supervisory Board in December of the year.

During a conference call on 3 November 2014 the Supervisory Board resolved to approve the agreement to acquire the 49% stake the Doğuş Group held in LPD Holding A.Ş, the holding company of LeasePlan Turkey. Due to potential conflict of interests Mr Witter and Mr Möhle did not participate in the call.

In November 2014, the Supervisory Board extensively discussed the projected year-end results and performance with the Managing Board. The Supervisory Board furthermore reviewed the annual plan 2015-2016 and multi-year plan 2015-2019. The strong termination income in several markets was discussed in detail as well as expected termination results in the future although these remain difficult to forecast. Following an in-depth discussion, the Supervisory Board approved the annual plan 2015-2016 (including forecast 2014) and the multi-year plan 2015-2019.

Also in November, the Supervisory Board approved the appointment of Mr Ignacio Barbadillo to the position of Regional Senior Vice-President Central Europe and Asia. Mr Barbadillo was the former Managing Director of LeasePlan Spain and succeeded Mr Salkeld who was appointed as CCO and the fourth member of the Managing Board.

The Supervisory Board furthermore unanimously resolved to approve that the Managing Board proposed to the shareholders an interim dividend payout amounting to EUR 6 million on 8 December 2014. An additional interim dividend amounting to EUR 230 million was resolved upon in January 2015 with payout effectuated 10 February 2015.

The Supervisory Board also discussed at length the current business and market developments of the group. Among the topics discussed were growth of the total fleet, the level of performance in the countries as well as the competitive pressures in the majority of markets.

During the quarterly risk management review the Supervisory Board discussed the recovery plan, the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) 2014 and credit approvals. Furthermore the Supervisory Board unanimously approved the risk appetite for the year 2015 whereby specific attention was paid to the more detailed description of compliance and reputation risk appetite as presented by management.

Furthermore, the Supervisory Board discussed the liquidity position of LeasePlan, the funding programmes and ratings approach with the Managing Board. The Supervisory Board moreover reviewed and approved the year planning for 2015 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 as well as 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. In this respect, a profile for the Supervisory Board has been in place since May 2011 and provides guiding principles for the appointment of the members and the composition of the Supervisory Board.

Terms of appointment of members of the Supervisory Board

Members of the Supervisory Board are appointed for a maximum term of four years and may be reappointed following the expiry of each term. A gradual reappointment schedule is in place in order to ensure that the terms of appointment do not expire at the same time.

Performance and development

The Chairman of the Supervisory Board decides on the contents of a programme of lifelong learning, with the aim of maintaining and, where necessary, improving the expertise of the Supervisory Board members at the standards that are generally imposed on Supervisory Board members in the Dutch financial sector. This includes being aware of the social role of a bank and of the interests of various stakeholders. The learning programme covers relevant developments in the company, corporate governance in general and, in particular, the financial sector, the duty of care towards the client, integrity, risk management, financial reporting and audits. Going forward, as set out in the Social Charter Banking Code Rules of Conduct published in October 2014, IT infrastructure will be included in the lifelong learning programme. 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 2014 was done during a separate Supervisory Board session on 13 January 2015. 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 Mr Witter, Mr Klaus and Ms 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 March and September quarterly meetings of the Audit Committee are also attended by the external auditors.

The Audit Committee met with the Managing Board on four occasions in 2014 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, a report on any compliance incidents as well as an update on the overall audit planning.

In March 2014, following an assessment of the working relationship 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 2014. Moreover, the external auditor introduced its IT partner to the committee.

In June 2014, the committee approved the internal audit charter for 2014. Moreover, the committee discussed the results of the Group Audit Department's self-assessment as part of the mandatory internal audit quality programme. The annual internal self-assessment confirmed that the Group Audit Department follows the Internal Professional Practices as developed by the Institute of Internal Auditors (IIA). At the same time areas with room for improvement were identified and will be followed up. In addition, at least once every five years an external assessment is performed by the IIA.

In September 2014, the Audit Committee reviewed and discussed the integrated audit plan of the Group Audit Department and the external auditor as well as the audit plan 2014 of the external auditor. The committee discussed the Group Audit Department's increased focus on mandatory audit requirements, assessment of compliance with the requirements of CRR/CRD IV, Solvency II and the continued prioritisation of information security. Moreover the committee took note of the status overview on how the company ensured follow-up on the recommendations resulting from the prior year audit performed by the external auditors.

In November 2014, the Audit Committee reviewed and approved the detailed planning of the Group Audit Department for 2015. Increased focus will be on regulatory requirements in the banking and motor insurance areas. Additionally, specific attention will be paid to the link to risk appetite both on corporate and on country level.

Significant attention was paid to the outcome of the on-site inspection of the internal audit function as performed by DNB in the first two weeks of September 2014. The full report was shared with the Audit Committee in conjunction with a detailed follow-up report prepared by the Group Audit Department.

In line with the 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 to the Audit Committee on relevant regulatory and compliance aspects. Among the update provided during the November meeting 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, counterparty due diligence, the development of binding corporate rules with regard to privacy, compliance risk appetite and the revised Banking Code.

Credit Committee

The members of the Credit Committee are Mr Witter, Mr Klaus, Mr Möhle and Mr Schlögell. During 2014 the Credit Committee resolved on 14 credit applications related to various LeasePlan entities.

Remuneration Committee

The members of the Remuneration Committee are Mr Witter, Mr Klaus and Ms 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 Human Resources 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 56.

Almere, the Netherlands, 25 March 2015

The Supervisory Board

Frank Witter
Michael Klaus
Albrecht Möhle
Christian Schlögel
Ada van der Veer – Vergeer

Group 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 and 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 Banking Code and the CRD IV principles as implemented in the Regulation on sound remuneration policies from the Dutch Central Bank. Also, LeasePlan complied with the relevant provisions of the Bonus Prohibition Act for state supported banks until 22 May 2014, when LeasePlan repaid the last tranche of its government guaranteed funding.

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 met four times in 2014 in the presence of the CEO and the SCVP HR to discuss matters relating to, amongst others, the new regulatory technical standards for the selection of Identified Staff, the remuneration of the newly appointed Managing Board member, the Dutch draft Bill on Remuneration Policies for Financial Enterprises and the changes in the Dutch pension regulations. In addition the Remuneration Committee had several informal discussions among its members. The Group Audit Department carried out a number of recurring audits on the execution of the remuneration policy.

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 IV. 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 by the Managing Board, the remuneration policy is submitted for final approval of the (Remuneration Committee of the) Supervisory Board. 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 selection, 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 (Risk, Compliance and Audit) 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 was awarded or paid to the Managing Board during the term the Bonus Prohibition Act applied 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 2014 the (Remuneration Committee of the) Supervisory Board was supported by external advisors on the peer group methodology used to position remuneration for Identified Staff against the external market. In addition, external advice was requested on the proposed changes to the Dutch pension scheme and the Dutch Act on remuneration policies for financial enterprises. Moreover, advice was requested with respect to the project incentive awarded by the shareholder to Managing Board members in relation to the discussions concerning the potential divestment of LeasePlan Corporation N.V. as announced in March 2015. Information on this project incentive is provided in section f. The qualitative information provided in the sections b – e does not apply to this project incentive.

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, a commercial criterion that fully supports our business strategy, non-financial criteria, such as customer loyalty, employee engagement and integrity and in some cases personal criteria. The variable remuneration of Control Functions does not contain criteria that may create conflicts of interest. 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 in total 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, measurable, attainable, relevant and time-bound.
- Variable remuneration of Identified Staff can never exceed 100% of fixed remuneration or 50% in case of the Control Functions.
- Variable remuneration consists of cash (50%) and non-cash elements (50%), i.e. phantom share units ('PSUs').
- 60% of the variable remuneration is paid upfront and 40% of the variable remuneration of Identified Staff is deferred for a period of three years.
- PSUs have a retention period of one year after vesting.
- There is alignment between the remuneration packages of Identified Staff and of other senior positions in the LeasePlan group.
- All Identified Staff who are employed by Lease Beheer N.V. participate in a defined contribution pension plan. All pension plans of Identified Staff are in line with the pension conditions of the relevant entity. 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), commercial, non-financial targets such as customer loyalty, employee engagement and integrity and (in some cases) targets relevant to an individual's position. 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 any targets that may create a conflict of interest 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.

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. Project incentive awarded by the shareholder

In light of the discussions concerning the potential divestment of LeasePlan Corporation N.V. as announced in March 2015 the current shareholder decided to award an incentive to Managing Board members in order to reward their efforts in relation to this project.

Since the shareholder awarded and is paying the full amount, no actual costs were or will be incurred by LeasePlan in respect of this project incentive. For this purpose, the shareholder proposed and approved an increase of the cap of variable remuneration with the legally permitted maximum as per applicable legislation.

Since it was deemed reconcilable with the risk profile, risk appetite, company strategy of LeasePlan and prudent in light of the potential divestment of LeasePlan Corporation N.V. as announced in March 2015, it was decided in this instance to partly adjust the main elements of the reward structure. As a result, the total award is made in cash, of which 40% is deferred for a period of 18 months after the date of award.

g. Aggregated remuneration information of Identified Staff

Identified Staff within LeasePlan increased from 15 to 16 positions in 2014, due to the expansion of the Managing Board with the appointment of the new Chief Commercial Officer position. As a result, the split between the number of Managing Board members and Other Identified Staff changed as of 21 August 2014, although one position in the Other Identified Staff category remained vacant until 31 December 2014.

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 2014 including the project incentive. The numbers Identified Staff split by Managing Board and Other Identified Staff changed during the year due to the appointment of the fourth Managing Board member per 21 August 2014. The remuneration data are allocated accordingly.

Remuneration awarded to Identified Staff relating to 2014

| <i>In thousands of euros</i> | Managing Board (#3 - #4) | | Other Identified Staff (#12 - #11) | |
|------------------------------|--------------------------|--------------------------|------------------------------------|--------------------------|
| | Direct | Deferred and conditional | Direct | Deferred and conditional |
| Fixed remuneration | | | | |
| Cash | 2,114 | NA | 3,099 | NA |
| Variable remuneration | | | | |
| Cash* | 1,154 | 769 | 712 | 475 |
| Non-cash instruments (PSUs) | 320 | 213 | 712 | 475 |

* The project incentive awarded by the shareholder is included in the direct and deferred and conditional cash respectively.

Table [1]

Over 2014, following the Ex Ante Risk Assessment, it was decided to apply one downward risk-adjustment of the variable remuneration for one of the Other Identified Staff members. The awarded variable remuneration remains 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 2014 of variable remuneration to Identified Staff. Distinction is made between the direct variable remuneration in cash relating to 2013 and the amounts that are payable from former years (i.e. direct instruments relating to 2012).

Actual payments variable remuneration to Identified Staff

| | Managing Board (#3 - #4) | Other Identified Staff (#12 - #11) |
|---|---------------------------------|---|
| <i>In thousands of euros</i> | | |
| Cash | NA | 766 |
| Non-cash instruments (PSUs) | 0 | 743 |
| Reduced through performance adjustments | 0 | 0 |

Table [2]

Table [3] shows the variable remuneration that vested in 2014 and the outstanding amounts of deferred remuneration for Identified Staff. The Variable Pay Plan for Identified Staff has been in force since 2011. The first conditional and deferred amounts vest in 2015.

Total amount of outstanding (deferred) remuneration for Identified Staff

| <i>In thousands of euros</i> | Managing Board (#3 - #4) | | Other Identified Staff (#12 - #11) | |
|------------------------------|---------------------------------|----------|---|----------|
| | Vested | Unvested | Vested | Unvested |
| Cash | NA | NA | 0 | 1,293 |
| Non-cash instruments (PSUs) | NA | NA | 874 | 1,970 |

Table [3]

Table [4] shows the number of individuals being remunerated (i.e. awarded) EUR 1 million or more per financial year, for remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500,000. Remuneration consists of fixed and variable compensation and pension-related costs relating to the financial year 2014 and the project incentive awarded by the shareholder.

| Total number of Identified Staff remunerated EUR 1 million or more | Number of Identified Staff |
|---|-----------------------------------|
| 1m - 1.5m | 1 |
| 2.5m - 3m | 1 |

Table [4]

In 2014, there were no severance payments, nor were there any ‘sign-on’ or any other form of guaranteed payments made. In relation to the period in which the Bonus Prohibition Act applies, no variable remuneration payments were made to the Managing Board.

2011, 2012 and 2013 variable remuneration

The Ex-Post Risk Assessment has led to no downward adjustment of the deferred elements of the 2011, 2012 and 2013 variable remuneration. The February 2015 value of the PSUs at EUR 51.59 (February 2014: EUR 45.25) has been approved by the (Remuneration Committee of the) Supervisory Board taking into account an external evaluation report. The direct variable remuneration 2013 in PSUs is at the end of its retention period and will therefore be converted into a gross cash payment in Q2 2015.

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. For the incurred costs for the remuneration of the Managing Board members in 2013 and 2014 please refer to page 150.

PSUs

Since the Managing Board is partly entitled to variable remuneration in relation to the performance year 2014, 10,334 PSUs (upfront and deferred) were awarded. The amounts are disclosed in Table 1 under 'Non-cash instruments' (PSUs), which is divided by the February 2015 value of the PSUs. The difference is caused by the fact that the number of PSUs awarded is rounded up to whole numbers.

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 2014. 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 Private 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: H. Kaastra
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: S. Dianin
www.leaseplan.ru

Slovakia

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

Spain

LeasePlan Servicios, S.A.
Managing Director: A. Sáez
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: M. Dyer
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

| <i>In thousands of euros</i> | Note | 2014 | 2013 |
|--|------|------------------|------------------|
| Revenues | 3 | 7,619,371 | 7,421,546 |
| Cost of revenues | 3 | 6,695,206 | 6,599,803 |
| Gross profit | | 924,165 | 821,743 |
| Interest and similar income | 4 | 794,226 | 859,327 |
| Interest expenses and similar charges | 5 | 377,727 | 479,668 |
| Net interest income | | 416,499 | 379,659 |
| Impairment charges on loans and receivables | 7 | 20,143 | 25,083 |
| Net interest income after impairment charges on loans and receivables | | 396,356 | 354,576 |
| Unrealised gains/(losses) on financial instruments | 14 | - 12,072 | 25,716 |
| Other financial gains/(losses) | 6 | - | - 3,995 |
| Net finance income | | 384,284 | 376,297 |
| Total operating and net finance income | | 1,308,449 | 1,198,040 |
| Staff expenses | 8 | 498,562 | 472,256 |
| General and administrative expenses | 9 | 263,453 | 256,763 |
| Depreciation and amortisation | 10 | 53,950 | 48,716 |
| Total operating expenses | | 815,965 | 777,735 |
| Share of profit of investments accounted for using the equity method | 21 | 6,565 | 7,462 |
| Profit before tax | | 499,049 | 427,767 |
| Income tax expenses | 11 | 127,078 | 101,320 |
| Profit for the year | | 371,971 | 326,447 |
| Profit attributable to Owners of the parent | | 371,971 | 326,447 |

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

| <i>In thousands of euros</i> | Note | 2014 | 2013 |
|--|------|----------------|-----------------|
| Profit for the year | | 371,971 | 326,447 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Remeasurement of post-employment benefit reserve, before tax | 27 | - 5,524 | - 289 |
| Income tax on post-employment benefit reserve | 11 | 1,840 | 111 |
| Subtotal changes post-employment benefit reserve, net of income tax | | - 3,684 | - 178 |
| <i>Items that may be subsequently reclassified to profit or loss</i> | | | |
| Changes in cash flow hedges, before tax | | 31,315 | 58,836 |
| Cash flow hedges recycled from equity to profit and loss, before tax | | - 20,123 | - 30,355 |
| Income tax on cash flow hedges | 11 | - 2,798 | - 7,120 |
| Subtotal changes in cash flow hedges, net of income tax | 11 | 8,394 | 21,361 |
| Exchange rate differences | 27 | 24,794 | - 52,894 |
| Share of other comprehensive income in investments accounted for using the equity method | 27 | - 104 | - 112 |
| Other comprehensive income, net of income tax | | 29,400 | - 31,823 |
| Total comprehensive income for the year | | 401,371 | 294,624 |
| Comprehensive income attributable to Owners of the parent | | 401,371 | 294,624 |

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

Consolidated balance sheet

| <i>In thousands of euros</i> | Note | 2014 | 2013 |
|---|------|-------------------|-------------------|
| Assets | | | |
| Cash and balances at central banks | 12 | 957,951 | 978,774 |
| Receivables from financial institutions | 13 | 1,222,829 | 1,439,051 |
| Derivative financial instruments | 14 | 183,023 | 120,438 |
| Other receivables and prepayments | 15 | 668,526 | 586,793 |
| Inventories | 16 | 205,314 | 202,000 |
| Receivables from clients | 17 | 2,952,126 | 2,829,949 |
| Property and equipment under operating lease and rental fleet | 18 | 12,681,312 | 12,226,631 |
| Other property and equipment | 19 | 82,888 | 82,696 |
| Loans to investments accounted for using the equity method | 20 | 290,130 | 258,369 |
| Investments accounted for using the equity method | 21 | 57,064 | 55,170 |
| Intangible assets | 22 | 162,846 | 163,752 |
| Corporate income tax receivable | | 20,475 | 30,941 |
| Deferred tax assets | 23 | 161,828 | 154,835 |
| | | 19,646,312 | 19,129,399 |
| Assets classified as held-for-sale | 24 | 9,437 | - |
| Total assets | | 19,655,749 | 19,129,399 |
| Equity | | | |
| Share capital | 26 | 71,586 | 71,586 |
| Share premium | 26 | 506,398 | 506,398 |
| Other reserves | 27 | - 13,178 | - 42,578 |
| Retained earnings | 28 | 2,278,120 | 2,046,149 |
| Total equity | | 2,842,926 | 2,581,555 |
| Liabilities | | | |
| Trade and other payables and deferred income | 29 | 2,061,974 | 1,945,350 |
| Borrowings from financial institutions | 30 | 1,991,356 | 2,523,337 |
| Derivative financial instruments | 14 | 130,284 | 197,490 |
| Funds entrusted | 31 | 4,378,891 | 4,320,156 |
| Debt securities issued | 32 | 7,638,038 | 6,988,740 |
| Provisions | 33 | 355,267 | 331,254 |
| Corporate income tax payable | | 23,386 | 43,922 |
| Deferred tax liabilities | 23 | 233,627 | 197,595 |
| Total liabilities | | 16,812,823 | 16,547,844 |
| Total equity and liabilities | | 19,655,749 | 19,129,399 |

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 | | | | Total equity |
|---|--|----------------|-----------------|-------------------|------------------|
| | Share capital | Share premium | Other reserves | Retained earnings | |
| Note | 26 | 26 | 27 | 28 | |
| Balance as at 1 January 2013 | 71,586 | 506,398 | - 13,239 | 1,822,686 | 2,387,431 |
| Profit for the year | | | | 326,447 | 326,447 |
| Other comprehensive income | | | - 31,823 | | - 31,823 |
| Settlement pension plan | | | 2,484 | - 2,484 | |
| Total comprehensive income | | | - 29,339 | 323,963 | 294,624 |
| Dividend relating to 2012 | | | | - 94,500 | - 94,500 |
| Dividend relating to 2013 | | | | - 6,000 | - 6,000 |
| Total transactions with owners of the parent | | | | - 100,500 | - 100,500 |
| Balance as at 31 December 2013 | 71,586 | 506,398 | - 42,578 | 2,046,149 | 2,581,555 |
| Profit for the year | | | | 371,971 | 371,971 |
| Other comprehensive income | | | 29,400 | | 29,400 |
| Total comprehensive income | | | 29,400 | 371,971 | 401,371 |
| Dividend relating to 2013 | | | | - 134,000 | - 134,000 |
| Dividend relating to 2014 | | | | - 6,000 | - 6,000 |
| Total transactions with owners of the parent | | | | - 140,000 | - 140,000 |
| Balance as at 31 December 2014 | 71,586 | 506,398 | - 13,178 | 2,278,120 | 2,842,926 |

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

| <i>In thousands of euros</i> | Note | 2014 | 2013 |
|---|------|------------------|--------------------|
| Operating activities | | | |
| Profit before tax | | 499,049 | 427,767 |
| Adjustments | | | |
| Interest income | 4 | - 794,226 | - 859,327 |
| Interest expense | 5 | 377,727 | 479,668 |
| Impairment on receivables | 17 | 20,143 | 25,083 |
| Bargain purchase gain | 25 | - | - 4,016 |
| Valuation allowance on inventory | 16 | - 200 | - 10,000 |
| Depreciation operating lease portfolio and rental fleet | 18 | 2,808,162 | 2,814,015 |
| Depreciation other property and equipment | 19 | 25,403 | 24,096 |
| Amortisation and impairment intangible assets | 22 | 28,547 | 24,620 |
| Share of profit of investments accounted for using the equity method | 21 | - 6,565 | - 7,462 |
| Financial instruments at fair value through profit and loss | 14 | 12,072 | - 25,716 |
| Changes in | | | |
| Increase/(decrease) provisions | | 24,013 | 4,426 |
| Derivative financial instruments | | - 133,469 | 86,837 |
| Increase/(decrease) trade and other payables and other receivables | | 21,673 | 152,684 |
| (Increase)/decrease inventories | 16 | 160,302 | 184,130 |
| Amounts received for disposal of objects under operating lease | 18 | 1,861,964 | 1,749,087 |
| Amounts paid for acquisition of objects under operating lease | 18 | - 5,203,404 | - 4,542,590 |
| Acquired new finance leases and other increases of receivables from clients | | - 1,162,719 | - 896,946 |
| Repayment finance leases | | 1,031,201 | 1,194,252 |
| Cash generated from operations | | - 430,327 | 820,608 |
| Interest paid | | - 390,727 | - 524,073 |
| Interest received | | 795,592 | 860,804 |
| Income taxes paid | | - 138,064 | - 88,655 |
| Income taxes received | | 34,494 | 18,680 |
| Net cash inflow/(outflow) from operating activities | | - 129,032 | 1,087,364 |
| Investing activities | | | |
| Acquisition of subsidiary, net of cash acquired | 25 | - | - 26,701 |
| Proceeds from sale of other property and equipment | 19 | 13,566 | 8,763 |
| Acquisition of other property and equipment | 19 | - 38,061 | - 30,484 |
| Acquisition of intangible assets | 22 | - 24,810 | - 20,674 |
| Divestments of intangible assets | 22 | 115 | 159 |
| Loans provided to investments accounted for using the equity method | 20 | - 199,316 | - 136,827 |
| Redemption on loans to investments accounted for using the equity method | 20 | 167,555 | 102,147 |
| Dividend received from investments accounted for using the equity method | 21 | 1,740 | 960 |
| Net cash inflow/(outflow) from investing activities | | - 79,211 | - 102,657 |
| Financing activities | | | |
| Receipt of receivables from financial institutions | | 6,340,508 | 4,425,588 |
| Balances deposited to financial institutions | | - 6,184,175 | - 4,887,393 |
| Receipt of borrowings from financial institutions | | 6,442,045 | 5,325,529 |
| Repayment of borrowings from financial institutions | | - 7,033,194 | - 4,609,641 |
| Receipt of funds entrusted | | 141,012 | 264,706 |
| Repayment of funds entrusted | | - 82,277 | - 55,970 |
| Receipt of debt securities | | 3,174,375 | 2,958,378 |
| Repayment of debt securities | | - 2,525,077 | - 4,492,866 |
| Dividends paid to Company's shareholders | | - 140,000 | - 100,500 |
| Net cash inflow/(outflow) from financing activities | | 133,217 | - 1,172,169 |
| Cash and balances with banks at 1 January | | | |
| | | 994,196 | 1,183,236 |
| Net movement in cash and balances with banks | | - 75,026 | - 187,462 |
| Exchange gains/(losses) on cash and balances with banks | | 518 | - 1,578 |
| Cash and balances with banks at 31 December | 12 | 919,688 | 994,196 |

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 2014 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in investments accounted for using the equity method. 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 2014, the Group employed just over 6,800 people worldwide and had offices in 32 countries. A list of the principal consolidated subsidiaries is included on page 152.

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 exposures.

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. holds 100% of the Company’s shares. Global Mobility Holding B.V. is a limited liability company established in the Netherlands and jointly owned by 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 Volkswagen Group operates 118 production plants in 20 European countries and a further eleven 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.

Status ownership of LeasePlan

In the interest of all stakeholders, LeasePlan makes reference to the public announcements of March 2015 regarding its 100% shareholder Global Mobility Holding B.V. entering into discussions concerning the potential divestment of LeasePlan Corporation N.V. LeasePlan emphasises that the discussions are still in progress and may or may not result in an agreement. Any transaction and any change of ownership of LeasePlan Corporation will be subject to regulatory and competition authorities’ approval.

2. Basis of preparation

(i) Statement of compliance

The consolidated financial statements for the year ended 31 December 2014 were authorised for issue by the Managing Board on 25 March 2015. 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).

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 2014 that 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 2014 and are relevant for the Group:

- Amendment to IAS 19 ‘Employee benefits’ (effective 1 July 2014). The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. There is no material impact on the Group.
- IAS 27 (revised 2011) ‘Separate financial statements’ (effective 1 January 2014) includes the requirements relating to separate financial statements. There is no material impact on the Group.
- 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. There is no material impact on the Group.
- Amendment to IAS 32 ‘Financial instruments: Presentation’ on offsetting financial assets and financial liabilities (effective 1 January 2014). This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. There is no material impact on the Group.
- Amendment to IAS 36 ‘Impairment of assets’ on the recoverable amount disclosures for non-financial assets (effective 1 January 2014). This amendment removed certain disclosures of the recoverable amount of CGU’s which had been included in IAS 36 by the issue of IFRS 13. There is no material impact on the Group.
- Amendment to IAS 39 ‘Financial instruments: recognition and measurement’ on the novation of derivatives and the continuation of hedge accounting (effective 1 January 2014). This amendment considers legislative changes to ‘over-the-counter’ derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. There is no material impact on the Group.
- 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. There is no material impact on the Group.
- 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). There is no material impact on the Group.
- 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). There is no material impact on the Group.

- IFRIC 21 ‘Levies’ sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 ‘Provisions’ (effective date 1 January 2014). This interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. There is no material impact on the Group.
- Annual improvements 2012 (effective 1 July 2014). These annual improvements amend standards from the 2010-2012 reporting cycle. There is no material impact on the Group.
- Annual improvements 2013 (effective 1 July 2014). These annual improvements amend standards from the 2011-2013 reporting cycle. There is no material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2014 and not early adopted

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2014 and have not been early adopted in preparing these consolidated financial statements.

- IFRS 9 (2013) ‘Financial instruments’ addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018 and early adoption is permitted. The Group is yet to assess the full impact of IFRS 9 and has not yet decided on the date of adoption.

IFRS 9 has not yet been adopted by the EU.

- IFRS 14 'Regulatory deferral accounts' permits first-time adopters of IFRS to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. The standard is effective for accounting periods beginning on or after 1 January 2016. There is no material impact on the Group.
- IFRS 15 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's control of a good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier adoption is permitted. The Group is assessing the impact of IFRS 15.

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:

- 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. In August 2014 the IASB issued a Project update on Leases. Based on this update, 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. There are no changes proposed to the accounting applied by lessors. The Group is yet to assess the full impact of the ED. Furthermore, the Group is investigating how it can support its lessees in calculating the right of use asset and corresponding liability.

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.

(ii) 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.

(iii) 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, the impairment of intangibles and goodwill and revenue recognition. Information on the above-mentioned areas of estimation and judgement is provided in note X - 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 control. The Group controls a company when the Group is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. 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 to the former owners of the acquiree 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 their 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. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in the income statement.

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 in case of a bargain purchase, 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 using 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. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(iv) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interest that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also

eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(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. Exchange differences arising are recognised in other comprehensive income.

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 and financial liabilities at fair value through profit or loss

This category has two sub-categories: financial assets held-for-trading and financial assets and financial liabilities designated at fair value through profit or loss at inception. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling or repurchasing it 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 and financial liabilities 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. The following balance sheet items are classified as loans and receivables: cash and balances at central banks, receivables from financial institutions, receivables from clients, loans to investments accounted for using the equity method, and certain items included in other receivables and prepayments (rebates and bonuses and commissions receivable, reclaimable damages, interest to be received).

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

Held-to-maturity financial assets

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 financial assets

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.

Financial liabilities measured at amortised cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings 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 borrowings using the effective interest method. The following balance sheet items are classified as financial liabilities measured at amortised cost: borrowings from financial institutions, funds entrusted, debt securities issued, and certain items included in trade and other payables and deferred income (trade payables, interest payable).

(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.

A financial liability is recognised when the Group becomes party to a contractual obligation to deliver cash or another financial asset to another entity.

(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 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 services

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 case an offer is 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 restated as if the operation had been discontinued from the start of the comparative period.

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

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 (bargain purchase gain), 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 de-recognised. 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 avail-

able-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 - 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 U - Provisions

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

(i) 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 V - 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 investments accounted for using the equity method 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 W - 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 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 X - 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 22 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 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. The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available. 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.

(viii) Revenue recognition

Income related to lease services (closed calculation) is recognised over the term of the contract based on historical statistics and on assumptions regarding expected service costs. The assumptions may differ from the actual data as a result of changes in economic and market conditions.

Note Y - 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. The adjustments can be summarised as follows:

- Presentation of Equity in Balance Sheet and Statement of changes in equity. In 2013 Other comprehensive income was shown separately which in 2014 is included in Other reserves and the Retained earnings are in 2014 shown separately from Other reserves where in 2013 these were shown in Other reserves.
- Presentation in Statement of changes in equity: Total comprehensive income is split in the various components.

Financial risk management

All amounts are in thousands of euros, unless stated otherwise

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.

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Financial assets | | |
| Cash and balances at central banks | 957,951 | 978,774 |
| Receivables from financial institutions | 1,222,829 | 1,439,051 |
| Derivative financial instruments | 183,023 | 120,438 |
| Rebates and bonuses and commissions receivable | 204,512 | 173,046 |
| Reclaimable damages | 24,111 | 25,491 |
| Interest to be received | 99 | 1,465 |
| Receivables from clients | 2,952,126 | 2,829,949 |
| Loans to investments accounted for using the equity method | 290,130 | 258,369 |
| Total | 5,834,781 | 5,826,583 |
| Non-financial assets | 13,820,968 | 13,302,816 |
| Total assets | 19,655,749 | 19,129,399 |
| Financial liabilities | | |
| Trade payables | 641,414 | 582,085 |
| Interest payable | 112,468 | 125,468 |
| Borrowings from financial institutions | 1,991,356 | 2,523,337 |
| Derivative financial instruments | 130,284 | 197,490 |
| Funds entrusted | 4,378,891 | 4,320,156 |
| Debt securities issued | 7,638,038 | 6,988,740 |
| Total | 14,892,451 | 14,737,276 |
| Non-financial liabilities | 1,920,372 | 1,810,568 |
| Total liabilities | 16,812,823 | 16,547,844 |

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 IFRS derivatives are initially and subsequently recognised on the balance sheet at fair value. Examples of derivatives used by the Group are 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:

| | 2014 | | | 2013 | | |
|------------------|-------------------------|--------------------|-------------------|-------------------------|--------------------|-------------------|
| | Interest rate contracts | Currency contracts | Total | Interest rate contracts | Currency contracts | Total |
| Fair value hedge | 3,271,599 | 126,303 | 3,397,902 | 4,018,659 | 134,986 | 4,153,645 |
| Cash flow hedge | 1,845,000 | - | 1,845,000 | 2,650,558 | - | 2,650,558 |
| Not in hedge | 10,917,026 | 3,662,425 | 14,579,451 | 11,029,960 | 3,147,805 | 14,177,765 |
| Total | 16,033,625 | 3,788,728 | 19,822,353 | 17,699,177 | 3,282,791 | 20,981,968 |

(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 repricings 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 2015-2018.

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 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.

B. Capital adequacy

As of 1 January 2014 capital metrics and risk exposures are reported under the EU endorsed Basel III framework (CRR/CRD IV) where in 2013 figures were reported according to the Basel II framework. To monitor the adequacy of its capital the Group uses ratios from the Basel III framework.

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. In June 2013 the Company received approval from the Dutch Central Bank to use the AIRB approach for the trade receivables and the retail portfolios in the United Kingdom and the Netherlands and applies the AIRB approach as of 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 were developed based on defined rules as laid down in the CRR/CRD IV framework and are regularly monitored for their predictive quality. Regularly these models are being validated by external parties and approved by the Dutch Central Bank. The models for credit risk relate especially to the determination of:

- the probability of default (PD), being the likelihood of the default of a client 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 %);
- the exposure at default (EAD), being the total exposure to a client expressed as the expected amount if a client would go into default; and
- remaining maturity – the contractual remainder of the lease contract.

The models for credit risk are applied to all corporate client exposures and retail client exposures in the United Kingdom and the Netherlands. 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 in other entities the Group applies the Standardised Approach of the CRR/CRD IV framework 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 derived from the outcome of the models that track historic losses and anticipate low frequency – high risk scenarios. These models predict with a 99.9% confidence level the necessary capital to cover the maximum envisaged (operational) loss the Group can incur under extreme circumstances.

For the calculation of risk-weights of other on-balance sheet and off-balance sheet exposures the standard approaches as described in the CRR/CRD IV framework are used.

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

| | 2014 | | | 2013 | | |
|-----------------------------------|-------------------|-------------------|-------------|-------------------|-------------------|-------------|
| | Carrying amount | Risk-weighted | Risk-weight | Carrying amount | Risk-weighted | Risk-weight |
| Lease contract portfolio | 15,121,053 | 7,462,490 | 49% | 14,534,854 | 8,302,302 | 57% |
| Other assets | 4,534,696 | 2,261,675 | 50% | 4,594,545 | 2,098,814 | 46% |
| Total assets | 19,655,749 | 9,724,165 | 49% | 19,129,399 | 10,401,116 | 54% |
| Off-balance sheet exposures | | 3,237,299 | | | 3,443,861 | |
| Total risk exposure amount | | 12,961,464 | 66% | | 13,844,977 | 72% |

On 1 January 2014 the EU's adoption of the third Basel capital accord (Basel III) was implemented, by means of the amended Capital Requirements Directive (Directive 2013/36/EU) and the Capital Requirements Regulation (Regulation No 575/2013). 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 processed a number of other changes as per 1 January 2014 that impacted on risk-weighted assets such as (i) the implementation of updated models for PD and LGD, (ii) the implementation of AIRB models for a large part of the retail portfolio and trade receivables, (iii) the 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 eligible regulatory capital that is compared against the risk-weighted exposures of the Group only consists of Common Equity Tier 1 capital. The Common Equity Tier 1 capital is derived from the Group's total equity position. In order to arrive at the Common Equity Tier 1 capital, adjustments to the total equity are required for the IFRS prudential filters as defined by the CRR/CRD IV framework.

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

| | 2014 | 2013 |
|--|------------------|------------------|
| Total equity | 2,842,926 | 2,581,555 |
| Exclude profit for the year | - 371,971 | - |
| Foreseeable dividend | - | - 140,000 |
| Interim dividend paid out of retained earnings | 6,000 | 6,000 |
| Regulatory adjustments | - 249,365 | - 109,907 |
| Common Equity Tier 1 capital | 2,227,590 | 2,337,648 |

Based on EU endorsed frameworks for Basel III (CRR/CRD IV; 2014) and Basel II (2013) the solvency ratio as at 31 December is as follows:

| | 2014 | 2013 |
|-----------------------------------|--------------|--------------|
| Total risk exposure amount | 12,961,464 | 13,844,977 |
| Common Equity Tier 1 capital | 2,227,590 | 2,337,648 |
| Common Equity Tier 1 ratio | 17.2% | 16.9% |

The regulatory scope of consolidation for the above mentioned Common Equity Tier 1 ratio comprises LeasePlan Corporation N.V. and its subsidiaries (the "Group") and is in regulatory reporting terms referred to as sub-consolidated level. The Group also submits regulatory reporting on a consolidated level (including parent company Global Mobility Holding B.V.) and on a solo level (LeasePlan Corporation N.V. stand-alone). The sub-consolidated level of consolidation is equal to the IFRS scope of consolidation as applied in these consolidated financial statements. In calculating the Common Equity Tier 1 capital the possibility of phasing in certain capital deductions is not applied. The Common Equity Tier 1 ratio is equal to the Total Capital Ratio.

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.

Contingency plans are in place to address capital issues, if any. The Group's recovery plan provides a framework to detect capital adequacy stress by setting out various early warning indicators. The recovery plan also defines a range of available actions that could be undertaken based on the level of severity and urgency of the issues.

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 trade 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 trade 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 Group does not maintain trading or investment books. The policy for counterparty credit risk for banking and treasury counterparties in the banking book 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. On a daily basis, the treasury risk management department reviews the current spread on Credit Default Swaps (CDS) of all relevant banking counterparties and sovereigns. The spread of a CDS, securing debt holders against a counterparty or sovereign defaulting on its debt, highlights the market participants perceived credit risk on such a counterparty. 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:

| | Member states of the European Union | | Rest of the world | Total |
|--|--|----------------|----------------------|------------------|
| | (euro) | (non-euro) | | |
| Financial assets | | | | |
| Cash and balances at central banks | 957,936 | 13 | 2 | 957,951 |
| Receivables from financial institutions | 1,147,239 | 63,824 | 11,766 | 1,222,829 |
| Derivative financial instruments | 183,023 | | | 183,023 |
| Rebates and bonuses and commissions receivable | 168,299 | 18,756 | 17,457 | 204,512 |
| Reclaimable damages | 22,055 | 663 | 1,393 | 24,111 |
| Interest to be received | 95 | | 4 | 99 |
| Receivables from clients | 781,523 | 690,328 | 1,480,275 | 2,952,126 |
| Loans to investments accounted for using the equity method | 290,130 | | | 290,130 |
| Total as at 31 December 2014 | 3,550,300 | 773,584 | 1,510,897 | 5,834,781 |
| Total as at 31 December 2013 | 3,660,617 | 743,307 | 1,422,659 | 5,826,583 |

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 | Manu- facturing | Wholesale trade | Transport and public utilities | Public sector | Other industries | Total |
|--|------------------------|-----------------|-----------------|--------------------------------|----------------|------------------|------------------|
| Financial assets | | | | | | | |
| Cash and balances at central banks | 957,951 | | | | | | 957,951 |
| Receivables from financial institutions | 1,222,829 | | | | | | 1,222,829 |
| Derivative financial instruments | 183,023 | | | | | | 183,023 |
| Rebates and bonuses and commissions receivable | | 204,512 | | | | | 204,512 |
| Reclaimable damages | | | | | | 24,111 | 24,111 |
| Interest to be received | 99 | | | | | | 99 |
| Receivables from clients | 198,485 | 769,537 | 523,422 | 249,972 | 97,830 | 1,112,880 | 2,952,126 |
| Loans to investments accounted for using the equity method | | | | | | 290,130 | 290,130 |
| Total as at 31 December 2014 | 2,562,387 | 974,049 | 523,422 | 249,972 | 97,830 | 1,427,121 | 5,834,781 |
| Total as at 31 December 2013 | 2,731,782 | 891,920 | 534,114 | 247,600 | 114,542 | 1,306,625 | 5,826,583 |

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 | 957,951 | 957,951 | | | |
| Receivables from financial institutions | 1,222,829 | 1,222,829 | | | |
| Derivative financial instruments | 183,023 | 183,023 | | | |
| Rebates and bonuses and commissions receivable | 204,512 | 204,512 | | 1,269 | - 1,269 |
| Reclaimable damages | 24,111 | 24,111 | | 6,331 | - 6,331 |
| Interest to be received | 99 | 99 | | | |
| Receivables from clients | 2,952,126 | 2,472,433 | 476,880 | 91,973 | - 89,160 |
| Loans to investments accounted for using the equity method | 290,130 | 290,130 | | 7,325 | - 7,325 |
| Total as at 31 December 2014 | 5,834,781 | 5,355,088 | 476,880 | 106,898 | - 104,085 |

| | | | | | |
|--|------------------|------------------|----------------|----------------|------------------|
| 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 investments accounted for using the equity method | 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 |

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 'Strategy in using financial instruments'). At year-end 2014 the Group received EUR 49 million cash collateral under these CSAs (2013: EUR 27 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 42.9 million at year-end 2014 (2013: EUR 37.6 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:

| | 2014 | 2013 |
|--|----------------|----------------|
| Receivables from clients past due, but not impaired | | |
| Past due up to 90 days | 430,801 | 381,586 |
| Past due between 90 - 180 days | 25,798 | 18,975 |
| Past due between 180 days - 1 year | 12,861 | 16,291 |
| Past due 1 - 2 years | 3,247 | 8,454 |
| Past due over 2 years | 4,173 | 9,111 |
| Total | 476,880 | 434,417 |

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 309 million (2013: EUR 279 million).

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

| | 2014 | 2013 |
|--|---------------|---------------|
| Impaired loans and receivables from clients | 91,973 | 87,409 |
| Provision on clients provided for | 83,805 | 80,262 |
| Incurred but not reported loss provision | 5,355 | 6,000 |
| Total allowance for impairment | 89,160 | 86,262 |

The total impairment allowance for loans and receivables is EUR 89.2 million (2013: EUR 86.3 million) of which EUR 83.8 million (2013: EUR 80.3 million) represents the impaired receivables and the remaining amount of EUR 5.4 million (2013: EUR 6.0 million) represents the incurred but not reported loss provision. Reference is made to note 17 to the consolidated balance sheet.

The Group assessed the levels of forbearance activities. In this assessment the operating leases are not taken into account as forbearance is only applicable to financial assets. Considering the asset backed nature and relatively short duration of the lease contracts the level of forbearance activities is not material.

Loans to investments accounted for using the equity method

Credit risk for the Group arises on lending to investments accounted for using the equity method. The underlying business of the respective investments accounted for using the equity method 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 accounted for using the equity method, the Group also monitors and manages its credit exposures to such ventures. The impairment in the table on past due and/or impaired financial assets 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.

All balances at central banks are deposited at the Dutch Central Bank. The table below summarises the credit rating of the other most 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. Internally scored relates to AIRB retail counterparties in the United Kingdom and the Netherlands. The unrated part mainly includes the lease contract portfolio to retail clients for which the Standardised Approach is applied. There are no defaults included in the unrated part of the lease contract portfolio.

| External rating | 2014 | | | 2013 | | |
|-------------------|--------------------------|----------------------------------|---|--------------------------|----------------------------------|---|
| | Lease contract portfolio | Derivative financial instruments | Receivables from financial institutions | Lease contract portfolio | Derivative financial instruments | Receivables from financial institutions |
| AAA to AA- | 938,862 | 69,228 | 375,918 | 968,763 | 36,770 | 181,007 |
| A+ to A- | 4,241,804 | 110,053 | 825,031 | 3,810,872 | 79,671 | 1,218,289 |
| BBB+ to BBB- | 5,438,171 | 3,742 | 9,556 | 4,493,904 | 3,997 | 24,694 |
| BB+ to BB- | 1,306,605 | | 155 | 2,280,998 | | 5,399 |
| B+ to B- | 166,437 | | 6,148 | 228,459 | | 5,485 |
| CCC+ to C | 9,537 | | 606 | 5,213 | | 181 |
| At default | 12,580 | | | 65,545 | | |
| Internally scored | 1,335,990 | | | | | |
| Unrated | 1,671,067 | | 5,415 | 2,681,100 | | 3,996 |
| Total | 15,121,053 | 183,023 | 1,222,829 | 14,534,854 | 120,438 | 1,439,051 |

In addition to the (financial) assets included in the table above the Group recognises other unrated financial assets such as (i) rebates and bonuses and commissions receivable and (ii) loans to investments accounted for using the equity method. The receivables are due from counterparties that are contracted for purchasing goods and rendering services. The loans are provided to investments in which the Group has joint control.

The Company applies a local judgement criterion in its default definition. As a consequence of this local judgement criterion, the probability of default of AIRB counterparties is somewhat lower than when applying a default definition solely based on a definition of default as being over 90 days past due (as per the CRR/CRD IV definition) whereas the loss given default 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 AIRB portfolio and applicable to the capital calculation of the Group in 2014 amounted to 28% (2013: 30% for the AIRB corporate portfolio). The remaining maturity of the lease portfolio on average amounts to 1.93 years (2013: 1.96 years).

On a quarterly basis the Group's credit risk management department performs stress testing on the AIRB lease portfolio by assuming deterioration in counterparties' scores and ratings in combination with a deterioration of LGDs. The worst case scenario calculated under these stress tests assumes the following: (i) for all counterparties in countries with a Standard & Poor's rating equal to or higher than BBB a decrease with 1 notch of the counterparties' rating and in countries with a Standard & Poor's rating below BBB a decrease with 2 notches of the counterparties' rating and (ii) in all countries a deterioration of the average LGD by 5% for corporate counterparties and 10% for retail counterparties. Such scenario would for the Group result in an increase of required capital amounting to approximately EUR 89 million which includes an additional AIRB provision shortfall of EUR 17 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 governing 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. The 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.

The Group's risk management department prepares the risk appetite annually, 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. The 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 position in place. The Group's audit department during their audits pays, 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 the whole Group. 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 its primary task is to oversee the adequate management of asset risks on behalf of the local management team. Equally, the committee ensures 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 in many cases is 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 companies' historical vehicle sales proceeds. 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 and reported to the corporate centre. 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 2014 (2013: nil). Reference is made to note 3 and note 18 to the consolidated financial statements.

In determining additional depreciation charges not only the outcome of the comparison between residual value and expected market price is relevant, but also the risk mitigating measures which the Group actively pursues to manage residual value risk prior to, at inception of, 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 in general 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:

| | 2014 | 2013 |
|-----------------------|-------------------|-------------------|
| Future lease payments | 6,717,669 | 6,442,577 |
| Residual value | 8,403,384 | 8,092,277 |
| Total | 15,121,053 | 14,534,854 |

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 54 million movement in estimated termination results for the year 2015.

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 reports 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 a Capital Crisis Committee (CCC) exist at Group level to manage liquidity and capital levels in a crisis scenario. The LCC and CCC 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 and CCC are governed by the Liquidity Contingency Plan and Capital Contingency Plan respectively. 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 pricing policy 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 FTTC 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 financial obligations during 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 regulatory liquidity requirements at all times. In addition to liquidity assets 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 from 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. Since working capital and equity in itself are not interest rate sensitive, a gap remains if these items would be measured at fair value. Lease contracts and the majority of funding instruments are carried at cost on the Group's balance sheet as a consequence no gains or losses due to interest rate changes are accounted for on these items in the Group's income statement.

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. Due to the accounting treatment of derivative financial instruments the Group is exposed to volatility in the Group's income statement.

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 repricing that may be undertaken by currency and time period.

During 2014 the Group developed a model to measure the liquidity and interest typical duration of flexible savings from a behavioural perspective, as will be in use as of 2015. LeasePlan Bank will invest the flexible savings funds received by placing

deposits with the Group's central Treasury in line with the analysed interest profile of flexible savings, thereby replicating the flexible savings' maturity profile. The model adoption is not expected to change the overall measured interest rate risk of the Group.

Currency risk policy

Due to its activities in countries worldwide, 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 | 641,414 | | | | 641,414 |
| Borrowings from financial institutions | 376,504 | 893,281 | 721,571 | | 1,991,356 |
| Funds entrusted | 2,491,409 | 1,225,931 | 661,104 | 447 | 4,378,891 |
| Debt securities issued | 647,373 | 1,116,571 | 5,424,237 | 449,857 | 7,638,038 |
| Future payments (interest and commitment fees) | 92,304 | 164,798 | 309,854 | 167,572 | 734,528 |
| Total as at 31 December 2014 | 4,249,004 | 3,400,581 | 7,116,766 | 617,876 | 15,384,227 |

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 |

For interest rate swaps 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.

| | 0-3 months | 3-12 months | 1-5 years | > 5 years | Total |
|--|----------------|-----------------|---------------|----------------|----------------|
| Interest rate swaps/forward rate agreements, netted cash flow | 715 | 1,287 | 58,199 | 134,466 | 194,667 |
| Currency swaps cash inflow | 2,668,821 | 893,220 | 834,225 | - | 4,396,266 |
| Currency swaps cash outflow | - 2,652,618 | - 914,622 | - 838,515 | - | - 4,405,755 |
| Total as at 31 December 2014 | 16,918 | - 20,115 | 53,909 | 134,466 | 185,178 |
| 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 |

As a precaution to the risk of not having continued access to financial markets for funding the Company maintains a liquidity buffer. This buffer includes committed (standby) credit facilities to safeguard the Group's 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.

- 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 2014 and 2013 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 5 (2012: GBP 838 million), Bumper 6 (2014: EUR 715 million) and three private asset backed securitisation transactions under the name Bumper France (2013 extended in 2014: EUR 799 million), Bumper DE (2014: EUR 624 million) and Bumper NL (2014: EUR 333 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, except for Bumper NL which entails a committed credit facility. The higher rated notes were sold to external investors and the non-rated subordinated notes were retained by the Company or Group entities. Reference is made to the consolidated financial statements of the Company (note 13 and note 18) 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 2014, LeasePlan Bank raised EUR 4.281 billion (2013: EUR 4.165 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. In 2014 the last tranche of EUR 1 billion was repaid of the notes issued under the Credit Guarantee Scheme (reference is made to note 32 to the consolidated balance sheet of the Company).

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 2.9 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 2014 by approximately EUR 11.5 million (2013: EUR 6.9 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.

The Group's aim is to neutralise the Group's capital ratio due to currency exchange rate fluctuations.

Being active largely in the Eurozone, 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 2014 | | | | | | |
| Financial assets | | | | | | |
| Cash and balances | | | | | | |
| at central banks | 957,886 | 6 | 11 | | 48 | 957,951 |
| Receivables from financial institutions | 1,097,164 | 57,712 | 8,165 | 5,823 | 53,965 | 1,222,829 |
| Derivatives (long) | 2,726,105 | 1,016 | 609,998 | 1,748 | 543,571 | 3,882,438 |
| Rebates and bonuses and commissions receivable | 166,446 | 6,955 | 7,943 | 2,026 | 21,142 | 204,512 |
| Reclaimable damages | 22,022 | | | | 2,089 | 24,111 |
| Interest to be received | 90 | | | 5 | 4 | 99 |
| Receivables from clients | 771,804 | 310,593 | 1,126,739 | 262,668 | 480,322 | 2,952,126 |
| Loans to investments accounted for using the equity method | 247,205 | | 17,608 | | 25,317 | 290,130 |
| Non-financial assets | 8,979,165 | 1,837,583 | 266,218 | 495,636 | 2,242,366 | 13,820,968 |
| Total | 14,967,887 | 2,213,865 | 2,036,682 | 767,906 | 3,368,824 | 23,355,164 |
| Financial liabilities | | | | | | |
| Trade payables | 438,100 | 12,201 | 28,338 | 26,905 | 135,870 | 641,414 |
| Interest payable | 89,064 | 328 | 4,472 | 1,988 | 16,616 | 112,468 |
| Derivatives (short) | 1,214,136 | 1,291,049 | 189,125 | 314,408 | 820,981 | 3,829,699 |
| Borrowings from financial institutions | 756,921 | 454,208 | 26,319 | 80,889 | 673,019 | 1,991,356 |
| Funds entrusted | 4,377,319 | | | | 1,572 | 4,378,891 |
| Debt securities issued | 4,858,844 | 15,159 | 1,624,739 | 118,010 | 1,021,286 | 7,638,038 |
| Non-financial liabilities | 1,211,365 | 205,475 | 65,922 | 104,668 | 332,942 | 1,920,372 |
| Total | 12,945,749 | 1,978,420 | 1,938,915 | 646,868 | 3,002,286 | 20,512,238 |
| Net position | 2,022,138 | 235,445 | 97,767 | 121,038 | 366,538 | 2,842,926 |
| Currency position | | | | | | |
| | | 235,445 | 97,767 | 121,038 | 366,538 | |
| Net investment subsidiaries | | 238,766 | 97,529 | 120,241 | 363,056 | |
| Other | | - 3,321 | 238 | 797 | 3,482 | |
| As at 31 December 2013 | | | | | | |
| Financial assets | 3,503,252 | 349,234 | 1,034,043 | 296,149 | 523,467 | 5,706,145 |
| Derivatives (long) | 2,193,555 | 207,026 | 533,542 | | 383,478 | 3,317,601 |
| Non-financial assets | 8,795,858 | 1,542,460 | 241,861 | 540,829 | 2,181,808 | 13,302,816 |
| Financial liabilities | 10,221,066 | 606,878 | 1,469,642 | 607,302 | 1,634,898 | 14,539,786 |
| Derivatives (short) | 1,271,491 | 1,127,504 | 195,674 | 1,137 | 798,848 | 3,394,653 |
| Non-financial liabilities | 1,168,791 | 162,808 | 70,176 | 102,835 | 305,957 | 1,810,568 |
| Net position | 1,831,317 | 201,530 | 73,955 | 125,703 | 349,050 | 2,581,555 |
| Currency position | | | | | | |
| | | 201,530 | 73,955 | 125,703 | 349,050 | |
| Net investment subsidiaries | | 194,260 | 77,307 | 126,626 | 342,850 | |
| Other | | 7,270 | - 3,352 | - 923 | 6,200 | |

At 31 December the Group has assessed the difference between assets and equity at Group level and for individual currency areas, as the relative currency exposure. The logic behind this is that if the relative assets/equity position is the same as for the Group both assets and equity 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 14 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 (a.o. motor third party liability and legal defence) and short-tail risks (a.o. 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). Euro Insurances arranges reinsurance cover on an excess loss basis for two principal risks motor third party liability and catastrophic events. Euro Insurances reinsures these risks up to certain prescribed coverage limits with an external reinsurance panel in order 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 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. Settlement of damages will be done in-house by specialised damage handling teams when a local risk retention scheme is in place.

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 within 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. (Re)insurers 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 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 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Level 1 | | | | |
| Financial assets | | | | |
| Loans and receivables | | | | |
| Cash and balances at central banks | 957,951 | 978,774 | 957,951 | 978,774 |
| Total | 957,951 | 978,774 | 957,951 | 978,774 |
| Level 2 | | | | |
| Financial assets | | | | |
| Derivative financial instruments in hedge | 95,853 | 65,024 | 95,853 | 65,024 |
| Financial assets at fair value through the income statement | | | | |
| Derivative financial instruments not in hedge | 87,170 | 55,414 | 87,170 | 55,414 |
| Loans and receivables | | | | |
| To financial institutions | 1,222,829 | 1,439,051 | 1,222,805 | 1,439,270 |
| Rebates and bonuses and commissions receivable | 204,512 | 173,046 | 204,512 | 173,046 |
| Reclaimable damages | 24,111 | 25,491 | 24,111 | 25,491 |
| Interest to be received | 99 | 1,465 | 99 | 1,465 |
| To investments accounted for using the equity method | 290,130 | 258,369 | 300,949 | 269,173 |
| Total | 1,924,704 | 2,017,860 | 1,935,499 | 2,028,883 |
| Financial liabilities | | | | |
| Derivative financial instruments in hedge | 37,490 | 79,534 | 37,490 | 79,534 |
| Financial liabilities at fair value through the income statement | | | | |
| Derivative financial instruments not in hedge | 92,794 | 117,956 | 92,794 | 117,956 |
| Other liabilities measured at amortised cost | | | | |
| Trade payables | 641,414 | 582,085 | 641,414 | 582,085 |
| Interest payable | 112,468 | 125,468 | 112,468 | 125,468 |
| Borrowings from financial institutions | 1,991,356 | 2,523,337 | 2,025,433 | 2,560,934 |
| Funds entrusted | 4,378,891 | 4,320,156 | 4,460,713 | 4,396,624 |
| Debt securities issued | 7,638,038 | 6,988,740 | 7,841,730 | 7,195,851 |
| Total | 14,892,451 | 14,737,276 | 15,212,042 | 15,058,452 |
| Level 3 | | | | |
| Financial assets | | | | |
| Loans and receivables | | | | |
| To clients | 2,952,126 | 2,829,949 | 2,994,807 | 2,880,948 |
| Total | 2,952,126 | 2,829,949 | 2,994,807 | 2,880,948 |

There were no transfers between levels 1 and 2 during the year. There were also no changes in valuation techniques 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 well as the finance leases included in Assets classified as held-for-sale as the pricing is not based on observable market data. The fair value of the receivables to clients and the finance leases included in Assets classified as held-for-sale are 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 offset in the balance sheet | Net amounts of financial instruments presented in the balance sheet | Related amounts not offset in the balance sheet | | Net amount |
|----------------------------------|---|---|---|--|--------------------------------|---------------|
| | | | | Financial instruments | Cash collateral received | |
| As at 31 December 2014 | | | | | | |
| Derivative financial assets | 183,023 | - | 183,023 | - 130,284 | - 49,200 | 3,539 |
| Derivative financial liabilities | 130,284 | - | 130,284 | - 130,284 | - | - |
| 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 |

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 no 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 18 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 | | Property and equipment under operating lease | Total |
|---|---|--|--|------------------|
| | Receivables from clients (finance leases) | Receivables from financial institutions (collateral deposited) | | |
| As at 31 December 2014 | | | | |
| <i>Carrying amount</i> | | | | |
| Assets | 135,542 | 130,937 | 2,917,805 | 3,184,284 |
| Associated liabilities | | | | |
| Bonds and notes originated from securitisation transactions | | | | 1,730,099 |
| Borrowings from financial institutions | | | | 249,750 |
| Net carrying amount position | | | | 1,204,435 |
| For those liabilities that have recourse only to the transferred assets | | | | |
| <i>Fair value</i> | | | | |
| Assets | 137,499 | 131,512 | 2,952,401 | 3,221,412 |
| Associated liabilities | | | | |
| Bonds and notes originated from securitisation transactions | | | | 1,741,423 |
| Borrowings from financial institutions | | | | 246,716 |
| Net fair value position | | | | 1,233,273 |
| As at 31 December 2013 | | | | |
| <i>Carrying amount</i> | | | | |
| Assets | 157,629 | 196,401 | 2,942,752 | 3,296,782 |
| Associated liabilities | | | | |
| 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 | | | | |
| <i>Fair value</i> | | | | |
| Assets | 161,012 | 195,705 | 2,997,654 | 3,354,371 |
| Associated liabilities | | | | |
| Bonds and notes originated from securitisation transactions | | | | 1,469,757 |
| Borrowings from financial institutions | | | | 487,747 |
| Net fair value position | | | | 1,396,867 |

Specific notes

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All amounts are in thousands of euros, unless stated otherwise

Note 1 - Country by country reporting

This note is pursuant to the 'Besluit uitvoering publicatieverplichtingen richtlijn kapitaalvereisten' that implements articles 89 and 90 of the Capital Requirement Directive (CRD IV). The list of entities is equal to the 'List of principal consolidated participating interests' and 'Principal associates and jointly controlled entities that are accounted for under the equity method' as included on page 152. The amount of Government subsidies is negligible and therefore not disclosed. The return on assets is 1.94% for the year 2014.

| Country of activity | Principal subsidiary or participating interest | Main activity | FTEs (average) | Turnover | Profit/(loss) before tax | Income tax expenses |
|-------------------------------------|--|--------------------------------------|----------------|------------------|--------------------------|---------------------|
| Netherlands | LeasePlan Corporation N.V. | Holding /Treasury/ Retail banking | 933 | 1,038,215 | 43,917 | 4,541 |
| | LeasePlan Finance N.V. | Treasury | | | | |
| | LeasePlan International B.V. | International client coordination | | | | |
| | LeasePlan Nederland N.V. | Leasing | | | | |
| | Mobility Mixx B.V. | Mobility services | | | | |
| | Travelcard Nederland B.V. | Fuel card services | | | | |
| United Kingdom | Globalines Reinsurance Limited | Motor Insurance | 554 | 934,280 | 56,379 | 4,323 |
| | LeasePlan UK Limited | Leasing | | | | |
| Italy | LeasePlan Italia S.p.A. | Leasing | 515 | 716,491 | 27,367 | 12,841 |
| France | LeasePlan France S.A.S. | Leasing | 425 | 617,177 | 44,102 | 19,737 |
| Spain | LeasePlan Servicios S.A. | Leasing | 430 | 518,471 | 33,873 | 17,168 |
| Germany | LeasePlan Deutschland GmbH | Leasing | 339 | 519,766 | 41,222 | 12,902 |
| Australia | LeasePlan Australia Limited | Leasing | 340 | 390,027 | 7,888 | 2,396 |
| Belgium | LeasePlan Fleet Management N.V. | Leasing | 226 | 394,729 | 46,297 | 12,240 |
| Portugal | LeasePlan Portugal Comércio e Aluguer de Automóveis e Equipamentos Unipessoal Lda. | Leasing | 348 | 398,188 | 10,445 | 1,119 |
| Norway | LeasePlan Norge A/S | Leasing | 109 | 286,505 | 12,222 | 3,299 |
| United States | LeasePlan USA, Inc. | Leasing | 493 | 306,833 | 21,753 | 8,111 |
| Sweden | LeasePlan Sverige AB | Leasing | 100 | 195,698 | 7,202 | 1,607 |
| Finland | LeasePlan Finland Oy | Leasing | 72 | 173,723 | 14,170 | 2,850 |
| Austria | LeasePlan Österreich Fuhrparkmanagement GmbH | Leasing | 137 | 156,810 | 7,561 | 1,891 |
| Switzerland | LeasePlan Supply Services AG | Procurement | 127 | 121,543 | 22,163 | 2,122 |
| | LeasePlan (Schweiz) AG | Leasing | | | | |
| Denmark | LeasePlan Danmark A/S | Leasing | 76 | 108,608 | 14,016 | 3,185 |
| Poland | LeasePlan Fleet Management (Polská) Sp. z.o.o. | Leasing | 126 | 117,333 | 11,748 | 2,890 |
| Czech Republic | LeasePlan Česká republika s.r.o. | Leasing | 117 | 95,650 | 11,529 | 2,240 |
| New Zealand | LeasePlan New Zealand Limited | Leasing | 83 | 74,718 | 4,928 | 1,426 |
| Ireland | Euro Insurances Limited | Motor Insurance | 265 | 85,800 | 29,753 | 3,880 |
| | LeasePlan Information Services Limited | Information services | | | | |
| | LeasePlan Fleet Management Services (Ireland) Limited | Leasing | | | | |
| Luxembourg | LeasePlan Luxembourg S.A. | Leasing | 71 | 68,758 | 3,625 | 1,139 |
| Greece | LeasePlan Hellas S.A. | Leasing | 76 | 54,231 | 5,348 | 1,522 |
| Brazil | LeasePlan Brasil Ltda. | Leasing | 81 | 60,072 | 6,938 | 3,820 |
| Hungary | LeasePlan Hungária Gépjárműpark Kezelő és Finanszírozó Zártkörű Részvénytársaság | Leasing | 72 | 47,911 | 4,406 | 648 |
| Romania | LeasePlan Romania SRL | Leasing | 61 | 37,418 | 3,452 | - 133 |
| Slovakia | LeasePlan Slovakia s.r.o. | Leasing | 39 | 42,287 | 2,790 | 144 |
| India | LeasePlan India Private Limited | Leasing | 91 | 28,187 | 874 | 297 |
| Mexico | LeasePlan México S.A. de C.V. | Leasing | 82 | 29,256 | - 674 | - 931 |
| Russia | LeasePlan Rus LLC | Leasing | 20 | 686 | - 3,207 | - 196 |
| Turkey | LeasePlan Otomotiv Servis ve Ticaret A.Ş. ¹ | Leasing | 77 | - | 4,242 | - |
| United Arab Emirates | LeasePlan Emirates Fleet Management – LeasePlan Emirates LLC ¹ | Leasing | 40 | - | 2,720 | - |
| Total as at 31 December 2014 | | | 6,525 | 7,619,371 | 499,049 | 127,078 |

¹ Jointly controlled entity accounted for under the equity method (Turkey 51%, United Arab Emirates 49%).

Note 2 - Segment information

Operating segments are reported in accordance with the internal reporting provided to the Group's key management (the chief operating decision-maker). The Group's key management 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 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. Also expansion in the SME market is focused upon. Geographies in these segments are: Australia, Belgium, France, Germany, Italy, the Netherlands, Norway (moved from developing to mature in 2014), 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, 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.

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 <i>In millions of euros</i> | LeasePlan | | | | | | Group activities | | Total | |
|---|------------|------------|------------|------------|-----------|-----------|------------------|-----------|--------------|--------------|
| | Mature | | Developing | | Emerging | | 2014 | 2013 | 2014 | 2013 |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | | | | |
| Volume | | | | | | | | | | |
| Total assets | 13,706 | 12,534 | 2,688 | 3,405 | 738 | 636 | 2,524 | 2,554 | 19,656 | 19,129 |
| Total liabilities | 6,450 | 6,190 | 1,551 | 1,722 | 394 | 361 | 11,261 | 10,856 | 19,656 | 19,129 |
| Profitability | | | | | | | | | | |
| Revenues | 6,127 | 5,656 | 1,177 | 1,471 | 300 | 274 | 15 | 21 | 7,619 | 7,422 |
| Cost of revenues | 5,390 | 5,046 | 1,021 | 1,297 | 258 | 237 | 26 | 20 | 6,695 | 6,600 |
| Gross profit | 737 | 610 | 156 | 174 | 42 | 37 | - 11 | 1 | 924 | 822 |
| Net finance income | 233 | 223 | 45 | 43 | 17 | 14 | 89 | 96 | 384 | 376 |
| Total operating and net finance income | 970 | 833 | 201 | 217 | 59 | 51 | 78 | 97 | 1,308 | 1,198 |
| Staff expenses | 333 | 311 | 70 | 75 | 22 | 21 | 74 | 66 | 499 | 473 |
| General and administrative expenses | 233 | 206 | 45 | 48 | 19 | 17 | - 34 | - 15 | 263 | 256 |
| Depreciation and amortisation | 43 | 40 | 6 | 5 | 2 | 2 | 3 | 2 | 54 | 49 |
| Total operating expenses | 609 | 557 | 121 | 128 | 43 | 40 | 43 | 53 | 816 | 778 |
| Share of profit investments accounted for using equity method | - 2 | 1 | - | - | 7 | 5 | 2 | 1 | 7 | 7 |
| Profit before tax | 359 | 277 | 80 | 89 | 23 | 16 | 37 | 45 | 499 | 427 |
| Income tax expenses | 109 | 75 | 17 | 19 | 4 | 2 | - 3 | 5 | 127 | 101 |
| Profit for the year | 250 | 202 | 63 | 70 | 19 | 14 | 40 | 40 | 372 | 326 |
| Net finance income | | | | | | | | | | |
| Net interest income | 251 | 244 | 46 | 44 | 18 | 17 | 101 | 74 | 416 | 379 |
| Impairment charges | 44 | 38 | 2 | 3 | 2 | 3 | - | - | 48 | 44 |
| Reversal of impairment | - 26 | - 17 | - 1 | - 2 | - 1 | - | - | - | - 28 | - 19 |
| Net interest income after impairment charges | 233 | 223 | 45 | 43 | 17 | 14 | 101 | 74 | 396 | 354 |
| Unrealised gains/(losses) on financial instruments | - | - | - | - | - | - | - 12 | 26 | - 12 | 26 |
| Other financial gains/(losses) | - | - | - | - | - | - | - | - 4 | - | - 4 |
| Net finance income | 233 | 223 | 45 | 43 | 17 | 14 | 89 | 96 | 384 | 376 |

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 959 million (2013: EUR 956 million) and Lease contracts EUR 1.9 billion (2013: 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:

| <i>In millions of euros</i> | Revenues | | Assets | | Liabilities | |
|-----------------------------|--------------|--------------|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Europe (euro) | 4,826 | 4,711 | 12,498 | 12,415 | 16,570 | 15,480 |
| Europe (non-euro) | 1,904 | 1,829 | 4,536 | 4,228 | 2,040 | 2,261 |
| Rest of the world | 889 | 882 | 2,622 | 2,486 | 1,046 | 1,388 |
| Total | 7,619 | 7,422 | 19,656 | 19,129 | 19,656 | 19,129 |

Note 3 - 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

| | 2014 | 2013 |
|----------------------------------|------------------|------------------|
| Depreciation | 2,838,863 | 2,850,389 |
| Lease services | 919,833 | 919,049 |
| Damage risk retention | 548,220 | 530,531 |
| Rental | 180,252 | 176,051 |
| Management fees | 202,237 | 199,775 |
| Proceeds of cars and trucks sold | 2,557,552 | 2,495,497 |
| Other | 372,414 | 250,254 |
| Total | 7,619,371 | 7,421,546 |

Damage risk retention includes EUR 79.7 million (2013: EUR 73.4 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. In 2013 the caption 'Other' includes a bargain purchase gain of EUR 4 million arising from the acquisition of the Italian fleet and vehicle leasing activities of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA), reference is made to note 25.

(ii) Cost of revenues

| | 2014 | 2013 |
|------------------------------|------------------|------------------|
| Depreciation | 2,795,576 | 2,802,671 |
| Lease services | 767,800 | 775,730 |
| Damage risk retention | 373,879 | 363,487 |
| Rental | 165,138 | 158,910 |
| Cost of cars and trucks sold | 2,311,216 | 2,341,630 |
| Other | 281,597 | 157,375 |
| Total | 6,695,206 | 6,599,803 |

The caption 'Other' includes a charge of EUR 8.5 million (2013: nil) in relation to the Resolution Levy imposed by the State of the Netherlands.

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 2014 this did not result in additional depreciation charges (2013: nil). Reference is made to note 18 and the financial risk section (Asset risk).

(iii) Gross profit

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

| | 2014 | 2013 |
|--|----------------|----------------|
| Depreciation | 43,287 | 47,718 |
| Lease services | 152,033 | 143,319 |
| Damage risk retention | 174,341 | 167,044 |
| Rental | 15,114 | 17,141 |
| Management fees | 202,237 | 199,775 |
| Result of vehicles sold (results terminated contracts) | 246,336 | 153,867 |
| Other | 90,817 | 92,879 |
| Total | 924,165 | 821,743 |

The results of vehicles sold increased by EUR 92.5 million. This positive development is mainly caused by strong second hand car markets for terminated lease vehicles, in almost all geographies where the Group operates.

Note 4 - 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 12.6 million (2013: EUR 12.0 million).

Note 5 - Interest expenses and similar charges

| | 2014 | 2013 |
|--|----------------|----------------|
| Interest expense on debt securities issued | 183,392 | 267,251 |
| Interest expense on funds entrusted | 88,373 | 102,204 |
| Interest on borrowings with financial institutions | 105,962 | 110,213 |
| Total | 377,727 | 479,668 |

Note 6 - 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.

Note 7 - Impairment charges on loans and receivables

The net impairment charges can be detailed as follows:

| | Note | 2014 | 2013 |
|--------------------------|-------------|---------------|---------------|
| <i>Trade receivables</i> | | | |
| Impairment | | 47,962 | 44,099 |
| Reversal of impairment | | - 28,253 | - 20,332 |
| | 17 | 19,709 | 23,767 |
| <i>Other</i> | | | |
| Reclaimable damages | | 199 | 970 |
| Rebates and bonuses | | 235 | 346 |
| Total | | 20,143 | 25,083 |

Note 8 - Staff expenses

| | 2014 | 2013 |
|---------------------------------------|----------------|----------------|
| Wages and salaries | 373,894 | 357,874 |
| Social security charges | 57,744 | 54,841 |
| Defined contribution pension costs | 22,529 | 22,670 |
| Defined benefit post-employment costs | 4,106 | 3,500 |
| Other staff costs | 40,289 | 33,371 |
| Total | 498,562 | 472,256 |

The average number of staff employed (including temporary staff) by the Group during the year was 6,408 (2013: 6,203), of whom 933 (2013: 912) were employed in the Netherlands. At year-end the nominal number of staff employed by the Group was 6,838 (2013: 6,571).

The breakdown of post-employment costs is as follows:

| | Note | 2014 | 2013 |
|--|---------|---------------|---------------|
| Current service costs | 33 (ii) | 3,425 | 2,876 |
| Interest expense/(income) | 33 (ii) | 780 | 699 |
| Curtailments and settlements | 33 (ii) | - 99 | - 75 |
| Defined benefit post-employment costs | | 4,106 | 3,500 |
| Defined contribution pension costs | | 22,529 | 22,670 |
| Total post-employment costs | | 26,635 | 26,170 |

Note 9 - General and administrative expenses

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

Note 10 - Depreciation and amortisation

| | Note | 2014 | 2013 |
|---|------|---------------|---------------|
| Depreciation other property and equipment | 19 | 25,403 | 24,096 |
| Amortisation intangible fixed assets | 22 | 28,547 | 24,620 |
| Total | | 53,950 | 48,716 |

Note 11 - Income tax expenses

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

| | Note | 2014 | 2013 |
|---|------|----------------|----------------|
| <i>Current tax</i> | | | |
| Current tax on profits for the year | | 108,689 | 86,102 |
| Adjustments in respect of prior years | | - 6,981 | 6,038 |
| Total current tax | | 101,708 | 92,140 |
| <i>Deferred tax</i> | | | |
| Origination and reversal of temporary differences | | 31,375 | 29,643 |
| Changes in tax rates | | 12,594 | - 5,426 |
| Adjustments in respect of prior years | | - 18,599 | - 15,037 |
| Total deferred tax | 23 | 25,370 | 9,180 |
| Total | | 127,078 | 101,320 |

The deferred tax adjustments in respect of prior years mainly include: (i) a reduction in valuation allowances on deferred tax assets in relation to tax losses and tax credits of EUR 8.3 million (2013: EUR 2.6 million), (ii) a release of EUR 2.9 million for anticipated adjustments of prior years' tax returns (2013: release EUR 9.2 million) and (iii) the recognition of additional tax credits granted amounting to EUR 5.9 million (2013: nil).

Further information on deferred income tax assets and liabilities is presented in note 23.

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:

| | | 2014 | | 2013 |
|---|--------------|----------------|--------------|----------------|
| Profit before tax | | 499,049 | | 427,767 |
| Tax calculated at domicile country nominal tax rate | 25.0% | 124,762 | 25.0% | 106,941 |
| Effect of different tax rates in foreign countries | | 8,137 | | 8,226 |
| Weighted average taxation | 26.6% | 132,899 | 26.9% | 115,167 |
| Income not subject to tax | | - 2,852 | | - 3,642 |
| Expenses not deductible for tax purposes | | 10,017 | | 4,220 |
| Changes in tax rates | | 12,594 | | - 5,426 |
| Adjustments in respect to prior years | | | | |
| Current tax | | - 6,981 | | 6,038 |
| Deferred tax | | - 18,599 | | - 15,037 |
| Total effective taxation | 25.5% | 127,078 | 23.7% | 101,320 |

The weighted average of the local tax rates applicable to the Group for 2014 is 26.6% (2013: 26.9%) 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%.

Expenses not deductible for tax purposes includes the Resolution Levy (reference is made to note 3) amounting to EUR 8.5 million (2013: nil) which has an impact on the increased effective tax rate of 25.5% in 2014 (2013: 23.7%).

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

| | 2014 | | | 2013 | | |
|--|---------------|-------------------------|---------------|-----------------|-------------------------|-----------------|
| | Before tax | Tax (charge) /credit | After tax | Before tax | Tax (charge) /credit | After tax |
| Cash flow hedges | 11,192 | - 2,798 | 8,394 | 28,481 | - 7,120 | 21,361 |
| Post-employment benefit reserve | - 5,524 | 1,840 | - 3,684 | - 289 | 111 | - 178 |
| Exchange rate differences | 24,794 | - | 24,794 | - 52,894 | - | - 52,894 |
| Share of other comprehensive income of investments | - 104 | - | - 104 | - 112 | - | - 112 |
| Total | 30,358 | - 958 | 29,400 | - 24,814 | - 7,009 | - 31,823 |

Note 12 - Cash and balances at banks

| | Note | 2014 | 2013 |
|---|------|----------------|----------------|
| Cash and balances at central banks | | 957,951 | 978,774 |
| Call money, cash at banks included in Receivables from financial institutions | 13 | 79,375 | 139,265 |
| Call money and bank overdrafts included in Borrowings from financial institutions | 30 | - 117,638 | - 123,843 |
| Balance as at 31 December for the purposes of the statement of cash flows | | 919,688 | 994,196 |

All cash and balances at (central) banks are available at call except for the mandatory reserve deposits at the Dutch Central Bank. A monetary policy instrument of the European Central Bank is the minimum reserve requirement, whereby credit institutions in the euro area are obliged to maintain a specified average amount of cash reserves – the so-called minimum reserves – with their respective national banks for successive periods of four to five weeks. The cash reserve requirements serve to create a liquidity shortage in the euro area, so that banks depend on the European Central Bank's liquidity-providing mechanism for their liquidity needs. The mandatory reserve deposits amounting to EUR 47.1 million (2013: EUR 50.1 million) are not used in the Group's day-to-day operations and form part of the 'Cash and balances at central banks'.

The average interest rate on the outstanding cash and balances at central banks is -0.2% (2013: 0.0%).

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 | 2014 | 2013 |
|--|------|------------------|------------------|
| Amounts receivable from banks | | 971,626 | 1,031,527 |
| Call money, cash at banks | 12 | 79,375 | 139,265 |
| Cash collateral deposited for securitisation transactions | | 130,937 | 196,401 |
| Cash collateral deposited for derivative financial instruments | | 38,230 | 69,000 |
| Other cash collateral deposited | | 2,661 | 2,858 |
| Balance as at 31 December | | 1,222,829 | 1,439,051 |

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 average interest rate on the receivables from financial institutions is 0.0% (2013: 0.2%).

The maturity analysis is as follows:

| | 2014 | 2013 |
|--|------------------|------------------|
| Three months or less | 1,048,944 | 1,170,757 |
| Longer than three months, less than a year | 23 | - |
| Longer than a year, less than five years | 173,858 | 268,294 |
| Longer than five years | 4 | - |
| Balance as at 31 December | 1,222,829 | 1,439,051 |

Note 14 - Derivative financial instruments

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

| | 2014 | | | 2013 | | |
|---------------------------------------|-------------------|----------------|----------------|-------------------|----------------|----------------|
| | Notional amounts | Fair value | | Notional amounts | Fair value | |
| | | Assets | Liabilities | | Assets | Liabilities |
| Fair value hedge | | | | | | |
| Interest rate swaps | 3,271,599 | 94,599 | 14,690 | 4,018,659 | 64,815 | 27,571 |
| Currency swaps | 126,303 | 1,254 | 8,404 | 134,986 | 5 | 18,270 |
| Cash flow hedge | | | | | | |
| Interest rate swaps | 1,845,000 | - | 14,396 | 2,650,558 | 204 | 33,693 |
| Total derivatives in hedge | 5,242,902 | 95,853 | 37,490 | 6,804,203 | 65,024 | 79,534 |
| Interest rate swaps | 10,917,026 | 15,255 | 52,352 | 11,029,960 | 29,030 | 60,858 |
| Currency swaps/ currency forwards | 3,662,425 | 71,915 | 40,442 | 3,147,805 | 26,384 | 57,098 |
| Total derivatives not in hedge | 14,579,451 | 87,170 | 92,794 | 14,177,765 | 55,414 | 117,956 |
| Total | 19,822,353 | 183,023 | 130,284 | 20,981,968 | 120,438 | 197,490 |

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:

| | 2014 | 2013 |
|---|----------------|-----------------|
| Fair value cash flow hedges – assets | - | 204 |
| Fair value cash flow hedges – liabilities | - 14,396 | - 33,693 |
| Less: accrued interest on cash flow hedges | 5,156 | 13,106 |
| Total net position cash flow hedges | - 9,240 | - 20,383 |
| Less: cumulative fair value gains/(losses) through income statement (hedge ineffectiveness) | 20 | - 29 |
| Tax on cash flow hedges | 2,305 | 5,103 |
| Hedging reserve | - 6,915 | - 15,309 |
| Movement hedging reserve 2014 | 8,394 | |

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

| | 2014 | 2013 |
|---|-----------------|-----------------|
| Derivatives not in hedges | - 14,019 | 28,761 |
| Derivatives in fair value hedges | 56,774 | - 68,200 |
| Derivatives in cash flow hedges (ineffectiveness) | - 49 | 2 |
| | 42,706 | - 39,437 |
| Financial liabilities used in fair value hedges | - 54,778 | 65,153 |
| Unrealised gains/(losses) on financial instruments | - 12,072 | 25,716 |

A number of fixed rate bonds are included in a fair value hedge whereby the bonds (hedged items) are measured at amortised cost and are 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 instruments that is also recognised in the income statement.

In 2014 certain EUR fixed-pay interest rate swap derivatives that were part of a cash flow hedge were de-designated as the forecast transaction is no longer expected to occur as a result of changes in the pricing policy of funds entrusted (no longer directly linked to Euribor). This de-designation is the main reason for the unrealised loss in Derivatives not in hedges.

Note 15 - 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.

| | 2014 | 2013 |
|--|----------------|----------------|
| Rebates and bonuses and commissions receivable | 204,512 | 173,046 |
| Prepaid motor vehicle tax and insurance premiums | 88,265 | 111,918 |
| VAT and other taxes | 48,521 | 31,507 |
| Reclaimable damages | 24,111 | 25,491 |
| Other prepayments and accrued income | 135,168 | 51,955 |
| Interest to be received | 99 | 1,465 |
| Reinsurance assets | 20,225 | 24,991 |
| Other | 147,625 | 166,420 |
| Balance as at 31 December | 668,526 | 586,793 |

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 16 - Inventories

| | Note | 2014 | 2013 |
|--|------|----------------|----------------|
| Cars and trucks from terminated lease contracts | 18 | 181,480 | 185,736 |
| Valuation allowance | | - 1,600 | - 1,800 |
| Carrying amount cars and trucks from terminated lease contracts | | 179,880 | 183,936 |
| New cars and trucks in stock | 18 | 25,434 | 18,064 |
| Balance as at 31 December | | 205,314 | 202,000 |

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 17 - Receivables from clients

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

| | 2014 | 2013 |
|--|------------------|------------------|
| Amounts receivable under finance lease contracts | 2,430,306 | 2,308,222 |
| Trade receivables | 521,820 | 521,727 |
| Balance as at 31 December | 2,952,126 | 2,829,949 |

The maturity analysis is as follows:

| | 2014 | 2013 |
|--|------------------|------------------|
| Three months or less | 689,570 | 780,107 |
| Longer than three months, less than a year | 369,268 | 414,936 |
| Longer than a year, less than five years | 1,816,932 | 1,564,955 |
| Longer than five years | 76,356 | 69,951 |
| Balance as at 31 December | 2,952,126 | 2,829,949 |

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 trade receivables is as follows:

| | Note | 2014 | 2013 |
|--|------|---------------|---------------|
| Balance as at 1 January | | 86,262 | 79,859 |
| Net impairment charges | 7 | 19,709 | 23,767 |
| Receivables written off during the year as uncollectable | | - 16,924 | - 16,685 |
| Exchange rate differences | | 113 | - 679 |
| Balance as at 31 December | | 89,160 | 86,262 |

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 83.9 million (2013: EUR 80.3 million), an incurred but not reported loss provision of EUR 5.3 million (2013: EUR 6.0 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.

| | 2014 | 2013 |
|---|------------------|------------------|
| Not longer than a year | 602,984 | 730,177 |
| Longer than a year, less than five years | 1,938,062 | 1,694,123 |
| Longer than five years | 84,333 | 75,290 |
| | 2,625,379 | 2,499,590 |
| Unearned finance income on finance leases | 195,073 | 191,368 |
| Net investment in finance leases | 2,430,306 | 2,308,222 |

Net investment in finance leases, with remaining maturities.

| | 2014 | 2013 |
|--|------------------|------------------|
| Not longer than a year | 537,017 | 673,312 |
| Longer than a year, less than five years | 1,816,933 | 1,564,959 |
| Longer than five years | 76,356 | 69,951 |
| Balance as at 31 December | 2,430,306 | 2,308,222 |

The accumulated allowance for uncollectable minimum lease payments receivable amount to EUR 6.2 million (2013: EUR 6.6 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 135.5 million (2013: EUR 157.6 million). For further details on the transactions reference is made to the financial risk section (Treasury risk), note 18 of the consolidated financial statements and note 4 of the Company financial statements.

Note 18 - Property and equipment under operating lease and rental fleet

| | Note | Operating lease | Rental fleet | Total |
|---|------|-------------------|---------------|-------------------|
| 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 1 January 2013 | | 12,357,524 | 62,110 | 12,419,634 |
| Carrying amount as at 1 January 2013 | | 12,357,524 | 62,110 | 12,419,634 |
| Purchases | | 4,506,283 | 36,307 | 4,542,590 |
| Acquisition of subsidiary | 25 | 300,827 | - | 300,827 |
| Transfer from inventories | | 20,503 | - | 20,503 |
| Transfer to inventories | 16 | - 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 |
| Purchases | | 5,151,103 | 52,301 | 5,203,404 |
| Transfer from inventories | 16 | 18,064 | - | 18,064 |
| Transfer to inventories | 16 | - 181,480 | - | - 181,480 |
| Disposals | | - 1,828,944 | - 33,020 | - 1,861,964 |
| Depreciation | | - 2,795,576 | - 12,586 | - 2,808,162 |
| Exchange rate differences | | 84,918 | - 99 | 84,819 |
| Carrying amount as at 31 December 2014 | | 12,612,827 | 68,485 | 12,681,312 |
| Cost | | 18,126,213 | 82,880 | 18,209,093 |
| Accumulated depreciation and impairment | | - 5,513,386 | - 14,395 | - 5,527,781 |
| Carrying amount as at 31 December 2014 | | 12,612,827 | 68,485 | 12,681,312 |

The Group concluded a number of asset backed securitisation transactions under the names of Bumper 2 (2008/2011), Bumper 4 (2011), Bumper 5 (2012), Bumper CARS NL (2013), Bumper France (2013 extended in 2014), Bumper DE (2014), Bumper 6 (2014) and Bumper NL (2014). 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 amounting to EUR 2.9 billion (2013: EUR 2.9 billion), which can be detailed as follows:

| | 2014 | 2013 |
|----------------|------------------|------------------|
| Bumper 2 | 308,985 | 548,468 |
| Bumper 4 | - | 427,228 |
| Bumper 5 | 217,136 | 473,397 |
| Bumper CARS NL | - | 694,444 |
| Bumper France | 798,224 | 799,215 |
| Bumper DE | 575,165 | - |
| Bumper 6 | 703,506 | - |
| Bumper NL | 314,789 | - |
| Total | 2,917,805 | 2,942,752 |

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 2014 this did not result

in additional depreciation charges (2013: nil). Reference is made to note 3 and the financial risk section (Asset risk).
In 2014 and 2013 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 | |
|--|------------------|------------------|
| | 2014 | 2013 |
| Not longer than a year | 2,602,664 | 2,799,708 |
| Longer than a year, less than five years | 4,631,316 | 4,435,457 |
| Longer than five years | 25,336 | 49,623 |
| Total | 7,259,316 | 7,284,788 |

Note 19 - Other property and equipment

| | Note | Property | Equipment | Total |
|---|------|---------------|---------------|---------------|
| Cost | | 38,468 | 193,404 | 231,872 |
| Accumulated depreciation and impairment | | - 23,370 | - 121,175 | - 144,545 |
| Carrying amount as at 1 January 2013 | | 15,098 | 72,229 | 87,327 |
| Carrying amount as at 1 January 2013 | | 15,098 | 72,229 | 87,327 |
| Purchases | | 562 | 29,922 | 30,484 |
| Acquisition of subsidiary | 25 | 42 | - | 42 |
| Disposals | | - 47 | - 8,716 | - 8,763 |
| Depreciation | 10 | - 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 |
| Purchases | | 1,641 | 36,420 | 38,061 |
| Disposals | | - 9 | - 13,557 | - 13,566 |
| Depreciation | 10 | - 1,284 | - 24,119 | - 25,403 |
| Exchange rate differences | | 325 | 775 | 1,100 |
| Carrying amount as at 31 December 2014 | | 14,975 | 67,913 | 82,888 |
| Cost | | 40,952 | 215,951 | 256,903 |
| Accumulated depreciation and impairment | | - 25,977 | - 148,038 | - 174,015 |
| Carrying amount as at 31 December 2014 | | 14,975 | 67,913 | 82,888 |

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

Note 20 - Loans to investments accounted for using the equity method

The loans to investments accounted for using the equity method are accounted for at amortised cost (less impairment) and the maturity analysis is as follows:

| | 2014 | 2013 |
|--|----------------|----------------|
| Loans deposited | 297,455 | 265,694 |
| Impairment | - 7,325 | - 7,325 |
| Carrying amount as at 31 December | 290,130 | 258,369 |
| | 2014 | 2013 |
| Three months or less | 68,000 | 8,241 |
| Longer than three months, less than a year | 90,089 | 97,014 |
| Longer than a year, less than five years | 132,041 | 153,114 |
| Balance as at 31 December | 290,130 | 258,369 |

Note 21 - Investments accounted for using the equity method

Principal investments in the consolidated financial statements are:

| | % of ownership interest | Country of incorporation | Activity | Measure- ment method |
|--|-------------------------------|-----------------------------|----------|----------------------------|
| Associates | | | | |
| Terberg Leasing B.V. | 24.0% | Netherlands | Leasing | Equity |
| Jointly controlled entities | | | | |
| LeasePlan Emirates Fleet Management - LeasePlan Emirates LLC | 49.0% | United Arab Emirates | Leasing | Equity |
| LPD Holding A.Ş | 51.0% | Turkey | Leasing | Equity |
| Excelease N.V. | 51.0% | Belgium | Leasing | Equity |
| Overlease S.r.L. | 51.0% | Italy | Leasing | Equity |
| Please S.C.S. | 99.3% | France | Leasing | Equity |
| Flottenmanagement GmbH | 49.0% | Austria | Leasing | Equity |

All jointly controlled entities in the table are interests in joint ventures.

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. This is also applicable to Please S.C.S. Please is a Société en Commandite Simple (SCS) under French law, whereby the Group is one of the partners. Please is governed by a steering committee and a strategic committee whereby the Group can nominate two of the four members of each committee. In the steering committee decisions require a majority of its member votes and in the strategic committee decisions can only be taken unanimously. The accounting period of the principal investments accounted for using the equity method aligns with the accounting period of the Group.

In 2014 the Group decided to discontinue one of its investments accounted for using the equity method whereby the business activities will be phased out. The concept of going concern is therefore no longer applied to this investment. Consequently, the investment was remeasured to the lower of carrying amount and liquidation value in the balance sheet. This remeasurement amounting to EUR 2.2 million is recognised within Share of profit of investments accounted for using the equity method in 2014.

The amounts recognised in the balance sheet are as follows:

| | 2014 | 2013 |
|----------------------------------|---------------|---------------|
| Associates | 10,715 | 10,719 |
| Jointly controlled entities | 46,349 | 44,451 |
| Balance as at 31 December | 57,064 | 55,170 |

The amounts recognised in the income statement are as follows:

| | 2014 | 2013 |
|----------------------------------|--------------|--------------|
| Associates | 1,557 | 1,496 |
| Jointly controlled entities | 5,008 | 5,966 |
| Balance as at 31 December | 6,565 | 7,462 |

There are no material contingent liabilities of the investments accounted for using the equity method other than loan commitments (reference is made to note 34).

The summarised financial information for the material interests in investments accounted for using the equity method can be shown as follows:

| | 2014 | | | 2013 | | |
|--------------------------------------|----------------|-----------------------------|----------------|----------------|-----------------------------|----------------|
| | Associates | Jointly controlled entities | Total | Associates | Jointly controlled entities | Total |
| Cash and cash equivalents | 109 | 253 | 362 | 85 | 1,379 | 1,464 |
| Other current assets | 21,046 | 74,720 | 95,766 | 21,870 | 56,863 | 78,733 |
| Total current assets | 21,155 | 74,973 | 96,128 | 21,955 | 58,242 | 80,197 |
| Total non-current assets | 304,394 | 508,891 | 813,285 | 293,249 | 405,443 | 698,692 |
| Current financial liabilities | 7,563 | 25,128 | 32,691 | 7,311 | 12,697 | 20,008 |
| Other current liabilities | 26,210 | 63,059 | 89,269 | 29,125 | 52,899 | 82,024 |
| Total current liabilities | 33,773 | 88,187 | 121,960 | 36,436 | 65,596 | 102,032 |
| Non-current financial liabilities | 246,339 | 407,393 | 653,732 | 233,244 | 320,413 | 553,657 |
| Other non-current liabilities | 786 | 2,861 | 3,647 | 862 | 1,752 | 2,614 |
| Total non-current liabilities | 247,125 | 410,254 | 657,379 | 234,106 | 322,165 | 556,271 |
| Net assets (100%) | 44,651 | 85,423 | 130,074 | 44,662 | 75,924 | 120,586 |

The summarised statement of comprehensive income for the material interests in investments accounted for using the equity method is as follows:

| | 2014 | | | 2013 | | |
|--|--------------|-----------------------------|---------------|--------------|-----------------------------|---------------|
| | Associates | Jointly controlled entities | Total | Associates | Jointly controlled entities | Total |
| Revenue | 25,300 | 15,995 | 41,295 | 24,400 | 15,525 | 39,925 |
| Depreciation and amortisation | 1,068 | 816 | 1,884 | 711 | 611 | 1,322 |
| Interest income | 12,289 | 30,720 | 43,009 | 12,294 | 28,253 | 40,547 |
| Interest expense | 7,559 | 14,149 | 21,708 | 7,766 | 13,576 | 21,342 |
| Profit before tax | 8,586 | 16,049 | 24,635 | 8,419 | 15,580 | 23,999 |
| Income tax expenses | 2,097 | 1,627 | 3,724 | 2,186 | 3,967 | 6,153 |
| Profit/loss for the year | 6,489 | 14,422 | 20,911 | 6,233 | 11,613 | 17,846 |
| Other comprehensive income | - | - 426 | - 426 | - | - 222 | - 222 |
| Total comprehensive income for the year | 6,489 | 13,996 | 20,485 | 6,233 | 11,391 | 17,624 |
| Dividends received | 1,560 | 180 | 1,740 | 960 | - | 960 |

Reconciliation of summarised financial information is as follows:

| | 2014 | | | 2013 | | |
|--|---------------|-----------------------------|----------------|---------------|-----------------------------|----------------|
| | Associates | Jointly controlled entities | Total | Associates | Jointly controlled entities | Total |
| Net assets (100%) as at 1 January | 44,662 | 75,924 | 120,586 | 42,429 | 66,395 | 108,824 |
| Transfer | - | - 3,993 | - 3,993 | - | - | - |
| Profit/(loss) for the year | 6,489 | 14,422 | 20,911 | 6,233 | 11,613 | 17,846 |
| Other comprehensive income | - | - 426 | - 426 | - | - 222 | - 222 |
| Dividend paid | - 6,500 | - 2,317 | - 8,817 | - 4,000 | - 1,548 | - 5,548 |
| Exchange rate differences | - | 1,591 | 1,591 | - | - 314 | - 314 |
| Other equity changes | - | 222 | 222 | - | - | - |
| Net assets (100%) as at 31 December | 44,651 | 85,423 | 130,074 | 44,662 | 75,924 | 120,586 |
| Percentage of interest | 24% | various | | 24% | various | |
| Interest in associates/ jointly controlled entities | 10,715 | 41,266 | 51,981 | 10,719 | 39,368 | 50,087 |
| Goodwill | - | 5,083 | 5,083 | - | 5,083 | 5,083 |
| Carrying value | 10,715 | 46,349 | 57,064 | 10,719 | 44,451 | 55,170 |

Note 22 - Intangible assets

| | Note | Internally generated software development costs | Software licences | Customer relationship | Customer contract | Goodwill | Total |
|---|------|---|-------------------|-----------------------|-------------------|---------------|----------------|
| 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 1 January 2013 | | 48,690 | 7,172 | 6,268 | 2,689 | 98,604 | 163,423 |
| Carrying amount as at 1 January 2013 | | 48,690 | 7,172 | 6,268 | 2,689 | 98,604 | 163,423 |
| Purchases | | 13,859 | 6,815 | | | | 20,674 |
| Acquisition of subsidiary | 25 | | 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 |
| Purchases | | 21,096 | 3,714 | | | | 24,810 |
| Divestments | | | - 115 | | | | - 115 |
| Amortisation | 9 | - 18,434 | - 5,050 | - 2,140 | - 2,923 | | - 28,547 |
| Exchange rate differences | | 2,837 | 109 | | | | 2,946 |
| Carrying amount as at 31 December 2014 | | 45,221 | 7,809 | 5,520 | 5,692 | 98,604 | 162,846 |
| Cost | | 137,348 | 61,524 | 28,447 | 12,808 | 98,604 | 338,731 |
| Accumulated amortisation and impairment | | - 92,127 | - 53,715 | - 22,927 | - 7,116 | | - 175,885 |
| Carrying amount as at 31 December 2014 | | 45,221 | 7,809 | 5,520 | 5,692 | 98,604 | 162,846 |

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

The title to the intangible assets is not restricted and the intangible assets are not pledged as security for liabilities.

In 2014 the Group recognised EUR 2.8 million (2013: EUR 5.4 million) of research and development expenditure as an expense.

In 2014 and 2013 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 25.

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 | 11.35% | 46,646 |
| LeasePlan Spain | Europcar | 2005 | 11.65% | 14,413 |
| LeasePlan Portugal | Europcar | 2005 | 13.05% | 14,799 |
| LeasePlan France | DCS | 2008 | 9.85% | 10,313 |
| LeasePlan Portugal | Multirent | 2011 | 13.05% | 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 2014 (2013: 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 (1%), (ii) a market premium (6.5%) multiplied by a market specific β (1.3) and (iii) a country specific risk premium (ranging between 0.4% and 3.6%).

There are no cash generating units with relatively little headroom between the carrying amount and the value in use.

Note 23 - Deferred tax assets and deferred tax liabilities

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

| | Deferred tax assets | | Deferred tax liabilities | |
|--|---------------------|----------------|--------------------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Goodwill | 11,412 | 10,324 | - | - |
| Property and equipment under operating lease | 21,580 | 16,162 | 321,799 | 288,900 |
| Other property and equipment | 6,300 | 5,979 | 7,347 | 11,012 |
| Provisions | 23,231 | 18,565 | 146 | 54 |
| Deferred leasing income | 61,251 | 61,862 | 8,162 | 5,774 |
| Tax value of losses carried forward recognised | 86,816 | 115,294 | - | - |
| Tax credits and prepayments | 5,971 | 7,661 | - | - |
| Other receivables | 63,769 | 36,985 | 3,395 | 5,689 |
| Other payables | 17,816 | 14,991 | 29,096 | 19,154 |
| Tax assets/liabilities | 298,146 | 287,823 | 369,945 | 330,583 |
| Offset of deferred tax assets and liabilities | - 136,318 | - 132,988 | - 136,318 | - 132,988 |
| Balance as at 31 December | 161,828 | 154,835 | 233,627 | 197,595 |
| Net tax position | | | 71,799 | 42,760 |
| Movement net tax position 2014 | - 29,039 | | | |

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

| | Note | 2014 | 2013 |
|--|------|-----------------|-----------------|
| Balance as at 1 January | | - 42,760 | - 37,884 |
| Acquisition of subsidiary | 25 | - | 9,123 |
| Income statement (charge)/credit | 11 | - 25,370 | - 9,180 |
| Tax (charge)/credit relating to components of other comprehensive income | 11 | - 958 | - 7,009 |
| Exchange rate differences | | - 2,711 | 2,190 |
| Balance as at 31 December | | - 71,799 | - 42,760 |

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

| | Note | Deferred tax assets | | Deferred tax liabilities | |
|--|------|---------------------|-----------------|--------------------------|-----------------|
| | | 2014 | 2013 | 2014 | 2013 |
| Goodwill | | 919 | - 1,844 | - | - 113 |
| Property and equipment under operating lease | | 5,418 | - 9,502 | 30,332 | 5,772 |
| Other property and equipment | | 191 | 43 | - 3,665 | 6,687 |
| Provisions | | 4,329 | 3,488 | 92 | - 564 |
| Deferred leasing income | | - 611 | 16,933 | 2,319 | - 6,153 |
| Tax value of losses carried forward recognised | | - 28,478 | - 32,173 | - 458 | - 9,382 |
| Tax credits and prepayments | | - 1,690 | - 26,564 | - 253 | - 195 |
| Other receivables | | 26,784 | - 24,974 | - 5,256 | - 25,629 |
| Other payables | | 821 | - 13,699 | 9,942 | - 49,535 |
| Movement in deferred tax | | 7,683 | - 88,292 | 33,053 | - 79,112 |
| Movement in deferred tax liabilities | | - 33,053 | 79,112 | | |
| Income statement (charge)/credit | 11 | - 25,370 | - 9,180 | | |

The Group recognises deferred income tax assets for the tax value of losses and tax credits carried forward to the extent 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 55.7 million (2013: EUR 87.2 million) and has not recognised tax credits for an amount of EUR 10.1 million (2013: EUR 9.1 million) as the Group considers it not probable that future taxable profits will be available to utilise these tax credits and tax losses (also taking into account expiry dates when applicable).

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

| | 2014 | 2013 |
|---|----------------|----------------|
| Expire within a year | - | - |
| Expire after a year, less than five years | 36,688 | 36,241 |
| Expire after five years | 70,974 | 118,475 |
| No expiry date | 188,058 | 231,659 |
| Total | 295,720 | 386,375 |
| Tax value | 86,816 | 115,294 |

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 first table of this note).

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.

Were the actual final outcome on the largest net deferred tax asset positions of expected cash flows to differ by 10% from expected financial results (forecasted period of seven years), the Group would need to:

- increase the income tax liability by EUR 4.2 million, if unfavourable; or
- decrease the income tax liability by EUR 2.4 million, if favourable.

Note 24 - Assets classified as held-for-sale

Assets classified as held-for-sale include finance leases that the Group entered into in the United States with the aim to sell onward to debt investors.

Note 25 - 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 year ended 31 December 2013)

| | | | |
|--|-------|-----|-------|
| | 4,336 | 200 | 4,536 |
|--|-------|-----|-------|

Recognised amount 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 | 18 | 255,760 | 45,067 | 300,827 |
| Other property and equipment | 19 | 33 | 9 | 42 |
| Intangible assets | 22 | 273 | - | 273 |
| Deferred tax assets | 23 | 11,683 | 175 | 11,858 |
| Customer relationship (included in intangible assets) | 22 | - | 2,942 | 2,942 |
| Customer contract (included in intangible assets) | 22 | - | 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 | 33 | - 1,531 | - 289 | - 1,820 |
| Other provisions | | - 1,456 | - 126 | - 1,582 |
| Deferred tax liabilities | 23 | - | - 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 consisted of approximately 20,000 vehicles and the acquisition allowed the Group to further expand into the Italian fleet and leasing market. The acquisition further supported 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 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 3).

The fair value of acquired receivables from clients amounts to EUR 23.7 million. The gross contractual amount for receivables from clients due was EUR 38.9 million, of which EUR 15.2 million was 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 entailed some 6,500 cars and allowed 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 had considerable expertise globally. The acquisition further supported 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 refinanced the entire business with its own funding.

The fair value of acquired receivables from clients amounted to EUR 0.6 million. The gross contractual amount for receivables from clients due was EUR 1.7 million, of which EUR 1.1 million was 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 26 - Share capital and premium

At 31 December 2014, the authorised capital amounted to EUR 250 million (2013: 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 27 - Other reserves

| | Translation reserve | Post- employment benefit reserve | Hedging reserve | Other | Total |
|--|------------------------|---|--------------------|--------------|-----------------|
| Balance as at 1 January 2013 | 31,839 | - 8,408 | - 36,670 | - | - 13,239 |
| Gains/(losses) arising during the year | - 52,894 | - 289 | 28,481 | - 112 | - 24,814 |
| Related income tax | | 111 | - 7,120 | | - 7,009 |
| Transfer to retained earnings | | 2,484 | | | 2,484 |
| Balance as at 31 December 2013 | - 21,055 | - 6,102 | - 15,309 | - 112 | - 42,578 |
| Gains/(losses) arising during the year | 24,794 | - 5,524 | 11,192 | - 104 | 30,358 |
| Related income tax | | 1,840 | - 2,798 | | - 958 |
| Balance as at 31 December 2014 | 3,739 | - 9,786 | - 6,915 | - 216 | - 13,178 |

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 2014 no translation differences related to discontinued operations were recycled to the income statement (2013: nil). The significant movement in 2013 is mainly caused by appreciation of the euro against the Australian dollar and the Norwegian kroner. The movement in 2014 is mainly caused by depreciation of the euro against the Pound sterling and United States dollar.

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 other as a result of the settlement of the defined benefit pension plan in the United States of America (reference is made to note 33).

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.

Other

Other comprises the share of other comprehensive income in investments accounted for using the equity method.

Note 28 - Retained earnings**Dividend**

In March 2014 a final dividend payment was made of EUR 134.0 million (EUR 0.54 cent per share) related to 2013 and in December 2014 an interim dividend was paid of EUR 6.0 million (EUR 0.02 cent per share). A further dividend of EUR 230 million (EUR 0.92 cent per share), bringing the total dividend for the year to EUR 236 million (EUR 0.94 cent per share), was paid in February 2015.

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 29 - Trade and other payables and deferred income

| | 2014 | 2013 |
|--|------------------|------------------|
| Trade payables | 641,414 | 582,085 |
| Deferred leasing income | 598,222 | 580,508 |
| Lease related accruals | 341,038 | 322,402 |
| Other accruals and other deferred amounts owed | 257,598 | 230,434 |
| Interest payable | 112,468 | 125,468 |
| Accrual for contract settlements | 92,380 | 80,250 |
| VAT and other taxes | 18,854 | 24,203 |
| Balance as at 31 December | 2,061,974 | 1,945,350 |

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. Lease related accruals mainly consist of accruals for lease related service expenses.

Note 30 - Borrowings from financial institutions

This item includes amounts owed to banks under government supervision.

The maturity analysis of these loans is as follows:

| | Note | 2014 | 2013 |
|--|-------------|------------------|------------------|
| On demand | 12 | 117,638 | 123,843 |
| Three months or less | | 258,866 | 57,863 |
| Longer than three months, less than a year | | 893,281 | 1,371,669 |
| Longer than a year, less than five years | | 721,571 | 969,962 |
| Balance as at 31 December | | 1,991,356 | 2,523,337 |

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 1.2 billion (2013: EUR 1.5 billion) which is non-euro currency denominated as at 31 December. 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 2014 and 2013 no amounts were drawn under this facility.

In December 2012 Bumper CARS NL concluded an asset backed securitisation warehousing facility of EUR 500 million with two banks. This facility was committed for two years and is fully repaid in November 2014. For further details on the Bumper CARS NL transaction reference is made to note 4 of the Company financial statements.

In December 2014 Bumper NL concluded an asset backed securitisation warehousing facility of EUR 250 million with a bank. This facility is committed for two years. At 31 December 2014 the facility is fully drawn. For further details on the Bumper NL transaction reference is made to note 4 of the Company financial statements.

Note 31 - 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:

| | 2014 | 2013 |
|--|------------------|------------------|
| Three months or less | 2,491,409 | 2,550,184 |
| Longer than three months, less than a year | 1,225,931 | 1,170,326 |
| Longer than a year, less than five years | 661,104 | 596,431 |
| Longer than five years | 447 | 3,215 |
| Balance as at 31 December | 4,378,891 | 4,320,156 |

This caption includes savings deposits raised by LeasePlan Bank amounting to EUR 4.281 billion (2013: EUR 4.165 billion) of which 60.1% (2013: 54.7%) 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:

| | 2014 | 2013 |
|---|-------|-------|
| On demand | 1.60% | 1.96% |
| A year or less | 2.03% | 2.30% |
| Longer than a year, less than or equal to two years | 2.26% | 2.75% |
| Longer than two years | 3.50% | 3.69% |

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

Note 32 - Debt securities issued

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

| | 2014 | 2013 |
|---|------------------|------------------|
| Bonds and notes – originated from securitisation transactions | 1,730,099 | 1,455,924 |
| Bonds and notes – other | 5,843,826 | 5,452,866 |
| Bonds and notes – fair value adjustment on hedged risk | 64,113 | 9,336 |
| Commercial Paper | - | 70,614 |
| Balance as at 31 December | 7,638,038 | 6,988,740 |

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 2.8 billion (2013: EUR 2.6 billion) which is non-euro currency denominated as at 31 December. 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:

| | 2014 | 2013 |
|------------------------------|-------------|-------------|
| Bonds and notes | 2.2% | 2.8% |
| Commercial Paper | - | 2.0% |
| Average interest rate | 2.2% | 2.8% |

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

| | 2014 | 2013 |
|--|------------------|------------------|
| Three months or less | 647,373 | 411,755 |
| Longer than three months, less than a year | 1,116,571 | 1,958,319 |
| Longer than a year, less than five years | 5,424,237 | 3,840,813 |
| Longer than five years | 449,857 | 777,853 |
| Balance as at 31 December | 7,638,038 | 6,988,740 |

The caption 'Bonds and notes – originated from securitisation transactions' can be detailed as follows:

| | 2014 | 2013 |
|---------------|------------------|------------------|
| Bumper 2 | 128,408 | 385,597 |
| Bumper 4 | - | 171,797 |
| Bumper 5 | 26,533 | 366,947 |
| Bumper France | 604,539 | 531,583 |
| Bumper DE | 435,718 | - |
| Bumper 6 | 534,902 | - |
| Total | 1,730,100 | 1,455,924 |

Further reference is made to the financial risk section (Treasury risk) and note 4 of the Company financial statements.

In May 2014 the remaining outstanding bond raised under the Credit Guarantee Scheme of the State of the Netherlands was repaid. The 2014 annual fee payable to the State of the Netherlands amounted to EUR 3.6 million (2013: EUR 12.2 million) and is included in 'Interest expenses and similar charges' (note 5).

A number of fixed rate bonds are included in a fair value hedge whereby the bonds (hedged items) are measured at amortised cost and are 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 instruments that is also recognised in the income statement.

Note 33 - Provisions

| | | 2014 | 2013 |
|----------------------------------|-------|----------------|----------------|
| Damage risk retention provision | (i) | 289,621 | 268,845 |
| Post-employment benefits | (ii) | 32,264 | 26,350 |
| Other provisions | (iii) | 33,382 | 36,059 |
| Balance as at 31 December | | 355,267 | 331,254 |

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

(i) Damage risk retention provision

| | | 2014 | 2013 |
|---|--|----------------|----------------|
| Provision for Third Party Liability (TPL) | | 130,483 | 127,322 |
| Provision for damage claims | | 32,970 | 38,448 |
| Incurred but not reported (IBNR) | | 126,168 | 103,075 |
| Balance as at 31 December | | 289,621 | 268,845 |

The damage risk retention provision breaks down as follows:

| | 2014 | | | 2013 | | |
|------------------------------------|----------------|-----------------|----------------|----------------|-----------------|----------------|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| Damages reported | 163,453 | - 10,193 | 153,260 | 165,770 | - 11,871 | 153,899 |
| Damages IBNR | 126,168 | - 10,032 | 116,136 | 103,075 | - 13,120 | 89,955 |
| Total damage risk provision | 289,621 | - 20,225 | 269,396 | 268,845 | - 24,991 | 243,854 |
| Current | 69,194 | - | 69,194 | 45,192 | - | 45,192 |
| Non-current | 220,427 | - 20,225 | 200,202 | 223,653 | - 24,991 | 198,662 |
| Total damage risk provision | 289,621 | - 20,225 | 269,396 | 268,845 | - 24,991 | 243,854 |

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 | < 2009 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|--|---------------|--------------|--------------|---------------|---------------|---------------|---------------|----------------|
| At end of accident year | 354,525 | 49,325 | 45,753 | 64,201 | 71,744 | 70,452 | 55,854 | |
| One year later | 335,521 | 45,177 | 37,305 | 53,396 | 68,425 | 84,761 | | |
| Two years later | 333,516 | 43,162 | 31,679 | 50,267 | 73,010 | | | |
| Three years later | 327,076 | 40,839 | 29,276 | 38,111 | | | | |
| Four years later | 316,763 | 39,822 | 28,617 | | | | | |
| Five years later | 311,251 | 37,996 | | | | | | |
| More than five years later | 301,821 | | | | | | | |
| Estimate of cumulative claims | 301,821 | 37,996 | 28,617 | 38,111 | 73,010 | 84,761 | 55,854 | |
| Cumulative payments to date | - 262,702 | - 29,187 | - 22,604 | - 19,724 | - 33,000 | - 30,439 | | |
| Gross outstanding damage liabilities | 39,119 | 8,809 | 6,013 | 18,387 | 40,010 | 54,322 | 55,854 | 222,514 |
| Less: IBNR | 4,845 | 3,826 | 1,770 | 11,674 | 20,901 | 32,610 | 16,405 | 92,031 |
| Total provision for TPL, excluding IBNR | 34,274 | 4,983 | 4,243 | 6,713 | 19,109 | 21,712 | 39,449 | 130,483 |

The total provision for TPL, excluding IBNR for the year prior to 2009 can be detailed as follows:

| | Gross outstanding damage liabilities | Less: IBNR | Total provision for TPL, excluding IBNR |
|--------------|--------------------------------------|--------------|---|
| 2008 | 5,653 | 1,016 | 4,637 |
| 2007 | 5,181 | 1,888 | 3,293 |
| 2006 | 4,382 | 211 | 4,171 |
| 2005 | 8,279 | 416 | 7,863 |
| 2004 | 6,674 | 220 | 6,454 |
| 2003 | 2,837 | 677 | 2,160 |
| 2002 | 4,957 | 24 | 4,933 |
| < 2001 | 1,156 | 393 | 763 |
| Total | 39,119 | 4,845 | 34,274 |

The expected maturity analysis of the gross outstanding damage liabilities is as follows:

| | 2014 | 2013 |
|------------------------|----------------|----------------|
| Not longer than a year | 133,509 | 113,113 |
| Between 1-2 years | 26,702 | 40,550 |
| Between 2-5 years | 31,152 | 44,818 |
| Longer than 5 years | 31,151 | 14,939 |
| Total | 222,514 | 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 409 (2013: 414). The plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. In the plans, pensions generally do not receive inflationary increases once in payment. The benefit payments are from trustee administered funds. Plan assets held in trusts are governed by local regulations and practice, as is the nature of the relationship between the company and the trustees (or equivalent) and their composition. 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 employee leaves the Group. The amount of the benefit depends on the length of service of the employee at the dismissal or retirement date. The majority of these plans is unfunded where the company meets the benefit payment obligation as it falls due. The total number of participants of these other post-employment benefit plans is 1,201 (2013: 1,213).

The amounts recognised in the balance sheet are as follows:

| | 2014 | 2013 |
|--|---------------|---------------|
| Present value of funded obligations | 51,468 | 45,359 |
| Fair value of plan assets | - 33,709 | - 31,568 |
| Deficit of funded plans | 17,759 | 13,791 |
| Present value of unfunded obligations | 14,505 | 12,559 |
| Total deficit of defined benefit pension plans as per 31 December | 32,264 | 26,350 |

The impact of minimum funding requirement/asset ceiling is nil in 2014 (2013: nil).

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 | Present value of obligation | Fair value of plan assets | Total |
|--|------|-----------------------------|---------------------------|---------------|
| Balance as at 1 January 2013 | | 62,897 | - 34,646 | 28,251 |
| Current service cost | 8 | 2,876 | - | 2,876 |
| Interest expense/(income) | 8 | 1,334 | - 635 | 699 |
| Past service cost and (gains) and losses on settlements | 8 | - 11,036 | 10,402 | - 634 |
| | | - 6,826 | 9,767 | 2,941 |
| Remeasurements | | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | | - | 187 | 187 |
| (Gain)/loss from changes in demographic assumptions | | - 12 | - | - 12 |
| (Gain)/loss from changes in financial assumptions | | 330 | - | 330 |
| Experience (gains)/losses | | - 26 | - | - 26 |
| | | 292 | 187 | 479 |
| Exchange differences | | - 929 | 627 | - 302 |
| Contributions | | | | |
| Employers | | 283 | - 6,387 | - 6,104 |
| Plan participants | | - | - 276 | - 276 |
| Payments from plans | | | | |
| Benefit payments | | 381 | - 840 | - 459 |
| Acquired in a business combination | 25 | 1,820 | - | 1,820 |
| Balance as at 31 December 2013 | | 57,918 | - 31,568 | 26,350 |
| Balance as at 1 January 2014 | | 57,918 | - 31,568 | 26,350 |
| Current service cost | 8 | 3,425 | - | 3,425 |
| Interest expense/(income) | 8 | 1,626 | - 846 | 780 |
| Past service cost and (gains) and losses on settlements | 8 | 13 | - 112 | - 99 |
| | | 5,064 | - 958 | 4,106 |
| Remeasurements | | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | | - | 47 | 47 |
| (Gain)/loss from changes in demographic assumptions | | 709 | - | 709 |
| (Gain)/loss from changes in financial assumptions | | 6,239 | - | 6,239 |
| Experience (gains)/losses | | - 1,280 | - 91 | - 1,371 |
| | | 5,668 | - 44 | 5,624 |
| Exchange differences | | - 90 | 47 | - 43 |
| Contributions | | | | |
| Employers | | - | - 3,033 | - 3,033 |
| Plan participants | | 309 | - 309 | - |
| Payments from plans | | | | |
| Benefit payments | | - 2,896 | 2,156 | - 740 |
| Balance as at 31 December 2014 | | 65,973 | - 33,709 | 32,264 |

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 8 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 2.8 million for the year ending 31 December 2015.

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:

| | 2014 | 2013 |
|---------------------|-------------|-------------|
| Discount rate | 2.3% | 2.6% |
| Inflation | 1.4% | 1.3% |
| Salary growth rate | 2.5% | 2.3% |
| Pension growth rate | 0.1% | 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:

| | 2014 | 2013 |
|--------|-------------|-------------|
| Male | 21.5 | 21.6 |
| Female | 25.0 | 24.8 |

Plan assets are comprised as follows:

| | 2014 | | | 2013 | | |
|------------------|---------------|-----------------|---------------|---------------|-----------------|---------------|
| | Quoted | Unquoted | Total | Quoted | Unquoted | Total |
| Equities | 85 | - | 85 | 75 | - | 75 |
| Debt instruments | 1,386 | - | 1,386 | 1,174 | - | 1,174 |
| Property | 53 | - | 53 | 47 | - | 47 |
| Investment funds | 14,375 | 17,810 | 32,185 | 13,631 | 16,641 | 30,272 |
| Total | 15,899 | 17,810 | 33,709 | 14,927 | 16,641 | 31,568 |

The expected maturity analysis of undiscounted post-employment benefits is:

| | Not longer than a year | Between 1-2 years | Between 2-5 years | Longer than 5 years | Total |
|--------------------------|-----------------------------------|------------------------------|------------------------------|--------------------------------|--------------|
| Post-employment benefits | 4,614 | 3,416 | 8,708 | 85,224 | 101,962 |

(iii) Other provisions

| | Other long-term employee benefits | Termination benefits | Litigation | Miscel- laneous | Total |
|---|---|-------------------------|---------------|--------------------|---------------|
| Balance as at 1 January 2013 | 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 2013 | 13,763 | 952 | 12,440 | 8,904 | 36,059 |
| Balance as at 1 January 2014 | 13,763 | 952 | 12,440 | 8,904 | 36,059 |
| Charge/(credit) to the income statement | | | | | |
| Additional provisions | 4,649 | 2,826 | 7,225 | 2,735 | 17,435 |
| Unused amounts reversal | - 3,364 | - | - 8,475 | - 3,057 | - 14,896 |
| Usage during the year | - 3,273 | - 354 | - 130 | - 2,668 | - 6,425 |
| Exchange rate differences | 484 | - | 279 | 446 | 1,209 |
| Balance as at 31 December 2014 | 12,259 | 3,424 | 11,339 | 6,360 | 33,382 |
| Usage within a year | 7,968 | 231 | 7,857 | 2,348 | 18,404 |
| Usage after a year | 4,291 | 3,193 | 3,482 | 4,012 | 14,978 |

(a) Other long-term employee benefits

Other long-term employee benefits include provisions for medium-term bonus schemes, jubilee payments and extra vacation entitlements.

(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.

(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.

(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 34 - 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 1.6 billion (2013: EUR 1.2 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:

| | 2014 | 2013 |
|--|----------------|----------------|
| Not longer than a year | 32,546 | 32,055 |
| Longer than a year, less than five years | 82,939 | 85,151 |
| Longer than five years | 55,165 | 49,285 |
| Total | 170,650 | 166,491 |

For a number of clients, residual value guarantees have been given to a total of EUR 308 million (2013: EUR 270 million).

Credit facilities have been concluded with investments accounted for using the equity method amounting to EUR 395 million (2013: EUR 290 million) of which EUR 297 million (2013: EUR 266 million) is drawn.

Note 35 - 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 2014 and 2013.

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 2014 and 2013.

All business relations with investments accounted for using the equity method are in the ordinary course of business and handled on normal market terms. An amount of EUR 297 million (2013: EUR 266 million) is provided as loans to investments accounted for using the equity method (reference is made to note 20). The interest income recognised by the Group on these funding transactions amounts to EUR 10.3 million (2013 EUR 9.6 million). Furthermore, the Group charged a service fee amounting to EUR 1.0 million (2013: EUR 0.5 million) to the investments accounted for using the equity method.

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:

| | 2014 | 2013 |
|------------------------------------|---------------|--------------|
| Fixed remuneration | 5,214 | 4,966 |
| Other short-term employee benefits | 1,841 | 1,282 |
| Post-employment benefits | 1,261 | 1,414 |
| Other long-term employee benefits | 3,030 | 2,304 |
| Total | 11,346 | 9,966 |

The increase in the other short-term and long-term employee benefits in 2014 is mainly caused by higher variable remuneration as a consequence of the increase of the Managing Board by one member and the fact that the Managing Board is entitled to variable remuneration since the date of repayment (May 2014) of the last remaining outstanding bond raised under the Credit Guarantee Scheme of the State of the Netherlands (reference is made to note 32).

In addition, the increase in other long-term employee benefits is further caused by a revaluation of the phantom share units (PSUs) granted in February 2011, 2012 and 2013 to the February 2015 PSU valuation.

In both 2014 and 2013 there were no termination benefits.

The compensations are distributed as follows:

| | 2014 | 2013 |
|------------------------|---------------|--------------|
| Managing Board | 4,060 | 2,789 |
| Senior Vice-Presidents | 7,286 | 7,177 |
| Total | 11,346 | 9,966 |

The total remuneration is included in the caption 'Staff expenses' (reference is made to note 8). The remuneration of the Managing Board is further disclosed in note 15 of the Company financial statements.

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 2014 (2013: EUR 60 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 36 - Contingent assets and liabilities

As at year-end 2014, 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 2.5 billion (2013: EUR 3.1 billion). The Company charges a guarantee fee to the respective subsidiaries based on normal market terms.

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 37 - Events occurring after balance sheet date

LeasePlan Turkey

On 5 November 2014 the Group signed an agreement to acquire the 49% stake Doğuş Group holds in LPD Holding A.Ş, the holding company of LeasePlan Turkey. Following the purchase of Doğuş' 49% shareholding, the Group will have full ownership of LeasePlan Turkey. Turkey is considered an attractive growth market and by having full control the Group can independently pursue future business opportunities in the Turkish market. The transaction was completed on 16 February 2015, and involved a purchase consideration of EUR 30.6 million. The Group has not finalised the purchase price allocation and therefore the initial accounting for this business combination is incomplete. The Group is in the process of determining the fair value of the previously held interest and the fair value of the consideration given for the controlling interest. Consequently, the Group is not able to determine to what level this business combination will result in goodwill.

Status ownership of LeasePlan

In the interest of all stakeholders, LeasePlan makes reference to the public announcements of March 2015 regarding its 100% shareholder Global Mobility Holding B.V. entering into discussions concerning the potential divestment of LeasePlan Corporation N.V. LeasePlan emphasises that the discussions are still in progress and may or may not result in an agreement. Any transaction and any change of ownership of LeasePlan Corporation will be subject to regulatory and competition authorities' approval.

Company financial statements

Balance sheet of the company

for the year ended 31 December (before profit appropriation)

| <i>In thousands of euros</i> | Note | 2014 | 2013 |
|--|------|-------------------|-------------------|
| Assets | | | |
| Cash and balances with central banks | 2 | 957,918 | 978,732 |
| Amounts due from banks | 3 | 812,850 | 923,112 |
| Financial assets held-to-maturity | 4 | 682,243 | 477,513 |
| Loans to group companies | 5 | 9,024,848 | 8,544,301 |
| Loans to jointly controlled entities | 6 | 288,355 | 248,926 |
| Investments in subsidiaries | 5 | 2,454,659 | 2,211,999 |
| Investments in jointly controlled entities | 6 | 39,555 | 32,099 |
| Other assets | 7 | 309,392 | 344,502 |
| Intangible assets | 8 | 709 | 974 |
| Total assets | | 14,570,529 | 13,762,158 |
| Equity | | | |
| Share capital | | 71,586 | 71,586 |
| Share premium | | 506,398 | 506,398 |
| Legal reserves | | 440,810 | 372,235 |
| Other reserves | | - 13,178 | - 42,578 |
| Retained earnings | | 1,465,339 | 1,347,467 |
| Profit for the year | | 371,971 | 326,447 |
| Shareholders' equity | 9 | 2,842,926 | 2,581,555 |
| Liabilities | | | |
| Amounts due to banks | 10 | 94,986 | 118,485 |
| Funds entrusted | 11 | 4,284,094 | 4,167,513 |
| Debt securities issued | 12 | 5,699,776 | 5,309,589 |
| Other liabilities | 13 | 1,648,747 | 1,585,016 |
| Total liabilities | | 11,727,603 | 11,180,603 |
| Total equity and liabilities | | 14,570,529 | 13,762,158 |

Income statement of the company

| <i>In thousands of euros</i> | Note | 2014 | 2013 |
|---|------|----------------|----------------|
| Result from subsidiaries after taxation | 5 | 374,289 | 329,852 |
| Other results after taxation | | - 2,318 | - 3,405 |
| Profit for the year | | 371,971 | 326,447 |

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.

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 investments accounted for using the equity method 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 2014 and the consolidated financial statements for the year ended 31 December 2013 are also applied in the Company's financial statements, with the exception of the valuation of investments in subsidiaries.

Investments in subsidiaries and in investments accounted for using the equity method

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 47.1 million (2013: EUR 50.1 million) which is not available for use in the Group's day-to-day operations.

Note 3 - Amounts due from banks

A breakdown of this caption is as follows:

| | 2014 | 2013 |
|--|----------------|----------------|
| Call money and cash at banks | 143 | 177 |
| Cash collateral Bumper transactions | - | 3,255 |
| Cash collateral derivative financial instruments | 37,730 | 60,930 |
| Deposits with banks | 774,977 | 858,750 |
| Balance as at 31 December | 812,850 | 923,112 |

Note 4 - Financial assets held-to-maturity

This caption includes investments in bonds resulting from securitisation programmes concluded by the Group. The following securitisation transactions were initiated by the Group:

| Programme | Originator | Special purpose company | Currency | Transaction |
|-----------------|----------------------------|----------------------------|----------|-------------|
| 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 CARS NL* | LeasePlan Nederland N.V. | Bumper CARS NL B.V. | EUR | 694,444 |
| Bumper France | LeasePlan France S.A.S. | Bumper France FCT | EUR | 799,215 |
| Bumper DE | LeasePlan Deutschland GmbH | Bumper DE S.A. | EUR | 623,762 |
| Bumper 6 | LeasePlan Nederland N.V. | Bumper 6 (NL) Finance B.V. | EUR | 715,000 |
| Bumper NL | LeasePlan Nederland N.V. | Bumper NL B.V. | EUR | 333,000 |

*Unwound in 2014

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 most of 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 (non-rated) notes are bought by the Company.

The Bumper notes bought by the Company are as follows:

| | 2014 | 2013 |
|--------------|----------------|----------------|
| Bumper 2 | 225,900 | 225,900 |
| Bumper 5 | 269,214 | 251,613 |
| Bumper DE | 187,129 | - |
| Total | 682,243 | 477,513 |

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 and 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 March 2011 the Company restructured the Bumper 2 whereby Bumper 2 S.A. repurchased 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 47.3 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 issued by Bumper 4 (NL) Finance B.V. and a subordinated loan received from the Company were used to finance this transaction. The title to the underlying objects was retained by the originator.

The notes issued under this securitisation transaction had a final legal term of 15 years and a revolving period of one year. During this revolving period Bumper 4 (NL) Finance B.V. could use available funds to purchase new receivables. Bumper 4 (NL) Finance B.V. was a limited liability company and is included in the consolidated financial statements of the Company up to and including till September 2014.

The debt securities issued in April 2011 were 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 were listed on Euronext Amsterdam. The transaction was assessed by Standard and Poor’s and Moody’s, resulting in an AAA-rating (S&P) and an Aaa-rating (Moody’s) for the A-notes. The class B-notes were rated AAA by Standard and Poor’s and Aa2 by Moody’s.

The A-notes and B-notes were sold to external investors. The interest payable on the notes on a monthly basis was equal to one-month Euribor plus a mark-up. The B-notes were subordinate to the A-notes. The loan (EUR 275.5 million) provided by the Company to Bumper 4 (NL) Finance B.V. was subordinate to the A-notes and the B-notes.

In September 2014 the Bumper 4 transaction was unwound.

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 by Fitch and an AA+ rating by S&P 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 fully drawn in 2014 (31 December 2013: EUR 480 million). 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.

In November 2014 the Bumper CARS NL transaction was unwound and a part of the lease receivables and residual values were transferred to the Bumper 6 transaction, which is described further below.

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 an initial revolving period of one year, which in 2014 was extended for another year. Bumper France FCT is a limited liability company and 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.

Bumper DE

The Bumper DE transaction is a private transaction and uses a securitisation structure under German law common for operating and finance lease securitisations and closed on 9 April 2014. As per 31 December 2014 future discounted cash flows amounting to EUR 624 million were transferred from LeasePlan Deutschland GmbH (the “originator”) to Bumper DE S.A. With this transaction Bumper DE S.A. concluded an asset backed securitisation warehousing facility with one bank. The volume of this facility is EUR 500 million and EUR 437 million was drawn as per 31 December 2014.

Bumper DE S.A. issued class A notes (senior loans being 70% of the total portfolio) for an amount of EUR 437 million which were bought by one bank and class B notes (junior loans being 30% of the total portfolio) for an amount of EUR 187 million, which were bought by the Company. The notes have a revolving period of two years.

Bumper DE S.A. is a special purpose limited liability company incorporated under the laws of Luxembourg for this transaction and is included in the consolidated financial statements of the Company.

Bumper 6

The Bumper 6 transaction was completed in November 2014 whereby EUR 715 million of future lease instalment receivables and associated residual value receivables originated by LeasePlan Nederland N.V. (the “originator”) were sold to Bumper 6 (NL) Finance B.V., a special purpose company specially incorporated for the purpose of securitisation transactions under the laws of the Netherlands. Debt securities issued by Bumper 6 (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 6 (NL) Finance B.V. can use available funds to purchase new receivables. Bumper 6 (NL) Finance B.V. is a limited liability company and is included in the consolidated financial statements of the Company.

The debt securities issued in November 2014 are divided into class A-notes (EUR 501 million), class B-notes (EUR 36 million) and a subordinated loan of EUR 178 million. The notes are listed on Euronext Amsterdam. The transaction is assessed by Standard and Poor’s, Moody’s and DBRS, resulting in an AAA-rating (S&P and DBRS), and an Aaa-rating (Moody’s) for the class A-notes. The class B-notes are rated AAA (S&P), Aa2 (Moody’s), and AA high (DBRS).

The class A-notes and class B-notes were 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 class B-notes are subordinate to the class A-notes. The loan (EUR 178 million) provided by the Company to Bumper 6 (NL) Finance B.V. is subordinate to the class A-notes and the class B-notes.

Bumper NL

The Bumper NL transaction is a private transaction and uses a securitisation structure under Dutch law common for operating lease securitisations and closed December 2014. Bumper NL B.V. entered into a master hire purchase agreement with LeasePlan Nederland N.V. (the "originator"). Based on this agreement Bumper NL B.V. can buy future discounted cash flows of lease receivables and residual values from the originator. As per 31 December 2014 future discounted cash flows amounting to EUR 333 million were transferred from the originator to Bumper NL B.V. With this transaction Bumper NL B.V. concluded an asset backed securitisation warehousing facility with one bank. The volume of this facility is EUR 250 million and is fully drawn as per 31 December 2014. The committed facility is rated AAA by DBRS. Bumper 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.

Note 5 - Investments in and loans to subsidiaries

Movements in investments in Group companies are as follows:

| | 2014 | 2013 |
|----------------------------------|------------------|------------------|
| Balance as at 1 January | 2,211,999 | 2,175,887 |
| Purchase and increase | 121,000 | 29,403 |
| Equity deductions | - 273,975 | - 273,358 |
| Result of the year | 374,289 | 329,852 |
| Direct changes in equity | - 3,029 | 2,496 |
| Exchange rate differences | 24,375 | - 52,281 |
| Balance as at 31 December | 2,454,659 | 2,211,999 |

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

The maturity analysis on the loans is as follows:

| | 2014 | 2013 |
|--|------------------|------------------|
| Three months or less | 1,609,981 | 1,532,998 |
| Longer than three months, less than a year | 2,607,982 | 2,119,473 |
| Longer than a year, less than five years | 4,763,421 | 4,614,657 |
| Longer than five years | 43,464 | 277,173 |
| Balance as at 31 December | 9,024,848 | 8,544,301 |

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:

| | 2014 | 2013 |
|----------------------------------|---------------|---------------|
| Balance as at 1 January | 32,099 | 27,296 |
| Share of results | 6,962 | 4,933 |
| Exchange rate differences | 494 | - 130 |
| Balance as at 31 December | 39,555 | 32,099 |

The loans relate to jointly controlled entities of the Company (Turkey and the United Arab Emirates) and of the Group (Belgium and France).

The maturity analysis on the loans is as follows:

| | 2014 | 2013 |
|--|----------------|----------------|
| Three months or less | 68,000 | 4,187 |
| Longer than three months, less than a year | 88,314 | 91,625 |
| Longer than a year, less than five years | 132,041 | 153,114 |
| Balance as at 31 December | 288,355 | 248,926 |

The company has entered into loan commitments of EUR 371 million (2013: EUR 267 million) of which EUR 288 million has been drawn at year-end 2014 (2013: EUR 249 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.

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

| | 2014 | 2013 |
|----------------------------------|----------------|----------------|
| Derivative financial instruments | 175,973 | 140,189 |
| Tax receivables | 8,195 | 12,948 |
| Other | 125,224 | 191,365 |
| Balance as at 31 December | 309,392 | 344,502 |

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

| | 2014 | | | 2013 | | |
|---------------------------------------|-------------------|----------------|----------------|-------------------|----------------|----------------|
| | Notional amounts | Fair value | | Notional amounts | Fair value | |
| | | Assets | Liabilities | | Assets | Liabilities |
| Fair value hedge | | | | | | |
| Interest rate swaps | 3,232,099 | 90,927 | 14,689 | 3,979,159 | 61,000 | 27,571 |
| Currency swaps | 126,303 | 1,254 | 8,404 | 134,986 | 5 | 18,270 |
| Cash flow hedge | | | | | | |
| Interest rate swaps | 1,845,000 | - | 14,396 | 2,570,558 | 204 | 32,533 |
| Total derivatives in hedge | 5,203,402 | 92,181 | 37,489 | 6,684,703 | 61,209 | 78,374 |
| Interest rate swaps | 15,030,184 | 46,857 | 92,099 | 14,079,078 | 58,341 | 71,401 |
| Currency swaps/ currency forwards | 3,096,411 | 36,935 | 40,440 | 2,365,142 | 20,639 | 16,234 |
| Total derivatives not in hedge | 18,126,595 | 83,792 | 132,539 | 16,444,220 | 78,980 | 87,635 |
| Total | 23,329,997 | 175,973 | 170,028 | 23,128,923 | 140,189 | 166,009 |

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:

| | 2014 | 2013 |
|---|-----------------|-----------------|
| Derivatives not in hedges | - 31,354 | 382 |
| Derivatives in fair value hedges | 56,932 | - 66,536 |
| Derivatives in cash flow hedges (ineffectiveness) | - 48 | 35 |
| | 25,530 | - 66,119 |
| Financial liabilities used in fair value hedges | - 54,730 | 63,500 |
| Unrealised gains/(losses) on financial instruments | - 29,200 | - 2,619 |

Note 8 - Intangible assets

| | Purchased software | |
|--|--------------------|------------|
| | 2014 | 2013 |
| Cost | 3,510 | 2,632 |
| Accumulated depreciation and impairment | - 2,536 | - 2,284 |
| Carrying amount as at 1 January | 974 | 348 |
| Carrying amount as at 1 January | 974 | 348 |
| Purchases | 157 | 878 |
| Depreciation | - 422 | - 252 |
| Carrying amount as at 31 December | 709 | 974 |
| Cost | 3,667 | 3,510 |
| Accumulated depreciation and impairment | - 2,958 | - 2,536 |
| Carrying amount as at 31 December | 709 | 974 |

The purchased software relates to a banking system for LeasePlan Bank.

Note 9 - Shareholders' equity**Share capital**

As at 31 December 2014, the authorised capital amounted to EUR 250 million (2013: 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 2014 and 2013.

The movement in shareholders' equity is as follows:

| | Share capital | Share premium | Reserves | | | Profit for the year | Shareholders' equity |
|---------------------------------------|---------------|----------------|----------------|-----------------|-------------------|---------------------|----------------------|
| | | | Legal reserves | Other reserves | Retained earnings | | |
| Balance as at 1 January 2013 | 71,586 | 506,398 | 424,518 | - 13,239 | 1,156,868 | 241,300 | 2,387,431 |
| Profit for the year | | | | | | 326,447 | 326,447 |
| Other comprehensive income | | | | - 31,823 | | | - 31,823 |
| Settlement pension plan | | | | 2,484 | - 2,484 | | |
| Total comprehensive income | - | - | - | - 29,339 | - 2,484 | 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 | - 42,578 | 1,347,467 | 326,447 | 2,581,555 |
| Profit for the year | | | | | | 371,971 | 371,971 |
| Other comprehensive income | | | | 29,400 | | | 29,400 |
| Total comprehensive income | - | - | - | 29,400 | - | 371,971 | 401,371 |
| Transfer from/to | | | 68,575 | | - 68,575 | | |
| Appropriation of result | | | | | 326,447 | - 326,447 | |
| Dividend | | | | | - 140,000 | | - 140,000 |
| Balance as at 31 December 2014 | 71,586 | 506,398 | 440,810 | - 13,178 | 1,465,339 | 371,971 | 2,842,926 |

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 investments accounted for using the equity method.

The other comprehensive income comprises the translation reserve, the hedging reserve, the post-employment benefit reserve and the share of other comprehensive income in investments accounted for using the equity method. 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 (2013: 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 and other comprehensive income 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 10 - Amounts due to banks

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

The maturity of these loans is as follows:

| | 2014 | 2013 |
|--|---------------|----------------|
| Three months or less | 57,328 | 26,469 |
| Longer than three months, less than a year | 31,658 | 52,550 |
| Longer than a year, less than five years | 6,000 | 39,466 |
| Balance as at 31 December | 94,986 | 118,485 |

Amounts due to banks include an outstanding balance of EUR 1.6 million (2013: EUR 1.4 million) which is non-euro currency denominated as at 31 December. The remainder of the amounts due to banks is denominated in euro.

Note 11 - Funds entrusted

The maturity analysis of funds entrusted is as follows:

| | 2014 | 2013 |
|--|------------------|------------------|
| Three months or less | 2,481,555 | 2,535,136 |
| Longer than three months, less than a year | 1,201,451 | 1,134,600 |
| Longer than a year, less than five years | 601,088 | 497,777 |
| Longer than five years | - | - |
| Balance as at 31 December | 4,284,094 | 4,167,513 |

This caption mainly includes savings deposits raised by LeasePlan Bank amounting to EUR 4.281 billion (2013: EUR 4.165 billion) of which 60.1% (2013: 54.7%) 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:

| | 2014 | 2013 |
|---|-------|-------|
| On demand | 1.60% | 1.96% |
| A year or less | 2.03% | 2.30% |
| Longer than a year, less than or equal to two years | 2.26% | 2.75% |
| Longer than two years | 3.50% | 3.69% |

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 2014 and 2013.

Note 12 - Debt securities issued

This caption includes negotiable, interest-bearing securities, other than those of a subordinated nature. The debt securities issued include a number of bonds, which were raised under the Credit Guarantee Scheme of the State of the Netherlands. In May 2014 the remaining outstanding bond raised under this scheme was repaid. Reference is made to note 32 of the consolidated financial statements of the Company.

| | 2014 | 2013 |
|--|------------------|------------------|
| Bonds and notes | 5,638,341 | 5,267,961 |
| Bonds and notes - fair value adjustment on hedged risk | 61,435 | 6,706 |
| Commercial Paper | - | 34,922 |
| Balance as at 31 December | 5,699,776 | 5,309,589 |

| | 2014 | 2013 |
|------------------------------|-------------|-------------|
| Bonds and notes | 2.5% | 3.0% |
| Commercial Paper | - | 0.5% |
| Average interest rate | 2.5% | 3.0% |

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

| | 2014 | 2013 |
|--|------------------|------------------|
| Three months or less | 565,480 | 22,912 |
| Longer than three months, less than a year | 755,910 | 1,227,632 |
| Longer than a year, less than five years | 3,928,529 | 3,281,192 |
| Longer than five years | 449,857 | 777,853 |
| Balance as at 31 December | 5,699,776 | 5,309,589 |

The debt securities include an outstanding balance of EUR 2.0 billion (2013: EUR 1.7 billion) which is non-euro currency denominated as at 31 December. The remainder of the debt securities is denominated in euro.

Note 13 - Other liabilities

| | 2014 | 2013 |
|--|------------------|------------------|
| Loans from Group companies | 1,324,338 | 1,245,097 |
| Amounts payable to Group companies | 52,246 | 50,180 |
| Derivative financial instruments | 170,028 | 166,009 |
| Other accruals and other deferred income | 99,029 | 117,568 |
| Corporate income tax payable | 3,106 | 6,162 |
| Balance as at 31 December | 1,648,747 | 1,585,016 |

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:

| | 2014 | 2013 |
|--|------------------|------------------|
| Three months or less | 122,459 | 81,683 |
| Longer than three months, less than a year | - | 837,933 |
| Longer than a year, less than five years | 1,201,879 | 50,000 |
| Longer than five years | - | 275,481 |
| Balance as at 31 December | 1,324,338 | 1,245,097 |

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. In 2013 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. Since the date of repayment (May 2014) of the last remaining outstanding bond raised under the Credit Guarantee Scheme of the State of the Netherlands the Managing Board is entitled to variable remuneration (reference is made to note 35 of the consolidated financial statements of the Company).

The statutory board remuneration is as follows:

| | 2014 | 2013 |
|------------------------------------|--------------|--------------|
| Fixed remuneration | 2,114 | 1,864 |
| Other short-term employee benefits | 651 | 194 |
| Post-employment benefits | 548 | 731 |
| Other long-term employee benefits | 747 | - |
| Total | 4,060 | 2,789 |

The increase in the fixed remuneration and in other short-term and long-term employee benefits in 2014 is mainly caused by higher remuneration as a consequence of the increase of the Managing Board by one member and the fact that the Managing Board is entitled to variable remuneration since the date of repayment (May 2014) of the last remaining outstanding bond raised under the Credit Guarantee Scheme of the State of the Netherlands (reference is made to note 35 of the consolidated financial statements of the Company).

In both 2014 and 2013 there were no termination benefits. The Dutch crisis levy ('crisisheffing') in relation to the Managing Board remuneration amounted to EUR 148 thousand in 2013 is not included in the table above and is no longer applicable in 2014. 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 2014 (2013: EUR 60 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' (reference is made to note 9 in the consolidated financial statements) includes an amount of EUR 5.1 million (2013: EUR 5.3 million) of audit fees for services provided by PricewaterhouseCoopers Accountants N.V. and its network.

| | | | 2014 | 2013 |
|----------------------------|-------------------------|----------------------|----------------------|----------------------|
| | PwC Accountants N.V. | Other PwC network | Total PwC network | Total PwC network |
| Audit services | 816 | 3,067 | 3,883 | 4,026 |
| Audit related services | 465 | 520 | 985 | 969 |
| Tax advice | - | 131 | 131 | 104 |
| Other (non-audit) services | 292 | 174 | 466 | 155 |
| Total services | 1,573 | 3,892 | 5,465 | 5,254 |

Note 17 - Commitments

Loan commitments have been concluded with investments accounted for using the equity method amounting to EUR 371 million (2013: EUR 267 million) of which EUR 288 million (2013: EUR 249 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 2014, 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 2.5 billion (2013: EUR 3.1 billion).

Almere, 25 March 2015

Managing Board

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

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 investments accounted for using the equity method 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 Gépjárműpark Kezelő és Finanszírozó Zártkörű Részvénytársaság, Hungary
LeasePlan India Private Limited, India
LeasePlan Italia S.p.A., Italy
LeasePlan Luxembourg S.A., Luxembourg
LeasePlan México 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 2013.

Special purpose companies with no shareholding by the Group are:

Bumper France FCT, France
Bumper DE S.A., Luxembourg
Bumper Car Sales GmbH, Germany
Bumper 2 S.A., Luxembourg
Bumper 5 Finance Plc, United Kingdom
Bumper 6 (NL) Finance B.V., the Netherlands
Bumper NL B.V., the Netherlands

Principal investments accounted for using 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%)
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

Appropriation of Profit and Subsequent Events

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 in December 2014. A further dividend of EUR 230 million, bringing the total dividend for the year to EUR 236 million, was paid in February 2015. The remainder of the financial net profit amounting to EUR 136 million will be added to the general reserve (retained earnings).

Subsequent Events

LeasePlan Turkey

On 5 November 2014 the Group signed an agreement to acquire the 49% stake Doğuş Group holds in LPD Holding A.Ş, the holding company of LeasePlan Turkey. Following the purchase of Doğuş' 49% shareholding, the Group will have full ownership of LeasePlan Turkey. The transaction was completed on 16 February 2015. Further details are disclosed in note 37 of the consolidated financial statements.

Status ownership of LeasePlan

In the interest of all stakeholders, LeasePlan makes reference to the public announcements of March 2015 regarding its 100% shareholder Global Mobility Holding B.V. entering into discussions concerning the potential divestment of LeasePlan Corporation N.V. LeasePlan emphasises that the discussions are still in progress and may or may not result in an agreement. Any transaction and any change of ownership of LeasePlan Corporation will be subject to regulatory and competition authorities' approval.

Independent auditor's report



Independent auditor's report

To: the Annual General Meeting of Shareholders and the Supervisory Board of LeasePlan Corporation N.V.

Report on the financial statements 2014

Our opinion

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 2014 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2014 of LeasePlan Corporation N.V., Amsterdam ('the Company'). 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 2014;
- the following statements for 2014: the consolidated income statement and the consolidated statements of comprehensive income, changes in equity and cash flows; 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 2014;
- the company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At www.pwc.nl more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.



The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the financial statements” section of our report.

We are independent of LeasePlan Corporation N.V. in accordance with the “Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten” (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the “Verordening gedrags- en beroepsregels accountants” (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Managing Board made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Managing Board that may represent a risk of material misstatement due to fraud.



Materiality

- Overall materiality: €16.5 million which represents 3.3% of the 2014 profit before tax.

Audit scope

- Audit work for consolidation purposes is conducted in all countries where the Company operates.
- The group engagement team is responsible for the audit of the leasing and banking activities in the Netherlands.
- We paid particular attention to the treasury and insurance activities located in Ireland by visiting local management and the component auditor.
- We also visited local management and the component auditors of two significant LeasePlan entities located in Spain and Belgium.

Key audit matters

- Valuation of vehicles leased out under operating lease contracts.
- Valuation of deferred income tax assets.
- Revenue recognition.
- Risk of management override of controls.



Materiality

The scope of our audit is influenced by the application of materiality. Our audit opinion aims on providing reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations resulting from our risk analysis, helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | |
|--|---|
| Overall group materiality | €16.5 million (2013: €14.2 million). |
| How we determined it | 3.3% of the 2014 profit before tax. |
| Rationale for benchmark applied | We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax is an important metric for the financial performance of the Company. The Company is a public interest entity and has various stakeholders. We therefore considered using a percentage lower than the commonly used 5%. Last year we also used 3.3% of the profit before tax. We consider a materiality level that is not significantly higher compared to previous year appropriate as the business activities and risks have not significantly changed. We believe that this is a proper reflection of the view of stakeholders. |

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the Supervisory Board and the Managing Board that we would report to them misstatements identified during our audit above €500,000 (2013: €500,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

LeasePlan Corporation N.V. is the head of a group of entities engaged in fleet and vehicle management services, mainly through operating lease and is active in 32 countries. The Company is managed on a decentralised basis with corporate functions located in the head office in Almere supporting the local operations. The Company has a banking license in the Netherlands and operates a retail bank, LeasePlan Bank. For this reason, the Company is supervised by the Dutch Central Bank and the Authority Financial Markets. The insurance activities of the Company are centralised in its subsidiary Euro Insurances Limited in Ireland which is supervised by the Irish regulator.



Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. We selected all group entities for which an audit of financial information or specific balances was considered necessary.

On request of the Supervisory Board, a full scope audit on the financial information of less significant components has also been performed. Hence, a full scope audit for consolidation purposes is performed on the financial information for all countries where the Company is active. Group entities located in the Netherlands are audited by the group engagement team. For group entities located abroad we used component auditors from the PwC network firms, except for LeasePlan India Private Limited which is audited by another firm. The component auditors are familiar with the local laws and regulations to perform this audit work.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. In this respect we performed the following procedures:

- we have issued detailed audit instructions to the component auditors prescribing the scope of work to be performed, our risk assessment, the key audit areas, materiality to be applied and the reporting requirements to the group engagement team;
- on the November 2014 financial reporting (hard close) audit procedures have been performed for all group entities followed by year-end audit procedures (roll forward);
- the reports of the component auditors (hard close and roll forward) are assessed by the group engagement team and observations are discussed with the component auditors and with group management;
- the group engagement team visits management of local operations and component teams on a rotational basis. In the current year members of the group engagement team visited Spain and Belgium, which are significant components within the group as well as the treasury and insurance functions of the group located in Ireland.

The group consolidation, financial statements disclosures and various complex items are audited by the group engagement team at the head office in Almere, because central functions, such as financial reporting & controlling, tax department, risk management, treasury and group audit department are located there. Items audited by the group engagement team, amongst others, are:

- assessment of the necessity of a prospective depreciation adjustment on the carrying value of the vehicles leased out under operating lease;
- impairment testing of goodwill;
- provision on cars in stock;
- valuation of deferred tax asset positions and provisions for tax exposures;
- incurred But Not Reported credit risk provision.



Because of the importance of the IT environment for the audit of the financial statements our IT auditors assessed the IT environment. The IT environment of LeasePlan Information Services, LeasePlan Corporation, LeasePlan Bank and local LeasePlan entities has been assessed in the context of the audit of the financial statements. Besides our IT auditors the group engagement team includes valuation, banking, leasing, regulatory and tax specialists.

For our audit of the financial statements, we do not rely on the work performed by the group audit department. However, we liaise with the group audit department which performs on a rotational basis operational audits at corporate level and on local levels. Observations of the group audit department are periodically discussed and their findings are shared with the component auditors. The risk assessment of the group audit department, our risk assessment and audit approach is discussed with the Audit Committee and the Dutch Central Bank.

We have performed a review engagement on the condensed consolidated interim financial information for the six month period ended 30 June 2014 and issued a review report dated 20 August 2014. Furthermore, we have performed agreed upon procedures on the consolidated financial management reporting as per 31 March 2014 and as per 30 September 2014.

By performing the procedures above at components, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter

Valuation of vehicles leased out under operating lease contracts

The Company has recorded on the balance sheet €12.6 billion (2013: €12.2 billion) of vehicles leased out under operating lease contracts as disclosed in note 18 of the financial statements. Given the magnitude for the balance sheet and the income statement as well as the degree of judgment we have addressed the valuation of these vehicles as a key audit matter. These vehicles represent 64% of the group's total assets and are valued against cost less straight-line depreciation over the expected lease term while taking into consideration their estimated residual value. IAS 16, Property, Plant and Equipment, requires that the residual value and the useful life of an asset be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate.

How our audit addressed the matter

Our audit procedures included, amongst others, obtaining an understanding of the asset risk management framework, the policies in place regarding managing asset risk and the way the asset risk position of the group is monitored by management. We determined if the policy for testing the carrying value of the vehicles is adequately applied by management. The component auditors performed detailed procedures regarding the fleet risk assessment per country such as:

- procedures and controls in place have been assessed and tested to ensure the reliability of the fleet risk assessment including the input of data and underlying assumptions, such as sales ratio, sales fees, trader fees and the impact of risk mitigation measures;



Key audit matter

A change in the estimated residual value results in a change of the depreciation expense and consequently impacts the carrying value of the vehicles. The Company's asset risk management department located in Almere is responsible for establishing and maintaining the asset risk management framework, monitoring the group's asset risk profile and reviewing the fleet risk assessments of the LeasePlan entities. Asset risk of the group is also monitored and discussed by the asset risk committee. On a quarterly basis all group entities compare the current estimated residual values of its vehicles leased out under operating lease to the most recent market information via the so called 'fleet risk assessment'. The fleet risk assessment requires a high degree of judgement and expertise and the applied assumptions are highly sensitive to volatile macro-economic and local developments. Taking into account the complexity and volatility surrounding the estimations there is a risk that the depreciation expense, and as such the carrying value of the vehicles, could be materially misstated.

Valuation of deferred income tax assets

The Company operates in various countries with local tax regulations and has recorded a net deferred tax asset on its balance sheet resulting from tax losses carried forward of €86.8 million (2013: €115.3 million) as disclosed in note 23 of the financial statements. The Company recognises these deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the carry forward taxable losses. The recoverability is impacted by uncertainties regarding future taxable income and potential changes in tax legislation. No deferred tax asset has been recorded for tax losses amounting to €55.7 million (2013: €87.2 million). Based on the degree of judgment, complexity and potential impact on the tax expense we addressed the valuation of deferred income tax assets as a key audit matter.

How our audit addressed the matter

- reasonableness of assumptions such as the sales ratio have been assessed with actual market information;
- main developments and trends noted in the fleet risk assessment have been analysed;
- it has been validated that all lease contracts recorded in the leasing operating system are included in the fleet risk assessment;
- the duration and the residual value in the fleet risk assessment have been reconciled to the leasing operating system for a selection of lease contracts;
- the expected sales price estimated in the fleet risk assessment has been compared to the actual sales price of the last period for a selection of lease contracts and identified unusual or large differences have been analysed.

We concur with the accounting of management regarding the carrying value of vehicles leased out under operating lease contracts.

Our audit procedures included, amongst others, assessing and challenging the profit forecasts, assumptions and methodologies used by management on group level to determine the recoverable taxable amount per country. We challenged the quality of the profit forecasts included in the deferred tax asset calculations by comparing prior year forecasts with actual financial information. Reasonability of assumptions such as the growth rates and cost developments have been assessed. We reconciled the profit forecasts to the budgeted financial information as approved by the Supervisory Board as part of the annual business plan cycle. PwC tax specialists assisted us in assessing the deferred tax calculations made by management to verify that tax legislation is adequately reflected in the deferred tax asset calculations.

We concur with management's estimates regarding the valuation of deferred tax assets for tax carry forward losses.



Key audit matter**Revenue recognition**

The Company offers lease contracts that comprise a variety of bundled and stand-alone services tailored to the specific needs of clients. A lease contract typically contains multiple components such as, purchasing and selling of vehicles, financing of vehicles, vehicle maintenance and accident management in a single arrangement. The revenue and cost of revenue of these various elements need to be recognized and considered on a separate basis as outlined in note H of the summary of significant accounting policies.

The outcome of the net result at the end of the lease contract depends on the type of contract (closed calculation versus open calculation contracts) as well as the benefits and expenses that will occur during the contract. Vendor bonuses related to the service components of the lease instalment are deducted from cost of revenues. As such estimating the revenue and cost of revenue during the term of the contract requires a degree of judgement. We have therefore addressed revenue recognition as a key audit matter.

Risk of management override of controls

In view of the considerations outlined below, we addressed the risk of management override of controls as a key audit matter. The Company operates in multiple jurisdictions and is, due to its geographical footprint and decentralised structure, subject to the risk of (local) management override of controls and fraud. Furthermore, the Company is subject to supervision by the Dutch Central Bank due to its banking license which implies that the Company has to comply with significant ethical and compliance requirements. These ethical and compliance requirements are at a higher level than for the lease activities of the group, thus impacting the control environment, tone at the top, culture and behaviour of the Company's management and employees. In order to address this risk, the Company has established a comprehensive governance structure as detailed in the corporate governance section of the annual report and has defined a compliance risk appetite to manage compliance risks divided into counterparty conduct, employee conduct, services conduct and organizational conduct.

How our audit addressed the matter

Our audit procedures included, amongst others, obtaining an understanding of, and validating the internal controls surrounding the various revenue streams to ensure the correct recording of lease contracts. We validated the adequacy and consistency of the accounting policies applied. We paid particular attention to the appropriateness of revenue recognition of the lease services (repair, maintenance & tyres) during the term of the lease contract by challenging management estimates. Cut-off of results on terminated contracts has been tested by us. We also performed substantive audit procedures on the year-end accruals (refunds to clients) of open calculation contracts.

We tested management's controls within the vendor bonus processes. Additionally we tested a selection of bonus calculations based upon purchase volumes and vendor allowance agreements and we evaluated collections related to the prior year balances to verify the reliability of management's estimates.

We concur with the revenue recognition principles applied by management.

In our audit, we performed procedures which allow us to rely, to the extent possible, on management's governance structure. We performed audit procedures designed to identify the risk of management override of controls. These procedures included, amongst others, an assessment of the 'tone-at-the-top' and the compliance with LeasePlan's policies, laws and regulations also in view of its banking license. Internal audit findings, budget to actual analysis, bonus schemes and key internal controls have been assessed. Furthermore, we assessed the follow up on whistle blower allegations and integrity incidents, business ethics, revenue recognition principles, cost cut off procedures and year-end estimates of accruals. We tested a selection of manual journal entries. Where necessary we extended our audit procedures and we included unpredictability as part of our audit. We made specific enquiries at different levels in the organisation.



Responsibilities of the Managing Board and the Supervisory Board

The Managing Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS 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, and for
- such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Managing Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Managing Board should prepare the financial statements using the going concern basis of accounting unless the Managing Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Managing Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit has been performed with a high but not absolute level of assurance which makes it possible that we did not detect all frauds or errors.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the Managing Board's report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the report of the Managing Board and other information):

- 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 by Part 9 of Book 2 of the Dutch Civil Code has been annexed;
 - we report that the report of the Managing Board, to the extent we can assess, is consistent with the financial statements.
-



Our appointment

We were appointed as auditors of LeasePlan Corporation N.V. as from the audit of the financial statements 2006 by the Supervisory Board following the passing of a resolution by the shareholders and has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 9 years.

Amsterdam, 25 March 2015
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. R. Dekkers RA



Appendix to our auditor's report on the financial statements 2014 of LeasePlan Corporation N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control;
- obtaining an understanding of internal control relevant to the audit 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;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- concluding on the appropriateness of the management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

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

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This document may contain "forward-looking statements". All statements other than statements of historical fact included in this document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references to assumptions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to be materially different from those expressed or implied by these forward looking statements. These factors include, but are not limited to, the following: our exposure to a decrease in the residual values or sales proceeds of leased vehicles; our substantial funding and liquidity requirements, including our significant indebtedness; disruptions and declines in global market conditions; our exposure to general business and economic conditions; the effect of defaults of leasing customers or a deterioration of credit quality of leasing customers; our exposure to counterparties on financial instruments and reinsurance contracts; our reliance on significant customers and suppliers; the failure to effectively execute our growth strategy, including our exposure to risks from acquisitions or joint ventures; competition from other companies in our industry and our ability to retain or increase our market share; our exposure to changes in interest rates and currency exchange rates; our exposure to political, economic, regulatory, tax and legal risks in a number of countries; the effect of legal disputes or government or regulatory investigations; our exposure from our insurance business or the sufficiency of our insurance coverage; our exposure to operational risks from our brand reputation, intellectual property and know-how, IT, IT security and data protection; the effectiveness of our risk management policies and procedures; changes in financial accounting standards; customer preferences for vehicles; our failure to retain key employees; the nature of and risks relating to our ownership and shareholder structure; our exposure to defined benefit pension obligations; and risks relating to the structure and terms of the Notes and legal and other considerations in connection therewith.

If one or more of these risks or uncertainties materialise, or if underlying assumptions prove to be incorrect, our actual results, performance or achievements or industry results may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements speak only as of the date of this document or as of such earlier date at which such statements are expressed to be given. Except as required by applicable law, rule or regulation, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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