Annual Report 2015

It's easier to leaseplan

Since it was founded over 50 years ago, LeasePlan has always focused on providing forward-looking business mobility solutions to clients across the world. Today, LeasePlan is the global market leader in fleet management and driver mobility with a growing fleet of over 1.5 million vehicles across 32 countries.

Its local operating companies provide fleet management and driver mobility services to a wide variety of clients that benefit from its extensive expertise and scale. These range from multinationals, large, small and medium-sized companies, non-profit organisations and private individuals.

As a result of trends such as urbanisation, vehicle sharing, eco-awareness, mobile devices, connectivity, big data and real-time analytics, LeasePlan is exploring new mobility solutions that go beyond the traditional lease product.

By focusing on the total mobility needs of employees, fleet managers and mobility providers, LeasePlan is able to offer more flexible and innovative products and services. These are increasingly built around drivers' needs, efforts to reduce carbon emissions, the need to maximise fleet efficiency and the desire for greater flexibility.

This makes LeasePlan a one-stop shop for all fleet management and driver mobility needs.

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

Annual Report 2015

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LeasePlan at a glance

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LeasePlan at a glance

LeasePlan is a global vehicle leasing, fleet services and driver mobility provider, offering all activities clients require to operate a vehicle fleet. These range from the purchasing of the vehicles, through to the remarketing of those vehicles at the end of the contract. LeasePlan has achieved a leading position in the industry by connecting customers to leasing and mobility opportunities wherever they are in the world. Our business has grown successfully for over 50 years and today manages more than 1.5 million vehicles in 32 countries. This makes LeasePlan the world's largest leasing company.

In the years ahead, we foresee a further shift from vehicle-centric services to driver-centric services. An increasing demand for new mobility services will require these to extend beyond the vehicle to other modes of transportation. The future of LeasePlan lies in continuing 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 our journey.

Mission, vision and values

Our mission is to make fleet management and driver mobility easier for our customers. This mission is reflected in our universal promise to clients: 'It's easier to leaseplan.'

Our vision is to be recognised as the global leader in terms of performance, portfolio, processes, people and planet. To fulfill this, we aim to:

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

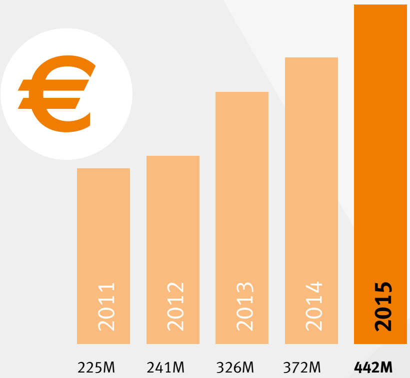
Our work is rooted in our values, which guide us in our approach to our stakeholders, clients, suppliers, investors and colleagues:

Commitment
We take personal ownership of our actions and deliver on our promises.

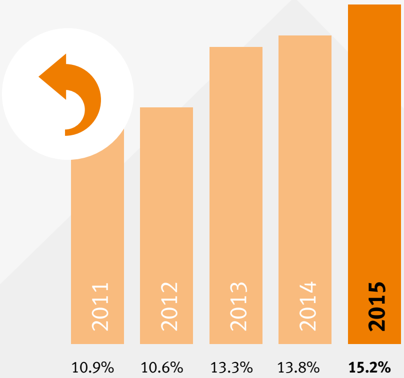
Expertise
We share knowledge by offering our clients practical solutions.

Passion
We inspire those around us by demonstrating belief in our products and services.

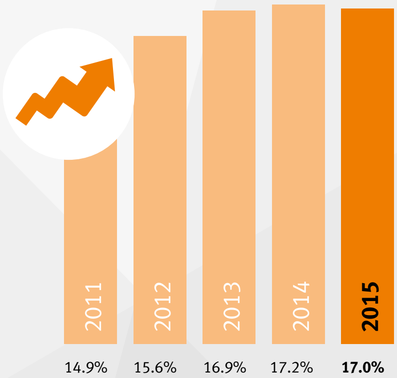
Respect
We treat individuals and companies with respect by adhering to the LeasePlan values and by acting with integrity, fairness, trust and tolerance.



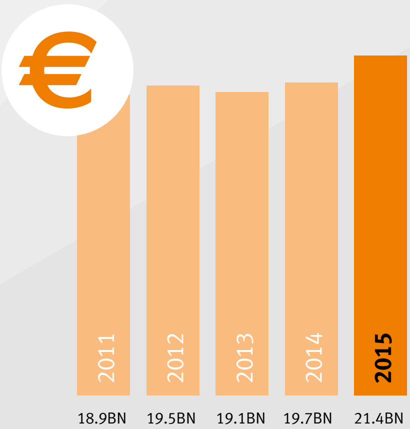
Profit for the year **442M**



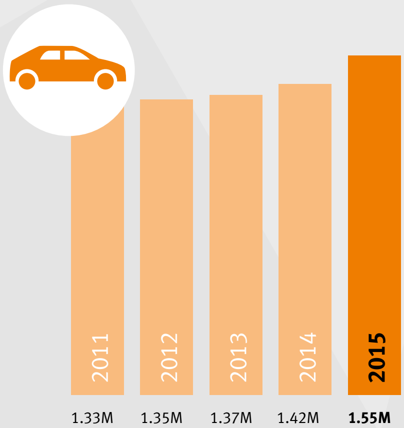
Return on equity **15.2%**



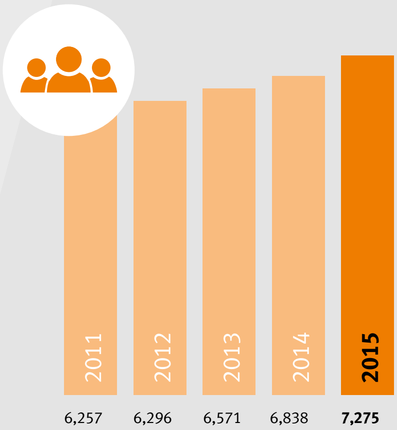
Common equity tier 1 ratio **17.0%**



Total assets **21.4BN**



Number of vehicles **1.55M**



Number of employees **7,275**

Our strategy

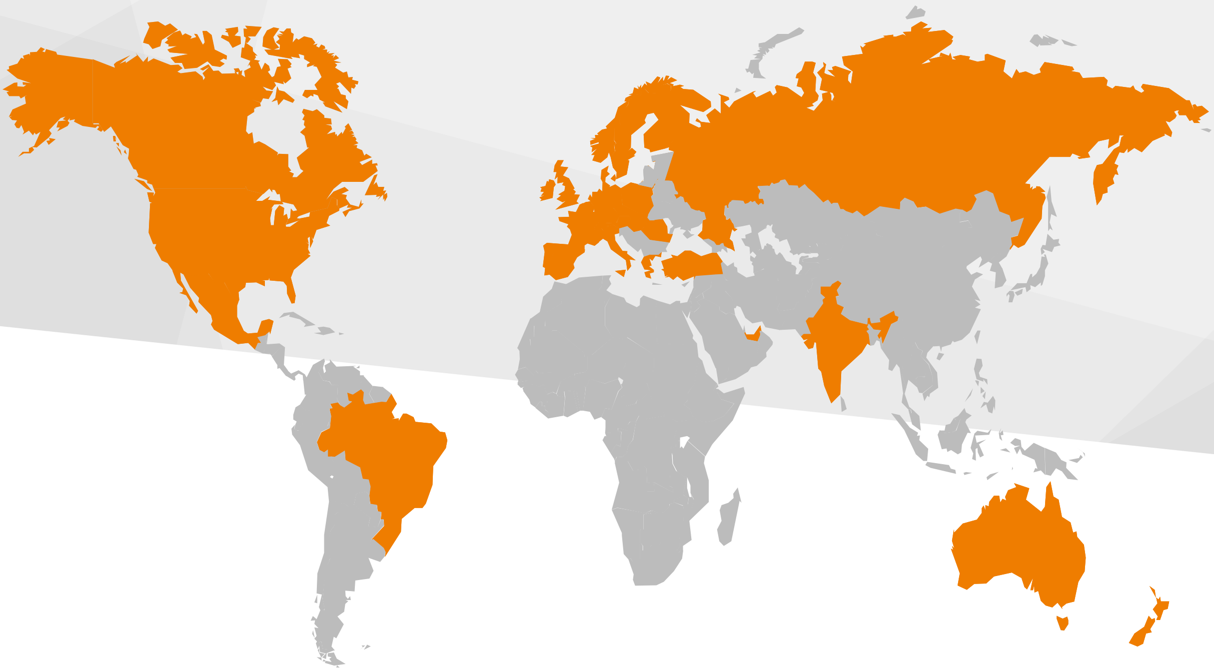
The global vehicle leasing industry is being influenced by certain trends that will drive growth and change in the years to come. Sustainability, new technologies, growing urbanisation and increasing regulation, are shaping the needs of our clients and creating new market opportunities.

With our size, scale, expertise and strong brand identity, we are well positioned to tap the market's growth potential. We will do so by meeting the needs of different types of clients, including multinational companies, local organisations and individual consumers.
We have developed a global strategy for sustainable growth and profitability that satisfies our clients' service requirements.

It is based on the following pillars:
- **Growth:** we continuously evaluate expansion opportunities in new geographies and customer segments, while also looking to strengthen our offer and presence in our existing markets
- **Operational excellence:** we invest in efficient and effective processes, high-quality IT systems and look to leverage our scale
- **Customer-centric innovation:** we develop products, platforms and consultancy services designed to work across several markets
- **Right people and culture:** we look to recruit, develop and engage the right talent to fit with LeasePlan's culture, values and principles.

Global presence

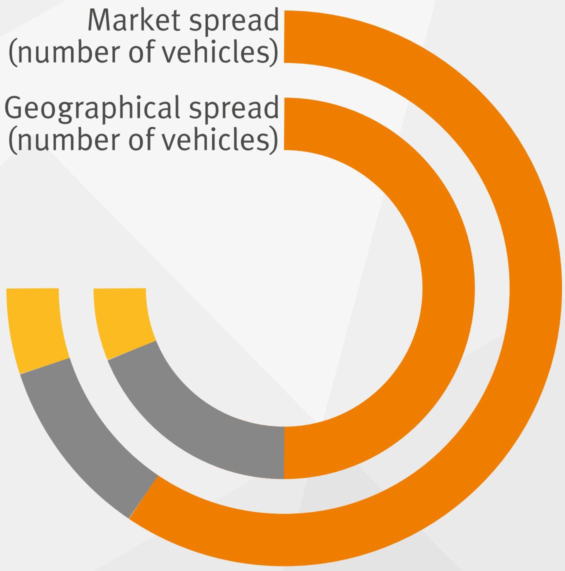
We have a proven track record in enhancing our presence in mature fleet markets, as well as expanding geographically and growing our business to market leading positions. We currently operate in 32 countries across the world.



Market spread

Mature markets include Western Europe, North America and Australia, where the advantages of vehicle leasing have been well established and where leasing providers are increasingly focused on adding extra services in addition to leasing.

Developing and emerging markets include Central and Eastern European countries, Asia, India, Russia and South America, where the benefits of leasing over vehicle purchasing are becoming more widespread.



Number of vehicles

Europe
1,153,904

Americas
268,626

Asia-Pacific
130,314

Market spread

Mature markets
1,231,416

Developing markets
216,995

Emerging markets
104,433

Review of the year

"LeasePlan strives to become a 'one-stop shop' for business mobility."

Vahid Daemi
CEO and Chairman of the Managing Board

LeasePlan's mission to make fleet management and driver mobility easier was once again at the fore in 2015, a year that saw the company achieve strong financial results and make excellent progress against its strategic priorities. The company's expertise and the scale of its global operations continued to deliver benefits that were evidenced across the four pillars of its strategy: growth, operational excellence, customer-centric innovation, and right people and culture. This performance resulted in greater profitability, the significant growth of its global fleet of vehicles, and the introduction of new, leading-edge mobility solutions to the market.

Year of challenges

These successes took place against a backdrop of uncertainties in the global macroeconomic environment. While Europe has begun its gradual economic recovery, several underlying issues have remained unaddressed. The unpredictable political landscape, diving interest rates and oil prices, strong currency fluctuations and quantitative easing were some of the most pressing challenges that global businesses faced in the year. Meanwhile, the vehicle leasing industry continued to be shaped by a number of key trends that included consolidation, competitive pricing and increased regulation, as well as unexpected developments, such as a diesel emissions scandal that shook the automobile industry. Despite these challenges, 2015 proved to be a fruitful year for LeasePlan, as is evidenced by its financial and operational performance.

Significantly improved results

LeasePlan's financial results for 2015 show the strength of its global operations and strategic focus on growth. In terms of profitability, the result for the year is significantly ahead of 2014. Net profit was EUR 442 million, an increase of EUR 70 million (+19%) compared to 2014 (EUR 372 million). Factors contributing to this substantial increase include the growth of the company's fleet under management to 1.55 million vehicles (2014: 1.42 million vehicles) and an ongoing positive second-hand car market, which generated strong termination income. This strong result was not only driven by favourable market conditions for used vehicles – our investments in efficiency have delivered an improved disposal process and the further fine-tuning of LeasePlan's remarketing channels. This gave rise to a 34% increase in vehicle sales income in the year, totalling EUR 329 million (2014: EUR 246 million). Improvements such as these translate into direct savings for our open calculation clients, who also benefit from the company's focus on operational excellence.

During the year, LeasePlan further improved its leverage in the value chain, another area of profit generation that simultaneously allows it to develop competitive and innovative client propositions. The company benefits from its economies of scale in dealing with a broad range of increasingly international suppliers, spanning the areas of maintenance, tyres, damage repair and fuel management, to name a few examples of our varied service offering and extensive supplier network.

The past year confirmed that diversification continues to be one of LeasePlan's key strengths – geographically, and across the clients we serve and the products and services we offer. Growth was noted throughout all regions, ranging from mature leasing markets such as the Netherlands, France, the UK, the US and Germany, to the company's emerging leasing markets such as Mexico and Turkey. The latter became a fully owned LeasePlan entity in 2015, while LeasePlan also acquired sole ownership of Excelease in Belgium, two examples of the company's expansion in existing markets. Steps were also taken in 2015 to establish a new entity cluster in Asia, beginning with the expansion of LeasePlan's operations to Malaysia in 2016, a move that will potentially open doors to further expansion in South East Asia in the years to come.

Becoming the first fleet management and driver mobility company in the global leasing industry to reach 1.5 million vehicles under management was a highlight for LeasePlan, confirming our global market leadership. All client segments contributed to this growth. The dedicated entity managing the accounts of our large international clients, LeasePlan International (LPI), expanded further, now representing almost 30% of the total LeasePlan fleet. Investments in new service offerings for the segment of small and medium-sized enterprises (SMEs) are paying off with double-digit growth that makes it our fastest-growing segment. Inroads were also made in private leasing, as the benefits of leasing over car ownership become increasingly apparent to individuals requiring a vehicle. Several new initiatives for private leasing were launched by LeasePlan in the year and this segment will continue to develop in the coming years.

Expansion in LeasePlan's products and services also contributed to its solid results. We view insurance as an integral part of fleet management, devoting considerable attention to this area in 2015. Results were up significantly compared to 2014, as the company was awarded a number of large insurance-only tenders.

Mobility for the future

LeasePlan also expanded its business in 2015 on the mobility innovation front. The mobility landscape is changing and will influence our value chain. Across the globe, the sharing economy and environmental awareness are encouraging people to explore alternatives to vehicle ownership. Fleet managers across the world will need to become more agile to meet employees' changing mobility needs.

To stay ahead of these trends and make the company a 'one-stop shop' for business mobility, we are extending our offering, from full-service vehicle leasing, to a range of forward-thinking solutions. Over the course of 2015, LeasePlan updated its mobility strategy, unveiling two new products for car sharing and flexible leasing. While traditional fleet management will remain LeasePlan's core business, these innovations show the company's ability to seize opportunities in a changing industry – a strength that has characterised LeasePlan for over 50 years.

Stakeholder engagement

As a global leader in fleet management and driver mobility, LeasePlan takes its responsibility towards its stakeholders very seriously. We maintain ongoing contact with our key stakeholders: our shareholders, investors, Supervisory Board, regulatory and government authorities, customers, suppliers and our employees, and we are aware of the impact and influence that they have on our business. Various surveys are conducted annually to assess stakeholder satisfaction.

Scores gauging customer loyalty and driver satisfaction remained high and above industry standards in 2015, as did LeasePlan's employee engagement score, underlining the company's strong operational performance. The high quality and dedication of our staff are indisputable contributors to LeasePlan's ongoing success, and their development was once again high on the agenda in 2015.

Stakeholder dialogue is also an important element of our corporate social responsibility (CSR) strategy, which will be professionalised further in 2016. Advising clients on how they can 'green' their fleets by managing their fuel consumption and, as a result, reduce their $C0_2$ emissions, remained a key aspect of our CSR approach in 2015. Community engagement is another way that LeasePlan realises its responsibilities to society, and our range of local initiatives, sponsorships and charity projects throughout the year are a testament to this.

Capital and liquidity position

LeasePlan further improved its capital adequacy during the year. The common equity tier 1 ratio remained firmly above the regulatory capital requirements at 17.0% by the end of the year (2014: 17.2%).

During 2015, LeasePlan's diversified funding strategy has been demonstrated to work. Funding was successfully obtained from various sources. LeasePlan concluded two public senior unsecured transactions and various private senior unsecured transactions. Our funding achievements demonstrate a strong investor confidence in LeasePlan both prior to and after the announcement in July 2015 of the potential change of ownership.

Following LeasePlan's continuous drive to further strengthen the diversification of its funding base, LeasePlan Bank has successfully expanded its deposit taking into the German saving market. Retail deposits entrusted to LeasePlan Bank in the Netherlands and Germany grew to EUR 5.0 billion.

Sound corporate governance

A robust corporate governance framework is in place at LeasePlan, guiding the company's conduct and strategic aims. It is an imperative that this well-defined framework is supported by the right culture, values and behaviours, both at the top and throughout the entire organisation.

A high score was maintained in our company's annual Integrity Index in 2015, which measures internal perceptions of integrity. 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.

Status change of ownership

In July 2015, LeasePlan announced that its 100% shareholder Global Mobility Holding B.V. ("GMH") had reached an agreement with a consortium of long-term investors to acquire full ownership of LeasePlan. All necessary competition authority and financial regulatory approvals required under the agreement to close the acquisition were obtained by January 2016. We expect the transaction to close in the first quarter of 2016. This will mark a new era for LeasePlan, enabling its growth ambitions as it continues to focus on executing its long-term strategy by providing high-quality and innovative fleet management and driver mobility services to its clients worldwide.

Outlook 2016

Looking ahead, LeasePlan is optimistic that, barring unforeseen economic circumstances, it will continue to reap the rewards of its strategic path, which served it so well in 2015. The momentum will remain high as we pursue our goals in the areas of growth, customer-centric innovation, operational excellence and right people and culture.

Although the competitive landscape will remain challenging in 2016, LeasePlan will retain its added value for clients, drawing on its tailored products and services, its wealth of expertise amassed over the past five decades, its excellent people and the reach of its global presence. We will also stay close to our clients and put our knowledge to work for them, for example, by offering expert advice as preparations for the pending regulatory changes to lease accounting begin.

We believe that, with all the fundamentals for further growth firmly in place, the company will succeed in delivering value for its shareholders, being a great place to work for its people, and offering services and products that make its clients' lives easier.

On behalf of the entire Managing Board, I would like to thank LeasePlan's many stakeholders: clients, service partners, investors, shareholders, employees and others, for the enormous confidence they have continued to place in the company in 2015.

Vahid Daemi
CEO and Chairman of the Managing Board

Leadership biographies

Managing Board

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 Leaseurope, 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

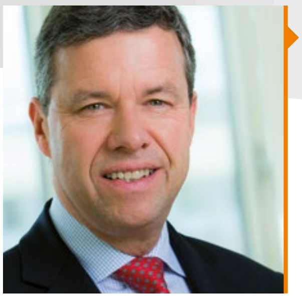
CFO and Member of the Managing Board

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 A.G. 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 MPA in Business and Public Administration from Harvard and MIT.

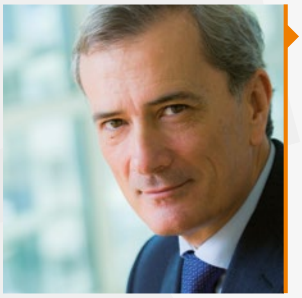


Nick Salkeld

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 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.

Regional Senior Vice-Presidents



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 in 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. in 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) at the IESE Business School in Spain.

Corporate Secretary

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.

Senior Corporate Vice-Presidents

Tricia Desnos

Senior Corporate Vice-President Human Resources

Has over 25 years of experience in various HR roles at Iveco Ford Truck, Telewest Communications, Vodafone UK, and Dunn and Bradstreet. At Dunn and Bradstreet she 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's 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 Acquisitions. 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

Has 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

Has 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 at 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

Has more than 30 years of commercial and finance experience. Trained and qualified as an 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 Bachelor of Arts Honours degree in Economics and Politics from Warwick University.

Leo Walraven

Senior Corporate Vice-President Group Audit

Has 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.

Senior Vice-Presidents Group Services

Jaime Requeijo Gutiérrez

Senior Vice-President Business Development

Has 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 Customer Relationship Management 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 at 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 current position since January 2015. Mr Parker holds a Bachelor 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 *In millions of euros*	2015	2014	Delta
Depreciation	42.6	43.3	- 0.7
Lease services	161.5	152.0	+ 9.5
Damage risk retention	184.4	174.4	+ 10.0
Rental	18.4	15.1	+ 3.3
Management fees	211.0	202.2	+ 8.8
Results of vehicles sold (results terminated contracts)	328.7	246.4	+ 82.3
Other	120.0	90.8	+ 29.2
Gross profit (revenues minus cost of revenues)	**1,066.6**	**924.2**	**+ 142.4**
Net interest income (excluding unrealised gains/losses)	450.0	416.5	+ 33.5
Impairment charges on loans and receivables	-23.3	-20.1	- 3.2
Unrealised gains/losses on financial instruments	13.5	-12.1	+ 25.6
Net finance income	**440.2**	**384.3**	**+ 55.9**
Total operating and net finance income	**1,506.8**	**1,308.5**	**+ 198.3**
Total operating expenses	904.7	816.0	+ 88.7
Share of profit of investments accounted for using the equity method	5.9	6.6	- 0.7
Profit before tax	**608.0**	**499.1**	**+ 108.9**
Income tax expenses	165.5	127.1	+ 38.4
Profit for the year	**442.5**	**372.0**	**+ 70.5**

The summary income statement provides a concise overview of the financial performance of the Group. For a more comprehensive review the reader is referred to the Financial Statements starting on page 66 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 442.5 million, an increase of EUR 70.5 million (+19%) compared to the EUR 372.0 million of 2014. This substantial growth in net result can be attributed to two main causes: growth of the business franchise by 130,000 vehicles (+9%) and the continued positive developments in the results of vehicles sold. On average, terminated vehicles were sold for 39% of their original list price, where residual values were assumed at an average 35%.

The growth in business franchise was realised with maintaining similar profitability margins. Excluding the positive impact of the second hand car markets and unrealised gains on financial instruments, the Group's total operating and net finance income rose by EUR 120 million in 2015 compared to 2014, against an increase in total operating expenses of EUR 89 million in the same period. Both changes in income and expenses for the two subsequent periods were impacted by the depreciating value of the euro (increasing 2015 values in comparison to 2014) and by the effect of consolidating LeasePlan Turkey as of February 2015 after acquisition of the remaining shares.

The single largest source of income remains net interest income (almost 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. Overall this has resulted in an increase of net interest income to EUR 450 million during the year, up from EUR 417 million in 2014. In 2015, fair value movements of derivatives not in hedge resulted in a gain of EUR 14 million in the income statement, compared to a loss of EUR 12 million in 2014.

Funding

Throughout the year, funding was successfully obtained from various sources. LeasePlan concluded two public senior unsecured transactions (EUR 0.5 billion in September 2015 and 0.5 billion in October 2015) and various private senior unsecured transactions in total amounting to EUR 0.9 billion. The revolving period of the secured transaction 'Bumper France' was extended to June 2016 and the company also concluded a term loan of EUR 1.0 billion maturing in September 2017.

LeasePlan Bank expanded into the German savings market. Retail deposits entrusted to LeasePlan Bank in the Netherlands and Germany grew to EUR 5.0 billion (2014: EUR 4.3 billion).

LeasePlan's revolving credit facility has been refinanced with a group of 12 banks for an amount of EUR 1.25 billion, maturing in December 2018. Furthermore, the credit facility with Volkswagen A.G. amounting to EUR 1.25 billion has been renewed, maturing in December 2018. At year-end these facilities, together with LeasePlan's cash balances, resulted in a very robust liquidity buffer of EUR 4.4 billion.

Ratings

Following the announcement of the change of ownership, S&P, Moody's and Fitch downgraded LeasePlan's long-term rating with one notch to: S&P BBB- (stable outlook), Moody's Baa1 (stable outlook) and Fitch BBB+ (stable outlook). LeasePlan's short-term rating with S&P was downgraded to A-3 whereas Moody's as well as Fitch affirmed the short-term rating at P-2 and F2 respectively.

For the latest information on ratings please visit our website: www.leaseplan.com/page/investors.

Strategic and business review

LeasePlan is driven by a compelling growth strategy and a dynamic, purpose-driven business model that has enabled it to become the global market leader in fleet management, with a growing fleet of over 1.5 million vehicles across 32 countries.

This chapter presents an overview of the characteristics of the markets in which the company is active, its primary customer segments, the main trends that are driving growth and new opportunities, and its business model. It also reviews the progress LeasePlan made in 2015 in executing its global strategy.

Main markets

The global vehicle leasing industry is highly diverse and has unique traits in each local market. Customer segments have broadened considerably in recent years. Our industry today caters to the individual needs of:

- **Multinationals and large companies**
  We anticipate increasingly rapid change in how companies manage fleets and how vehicles are used by companies' workforces. We foresee a broadening from service solutions built around vehicles to service solutions built around the mobility needs of individuals. To thrive in this changing landscape, companies will have to transform their mobility offering to become more employee-centric than ever before. We believe we can help our customers evolve successfully, leveraging our scope, scale, expertise and continuous innovation to drive positive change for employees and enterprises, and shape the future of corporate mobility.

- **SMEs and private individuals**
  The potential SME vehicle lease market is over 25 million vehicles worldwide, and is currently LeasePlan's fastest-growing customer segment. We also see that private leasing is growing, due to the increasing awareness of the advantages of leasing compared to car ownership.

Geographies

Our customer segments have unique needs and require individual attention and adaptable business models and services. The same is true for geographic markets, each of which have distinctive features. The growth of vehicle leasing varies all over the world.

- In regions such as Western Europe, North America and Australia, the advantages of (operational) vehicle leasing have been well established. In these markets, leasing providers are increasingly focused on adding extra services that focus on mobility in general and not just leasing.

- Markets in which vehicle leasing is less widespread include many Central and Eastern European countries, as well as markets in Asia, India, Russia and South America. In these markets, providers are generally focused on promoting the benefits of (operational) leasing over the purchase of vehicles.

The LeasePlan business model

In these dynamic market segments, LeasePlan is uniquely positioned to use its size, scale, brand identity and expertise to increase its share of the mobility market and meet the changing needs of its customers. In recent years, these have gone from the bundling of basic maintenance services to an array of new services tailored to different areas of the value chain.

The LeasePlan business model on the next page illustrates the activities it performs and describes the areas in which it creates value. Independently or through outsourced partners, LeasePlan performs all activities needed for customers to operate a vehicle fleet; from purchasing the vehicles, through to the remarketing of those vehicles at the end of the contract. We are involved in all areas except vehicle manufacturing and distribution. As LeasePlan is independent of vehicle brands, it can provide services for a wide variety of vehicle makes and models.

We provide a variety of bundled and stand-alone services tailored to meet the specific needs of our customers. Our full-service offerings are based on two pricing models; open calculation and closed calculation. We also offer management-only, as well as financing-only, solutions in line with specific customer needs. Fleet consulting services are also becoming an integral part of our added-value client offering. Our network of experts is available to give fleet managers clear and practical analyses, benchmarks and solutions that help them cut costs, and make their fleet greener, leaner, and more efficient.

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)

	2015		
Depreciation	42,622	3%	Purchase
Lease services	161,416	11%	Maintenance management
Damage risk retention	184,401	12%	Insurance and accident management
Rental	18,413	1%	Rental management
Management fees	210,994	14%	Management
Result of vehicles sold	328,718	21%	Vehicle disposal and remarketing
Other	120,026	8%	Fuel management
Total	**1,066,590**		
Net interest income	449,974	30%	Financing
Total margin	1,516,564	100%	

Elements of the LeasePlan business model

- **Purchasing and procurement of vehicles:** LeasePlan leverages its global scale and extensive fleet management knowledge in the areas of fleet purchasing and the supplier selection process. Our subsidiary LeasePlan Supply Services negotiates favourable pricing structures with our preferred network of suppliers, which translates into savings for our customers. In recent years we have significantly strengthened our supplier relationships and control frameworks through procurement excellence. Through our procurement activities we aim to promote international standards in the supply chain (e.g. ISO norms). Our local procurement functions use a global blueprint to manage strategic and sustainable relationships with suppliers to ensure the quality of products and ultimately the service delivered to clients. Suppliers that do not comply with our procurement standards are excluded.

- **Financing of vehicles:** we offer financial leasing, where customers carry the residual value risk of the vehicle, and operational leasing, where LeasePlan carries the residual value risk and takes legal ownership of the vehicles.

- **Vehicle insurance services:** we view insurance to be an integral part of fleet management and offer a comprehensive insurance value proposition called LeasePlan 3D Coverage that covers the entire spectrum of fleet insurance.

- **Vehicle maintenance and repair management:** LeasePlan handles all aspects of fleet vehicle maintenance, both preventive and corrective. Where required, this includes pick-up and delivery services.

- **Fuel management:** our fleet management programme helps our clients to control their fuel costs, via fuel cards with purchase parameters based on cost and frequency of fill-ups. We also offer cost control systems that deliver overviews of the ownership costs over the lifecycle of their vehicles and provide practical ways to achieve long-term savings.

- **Accident management and claim handling services:** our accident management service provides drivers with efficient help after an accident and gets them back on the road as quickly as possible. Our basic claims service includes all accident management services. Additionally, we take care of the administrative burden associated with claims processing.

- **Rental management:** LeasePlan's group buying power enables it to negotiate highly competitive rates with major rental suppliers, meeting a variety of temporary or short-term vehicle needs for its clients.

- **Vehicle remarketing:** we sell our leased vehicles when they come to the end of their lease term. 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 re-sale 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 results.

Expanding our offering

A number of demographic, product, market and regulatory trends are shaping vehicle leasing markets and the value chain worldwide. They are creating a need for new mobility solutions and technological developments that satisfy customers' demands in a more efficient, sustainable and affordable way.

Advances in technology provide new opportunities in the leasing industry. This is the case with the noticeable shift towards various driver-centric services, including the introduction of mobile technologies. These provide 24/7 access to vehicle services that include maintenance, repairs, and on-board telematics aimed at increasing driver safety.

Demographic pressures and the challenge of climate change are also persuading an increasing number of businesses to adopt more sustainable practices in their vehicle policies, which is spurring a greater interest in greener, more efficient and affordable mobility products. Local governments will play an important role in CO_2 reduction, stimulating multi-modal mobility solutions, such as mobility cards.

As the world's population grows and cities become more congested, traditional patterns of vehicle ownership are changing. Fleet managers across the world will need to become more agile to find new corporate mobility solutions that meet employees' changing mobility needs. New ownership models that make mobility the core service, such as car sharing, will become more popular.

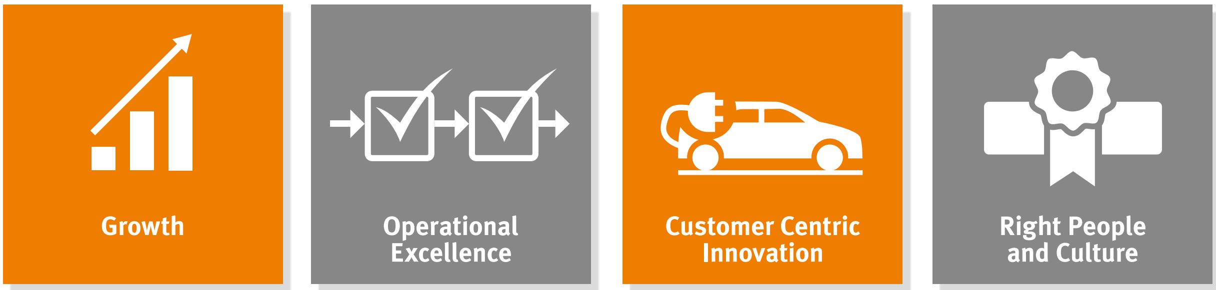
As part of its updated mobility strategy, LeasePlan will gradually extend its offering to an expanded set of solutions that service its clients' full breadth of mobility needs. This strategy will enable LeasePlan to become a true one-stop shop for corporate mobility.

The result will be a package of flexible, easy-to-tailor offerings that include rental, short leases, car sharing and pool management but also mobility cards that cover fuel expenses and can be used for e-vehicles, public transport, taxis and more.

Progress in 2015

The future of LeasePlan lies in continuing to connect customers to leasing and mobility opportunities that make their lives easier, wherever they are based. We want to be recognised as the global leader in fleet management and driver mobility and have therefore built our strategy upon four pillars: growth, customer-centric innovation, operational excellence and right people and culture.

The pillars of our global strategy



These pillars are explained in more detail below, along with an update of our strategic progress in each area during 2015.

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

Growth

LeasePlan aims to organically grow in its current markets with a special focus on increasing our presence in the small & medium enterprise (SME) segment. As global market leader, we will continue to deploy our strategy of selective geographic growth.
We have become the world's leading fleet management and driver mobility company by understanding and anticipating changes in the mobility needs of customers. By using these insights to evolve our services, we help our clients maximise the value and efficient use of their fleet with differentiated products and services in both new and existing customer segments.

In 2015, LeasePlan's fleet reached a record milestone of over 1.5 million vehicles worldwide. It is the first fleet management and driver mobility company in the industry to reach operations of this scale, thereby confirming its global market leadership.

New markets
During the year, we took important steps towards establishing a new entity cluster in Asia. We aim to be operational in Malaysia by late 2016.

Growth in existing markets

In February, LeasePlan further extended its global reach with the acquisition of the remaining shares of LeasePlan Turkey. Following this transaction, LeasePlan now has full ownership of a leading player in the Turkish fleet management industry. This LeasePlan entity now has more than 18,000 vehicles, and a promising local SME segment that grew by 27% in 2015.

At the end of 2015, LeasePlan became the sole owner of its Excelease business in Belgium after taking over Inchcape's 49% minority share. The business was originally co-founded by LeasePlan Belgium in 1994 and currently operates 3,000 lease vehicles. This move extends LeasePlan's presence in Belgium's promising SME segment.

In the year, LeasePlan also built on the success of its funding activities, extending its retail banking operations to Germany in September, where it had over 7,000 bank customers at the end of 2015.

Small and Medium Enterprises

LeasePlan sees SMEs as the growth engine of the economy and is keen to continue to support these businesses with its professional propositions. The SME segment has become our fastest-growing customer business, seeing double digit growth in 2015. By the end of 2015, 22 countries across LeasePlan were serving SMEs and four more were in the process of setting up local SME activities.

Insurance

LeasePlan won a number of large insurance-only tenders in 2015, and the introduction of LeasePlan's 3D Coverage insurance proposition paves the way for a further increase in the Group's insurance business, which we view as an integral part of fleet management. 3D Coverage combines three key elements to help fleet managers navigate risk: competitive cover, active prevention and easier claim management. It helps our customers save costs by bundling risk management services into a single easy-to-administer plan that is tailored to their needs, allowing companies to choose the level of risk and safety management that's best for their fleet. Insurance is also a significant contributor to our business, representing our third-largest source of income.

Private leasing

LeasePlan made inroads into private leasing in 2015. Individuals are increasingly realising that private leasing is a way to enjoy driving while freeing oneself from the burdens and risks of car ownership, as monthly lease fees include tyres, maintenance, insurance, relevant taxes and roadside assistance.

In Belgium, LeasePlan launched a successful new initiative for private leasing through retail channels in 2015. This builds on the success of this approach in the Netherlands, where LeasePlan has served this market since 2014. Other private leasing initiatives were launched in Italy, Norway and the UK.

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

Operational excellence

The size of our fleet requires constant maintenance and replenishment and a significant procurement of fleet services and commodities. By leveraging the size and global 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 customers. We are continuously looking at alternative ways to optimise our size and scale by further developing 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.

Operational Contact Management

LeasePlan's new Group Operational Contact Management (OCM) platform offers a single solution for managing all customer service interactions with drivers in an automated and efficient way. By funnelling our communication channels into a single platform, we are better able to serve drivers efficiently and at a high standard. In 2015, 12 LeasePlan countries rolled out the new OCM solution, with more to follow in 2016.

Supplier Integration Management Solution

Our Supplier Integration Management Solution (SIMS) provides LeasePlan with total control of the maintenance authorisation process. It increases process efficiency, effectiveness and cost control in the areas of service, maintenance, repair and tyres.
In 2015, we continued to develop the capabilities of this solution, which is now live in 11 countries.

Telematics

In connecting our customers to our leasing and driver services, there is a growing demand for data and analytics. Telematics solutions support fleet managers in improving the performance of their fleet in the areas of cost control, CO_2 reduction, driver behaviour, and safety. At the same time, it will also allow LeasePlan to provide better service levels to individual drivers.

In 2015, we further expanded our telematics offering to serve customers across 15 countries, and we expect to increase this number to 20 in the course of 2016. Some 100,000 vehicles in our fleet currently have an on-board telematics device. We also secured a major contract with a large multinational customer in the year to gradually install telematics devices across their entire LeasePlan fleet.

Vehicle remarketing

As a global market leader, LeasePlan manages more than 1.5 million multi-brand vehicles across all its markets. As a result, every week several thousand vehicles are available for resale. LeasePlan has amassed 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.

LeasePlan has established an in-house world-wide online auction platform called CarNext International. Selected professional traders can bid on a wide variety of LeasePlan cars from more than 15 countries. While the majority of LeasePlan's European vehicles are offered via the online auction platform, around 20% are retailed through LeasePlan-owned outlets. In 2015, we opened several new centres. At year-end LeasePlan outlets were operational in Denmark, Germany, the Netherlands, Luxembourg, France, Spain, Portugal, the Czech Republic, Hungary, Poland and Abu Dhabi.

- Easier value propositions
- Focus on customer view
- Driver mobility

Customer-centric innovation

LeasePlan invests in value-added solutions such as LeasePlan Consultancy Services. These include driver-focused services such as customer contact centres and mobile apps, as well as products and platforms that are designed to work in many markets around the world. We seek out the best products and ideas from our markets and introduce them in new markets, looking for ways to efficiently implement best practices and standardise our products and services globally where possible, to deliver a consistent approach to our customers around the world.

Our customers' view

We keep a close eye on our customers' needs and satisfaction levels, through frequent surveys and evaluations. On average, we achieved customer satisfaction levels of 92% in 2015. In addition to this, each country carries out at least one Driver Satisfaction Survey (DSS) per year. In 2015, our overall driver satisfaction level reached 91%.

LeasePlan organises Client Advisory Boards in many countries to understand how our customers work with their fleet and how we can put our products and services to use to assist them. The information gained in these discussions is used as input in our annual product development processes.

Consultancy services

LeasePlan Consultancy Services delivers customised advice to customers on complex and strategic fleet management issues. These include cost savings, process optimisation and reducing the carbon footprint to name a few. We now have consultancy services teams in every market where we operate. In 2015, our 50 specialised consultants offered expert advice on over 850 projects worldwide, delivering cost savings of over € 85 million.

Innovative mobility

In 2015 LeasePlan launched several customer-centric, mobility-based products and services.

- **SwopCar**
  LeasePlan launched SwopCar, our new car sharing service, in June 2015. SwopCar allows companies to share vehicles among employees on-demand. It aims to relieve fleet and mobility managers of the operational and administrative burden of managing a fleet without dedicated drivers.

- **Partnership with GoMore**
  LeasePlan also developed a partnership with GoMore in 2015, the leading platform in Denmark for private car rental and car pooling. GoMore platforms are currently available in Denmark, Sweden, Norway, Spain and France. GoMore also offers leasing services through LeasePlan, with the partnership proving highly successful in 2015.

- **Flexible leasing**
  In 2015 we developed a new core product for flexible leasing. This full-service mobility solution offers flexibility in contract duration and mileage, without any penalties when our customers' mobility needs change.

Multi-modal mobility solutions
LeasePlan offers mobility cards in several European countries, either directly or via partners. The Dutch MobilityMixx service – a mobility card offering public transport combined with other mobility options such as corporate car sharing – serves more than 100,000 users. In 2015, we launched a pilot project with XXimo in Belgium for a LeasePlan-branded mobility card that can be used for travel by public transport, taxi and car.

- Ensuring expertise
- Engaging employees
- Creating collaboration

Right people and culture

In order to successfully execute its strategy, LeasePlan must have high quality, highly engaged people. We strive to recruit, develop, and retain the right talent, building an innovative and inclusive culture that enables continuous learning and personal growth. Through global projects, cross-functional business initiatives and international job opportunities, we actively encourage our people to broaden their experience. We are continuously looking at ways to share best practices through internal initiatives that also create efficiencies and stronger alignment across the business.

Engaging our people

The average number of staff (FTEs) employed by the Group during the year was 6,830. At year-end the nominal number of staff employed by the Group was 7,275. Our global workforce is highly engaged, as is demonstrated by the 92% participation rate in LeasePlan's 2015 global engagement and integrity survey. The annual survey, now in its fifth edition, assesses areas such as employee engagement as well as our people's perception of LeasePlan's leadership, goals, strategy and organisational capability. The company maintained a consistent set of results in all survey metrics and improved its overall engagement score by three points to 77 (2014: 74).

The Integrity Index shows how integrity is perceived within LeasePlan based on seven elements of ethical culture: balance, consistency, negotiability, feasibility, exemplary behaviour, transparency and level of control. This score remained on par with 2014 at 4.2 on a scale of 1-5). These consistently excellent results show that LeasePlan employees care about the organisation and are passionate about having their say in its future success.

Global Diversity Project

Diversity in our business delivers a number of benefits: it helps us attract and retain talented people, allows us to better understand our stakeholders' needs, and helps us develop an international mind-set and inclusive culture.

After the successful launch of the Global Diversity Project in 2014, this programme has continued to be rolled out across the group in 2015. Activities have focused on engaging and involving people directly with the topic, for example, through diversity toolkits and a 'Bias Challenge Test' to reveal employees' unconscious preference for either male or female leadership. The project officially ended in 2015, and LeasePlan is now well positioned to accelerate its focus on diversity and inclusion within the organisation.

Local initiatives around the globe are also promoting diversity in our operations. In 2015, The Spanish Ministry of Health, Social Services and Equality granted LeasePlan Spain the Equality in Enterprise insignia. This accolade recognises excellence in promoting gender diversity and equality in the workplace. LeasePlan Spain is the only leasing company in the country to hold this distinction.

Another example is our local initiative in France, which is also making strides in promoting diversity. LeasePlan is one of the supporters of the sailboat 'Stand as One', which has been embarking on a number of sailing races around the world to raise awareness of diversity. The corporate supporters of the sailboat all developed creative video testimonials on the different aspects of diversity in the workplace, sharing these via social media to draw even more attention to the topic.

Talent Management

Talent development is a strategic priority in our global HR strategy. People are a key differentiator in our competitive industry, and by taking a systematic approach to managing talent, LeasePlan is ensuring that it has the right people on board to drive top business performance and innovation.

A new talent strategy was introduced across the business in 2015. It aims to safeguard that we have the right people in the right place at the right time, by building an internal talent pipeline to provide successors now and in the future. This will also create more development opportunities for talented individuals by enhancing clarity around career paths.

While allowing for local differences, we have a consistent and transparent process for target setting and performance management. Employees typically have two appraisals a year, in which they set goals, assess achievements and define development plans and career paths.

LeasePlan Academy

The LeasePlan Academy runs a variety of high quality courses throughout the year to provide global people management and senior leadership programmes, international introductions, as well as global project trainings.

In collaboration with the Cranfield University School of Management, LeasePlan created a new ‘Leaders for the Future Programme’ in 2015. This leadership programme will stimulate customer-centric and innovative business thinking amongst our senior managers.

Remuneration

LeasePlan envisions remuneration as more than just pay – it’s also about providing an inspiring working environment where employees take pride in their work and are free to make decisions and develop their skills.

We aim to attract the best people, and our remuneration reflects this by offering competitive compensation. Our employment policies are developed to reflect local regulatory, cultural and employment requirements, and our businesses operate work councils or other feedback channels to give our people the opportunity to share their views and contribute to making our business an even better place to work.

LeasePlan regards its remuneration policy as prudent, restrained and linked to the success and long-term sustainability of the business. Our Group remuneration policy is explained in detail from page 58.

Commercial Training Programme

LeasePlan’s unique Commercial Training Programme (CTP) grew from strength to strength during 2015, introducing its fifth course, focused on growing new business. The CTP training uses proven techniques and best practices from across our business, as well as internal trainers, to hone the specialist skills and expertise of our commercial teams and boost efficiency.

The programme is proving highly successful, with 2,000 employees trained to date and plans to expand the number of courses to cover a range of business areas. This strategic sales training is highly valuable and has been recognised as the new standard for all current and future salespeople across the global LeasePlan organisation.

Corporate **social responsibility**

As a global leader in fleet management and driver mobility, LeasePlan understands its responsibilities towards its clients and drivers, society in general and the environment and is mindful of the impact of its operations. In achieving our growth ambitions, we recognise that the long-term interests of our stakeholders are best served by acting in a socially responsible and sustainable manner.

We integrate corporate social responsibility (CSR) into all aspects of our business. This begins with sound principles and practices and extends to providing the highest standard of value-added fleet, vehicle management and driver mobility solutions to our clients around the world. Furthermore it includes supporting the communities in which we operate and the wider society by allocating our time, expertise, and resources to dedicated initiatives and programmes, some of which are described below.

This responsibility ultimately lies with the Managing Board. This includes: setting up and updating the CSR strategy, liaising with stakeholders and evaluating the CSR policy. Our CSR strategy has not changed compared to last year. To further integrate CSR practices in the years ahead, LeasePlan is undertaking a comprehensive review of its global CSR strategy with the aim of unifying its objectives and policies and moving its efforts to the next level.

The LeasePlan Code of Conduct

Our approach to CSR is guided by the LeasePlan Code of Conduct, which is rooted in our corporate values. The trust and confidence placed in us is crucial to the success of LeasePlan. Only by conducting our business according to our ethical standards can we win, and retain, that trust. Our Code of Conduct covers amongst others the respect of human rights, the exclusion of corruption, child labour, forced labour and employee discrimination. It provides a framework for responsible business decisions, putting our company values – commitment, expertise, passion and respect – into action. The Code of Conduct further describes our commitment to providing employees with the best possible working environment. As we strive to balance the interests of people, planet and profit, the code gives guidance on our responsibilities towards the wider society and the environment.

In 2015, a new Code of Conduct was developed, published in early 2016. It includes practical examples and tips for employees that make it easier for them to relate the code to their everyday business decisions. The latest edition of The Code of Conduct can be found at www.leaseplan.com.

Mobility trends

A number of demographic, product, market and regulatory trends are shaping vehicle leasing markets worldwide. Eco-awareness is driving interest among clients and drivers in alternatives to fuel-based mobility, while the new ethos of sharing is encouraging people to explore sustainable alternatives to vehicle ownership.

Technological advances are presenting today's society with a growing array of sustainable mobility models, from car sharing to multi-modal travel opportunities. With urbanisation set to grow globally and technology likely to drive continuous transformation, the palette of sustainable mobility solutions and individuals' attitudes toward them will continue to change, reshaping the landscape for personal mobility. LeasePlan is uniquely positioned to use its size and scale to meet these changing needs.

Reducing carbon footprints

LeasePlan welcomes the increasing demand from clients for more sustainable mobility products and services. The main reasons why fleet managers are interested in this topic are cost control and the need to reduce carbon footprints. Fleet managers are increasingly taking a long-term view in which CSR includes the running of more environmentally friendly car fleets. Although fuel price increases in the past have played an important role in making fleets greener, the fall in fuel prices in 2015 has not had an immediate impact on the ongoing greening of the global lease fleets. Local tax incentives, as well as EU and US regulations, to reduce CO_2 emissions, continue to be strong drivers for change. Following the United Nations Climate Change Conference in Paris in December 2015, it is clear that governments and industries will intensify their efforts to decarbonise the global economy. This means fuel efficiency and CO_2 reduction will remain an import area for fleet managers.

Sustainable mobility products & services

LeasePlan believes that CO_2 emission reductions and efficient mobility can best be achieved through an approach in which all stakeholders are involved, from manufacturers and government authorities, through to fleet providers, fleet managers and drivers. This approach comprises advancements in fleet management and driver mobility such as mobility cards, corporate car sharing and influencing driver behaviour via in-vehicle telematics. It also encompasses the periodical renewal of car fleets, in which clear $C0_2$ related taxation plays an important role. LeasePlan cars are generally renewed every 42-48 months, allowing our clients to benefit from the latest technology and cleaner cars as they become available from manufacturers each year.

In recent years, the markets where LeasePlan's vehicle fleets are found have become greener. Average CO_2 emissions have dropped considerably, reflecting the newer vehicle models offered by manufacturers: from 180 grams CO_2/km for petrol cars and 152 grams CO_2 /km for diesel cars in early 2011 to 145 grams CO_2/km for petrol cars and 124 grams CO_2/km for diesel cars at the end of 2015.

The number of hybrid and electric cars available across industry fleets is growing as the model range is widening, but it still represents a relatively small share of total business fleets. For LeasePlan, the biggest Electric Vehicle (EV) markets are the Netherlands, Norway, United Kingdom, Germany and Italy. Compared to the EV, the hybrid vehicle is already an accepted and proven technology that can be found in almost all markets. It is, however, fair to state that tax measures are mainly responsible for the uptake of vehicles with alternative fuel sources.

GreenPlan

LeasePlan has various ways to help customers manage their fuel costs and fuel consumption levels. Under the banner of our global environmental fleet service, GreenPlan, we use our consultative expertise to advise our clients on how to transition towards a greener car policy. This can be achieved from a financial perspective, such as vehicle choice and fuel selection, and by influencing driver behaviour. GreenPlan provides periodic reports on CO_2 emissions and energy labels per vehicle and by total fleet numbers. GreenPlan also provides access to carbon offsetting programmes and is the only programme of its kind certified by TÜV Rheinland, one of the largest independent testing, inspection and certification providers. GreenPlan is also supported by Intelligent Energy Europe (IEE).

Telematics
The use of in-vehicle telematics enables near-real-time data to be captured from vehicles and converted into useful information for clients regarding mileage, fuel efficiency and driver behaviour. It will lead to a further reduction in fuel consumption and – as a result – CO_2 emissions. It will also increase driver safety. This is evidenced by LeasePlan's research and experience following the deployment of telematics in primarily light commercial vehicles (LCVs) and service vehicles in several countries.

LeasePlan Spain developed a driver application based on telematics data that is allowing approximately 7,000 drivers (75% passenger cars, 25% LCVs) to monitor their own driving behaviour. The initial results are promising: a 8% reduction in fuel consumption and a 12% reduction in insurance claims.

Driver Safety
In the area of driver safety, one of the central issues is 'distracted driving', a major cause of accidents. LeasePlan's MobilityMonitor driver survey discovered that 84% of drivers multitask while driving. In 2015, several LeasePlan countries paid special attention to the issue of distracted driving. LeasePlan Poland partnered in a social media campaign against the use of mobile phones while driving. The 'Do not call behind the wheel' campaign was launched with the goal of making drivers aware of the hazards. LeasePlan Hungary introduced a 'Driver of the Year' award with the ambition of improving driver safety and eco-driving. Throughout the year, drivers were evaluated using various criteria in order to select the Best Driver of 2015. The criteria include the number of speeding penalties, damages and accidents during the contract. LeasePlan US is also focused on the dangers of texting and driving. To set the example, LeasePlan US has banned the use of cell phones while driving for its employees.

Working with communities

At LeasePlan, we are a strong supporter of local communities. Our entities sponsor a number of initiatives and charities through volunteer work or funding, from organising elderly dinners to cleaning forests, from supporting food banks to libraries. On a global level we dedicate time and resources to helping underprivileged children under the name of 'LeasePlan ChildPlan'.

LeasePlan
ChildPlan

LeasePlan ChildPlan
LeasePlan ChildPlan supports disadvantaged children around the world. Founded in 2006, its mission is to advocate for educational opportunities and better welfare for children suffering hardships. Consequently, it supports the UN Convention on the Rights of the Child, which states that every child has the right to have a safe, healthy, happy and fulfilled childhood. By working on long-term programmes that make a lasting difference, LeasePlan ChildPlan aims to make a meaningful contribution towards the social mobility of every child. To date, LeasePlan has helped to improve the lives of 37,134 children thanks to the considerable financial contributions from local employee-led fundraising activities across many entities. Over the years, a number of LeasePlan employees have also made personal donations to ChildPlan.

Kamala shares her story

LeasePlan is a strong supporter of the Watabaran (CWCN) project in Kathmandu, Nepal. Its aim is to protect children from the dangers of a life on the streets and provide them with medical care, life skills and education. One aspect of the Watabaran project is a girls' home, which provides a place to live for around 30 homeless girls aged between 8 and 16. In addition to receiving education and training, the girls in the centre are taught how to protect themselves, both physically and mentally. Whenever possible, and always under the close guidance of staff at CWCN, they are also reunited with their families.

One of the children in the project is Kamala (pictured on the right), who shares her story:
"I was a lonely child on the streets of Kathmandu without food and a good night's sleep. I felt so insecure and helpless until I met workers from the Child Watabaran Centre Nepal. During my stay in the girls' home I received care, love and education. Furthermore I received driving lessons which changed my life. I now drive an electric three-wheeler vehicle around the streets of Kathmandu. I am very proud of being a female vehicle driver and feel independent and proud to have achieved this."

Relief and rebuilding in Nepal

On 25 April 2015, a massive 7.8 magnitude earthquake struck Nepal. In the aftermath there was an acute and immediate need for emergency shelter, food, clean water and blankets. With LeasePlan ChildPlan's partner Net4kids already supporting four local projects in Nepal, a partnership was quickly established with local initiatives to help identify, coordinate and direct the much-needed support. LeasePlan donated a total of € 100,000, which helped to establish new health posts in various villages in the Rasuwa district. To further support the rebuilding efforts, it was decided to invest in children's clubs and women's federations. This will provide valuable life-skills and, entrepreneurial-skills training, educational guidance, and advice on their rights.

Governance

Corporate **governance**

LeasePlan has a well-defined and well-structured corporate governance infrastructure in place to support the company's aim of achieving its strategy. It is imperative that a robust infrastructure is supported by the right culture, values and behaviours, both at the top and throughout the entire organisation. Good corporate governance ensures excellent long-term relationships within the organisation between its stakeholders and with society at large.

Government supervision and regulation

LeasePlan is incorporated under the laws of the Netherlands. The principle Dutch law applicable to LeasePlan is the Dutch Financial Supervision Act (Wet op het financieel toezicht, or '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'). Euro Insurance, (based in Dublin, Ireland) is regulated by the Central Bank of Ireland ('CBI'). The company is also subject to certain EU legislation (including CRR/CRD IV), which has an impact on the regulation of the business globally, as well as regulations from local supervisory authorities in the various countries where we do business.

Shareholders

Global Mobility Holding B.V. holds 100% of LeasePlan's shares. Global Mobility Holding is a limited liability company established in the Netherlands and jointly owned by the Volkswagen Group, headed by Volkswagen A.G. (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 12 brands from seven European countries: Volkswagen, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. The Volkswagen Group operates 119 production plants in 20 European countries and a further 11 countries in the Americas, Asia and Africa.

Fleet Investments B.V.

Fleet Investments B.V. is an investment company of 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 340 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, capital 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

On 23 July 2015 LeasePlan announced that its 100% shareholder Global Mobility Holding B.V. had reached an agreement with a consortium of long-term investors to acquire the full ownership of LeasePlan. All necessary competition authority and financial regulatory approvals required under the agreement to close the acquisition were obtained by January 2016. We expect the transaction to close in the first quarter of 2016.

Large company structure regime

Since 9 February 2013 the company is, in accordance with art 2:153 of the 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 and after the closing of the aforesaid acquisition that will change to the full large company structure regime.

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 that, since September 2015, also provides services in Germany, as a division of LeasePlan Corporation N.V. It offers straightforward flexible savings products to private clients in the Netherlands and Germany.
- **LeasePlan Information Services**: a shared data centre that 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 of LeasePlan Corporation coordinates business development, as well as strategic and corporate development and provides support services, global control measures and group-wide strategic projects to the operating countries of LeasePlan.

Act on management and supervision 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.

LeasePlan's Articles of Association were revised in order to reflect the conflict of interests stipulations in line with the requirements of the Act. In addition the number of Supervisory Board members was adjusted with a view to the appointment of a sixth Supervisory Board member as per 25 March 2015. Further changes were made regarding the revised Regulations for the Supervisory Board and the Regulations for the Managing Board 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, and is also reflected in our Global Diversity Project. 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. On 1 January 2016 this legal requirement expired and it is expected that the legislator will extend the requirement until 2020 and in addition, announce new diversity rules for large listed companies with respect to gender diversity in companies. The profiles in case of (re)appointment of Managing or Supervisory Board members of LeasePlan require indeed a diverse composition of the Boards. On the next page 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 25 March 2015 Mrs H. von Stiegel, our sixth Supervisory Board member was appointed, resulting in a Supervisory Board consisting of two female members and four male members. This candidate was selected based on her more than 25 years of solid experience of (international) management and (non)executive positions at the highest level with particular expertise in amongst others regulated and finance industries and that she understands the products and services offered by LeasePlan worldwide.

No positions became vacant in the Managing Board in 2015, which continues to have four male members.

LeasePlan's global diversity project is expected to further support the development of balanced gender diversity throughout the various levels in the organisation.

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.

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

Banking Code

On the basis of the principles of the Banking Code (2010) – a form of self-regulation initiated by the Dutch Banking Association – regarding the governance structure, products, and services offered by LeasePlan, LeasePlan started to apply the Banking Code (2010) from the date of its inception at the consolidated level of LeasePlan. As such the Supervisory Board and Managing Board endorsed and implemented the principles of the Banking Code (2010), with one exception. LeasePlan decided not to establish a separate Risk Committee of the Supervisory Board. 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 creating a separate Risk Committee, all members will retain full responsibility for overseeing decisions concerning the risk management framework of the Group.

As per 1 January 2015 the Social Charter, the revised Banking Code and the rules of conduct associated with the Banker's Oath took effect. LeasePlan underwrites the Social Charter and will continue to operate pursuant to the principles of the Banking Code (2015). This is reflected in the LeasePlan Code of Conduct and LeasePlan's Mission, Vision and Strategy. Since the launch of the revised Banking Code (2015) LeasePlan has made serious efforts to implement the new requirements. With regard to the Banker's Oath the Managing Board, Supervisory Board and all relevant staff have taken this oath and accepted its applicability within the related Dutch Banking Association's disciplinary regime. A process was set up to ensure that all relevant new staff will do so within the first three months of their employment. More details regarding the Banking Code 2015 can be found at www.leaseplan.com.

Duty of care for clients and other stakeholders

In the Banking Code (2010) it was noted that putting the client first is a prerequisite for continuity. In the Banking Code (2015) the focus is still on the client as a necessary condition for the continuity of our business and requires that our Managing Board ensures that the bank always handles its clients carefully. At the same time the Banking Code (2015) stresses that the interests of other stakeholders should be taken into consideration equally. We believe that the moral ethical behaviour and duty of care towards clients 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. Our underlying cultural principles have been further reinforced with a global cultural change programme 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'. In 2014 an introduction programme for new employees regarding the LeasePlan Identity has been developed and made available to all entities. The company's 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 a view to further reinforcing ethical business practices in the interests of clients and other stakeholders, LeasePlan uses its revised Code of Conduct (2015) to better reflect the values and behaviour that must exist in the organisation. The LeasePlan Code of Conduct extends beyond the principles of the Banking Code with respect to moral ethical conduct. Since 2013 a Code of Conduct e-learning tool has been available to employees in all Group companies.

The board structures

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 (2015) are incorporated in the aforementioned corporate documents, as well as the legislative requirements following the introduction of the Act on Management and Supervision as of 1 January 2013.

Supervisory Board
The Supervisory Board is responsible for supervising the policy of the Managing Board and the general course of affairs of LeasePlan and its Group companies. The Supervisory Board performs a yearly assessment of the Managing Board members and determines the remuneration and other conditions of employment of the Managing Board members. Furthermore, the Supervisory Board advises the Managing Board in determining our strategic direction and certain resolutions of the Managing Board are subject to approval by the Supervisory Board.

There is a lifelong learning programme in place for the members of the Supervisory Board which meets the requirements of the Banking Code. The various training sessions are conducted 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 Managing Board is responsible for the overall management of the Group and meets every other week. In accordance with the Banking Code (2015), 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. It is well aware of the importance of the right tone at the top and the positive effects thereof for the rest of the organisation. 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 aforesaid means that 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 taken into account 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.

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.
There is a lifelong learning programme in place for the members of the Managing Board which meets the requirements of the Banking Code. The various training sessions are conducted by internal and external experts.

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 2015 financial statements 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 2015 financial statements 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 2015 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, 7 March 2016

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

Capital **adequacy**

Composition of capital and risk exposure amounts	2015	2014	Delta
In millions of euros			
Share capital and share premium	578.0	578.0	-
Other reserves	3.1	- 13.2	+ 16.3
Retained earnings	2,490.4	2,278.1	+ 212.3
Total IFRS equity	**3,071.5**	**2,842.9**	**+ 228.6**
Exclude profit for the year	-442.5	- 372.0	- 70.5
Foreseeable dividend	-	-	-
Interim dividend paid out of retained earnings	-	6.0	- 6.0
Prudential filter m-t-m derivatives	7.5	6.9	+ 0.6
Deduction of intangible assets (including goodwill)	- 171.9	- 167.9	- 4.0
Deduction of deferred tax assets	- 42.8	- 50.6	+ 7.8
AIRB provision shortfall	- 42.8	- 37.6	- 5.2
Prudential valuation adjustment	- 0.1	- 0.2	+ 0.1
Common equity tier 1 capital	**2,378.9**	**2,227.5**	**+ 151.4**
Risk-weighted lease contract portfolio	8,506.0	7,462.5	+ 1,043.5
Risk-weighted other assets	1,978.9	2,261.7	- 282.8
On balance risk-weighted assets	**10,484.9**	**9,724.2**	**+ 760.7**
Off-balance sheet exposures and other capital requirements	**3,498.7**	**3,237.3**	**+ 261.4**
Total risk weighted exposure amount	**13,983.6**	**12,961.5**	**+ 1,022.1**
Common equity tier 1 ratio	**17.0%**	**17.2%**	

The total risk exposure amount has on a net basis increased by 7.89% during 2015, mainly due to the increase of LeasePlan's funded fleet by 7.37%. Compared to 2014, the Group managed to grow, due to commercial successes, and keep the common equity tier 1 ratio constant at the same time.

As per 1 January 2016 additional capital requirements will be phased-in (in effect counter cyclical and capital conservation buffer regimes). For a more comprehensive review reference is made to the Capital Adequacy paragraph in the Financial Risk Management section starting on page 88.

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]
				Other[5]

[1] PwC - PricewaterhouseCoopers Accountants N.V.
[2] AFM - Autoriteit Financiële Markten
[3] DNB - De Nederlandsche Bank
[4] CBI - Central Bank of Ireland
[5] Other Financial/Insurance regulators

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 supported by 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 department (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 its (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 2015
During 2015, the number of credit losses of LeasePlan's customer portfolio marginally increased on an overall base, which was the result of an increase in the number of defaults recorded in the retail segment. Nevertheless, with a customer portfolio that rose at a higher pace, the yearly default rate improved for both the corporate and retail portfolios. The average credit loss in the corporate segment somewhat increased over 2015, whereas a clear decrease in average credit losses was observed in the retail customer portfolio, leading to a slightly lower level of credit losses overall.

LeasePlan's 'result from vehicles sold' is mainly composed of results from its 'assets' (i.e. sales results from terminated leased vehicles and results from repair, maintenance and tyre replacements during the lease contract), which has continued to contribute substantially to the net result. For the major part of 2015 LeasePlan experienced an improvement in the sales results at a Group level.

The company continued to benefit from a prudent setting of residual values in contracts at lease inception, combined with improved prices in second-hand car markets, leading to the increase in achieved sales results for the full year 2015. This improved level of sales proceeds was partly a result of improved consumer confidence in combination with a shortage of supply of attractive second-hand vehicles. LeasePlan benefits in this environment as these are the typical types of vehicles that it remarkets.

In respect of the widely published vehicle emission issue of our ultimate 50% shareholder Volkswagen A.G., we have to date not seen any significant impact materialising in respect of the residual values of our vehicles or the demand of certain types of our cars in the second hand car market.

During 2015 LeasePlan's diversified funding strategy has been demonstrated to work. All funding channels were open and showed their added value. In addition, LeasePlan Bank remained a stable source of funding, which the extension of activities of LeasePlan Bank in Germany contributes to. Overall, the liquidity and capital position of LeasePlan remains 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
The year 2015 was a successful one for LeasePlan, as the company continued on its trajectory towards pre-crisis growth levels in its 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 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 markets are still sensitive in terms of economic growth, LeasePlan is well positioned to manage the current 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 the current and potential portfolio. This status reflects the Group's commitment to high levels of credit risk management standards and allows for advanced credit risk assessments 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 conducted in line with Solvency II regulations and specific attention is given to underwriting skills and risk mitigation capabilities.

LeasePlan also continues to harmonise the management of asset-related exposures and to remain 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 asset 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 all times during the year, LeasePlan met the liquidity survival horizon as set by the Group, which is a minimum of nine months. Prudent liquidity management and controls are in place to ensure compliance with regulatory requirements.

Furthermore, risk is an essential building block in the Group's remuneration framework. Balanced risk-taking is required, by definition, 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 at www.leaseplan.com. In addition, LeasePlan refers to page 86 of the Financial Risk Management section of the Financial Statements for a description of the risks of financial instruments (page 87).

Legal and compliance

The Managing Board of LeasePlan is responsible for managing legal and compliance risk[1]. The corporate Legal & Compliance department, headed by the SCVP Legal & Compliance, is responsible for maintaining the Group's Legal and Compliance Risk Management Framework. Additionally, a Group Privacy Officer has been appointed, who reports to the SCVP. The SCVP reports directly to the CEO on compliance matters and has direct access to the Chairman of the Supervisory Board. For legal matters, the SCVP reports to the Chief Financial Officer. Local Management appoints a Compliance Officer, an in-house lawyer and Privacy Officer at local level. The local Compliance, Legal and Privacy Officers report hierarchically to the management of the entity and functionally to the SCVP Legal & Compliance (Group Compliance Officer).

The basis for mitigating Legal and Compliance risk is formed by the Compliance Charter, Legal Charter and the Compliance Risk Management Framework.

The corporate Legal & Compliance department acts as a second line of defense through the translation of external compliance obligations into internal obligations to assist management of each entity by explaining and promoting these obligations (risk identification and assessment). This includes advising on whether or not to accept certain risks (risk appetite), on what mitigating measures to take (mitigation) and in general on compliance matters. Furthermore, the department also monitors and enforces rules.

Both the corporate compliance function and the local compliance function support the management of each entity on compliance issues. The SCVP Legal & Compliance (also the Group Compliance Officer) coordinates issues raised under the whistleblowing policy.

1 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 and internal policies.

Compliance and governance actions in 2015

During the year, much attention was given to enhancing efficiencies in the field of compliance. The company also continued to strengthen its compliance framework, in view of regulatory developments and in response to compliance-related developments in the industry.

- The company conducted its fifth annual integrity survey, as part of its global engagement and integrity survey, resulting in a higher score than in 2014.
- A new global Policy Framework was launched with new templates for related Group policies and standards in order to improve the understanding and accessibility of our policies, which are part of the control framework for key risks.
- The approval of the LeasePlan Binding Corporate Rules (forming our Privacy Policies) by the Dutch Authority Privacy Data ("Autoriteit Persoonsgegevens") and the data protection authorities of two other EU member states.
- The roll out of a global e-learning tool on privacy.
- A global Bribery Risk Assessment as well as a Competition Risk Assessment was rolled out.
- The development of two new tools to enhance efficiencies in terms of compliance and information security risk assessments and incident reporting and of counterparty due diligence and related global training sessions.
- Introduction of the Banker's Oath to the relevant management and staff responsible for and engaged in key risks and banking activities.
- The adoption of a revised global Code of Conduct in order to reinforce the LeasePlan values and behavioural standard to preserve a safe, ethical and sound business.
- The risk management system has been further enhanced through the adoption of Harmonised Asset Risk Approach (HARA) principles to further control asset risk and the implementation of Solvency II within the insurance risk area.

Reputation

LeasePlan considers its brand and image a key asset across all business activities and stakeholders. Due to the importance of this, LeasePlan has a low appetite for Reputational risk[2]. There is a low tolerance for any activities that threaten LeasePlan's reputation, in pursuit of business objectives. This is measured by four assessment criteria: stakeholders, media coverage, frequency and integrity behaviour.

LeasePlan has set a Reputational Risk Framework. Accordingly, it is in the process of taking adequate measures to further mitigate its reputational risks. Corporate Communications has implemented a communications framework that ensures the reputation of LeasePlan is sufficiently robust to absorb incidents and to implement pro- and reactive communications- and crisis management plans.

LeasePlan has embedded the safeguarding of its reputation in various policies and related procedures to support the protection of its reputation, which includes a Communications Policy and related Communications Standard. Annually, the Group and local compliance functions of each entity assess the related risks and policies, which are adjusted from time to time. Equally, the Corporate Communications department allows for further safeguarding against reputational risks. In addition, complaint management, the annual global TRI*M Index, Driver Satisfaction Surveys, Client Loyalty Surveys, and Operational Risk Management frameworks, are all used to monitor and assess potential risks stemming from customer service and operations.

Our values and principles of conducting business are described in our Code of Conduct. It provides a principles-based framework for everyday business decisions by our employees worldwide.

Furthermore, the annual global Integrity Survey is a convincing tool to stress the importance of integrity as a measure to safeguard the Group's reputation among its employees.

2 Reputational risk within LeasePlan is defined as the current or prospective risk to earnings, liquidity and/or capital arising from adverse perception of the image of LeasePlan (entities or Corporation) on the part of current or prospective employees, clients, counterparties, shareholders, investors/media and regulators. It is a risk which is a derivative of possible exposures in other risk areas.

Supervisory Board biographies*

Frank Witter
Chairman
German

Chief Financial Officer, Volkswagen AG, Germany.
Appointed 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 CEO and CFO 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 CFO of VW Credit Inc. and as Regional Manager for the Americas for all financial services companies. From 2008 until 2015 he was CEO of Volkswagen Financial Services AG based in Germany with full responsibility for the majority of the worldwide financial services operations of the Volkswagen Group. In October 2015 he has been appointed to the Board of Management of Volkswagen AG, responsible for Finance and Controlling.

Michael Klaus
Deputy Chairman
German

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 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 AG, 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 and member of the Exchange Council of EUREX Deutschland. 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

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 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 Schlögell

German

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.

Herta von Stiegel

British and American

Appointed member of the Supervisory Board on 25 March 2015. Member of the Audit Committee.
Has over 25 years' experience in international management, finance and board level positions in highly regulated financial services businesses. She has specific expertise in banking, clean energy and cross-border risk management in Europe, North America, emerging and frontier markets. During her 17 years in the banking sector, she held senior positions at Citibank, JP Morgan and AIG in London and New York. Until 2005, she was Managing Director at AIG Financial Products. She is the founder and former chairperson of the Prince's Trust Women's Leadership Group, the UK's leading youth charity. She currently serves on several corporate and non-profit boards, including the first independent chairperson of CHAPS Clearing Company Ltd. and the Kenya Chapter of Women Corporate Directors. Furthermore she is the founder and executive chairperson of Ariya Capital Group Ltd., a financial services and project development firm focusing on clean energy and infrastructure investments in Africa. She is based in Nairobi, Kenya and is a citizen of the United Kingdom and the United States.

Ada van der Veer - Vergeer

Dutch

Appointed member of the Supervisory Board on 10 December 2010; reappointed 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 CEO 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 a Director of Stranergy, a company specialising in independent boardroom consultancy in the areas of strategy and corporate governance. She is currently member of the Supervisory Board of Alliander N.V. Furthermore, Ms. van der Veer-Vergeer is a board member of Stichting Preferente Aandelen Nedap N.V., advisor to the National Register of Directors and Supervisors, member of the Advisory Board of Litifund, Chair of the Dutch Monitoring Committee Accountancy and Visiting Lecturer at the Erasmus University and Nyenrode Business University.

* At the date of publishing the Annual Report a change of ownership of LeasePlan is expected to be completed in the first quarter of 2016. At the day of closing, the composition of the Supervisory Board will change.

Supervisory Board report

Throughout 2015, the Supervisory Board continued to support the execution of the Managing Board's strategy for sustainable and profitable growth through LeasePlan's offering of value-added services to clients. It is the view of the Supervisory Board that during the year, its working processes, engagement in critical activities, access to all necessary and relevant information, and company personnel were at the required level, and that it was able to adequately carry out its duties towards the company's stakeholders.

The Supervisory Board is grateful to LeasePlan's stakeholders for the trust they have continued to place in the company and its management. It also wishes to thank the Managing Board for guiding the organisation with great commitment and LeasePlan's employees for their dedication and hard work, which has made 2015 another successful year for the company.

On 23 July 2015 LeasePlan announced that a consortium of long-term investors (the "Consortium") had reached agreement with the current owners to acquire LeasePlan, subject to the approval of the relevant regulatory authorities. The Consortium includes leading Dutch pension fund service provider PGGM, Denmark's largest pension fund ATP, GIC, Luxinva S.A., a wholly owned subsidiary of the Abu Dhabi Investment Authority (ADIA) and investment funds managed by TDR Capital LLP.
On 1 February 2016, LeasePlan announced that it had been informed that the European Central Bank issued a Declaration of No Objection for the Acquisition of LeasePlan by the Consortium. Other regulators, including EU and local anti-trust authorities had already given clearance for the acquisition.
Global Mobility Holding has informed LeasePlan that closing of the transaction is still expected in Q1 2016. The Supervisory Board emphasises that it will continue to act in accordance with its formal duties and responsibilities.

Full review of the year and outlook

A review of LeasePlan's performance in 2015 and outlook is contained on pages 12 to 15. This informs stakeholders and enables them to assess how the Supervisory Board has performed its formal duties and acted upon its 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 for 2015. The Supervisory Board discussed these documents with the Managing Board and PricewaterhouseCoopers Accountants N.V. (PwC), the external auditor, and took note of the external auditor's report that it issued on the financial statements of 2015, as included on pages 155 to 165 of this report. The Supervisory Board proposes that the shareholders adopt the financial statements and the proposed profit appropriation contained therein, and recommends the endorsement of the Managing Board's conduct and the supervision thereof as provided by the members of the Supervisory Board.

Responsibilities of the Supervisory Board

The Supervisory Board supervises the policies of the Managing Board and the general conduct of affairs of LeasePlan and its Group companies. In its role, it 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 quarterly financial statements, 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. 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 and the Audit Committee annually review and discuss respectively the yearly Board report and Group management letter prepared by the external auditor. The external auditor also attends this discussion.

In line with Dutch company law, the Banking Code (as revised in 2015) and the Articles of Association, the Supervisory Board requires all its members 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 in the Supervisory Board regulations, are subject to approval by the Supervisory Board. The Supervisory Board may discuss and, where necessary, approve certain decisions by way of written resolutions outside of the scheduled meetings.

Profile and composition of the Supervisory Board

The Supervisory Board of LeasePlan has been composed to warrant proper execution of the function of the Board and its committees. Its 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 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 its members and the composition.

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.

In March 2015 Dr H. von Stiegel was appointed as member of the Supervisory Board. She was appointed following the specific right of recommendation of the Works Councils. Since then she has also been a member of the Audit Committee.

Performance and development

The Chairman of the Supervisory Board decides on the contents of the Supervisory Board's Lifelong Learning (LLL) programme, with the aim of maintaining and, where necessary, improving the expertise of the Supervisory Board members at the standards that are generally imposed in the Dutch financial sector. This includes being aware of the social role of banks 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. In follow-up of the revised Banking Code 2015, specific attention will also be paid to the topic of 'Leading by example'.

The Supervisory Board carries out an annual assessment of its own performance, its composition and effectiveness, as well as the effectiveness of the LLL programme. Once every three years, the self-assessment is performed with the assistance of independent supervision by a professional party selected by the Supervisory Board. In this triennial assessment, focus lies on the evaluation of the performance of individual Supervisory Board members, the culture within the Supervisory Board, the relationship between the Supervisory Board and the Managing Board are evaluated. During the same session the Supervisory Board performs the yearly assessment of the Managing Board and its individual members, including its LLL programme. The assessment concerning 2015 was conducted in February 2016.

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 creating a separate risk committee, all members will retain full responsibility for overseeing decisions concerning the Group's risk management framework. Each Supervisory Board member is entitled to attend the committee meetings, and receives the agenda for each committee meeting, as well as all documents to be discussed.

Audit Committee
The members of the Audit Committee are Mr Witter, Mr Klaus, Ms Von Stiegel and Ms Van der Veer - Vergeer. 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 usually also attended by the external auditors.

Credit Committee
The members of the Credit Committee are Mr Witter, Mr Klaus, Mr Möhle and Mr Schlögell.

Remuneration Committee
The members of the Remuneration Committee are Mr Witter, Mr Klaus and Ms Van der Veer - Vergeer. The Chief Executive Officer and the Senior Corporate Vice-President Human Resources usually attend the Remuneration Committee meetings as guests.

Meeting frequency of the Supervisory Board and its committees and additional gatherings

In 2015, the Supervisory Board held 14 meetings with the Managing Board, of which four were plenary and 10 were arranged via conference call. The Audit Committee held four plenary meetings and the Remuneration Committee convened four times of which two via conference call. In 2015 the Credit Committee resolved on 18 credit applications related to various LeasePlan entities.

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 also held relevant discussions throughout the year that were not part of the formally scheduled meetings and calls. As part of her introduction to the company, Ms Von Stiegel visited LeasePlan Netherlands as well as LeasePlan Switzerland and the Swiss based LeasePlan Supply Services operations. For the visit to Switzerland she was accompanied by Ms Van der Veer - Vergeer.

The combination of regular meetings / conference calls and the various 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 members of the Managing Board being present.

Activities and meetings of the Supervisory Board 2015

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 remained focused on information and data security matters and supported the Managing Board in keeping this important topic high on the agenda.
Throughout 2015 during various meetings and conference calls the Supervisory Board was informed on, closely involved with and consulted on the ongoing discussions and developments regarding the potential change of ownership of the company. During the year various updates were provided on behalf of the current shareholder Global Mobility Holding and detailed attention was paid to related topics including the composition of the Consortium, their goals and commitments, governance, implications on ratings and capital structure, funding and liquidity, management incentive scheme, involvement of the Works Councils and the process of preparing for obtaining the necessary regulatory approvals. The formally independent Supervisory Board members, Ms Van der Veer - Vergeer and Ms Von Stiegel also had separate discussions with representatives of the Managing Board and other stakeholders in this respect and obtained external advice on relevant matters.
Moreover the Supervisory Board agreed on general guidelines for its duties and powers during the period between signing and closing of the change of ownership of LeasePlan.

Early February during a conference call the Supervisory Board discussed the status of the preparations for the anticipated change of ownership as well as remuneration related matters. Later during the month the Supervisory Board conducted a conference call to discuss the financial and operational highlights of 2014, prior to the release of the year end results and press release.

In March, the Supervisory Board met to discuss the LeasePlan Annual Report 2014, and to review the Board report from external auditor PwC who provided an unqualified opinion. This report contained comprehensive observations and recommendations by the auditor at both a Group and local level, which were discussed in detail by the Supervisory Board. Following this, the recommendation was made for the General Meeting of Shareholders to adopt the annual accounts for 2014. It also reviewed progress in the implementation of its Human Resources (HR) strategy, an update on its diversity programme, and LeasePlan's overall strategy.

In April, the Supervisory Board held a conference call to discuss media reactions to the annual results and to review a presentation prepared by the Consortium as part of the ongoing discussions regarding the potential change of ownership of the company.
A second call was held later that month in which the Supervisory Board was informed that the discussions with the Consortium were terminated. This decision was announced in a press release the same day. The Supervisory Board members conveyed their appreciation for the work done by the company in support of parties attempting to reach an agreement.

In June, the Supervisory Board convened one meeting and held a conference call. The first of these took place at the LeasePlan UK offices as part of the Supervisory Board's LLL programme. The event included presentations by the three Regional Senior Vice-Presidents and by the management of LeasePlan UK, a tour of the UK offices, and a presentation by Mr T. Harford, the Economics Editorial Writer for the Financial Times on the subject of the UK economy.
Further discussions took place about the latest financial results and progress against targets. A major focus area was the company's funding and liquidity profile. This included an update on the anticipated cross-border offering of LeasePlan Bank in Germany, extending its activities beyond the Netherlands. Additionally the update presentation on the internal governance project that LeasePlan embarked upon in 2014 was discussed in detail. The Supervisory Board also took note of an update regarding the Dutch Banking Code 2015, as well as LeasePlan's approach for implementation. It unanimously approved the revised regulations for the Managing Board. Furthermore the Supervisory Board discussed the evaluation of the successful acquisition and integration of BBVA Renting and BBVA Autorenting by LeasePlan Italy.

In July, a conference call took place that focused primarily on the announcement that talks had re-started with the same Consortium of long-term investors, as well as updates regarding LeasePlan's funding and liquidity positions. A further update on the talks and relevant developments was provided via a second call later in the month.

LeasePlan's half year 2015 results, interim report and the results announcement were presented to the Supervisory Board in August and discussed via a conference call. During the call another update was provided on the progress of the various preparations for the potential change of ownership.

The Supervisory Board convened again in September, where it decided to recommend to the General Meeting of Shareholders, to appoint and instruct KPMG Accountants N.V. as the new external auditors effective 1 January 2016 in view of the legally required audit firm rotation. During this meeting, the Supervisory Board was provided with detailed reports on the company's growth strategy, insurance strategy, global finance solution and overall performance against the agreed strategy plan.

The establishment of LeasePlan Malaysia in 2016 was approved in line with LeasePlan's strategy to expand in the Asia region. This was followed by the latest business and market developments and financial results, the updated funding and liquidity positions, and proposed dividend policy approach.
Risk management was also reviewed in the context of the credit approvals processes, and a reference was made to the Supervisory Review and Evaluation Process (SREP) and an on-site assessment of asset risks performed by the Dutch Central Bank (DNB).

During a call in October, the Supervisory Board and Managing Board members discussed the emerging emissions issue at Volkswagen (VW), and whether this could impact the fleet managed by LeasePlan. The Managing Board informed that no significant impact in respect of the residual values of the vehicles or the demand of certain types of cars in the second hand car market had been experienced so far.
Furthermore, the Supervisory Board unanimously approved the acquisition of the remaining 49% share of Excelease S.A. and to subsequently integrate the Excelease portfolio into the LeasePlan Belgium organisation.
The Supervisory Board convened again in November. During this meeting detailed attention was paid to a ruling of the Enterprise Chamber regarding a company in which one of LeasePlan's Supervisory Board members was involved at the time.
In addition, the Board discussed in detail the LeasePlan Annual Plan 2016 - 2017 and the Multi-Year Plan 2016 - 2020 including the yearly regional update. The Annual Plan was approved by unanimous consent. Developments in the market and in the business were also reviewed as well as a number of items relating to LeasePlan Treasury. The latter included the updated dividend approach for which the Supervisory Board expressed its support pending the outcome of the DNB SREP 2015.
The Supervisory Board also took note of documentation relating to Risk Management and unanimously approved the Risk Appetite Statement 2016, and several credit proposals. In addition, it reviewed a number of M&A activities underway at the time.
Moreover attention was paid to further discussions on the internal governance project. The Supervisory Board furthermore expressed its support of the proposed year planning 2016 for the Supervisory Board and its committees.

During an additional conference call in December the Supervisory Board had further discussions on the management incentive plan related to the anticipated change of ownership of the company, which discussions were partly attended by external legal counsel. The relevant matter was resolved upon by written resolution before year-end 2015. During the same call the further progress of the sale process was discussed.

During the year the Supervisory Board signed written resolutions concerning (i) the appointment of a new Senior Corporate Vice-President Risk Management, (ii) an update of the Supervisory Board regulations and Articles of Association and (iii) the management incentive plan related to the anticipated change of ownership.

Activities and meetings of the Audit Committee 2015

Every quarter the Audit Committee reviews the main conclusions of the audits concluded during each preceding period, those high-priority issues identified by GAD that have not been addressed conclusively over the previous six months, a report on any compliance incidents, as well as an update on the overall audit planning.
The standard quarterly items as reported in the previous year continued with some additions, including that of a quarterly GAD report regarding regulatory requirements. In the Q4 meeting, the Audit Committee performed a yearly assessment whether the internal control measures have been designed properly, and are working effectively.

During its quarterly meeting in March, the Audit Committee discussed with PwC its Group Management letter 2014, which among other items referenced the control environment at both the Group and local level and the global information security strategy. Furthermore, it performed an evaluation with the external auditor and recommended to reappoint PwC as external auditor for 2015. It also reviewed the quarterly GAD report and had initial discussions regarding the legally required audit firm rotation effective 2016.

In June, the Audit Committee discussed the quarterly GAD report and approved the Audit charter 2015. An update was provided on the RFP (request for approval) process regarding the selection of the new external auditor. Moreover, specific attention was given to the expectations of DNB regarding the role of the Audit Committee at Dutch financial institutions.

The September meeting was attended by PwC. During this meeting the Audit Committee reviewed the GAD report, addressing the regular quarterly internal audit and compliance areas, in addition to a regulatory update which was agreed to be included from this meeting onwards on a quarterly basis. In the presence of the Senior Corporate Vice-President Legal & Compliance specific attention was paid to the follow-up on a competition matter in Italy as well as letters from DNB regarding (i) compliance with sanction laws and (ii) integrity risk assessment. Also the Audit Committee took note of the positive outcome of the external quality assessment performed by the IIA (Institute of Internal Auditors) and the resulting recommendations. Moreover, the Audit Committee reviewed a summary of the main recommendations included in the PwC Board report and Group management letter resulting from the year-end 2014 audit and the status of LeasePlan's follow up in this respect, the PwC report on half-year review 30 June 2015, the PwC report on audit of 2014 regulatory returns, and the PwC audit plan 2015.

In November, the Audit Committee reviewed the GAD report which in addition to the regular quarterly updates paid specific attention to follow-up on the IIA quality assessment as well as the role of GAD embedding internal control as part of the overall governance project. The Audit Committee unanimously approved the detailed planning for 2016. Moreover the yearly report on LeasePlan Group control measures was discussed. In addition the results of an annual assessment of the Internal Audit Function were discussed and its performance was concluded to be satisfactory. Also the Senior Corporate Vice-President Legal & Compliance was invited to present the yearly compliance update.

Activities of the Remuneration Committee 2015

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 58.

Almere, the Netherlands, 7 March 2016

The Supervisory Board
Frank Witter (Chairman)
Michael Klaus (Deputy Chairman)
Albrecht Möhle
Christian Schlögell
Herta von Stiegel
Ada van der Veer - Vergeer

Group remuneration report

Introduction

The remuneration report sets out LeasePlan's remuneration policy, as laid down in the Group Remuneration Framework, which applies to the entire Group and is in accordance with all relevant legal requirements and guidelines, including the Banking Code, the Regulation on Sound Remuneration Policies pursuant to the Financial Supervision Act 2014 and the Dutch Act on Remuneration Policies for Financial Enterprises (the 'Wbfo').

LeasePlan's Group Remuneration Framework

The Group Remuneration Framework (the "Framework') 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 Framework applies to all entities and staff members within LeasePlan, including the Managing Board. It includes (i) general remuneration principles applicable to all staff and (ii) specific details about the remuneration structure of the Identified Staff, i.e. staff that is considered to have a material impact on the risk profile of LeasePlan.

General remuneration principles

The following general remuneration principles apply to all staff:

- the remuneration policy and structure are aligned with LeasePlan's business strategy, long-term interests, objectives, corporate values and risk appetite and support robust and effective risk management;
- the remuneration positioning will, in general, be set at the median of the relevant market, assuming a comparable split between fixed and variable remuneration;
- variable remuneration is performance-related, consists of a well thought-out mix of financial (at maximum 50%) and non-financial elements and reflects both short- and long-term strategic goals;
- variable remuneration targets are specific, measureable, attainable, relevant and time-bound;
- variable remuneration can never exceed 100% of fixed remuneration or 50% in case of the Risk, Legal & Compliance and Audit department (jointly referred to as Control Functions). For staff who are employed by one of the Dutch operating companies this maximum is further capped at 20% on average;
- pension schemes are recognised in accordance with the applicable accounting standards. LeasePlan does not award discretionary pension benefits as part of the variable remuneration;
- other benefits for staff are provided in line with local market practice;
- severance payments reflect performance over time and do not reward for failure or misconduct. For LeasePlan's daily policymakers severance payments are capped at 100% of fixed remuneration;
- claw back and malus provisions are applicable to all variable remuneration awarded; and
- for variable remuneration that deviates from the Framework, approval of the (Remuneration Committee of the) Supervisory Board is required.

Remuneration Identified Staff
In addition to the general remuneration principles applicable to all staff, for Identified Staff the following principles apply:
- in line with the Dutch Banking Code the remuneration positioning of the Managing Board is set below the median for comparable positions in- and outside the financial industry, taking into account the relevant international context;
- the remuneration positioning for Identified Staff including the Managing Board is based on a relevant peer group as approved by the (Remuneration Committee of the) Supervisory Board;
- variable remuneration for Identified Staff consists of cash (50%) and non-cash elements (50%), i.e. phantom share units ('PSUs');
- 60% of the variable remuneration for Identified Staff is paid upfront and 40% of the variable remuneration of Identified Staff is deferred for a period of three years, whereby every year one-third vests; and
- PSUs have a retention period of one year after vesting.

Remuneration governance
The remuneration governance within LeasePlan is as follows.

The (Remuneration Committee of the) Supervisory Board
The main responsibilities of the (Remuneration Committee of the) Supervisory Board concerning the Framework are the following:
- reviewing and approving the Framework and supervising its implementation (if it includes changes applicable to the Managing Board, in addition the General Meeting of Shareholders will be requested for approval);
- approving the selection of Identified Staff on an annual basis;
- approving the financial and the non-financial target areas and levels for Identified Staff;
- reviewing and approving the award of any fixed and variable remuneration for Identified Staff; and
- reviewing and approving significant severance payments for Identified Staff.

In order to support sound decision making, external advice may be sought by the (Remuneration Committee of the) Supervisory Board.

The Managing Board
The main responsibilities of the Managing Board concerning the Framework are the following:
- developing and adopting the Framework;
- recommending fixed and variable remuneration levels/payments for Identified Staff (other than for Managing Board members) in line with the Framework; and
- setting the financial, commercial and non-financial and personal targets (as applicable) for Identified Staff (excluding those of Managing Board members) in line with the short- and long-term corporate strategy and objectives.

Control Functions
In line with remuneration regulations, the Control Functions Risk, Legal & Compliance and Audit review and monitor the execution of the Framework together with HR.

Performance targets
Global performance targets are set by the (Remuneration Committee of the) Supervisory Board for the Identified Staff on an annual basis. The targets need to comply with relevant remuneration regulations, are set to support the achievement of the long-term strategy of LeasePlan and consider the interests of all relevant stakeholders.

After the performance year the performance achievement of the Identified Staff is reviewed by HR. Separately, the Control Functions Risk and Legal & Compliance perform an ex ante risk analysis and report their findings to the (Remuneration Committee of the) Supervisory Board. In case of deferred variable remuneration, the ultimate payment is also subject to an ex post risk analysis, as performed by the Control Functions and subject to approval by the (Remuneration Committee of the) Supervisory Board. The extent to which the performance targets have been achieved by each individual Identified Staff member is ultimately determined and approved by the (Remuneration Committee of the) Supervisory Board after the end of each performance period.

The table below provides an overview of the global performance targets that are derived from LeasePlan's business strategy:

Target	Element	Link to LeasePlan's strategy
Financial	Profit	Growth (financial) & Operational excellence
Non-financial	Volume growth	Growth (volume)
	Customer loyalty	Customer-centric innovation
	Employee engagement	Right people and culture
	Integrity	LeasePlan values

For all targets, a threshold level is defined. In addition and for all non-financial targets a financial threshold applies. Where appropriate more specific and personal targets may apply for certain Identified Staff positions.

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.

Incentive plan

In December 2014, the company has agreed and implemented an incentive plan that is targeted at certain key staff, including the Managing Board. This incentive plan aimed to retain the participants in the context of the change of ownership of the company, to contribute to the successful closing of the transaction and to ensure the stability and long-term success of the company. For this purpose, the shareholder approved an increase of the cap of variable remuneration to the legally permitted maximum as per applicable legislation for 2015. This plan has been subsequently adopted and approved by the (Remuneration Committee of the) Supervisory Board.

With the design of the incentive plan all relevant applicable remuneration regulations have been taken into account. The incentive plan contains pre-determined performance targets and payments are subject to closing of the transaction as referred to in the previous paragraph. The awarded amounts will become payable for 30% immediately after closing. The remaining 70% is deferred for 18 months for the CEO and CFO and for 12 months for other key staff. The costs for this incentive plan are recognised pro rata over the period from grant until the end of the deferral period.

Remuneration disclosures

In line with the Wbfo, the following table summarises (i) the total amount of aggregated variable remuneration expenses for the year 2015 and (ii) the number of individuals employed by LeasePlan who received a total remuneration of more than EUR 1 million.

Total aggregated variable remuneration expenses for all staff within LeasePlan globally	EUR 71.5 million
Number of individuals that received (i.e. were awarded) more than EUR 1 million of total remuneration	6 - Head office 3 - Other

More remuneration information can be found in:

- Note 7 of the consolidated Financial Statements as included in the Annual Report: total staff expenses;
- Note 34 of the consolidated Financial Statements as included in the Annual Report: Managing Board and Supervisory Board Remuneration;
- Pillar III report, remuneration section as published on www.leaseplan.com/page/financial-publications-overview: qualitative and quantitative remuneration information with respect to Identified Staff.

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 N.V./S.A.
Managing Director: J. Portier (January 2016)
www.leaseplan.be

Brazil
LeasePlan Brasil Ltda.
Managing Director: F. dos Santos 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 S.A.
Managing Director: P. Zagorianakos
www.leaseplan.gr

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

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

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

Euro Insurances Limited
Managing Director: H. Kaastra
www.euroinsurances.net

LeasePlan Treasury
Group Treasurer: P. Benson
www.leaseplan.com

Leaseplan Information Services Limited., Ireland
Managing Director: P. Parker
www.leaseplanis.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 Limited
Managing Director: C.G. Willmer
www.leaseplan.co.nz

Norway
LeasePlan Norge A/S
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 Sanz
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 Fleet Management - LeasePlan Emirates LLC
Managing Director: A. Narain
www.leaseplan.ae

United Kingdom
LeasePlan UK Limited
Managing Director: M. Dyer
www.leaseplan.co.uk

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

Licensing agreement with Foss National Leasing Ltd.

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

Financial statements

Consolidated **financial statements**

Consolidated income statement
for the year ended 31 December

In thousands of euros	Note	2015	2014
Revenues	3	8,297,646	7,619,371
Cost of revenues	3	7,231,056	6,695,206
Gross profit		**1,066,590**	**924,165**
Interest and similar income	4	780,009	794,226
Interest expenses and similar charges	5	330,035	377,727
Net interest income		**449,974**	**416,499**
Impairment charges on loans and receivables	6	23,245	20,143
Net interest income after impairment charges on loans and receivables		**426,729**	**396,356**
Unrealised gains/(losses) on financial instruments	13	13,480	- 12,072
Net finance income		**440,209**	**384,284**
Total operating and net finance income		**1,506,799**	**1,308,449**
Staff expenses	7	557,986	498,562
General and administrative expenses	8	290,570	263,453
Depreciation and amortisation	9	56,178	53,950
Total operating expenses		**904,734**	**815,965**
Share of profit of investments accounted for using the equity method	20	5,870	6,565
Profit before tax		**607,935**	**499,049**
Income tax expenses	10	165,460	127,078
Profit for the year		**442,475**	**371,971**
Profit attributable to			
Owners of the parent		442,475	371,971

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

Consolidated statement of comprehensive income
for the year ended 31 December

In thousands of euros	**Note**	**2015**	**2014**
Profit for the year		**442,475**	**371,971**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit reserve, before tax	26	- 218	- 5,524
Income tax on post-employment benefit reserve	10	162	1,840
Subtotal changes post-employment benefit reserve, net of income tax		**- 56**	**- 3,684**
Share of other comprehensive income in investments accounted for using the equity method	26	-	- 104
Items that may be subsequently reclassified to profit or loss			
Changes in cash flow hedges, before tax		6,851	31,315
Cash flow hedges recycled from equity to profit and loss, before tax		- 7,565	- 20,123
Income tax on cash flow hedges	10	178	- 2,798
Subtotal changes in cash flow hedges, net of income tax	10	**- 536**	**8,394**
Exchange rate differences	26	16,655	24,794
Other comprehensive income, net of income tax		**16,063**	**29,400**
Total comprehensive income for the year		**458,538**	**401,371**

Comprehensive income attributable to

Owners of the parent		458,538	401,371

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

Consolidated balance sheet
as at 31 December

In thousands of euros	Note	2015	2014
Assets			
Cash and balances at central banks	11	1,605,437	957,951
Receivables from financial institutions	12	368,930	1,222,829
Derivative financial instruments	13	166,085	183,023
Other receivables and prepayments	14	837,361	668,526
Inventories	15	261,325	205,314
Receivables from clients	16	3,309,512	2,952,126
Property and equipment under operating lease and rental fleet	17	14,261,517	12,681,312
Other property and equipment	18	90,673	82,888
Loans to investments accounted for using the equity method	19	103,325	290,130
Investments accounted for using the equity method	20	24,211	57,064
Intangible assets	21	171,267	162,846
Corporate income tax receivable		37,441	20,475
Deferred tax assets	22	141,372	161,828
		21,378,456	**19,646,312**
Assets classified as held-for-sale	23	36,790	9,437
Total assets		**21,415,246**	**19,655,749**
Equity			
Share capital	25	71,586	71,586
Share premium	25	506,398	506,398
Other reserves	26	3,101	- 13,178
Retained earnings	27	2,490,379	2,278,120
Total equity		**3,071,464**	**2,842,926**
Liabilities			
Trade and other payables and deferred income	28	2,255,271	2,061,974
Borrowings from financial institutions	29	2,073,118	1,991,356
Derivative financial instruments	13	88,379	130,284
Funds entrusted	30	5,086,974	4,378,891
Debt securities issued	31	8,142,443	7,638,038
Provisions	32	378,333	355,267
Corporate income tax payable		37,315	23,386
Deferred tax liabilities	22	253,860	233,627
		18,315,693	**16,812,823**
Liabilities classified as held-for-sale	23	28,089	-
Total liabilities		**18,343,782**	**16,812,823**
Total equity and liabilities		**21,415,246**	**19,655,749**

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

Consolidated statement of changes in equity

In thousands of euros	Attributable to the owners of the parent				
	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Note	25	25	26	27	
Balance as at 1 January 2014	**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**
Profit for the year				442,475	442,475
Other comprehensive income			16,279	- 216	16,063
Total comprehensive income			**16,279**	**442,259**	**458,538**
Dividend relating to 2014				- 230,000	- 230,000
Balance as at 31 December 2015	**71,586**	**506,398**	**3,101**	**2,490,379**	**3,071,464**

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

Consolidated statement of cash flows
for the year ended 31 December

In thousands of euros	Note	2015	2014
Operating activities			
Profit before tax	10	607,935	499,049
Adjustments			
Interest income	4	- 780,009	- 794,226
Interest expense	5	330,035	377,727
Impairment on receivables	6	23,245	20,143
Bargain purchase gain	24	- 7,357	-
Valuation allowance on inventory	15	- 336	- 200
Depreciation operating lease portfolio and rental fleet	17	2,973,848	2,808,162
Depreciation other property and equipment	18	24,507	25,403
Amortisation and impairment intangible assets	21	31,671	28,547
Share of profit of investments accounted for using the equity method	20	- 5,870	- 6,565
Financial instruments at fair value through profit and loss	13	- 13,480	12,072
Changes in			
Provisions		21,446	24,013
Derivative financial instruments		- 12,022	- 133,469
Trade and other payables and other receivables		40,988	21,673
Inventories	15	164,705	160,302
Amounts received for disposal of objects under operating lease	17	2,114,007	1,861,964
Amounts paid for acquisition of objects under operating lease	17	- 6,475,708	- 5,203,404
Acquired new finance leases and other increases of receivables from clients		- 1,178,514	- 1,162,719
Repayment finance leases		818,052	1,031,201
Cash generated from operating activities		**- 1,322,857**	**- 430,327**
Interest paid		- 351,850	- 390,727
Interest received		779,943	795,592
Income taxes paid		- 150,781	- 138,064
Income taxes received		19,847	34,494
Net cash flows from operating activities		**- 1,025,698**	**- 129,032**
Investing activities			
Acquisition of subsidiary, net of cash acquired	24	- 36,125	-
Proceeds from sale of other property and equipment	18	15,635	13,566
Purchases of other property and equipment	18	- 45,574	- 38,061
Purchases of intangible assets	21	- 23,284	- 24,810
Divestments of intangible assets	21	2,382	115
Capital movement in investments accounted for using the equity method		775	-
Loans provided to investments accounted for using the equity method	19	- 364,516	- 199,316
Redemption on loans to investments accounted for using the equity method	19	551,322	167,555
Dividend received from investments accounted for using the equity method	20	1,224	1,740
Net cash flows from investing activities		**101,839**	**- 79,211**
Financing activities			
Receipt of receivables from financial institutions		3,593,192	6,340,508
Balances deposited to financial institutions		- 2,705,585	- 6,184,175
Receipt of borrowings from financial institutions		7,975,232	6,442,045
Repayment of borrowings from financial institutions		- 8,257,058	- 7,033,194
Receipt of funds entrusted		2,353,168	141,012
Repayment of funds entrusted		- 1,645,085	- 82,277
Receipt of debt securities		2,477,152	3,174,375
Repayment of debt securities		- 1,972,746	- 2,525,077
Dividends paid to Company's shareholders		- 230,000	- 140,000
Net cash flows from financing activities		**1,588,270**	**133,217**
Cash and balances with banks as at 1 January		**919,688**	**994,196**
Net movement in cash and balances with banks		664,411	- 75,026
Exchange gains/(losses) on cash and balances with banks		- 726	518
Cash and balances with banks as at 31 December	11	**1,583,373**	**919,688**

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 2015 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 2015, the Group employed just over 7,200 people worldwide and had offices in 32 countries. A list of the principal consolidated subsidiaries is included on page 150.

The Company has held a 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 A.G. (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 119 production plants in 20 European countries and a further 11 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 340 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, capital 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.

Ownership of the Company
On 23 July 2015 LeasePlan announced that its 100% shareholder Global Mobility Holding B.V. had reached an agreement with a consortium of long-term investors to acquire full ownership of LeasePlan. All necessary competition authority and financial regulatory approvals required under the agreement to close the acquisition were obtained by January 2016. At the time of publishing the annual report, we expect the transaction to close in the first quarter of 2016.

2. Basis of preparation

(i) Statement of compliance

The consolidated financial statements for the year ended 31 December 2015 were authorised for issue by the Managing Board on 7 March 2016. 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 2015 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 2015 and are relevant for the Group:

- Amendment to IAS 19 'Employee benefits' (effective 1 July 2014). The amendment applies to defined benefit plans. Where the contributions from employees or third parties are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment has no material impact on the Group.

- Annual Improvements 2010-2012 Cycle (effective 1 July 2014)
  - Amendment to IFRS 2 'Share-based payment' clarifying the definition of 'vesting condition' and separately defining 'performance condition' and 'service condition'. This amendment has no material impact on the Group.
  - Amendment to IFRS 3 'Business Combinations' clarifying that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This amendment has no material impact on the Group.
  - Amendment to IFRS 8 'Operating Segments' requiring the disclosure of the judgements made by management in applying aggregation criteria. The Group has not applied aggregation criteria.
  - Amendment to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets', clarifying that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amount of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the Group during the current period.
  - Amendment to IAS 24 'Related Party Disclosures' clarifying that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.
- Annual Improvements 2011-2013 Cycle (effective 1 July 2014)
  - Amendment to IFRS 13 'Fair Value Measurement' clarifying that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.
  - Amendment to IAS 40 'Investment Property' clarifying that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if a transaction is the purchase of an asset or a business combination. This amendment does not impact the accounting policy of the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2015 and not early adopted

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2015 and have not been early adopted in preparing these consolidated financial statements.

- IFRS 9 (2014) '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 a new expected credit losses model that replaces the incurred impairment model used in IAS 39. For financial liabilities there are 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 eases 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 uses 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 has 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 effective date of the standard is deferred from annual periods beginning on or after 1 January 2017 to annual periods beginning on or after 1 January 2018, whereby earlier adoption is still permitted. The Group will assess the impact of IFRS 15.

- IFRS 16 'Leases', issued in January 2016, includes a new approach to lease accounting that requires 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. A lessee presents amortisation of the right-of-use asset in the same line item as other similar expenses (for example, depreciation of property, plant, and equipment) and interest on the lease liability in the same line item as interest on other, similar financial liabilities. For lessors, the accounting stays almost the same. However, the definition of a lease, as well as the guidance on the combination and separation of contracts, have been updated. IFRS 16 is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 Revenue from contracts with customers has also been applied. The Group has yet to assess the full impact of IFRS 16. Furthermore, the Group is investigating how it can support its lessees in calculating the right of use asset and corresponding liability.

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.

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 retention 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 entity acquired and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at its fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the entity acquired either at fair value or at the non-controlling interest's proportionate share of the entity'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. The accounting policies applied for the associates are in line with the policies adopted by the Group.

For the impairment of non-financial assets, reference is made to note S - Impairments

(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. The accounting policies applied for the joint ventures are consistent 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 transaction 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 and loans and receivables. 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 difference 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.

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 the related hedging reserve in 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 or 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 second hand car market. In all cases, the overall risk on the result of the contract, both positive and negative, is borne by the Group.

(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. 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 variable remuneration to employees based on a comparison made at the end of the year between the criteria applied for granting variable remuneration and an assessment of the relevant performance. The Group recognises an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

The variable remuneration award for the Identified Staff consists of a direct payment in cash and a deferred payment in cash and Phantom Share Units (PSUs). The PSUs represent the underlying value of the company shares which entitle the participant to a payment in cash after a specified period and is recognised as a cash-settled share based payment arrangement. The PSU part of the deferred award is revalued annually by estimating the Company's equity value for determining the fair value of the outstanding PSU awards. Liabilities recognised for PSUs are measured at the estimated fair value. This fair value is established once a year by the (Remuneration Committee of the) Supervisory Board and is based on comparing financial performance of the Company to publicly available valuation and financial performance of a selected peer group of comparable companies. All changes to the PSUs liabilities are recognised in the income statement under staff expenses.

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 subsidiary acquired. 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 is amortised over its useful life. Capitalised internally developed and externally purchased software are measured at cost less accumulated amortisation and any accumulated impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

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

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

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

Note O - Other property and equipment
(i) Measurement
Items of property and equipment owned and for Group use are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

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

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

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

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

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

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

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

Valuation allowances on cars and trucks from terminated lease contracts are included in 'Other cost of revenues'.

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 the income statement - is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

(vi) Reversal of impairment

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

Note T - 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 Managing Board (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 21 of the consolidated financial statements of the Company.

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

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

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

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. This method 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.

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 nine risk management areas are strategic risk, asset risk, credit risk, treasury risk (which includes interest rate, currency and liquidity risks), reputational risk, operational risk (including financial reporting risk), motor insurance risk, legal and compliance risk and ICT risk. Of the Group's nine risk management areas, asset risk (which includes residual value risk), credit risk and liquidity risk (which is part of treasury risk) are considered to be primary risks. This section of the financial statements describes the Group's strategy in using financial instruments, capital adequacy, and the Group's policy, appetite and measurement of credit risk, asset risk, treasury risk, financial reporting risk and motor insurance risk. 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.

As at 31 December	2015	2014
Financial assets		
Cash and balances at central banks	1,605,437	957,951
Receivables from financial institutions	368,930	1,222,829
Derivative financial instruments	166,085	183,023
Rebates and bonuses and commissions receivable	235,405	204,512
Reclaimable damages	19,656	24,111
Interest to be received	165	99
Receivables from clients	3,309,512	2,952,126
Loans to other third parties	12,482	-
Loans to investments accounted for using the equity method	103,325	290,130
Assets classified as held-for-sale*	13,065	9,437
Total	**5,834,062**	**5,844,218**
Non-financial assets	**15,581,184**	**13,811,531**
Total assets	**21,415,246**	**19,655,749**
Financial liabilities		
Trade payables	764,430	641,414
Interest payable	90,653	112,468
Borrowings from financial institutions	2,073,118	1,991,356
Derivative financial instruments	88,379	130,284
Funds entrusted	5,086,974	4,378,891
Debt securities issued	8,142,443	7,638,038
Total	**16,245,997**	**14,892,451**
Non-financial liabilities	**2,097,785**	**1,920,372**
Total liabilities	**18,343,782**	**16,812,823**

* Relates to finance leases with the aim to sell onward to debt investors

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 currency exchange rates. The risk control is important to continuously meet the solvency and liquidity requirements and targets as set by the Dutch Central Bank (De Nederlandsche Bank N.V., 'DNB') 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 underlying variables. 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, 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, where allowed under IFRS hedge accounting rules, applied cash flow and fair value hedges to 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 from 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:

			2015			2014
	Interest rate contracts	**Currency contracts**	**Total**	**Interest rate contracts**	**Currency contracts**	**Total**
Fair value hedge	4,057,309	85,948	4,143,257	3,271,599	126,303	3,397,902
Cash flow hedge	1,805,000	-	1,805,000	1,845,000	-	1,845,000
Not in hedge	12,196,989	4,111,929	16,308,918	10,917,026	3,662,425	14,579,451
Total	**18,059,298**	**4,197,877**	**22,257,175**	**16,033,625**	**3,788,728**	**19,822,353**

(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 during 2016-2020.

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 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 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 regular margin calls. This credit risk exposure is managed as part of the overall lending limits with financial institutions.

B. Capital adequacy

As from 1 January 2014, capital metrics and risk exposures are reported under the EU endorsed Basel III framework (CRR/CRD IV). 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 DNB 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 DNB 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 DNB. 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.

With regards to 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.

			2015			2014
	Carrying amount	Risk-weighted	Risk-weight	Carrying amount	Risk-weighted	Risk-weight
Lease contract portfolio	17,061,719	8,506,018	50%	15,121,053	7,462,490	49%
Other assets	4,353,527	1,978,886	45%	4,534,696	2,261,675	50%
Total assets	**21,415,246**	**10,484,904**	**49%**	**19,655,749**	**9,724,165**	**49%**
Off-balance sheet exposures and other capital requirements		3,498,659			3,237,299	
Total risk exposure amount		**13,983,563**	**65%**		**12,961,464**	**66%**

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 an 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 was 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.

As at 31 December	2015	2014
Total equity	**3,071,464**	**2,842,926**
Exclude profit for the year	- 442,475	- 371,971
Interim dividend paid out of retained earnings	-	6,000
Regulatory adjustments	- 250,141	- 249,365
Common Equity Tier 1 capital	**2,378,848**	**2,227,590**

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

As at 31 December	2015	2014
Total risk exposure amount	13,983,563	12,961,464
Common Equity Tier 1 capital	2,378,848	2,227,590
Common Equity Tier 1 ratio	**17.0%**	**17.2%**

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. 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 and hedging instruments such as derivatives. Finally, the Group is exposed to credit risk as a result of (re)insurance activities as well as for discounts to be received from suppliers.

Credit risk management structure and organisation
LeasePlan's Managing Board sets authority levels for all Group companies, based on which each is allowed to decide on 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 it 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;
- decisions on credit requests;
- regular reviews of overdue trade receivables and the doubtful debtors; and
- regular reviews of the local watch account list, containing all counterparties that need special attention with regards 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 (internal) 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 reinsurance, a reference is made to the section on motor insurance risk.

Each year, 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. Furthermore, the credit risk position is 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 on counterparty and concentration risks, as well as the types of business and conditions thereof in local policies. 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 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 ratings, credit risk assessments on the related banks and participations 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	1,605,423	13	1	1,605,437
Receivables from financial institutions	331,746	6,683	30,501	368,930
Derivative financial instruments	166,085	-	-	166,085
Rebates and bonuses and commissions receivable	197,021	22,995	15,389	235,405
Reclaimable damages	17,754	750	1,152	19,656
Interest to be received	161	-	4	165
Receivables from clients	763,232	853,626	1,692,654	3,309,512
Loans to other third parties	-	9	12,473	12,482
Loans to investments accounted for using the equity method	103,325	-	-	103,325
Assets held-for-sale	-	-	13,065	13,065
Total as at 31 December 2015	**3,184,747**	**884,076**	**1,765,239**	**5,834,062**
Total as at 31 December 2014	**3,550,300**	**773,584**	**1,520,334**	**5,844,218**

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

	Financial institu-tions	Manu-facturing	Wholesale trade	Transport and public utilities	Public sector	Other industries	Total
Financial assets							
Cash and balances at central banks	1,605,437	-	-	-	-	-	1,605,437
Receivables from financial institutions	368,930	-	-	-	-	-	368,930
Derivative financial instruments	166,085	-	-	-	-	-	166,085
Rebates and bonuses and commissions receivable	-	235,405	-	-	-	-	235,405
Reclaimable damages	-	-	-	-	-	19,656	19,656
Interest to be received	165	-	-	-	-	-	165
Receivables from clients	227,709	834,210	578,892	272,983	106,536	1,289,182	3,309,512
Loans to other third parties	-	-	-	-	-	12,482	12,482
Loans to investments accounted for using the quity method	-	-	-	-	-	103,325	103,325
Assets held-for-sale	-	-	-	-	-	13,065	13,065
Total as at 31 December 2015	**2,368,326**	**1,069,615**	**578,892**	**272,983**	**106,536**	**1,437,710**	**5,834,062**
Total as at 31 December 2014	**2,562,387**	**974,049**	**523,422**	**249,972**	**97,830**	**1,436,558**	**5,844,218**

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	1,605,437	1,605,437			
Receivables from financial institutions	368,930	368,930			
Derivative financial instruments	166,085	166,085			
Rebates and bonuses and commissions receivable	235,405	235,405		1,008	- 1,008
Reclaimable damages	19,656	19,656		6,354	- 6,354
Interest to be received	165	165			
Receivables from clients	3,309,512	2,809,175	495,462	95,786	- 90,911
Loans to other third parties	12,482	12,482			
Loans to investments accounted for using the equity method	103,325	103,325		7,325	- 7,325
Assets held-for-sale	13,065	13,065			
Total as at 31 December 2015	**5,834,062**	**5,333,725**	**495,462**	**110,473**	**- 105,598**
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
Assets held-for-sale	9,437	9,437			
Total as at 31 December 2014	**5,844,218**	**5,364,525**	**476,880**	**106,898**	**- 104,085**

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 2015, the Group received EUR 63 million cash collateral under these CSAs (2014: EUR 49 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 53.8 million at year-end 2015 (2014: EUR 42.9 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:

As at 31 December	2015	2014
Receivables from clients past due, but not impaired		
Past due up to 90 days	436,128	430,801
Past due between 90 - 180 days	43,677	25,798
Past due between 180 days - 1 year	10,292	12,861
Past due 1 - 2 years	3,092	3,247
Past due over 2 years	2,273	4,173
Total	**495,462**	**476,880**

When invoiced lease instalments for finance leases are past due, the remaining not-yet-invoiced finance lease receivables (relating to the remaining contract duration) also 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 348 million (2014: EUR 309 million).

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

As at 31 December	2015	2014
Impaired loans and receivables from clients	**95,786**	**91,973**
Provision on clients provided for	84,911	83,805
Incurred but not reported loss provision	6,000	5,355
Total allowance for impairment	**90,911**	**89,160**

The total impairment allowance for loans and receivables is EUR 90.9 million (2014: EUR 89.2 million) of which EUR 84.9 million (2014: EUR 83.8 million) represents the impaired receivables and the remaining amount of EUR 6.0 million (2014: EUR 5.4 million) represents the incurred but not reported loss provision. Reference is made to note 16 to the consolidated balance sheet.

The Group assessed the levels of forbearance activities. The financial impact of forbearance is not significant.

Loans to investments accounted for using the equity method
Credit risk for the Group also arises on lending to associates and jointly controlled companies. The underlying business of the respective associates and jointly controlled companies is very similar to the core activities conducted through wholly owned Group companies. 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 of its investments in associates and jointly controlled entities, the Group also monitors and manages its credit exposure to such entities. 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. This is an ongoing situation.

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 whether 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 included under the heading central banks are deposited at the DNB. 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. For 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.

			2015			2014
	Lease contract portfolio	Derivative financial institutions	Receivables from financial institutions	Lease contract portfolio	Derivative financial institutions	Receivables from financial institutions
AAA to AA-	952,360	51,252	24,015	938,862	69,228	375,918
A+ to A-	4,682,827	67,294	278,218	4,241,804	110,053	825,031
BBB+ to BBB-	5,972,454	47,539	58,942	5,438,171	3,742	9,556
BB+ to BB-	1,480,016	-	2,245	1,306,605	-	155
B+ to B-	99,099	-	-	166,437	-	6,148
CCC+ to C	2,883	-	-	9,537	-	606
At default	7,861	-	-	12,580	-	-
Internally scored	1,583,961	-	-	1,335,990	-	-
Unrated	2,280,258	-	5,510	1,671,067	-	5,415
Total	**17,061,719**	**166,085**	**368,930**	**15,121,053**	**183,023**	**1,222,829**

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 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.

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 2015, amounted to 27% (2014: 28% for the AIRB corporate portfolio). The remaining maturity of the lease portfolio on average amounts to 2.01 years (2014: 1.93 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 of 1 notch of the counterparties' rating and in countries with a Standard & Poor's rating below BBB a decrease of 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 a scenario would, for the Group, result in an increase of required capital amounting to approximately EUR 99 million which includes an additional AIRB provision shortfall of EUR 20 million.

D. Asset risk

Asset risk definition

Within the Group, asset risk is split into two main underlying risk components; 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. This committee also discusses changes to Group policies regarding asset risk and the Group's asset risk position. The Group's asset risk management department is responsible for establishing and maintaining the asset risk management framework and monitoring the Group's asset risk profile.

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 at least 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, but is not limited to, 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 contractually agreed 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 in 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. Adverse 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. 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 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 2015 (2014: nil). Reference is made to note 3 and note 17 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 during and at the end of a lease contract, are of importance. Examples of such measures are forward looking with regards to 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.

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:

	2015	2014
Future lease payments	7,458,874	6,717,669
Residual value	9,602,845	8,403,384
Total	**17,061,719**	**15,121,053**

The table on the previous page 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 57 million movement in estimated termination results for the year 2016.

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 shareholders' 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 shareholders' equity.

Treasury risk management structure and organisation

Annually, the Group's risk management department prepares the risk appetite statement, 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, interest rate risk and currency risk. The treasury risk positions are furthermore discussed in the Group's Funding and Treasury Risk Committee (FTRC) and shared with the Managing Board.

Whereas risk committees like the FTRC are meant for going-concern situations, an Executive Crisis Management Team (ECMT) exists at Group level to manage liquidity and capital levels in a crisis scenario. LeasePlan has developed a trigger and early warning indicator framework. In case a certain trigger level is breached, the ECMT should decide whether to activate the Alarm Phase 'amber' or Recovery Phase 'red' depending on the breached level. The ECMT includes among others all Managing Board members (voting), all regional senior vice-presidents and members representing Risk Management, Strategic Finance, Control, Reporting & Tax, Corporate Strategy & Development, Legal and Compliance and Corporate Communications (non-voting), as well as several additional non-voting need-based consultant roles. The activation, role and mandate of the ECMT is governed by the Liquidity Contingency Plan (LCP) and Capital Contingency Plan (CCP). These are integrated with ongoing liquidity and capital risk management and the Recovery plan. As of 2013 the DNB has required all Dutch banks to have a Recovery plan in place, for the hypothetical situation the Group approaches critical levels for survival. Although not limited to such a case, this scenario would presumably materialise via the liquidity or capital position of the Group.

The compliance with the risk appetite statement 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 TRM department, 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 within the FTRC.

Treasury risk management policy

Liquidity risk policy

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

1. the primary (overarching) objective in managing funding & liquidity risk is to accommodate the going concern business objectives without incurring unduly exposure to liquidity or refinancing risk;
2. LeasePlan aims to be matched or longer funded with reasonable (relative) funding costs;
3. primary objective of the funding strategy is to maintain good market access at all times; and
4. compliance with minimum regulatory liquidity requirements at all times.

Liquidity risk is not perceived by the Group as a driver for profit, 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 total of interest bearing assets 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 to ensure proper pricing. The fund transfer price is determined monthly and approved by the Managing Board.

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

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

Stress testing results are used both for contingency planning as for going-concern funding and risk activities, for instance, to set the target level for the liquidity buffer to meet 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 liquid 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 DNB on a monthly basis. The liquidity supervision by the DNB is focused on identifying available sources of liquidity and required liquidity for weekly and monthly periods. Furthermore, on the 1st of October 2015, a Liquidity Coverage Ratio (LCR) of 100% has been introduced as a binding regulatory requirement. These regulatory liquidity limits are embedded in the Group's liquidity and cash management processes. Apart from end-of-month reporting, the Group monitors the development of DNB liquidity levels as part of the funding planning process.

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 required, IFRS compliant, accounting treatment of derivative financial instruments, the Group is exposed to some volatility in the Group's income statement, particularly for those derivatives that do not qualify for hedge accounting.

To enable the Group's central Treasury to achieve economies of scale, smaller inter-company assets are grouped into larger-sized external funding transactions. Some timing differences are unavoidable in this process and interest rate risk exposures are inherent to the central treasury process. To manage this risk, limits are set for the level of mismatch of interest rate re-pricing that may be undertaken by currency and time period.

During 2015, the Group implemented a model to measure the liquidity and interest typical duration of LeasePlan Bank's flexible savings from a behavioural perspective. LeasePlan Bank invests 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.

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 company level. 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 works with 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. In 2015, as a result of the diversified funding strategy, both funds entrusted and funding in the debt capital markets increased.

	0-3 months	3-12 months	1-5 years	› 5 years	Total
Financial liabilities					
Trade payables	764,430	-	-	-	764,430
Borrowings from financial institutions	353,713	518,971	1,189,054	11,380	2,073,118
Funds entrusted	3,013,292	1,167,209	906,300	173	5,086,974
Debt securities issued	102,010	1,402,959	6,254,451	383,023	8,142,443
Future payments (interest and commitment fees)	51,319	187,897	309,438	160,116	708,770
Total as at 31 December 2015	**4,284,764**	**3,277,036**	**8,659,243**	**554,692**	**16,775,735**
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**

In the table below for interest rate swaps the undiscounted cash inflows and outflows 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	- 428	2,739	63,875	134,733	200,919
Currency swaps cash inflow	2,761,186	564,425	1,000,780	-	4,326,391
Currency swaps cash outflow	- 2,746,799	- 549,285	- 981,979	-	- 4,278,063
Total as at 31 December 2015	**13,959**	**17,879**	**82,676**	**134,733**	**249,247**
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**

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 cash and 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.

The following two facilities are included in the liquidity buffer. A three-year committed revolving credit facility renewed in June 2015 with a consortium of 12 banks (EUR 1.25 billion) maturing in December 2018. Furthermore, a three-year credit facility with Volkswagen A.G., through its subsidiary Volkswagen International Luxemburg S.A., (EUR 1.25 billion) maturing December 2018 renewed in March 2015. None of these facilities include material adverse change clauses. During 2015, 2014 and 2013 no withdrawals were made on the above-mentioned facilities.

The DNB sets out minimum liquidity level requirements demanding that available liquidity exceeds required liquidity at all times. Furthermore, on the 1st of October 2015, a Liquidity Coverage Ratio (LCR) of 100% has been introduced as a binding regulatory requirement. The Group is in compliance with these minimum liquidity requirements.

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 3.4 billion (2014: 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.

LeasePlan applies stress testing on the level of exposure related to consolidated Leasing companies. Where interest-bearing sensitive liabilities fall short to cover interest bearing assets, non-interest-bearing working capital and subsidiary's equity are allowed to cover interest-bearing assets as part of LeasePlan's Matched Funding Policy. Every quarter the duration and convexity of LeasePlan's shareholder's equity is estimated and multiplied by 200 basis points. For December 2015, an impact of EUR 178.8 million (2014: EUR 162.0 million) has been calculated. This methodology has also been used within the Pillar 2 capital calculation.

Stress testing also took 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 2015 by approximately EUR 5.0 million (2014: EUR 11.5 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 2015						
Financial assets						
Cash and balances at central banks	1,605,422				15	1,605,437
Receivables from financial institutions	297,650	1,330	14,565	5,672	49,713	368,930
Derivatives (long)	2,771,793	1,400	842,414	1,930	723,660	4,341,197
Rebates and bonuses and commissions receivable	191,408	11,857	5,959	2,116	24,065	235,405
Reclaimable damages	17,431				2,225	19,656
Interest to be received	161				4	165
Receivables from clients	747,103	447,798	1,316,814	266,332	531,465	3,309,512
Loans to other third parties		9			12,473	12,482
Loans to investments accounted for using the equity method	103,325					103,325
Assets held-for-sale			13,065			13,065
Non-financial assets	10,146,056	2,198,770	336,517	475,848	2,423,993	15,581,184
Total	**15,880,349**	**2,661,164**	**2,529,334**	**751,898**	**3,767,613**	**25,590,358**
Financial liabilities						
Trade payables	522,337	31,665	22,225	30,145	158,058	764,430
Interest payable	64,811	471	7,583	1,601	16,187	90,653
Derivatives (short)	1,355,397	1,886,637	30,976	348,962	641,519	4,263,491
Borrowings from financial institutions	1,067,675	276,996	36,826	8,741	682,880	2,073,118
Funds entrusted	5,085,382				1,592	5,086,974
Debt securities issued	4,337,186		2,217,214	117,645	1,470,398	8,142,443
Non-financial liabilities	1,317,288	236,279	80,300	114,752	349,166	2,097,785
Total	**13,750,076**	**2,432,048**	**2,395,124**	**621,846**	**3,319,800**	**22,518,894**
Net position	**2,130,273**	**229,116**	**134,210**	**130,052**	**447,813**	**3,071,464**
Currency position		**229,116**	**134,210**	**130,052**	**447,813**	
Net investment subsidiaries		229,778	112,423	127,716	398,111	
Other		- 662	21,787	2,336	49,702	
As at 31 December 2014						
Financial assets	3,262,617	375,266	1,169,903	270,522	582,887	5,661,195
Derivatives (long)	2,726,105	1,016	609,998	1,748	543,571	3,882,438
Non-financial assets	8,979,165	1,837,583	256,781	495,636	2,242,366	13,811,531
Financial liabilities	10,520,248	481,896	1,683,868	227,792	1,848,363	14,762,167
Derivatives (short)	1,214,136	1,291,049	189,125	314,408	820,981	3,829,699
Non-financial liabilities	1,211,365	205,475	65,922	104,668	332,942	1,920,372
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	

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 the euro, an instantaneous impact on the Group's capital would be EUR 20.8 million (2014: EUR 13.7 million).

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

F. Financial reporting risk

Like other companies, LeasePlan faces financial reporting risks resulting from operational failures or external events, such as changes in regulations, acts from personnel and system issues. The finance systems and processes are designed to support the accounting and reporting of products and transactions and to avoid issues as non compliance with regulations and the LeasePlan accounting and reporting policy, system failures and human errors. LeasePlan has processes in place to update and improve these finance systems and processes when required.

G. 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. Motor insurance risks are underwritten 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 capitalised in accordance with standardised approach of Solvency II. Euro Insurances maintains external reinsurance cover on an excess loss basis for motor third party liability and catastrophic events. Euro Insurances reinsures these risks up to 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. Damage and insurance specialists in each Group company accept damage or insurance risks in accordance with the strict risk selection and pricing procedures issued by Euro Insurances. These procedures set out the scope and nature of the risks to be accepted (or not) as well as the authority rules.

Settlement of damages is outsourced to specialised independent damage handling companies in accordance with service level agreements. Settlement of damages is done 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 must 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.

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.

H. 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	
	2015	2014	2015	2014
Level 1				
Financial assets				
Loans and receivables				
Cash and balances at central banks	1,605,437	957,951	1,605,437	957,951
Total	**1,605,437**	**957,951**	**1,605,437**	**957,951**
Level 2				
Financial assets				
Derivative financial instruments in hedge	83,799	95,853	83,799	95,853
Financial assets at fair value through the income statement				
Derivative financial instruments not in hedge	82,286	87,170	82,286	87,170
Loans and receivables				
To financial institutions	368,930	1,222,829	369,212	1,222,805
To other third parties	12,482	-	12,482	-
Rebates and bonuses and commissions receivable	235,405	204,512	235,405	204,512
Reclaimable damages	19,656	24,111	19,656	24,111
Interest to be received	165	99	165	99
To investments accounted for using the equity method	103,325	290,130	106,401	300,949
Total	**906,048**	**1,924,704**	**909,406**	**1,935,499**
Financial liabilities				
Derivative financial instruments in hedge	29,184	37,490	29,184	37,490
Financial liabilities at fair value through the income statement				
Derivative financial instruments not in hedge	59,195	92,794	59,195	92,794
Other liabilities measured at amortised cost				
Trade payables	764,430	641,414	764,430	641,414
Interest payable	90,653	112,468	90,653	112,468
Borrowings from financial institutions	2,073,118	1,991,356	2,099,092	2,025,433
Funds entrusted	5,086,974	4,378,891	5,184,833	4,460,713
Debt securities issued	8,142,443	7,638,038	8,235,543	7,841,730
Total	**16,245,997**	**14,892,451**	**16,462,930**	**15,212,042**
Level 3				
Financial assets				
Loans and receivables				
To clients	3,309,512	2,952,126	3,354,887	2,994,807
Assets held-for-sale	13,065	9,437	13,274	9,542
Total	**3,322,577**	**2,961,563**	**3,368,161**	**3,004,349**

There were no transfers between levels 1, 2 and 3 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 that 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 that 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 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 (the 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 adjustments.
- The Group's 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 adjustment.
- 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, 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.

I. Offsetting financial assets and financial liabilities

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

				Related amounts not offset in the balance sheet		
	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	Financial instruments	Cash collateral received	Net amount
As at 31 December 2015						
Derivative financial assets	166,085	-	166,085	- 88,379	- 63,100	14,606
Derivative financial liabilities	88,379	-	88,379	- 88,379	-	-
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	-	-

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.

J. Transfer of (financial) assets

The Group engages in various securitisation transactions (reference is made to note 12 and note 17 of the consolidated financial statements of the Company and note 4 of the Company Financial Statements). As a consequence of such transactions (financial) assets are transferred from the originating Group subsidiaries to special-purpose companies that are included in the consolidated financial statements of the Group. In view of this, the transferred (financial) assets are not derecognised in their entirety from a Group perspective.

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

	Loans and receivables			
	Receivables from clients (finance leases)	**Receivables from financial institutions (collateral deposited)**	**Property and equipment under operating lease**	**Total**
As at 31 December 2015				
Carrying amount				
Assets	54,879	15,794	2,473,764	2,544,437
Associated liabilities				
Bonds and notes originated from securitisation transactions				1,610,820
Borrowings from financial institutions				249,750
Net carrying amount position				**683,867**
For those liabilities that have recourse only to the transferred assets				
Fair value				
Assets	55,120	16,537	2,484,699	2,556,356
Associated liabilities				
Bonds and notes originated from securitisation transactions				1,609,169
Borrowings from financial institutions				247,868
Net fair value position				**699,319**
As at 31 December 2014				
Carrying amount				
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				
Fair value				
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**

Specific notes

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 150. The amount of Government subsidies is negligible and therefore not disclosed. The return on assets is 2.16% for the year 2015.

Country of activity	Principal subsidiary or participating interest	Main activity	FTEs (average)	Revenues	Profit/(loss) before tax	Income tax expenses
Netherlands			970	1,164,513	44,368	15,486
	LeasePlan Corporation N.V.	Holding /Treasury/Retail banking				
	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				
	Terberg Leasing B.V.[1]	Leasing				
United Kingdom	LeasePlan UK Limited	Leasing	556	1,017,353	65,181	12,841
Italy			517	740,650	58,438	26,570
	LeasePlan Italia S.p.A.	Leasing				
	Overlease S.r.L.[1]	Leasing				
France			438	613,028	49,031	20,830
	LeasePlan France S.A.S.	Leasing				
	Please S.C.S.[1]	Leasing				
Spain	LeasePlan Servicios S.A.	Leasing	456	551,885	56,575	16,452
Germany	LeasePlan Deutschland GmbH	Leasing	353	579,581	42,831	16,256
Australia	LeasePlan Australia Limited	Leasing	357	350,969	11,402	3,505
Belgium	LeasePlan Fleet Management N.V.	Leasing	232	424,943	54,872	15,457
Portugal	LeasePlan Portugal Comércio e Aluguer de Automóveis e Equipamentos Unipessoal Lda.	Leasing	370	407,800	18,927	3,278
Norway	LeasePlan Norge A/S	Leasing	114	279,415	14,132	1,493
United States	LeasePlan USA, Inc.	Leasing	541	394,692	26,177	9,733
Sweden	LeasePlan Sverige AB	Leasing	104	196,366	7,680	1,713
Finland	LeasePlan Finland Oy	Leasing	76	186,458	15,212	3,227
Austria			147	167,408	10,210	1,848
	LeasePlan Österreich Fuhrparkmanagement GmbH	Leasing				
	Flottenmanagement GmbH[1]	Leasing				
Switzerland			131	138,915	16,522	994
	LeasePlan Supply Services AG	Procurement				
	LeasePlan (Schweiz) AG	Leasing				
Denmark	LeasePlan Danmark A/S	Leasing	80	124,540	15,410	2,381
Poland	LeasePlan Fleet Management (Polská) Sp. z.o.o.	Leasing	123	120,465	10,922	2,417
Czech Republic	LeasePlan Česká republika s.r.o.	Leasing	121	102,145	11,789	2,382
New Zealand	LeasePlan New Zealand Limited	Leasing	93	75,081	5,697	1,611
Ireland			295	99,321	36,533	4,965
	Euro Insurances Limited	Motor Insurance				
	LeasePlan Information Services Limited	Information services				
	LeasePlan Fleet Management Services (Ireland) Limited	Leasing				
Luxembourg	LeasePlan Luxembourg S.A.	Leasing	70	71,699	4,009	-6,511
Greece	LeasePlan Hellas S.A.	Leasing	85	69,774	10,617	3,507
Brazil	LeasePlan Brasil Ltda.	Leasing	83	57,691	5,966	3,369
Hungary	LeasePlan Hungária Gépjárműpark Kezelö és Finanszírozó Zártkörű Részvénytársaság	Leasing	74	49,522	2,017	352
Romania	LeasePlan Romania SRL	Leasing	70	44,173	5,909	1,176
Slovakia	LeasePlan Slovakia s.r.o.	Leasing	40	38,184	3,371	721
India	LeasePlan India Private Limited	Leasing	89	33,993	-2,346	-797
Mexico	LeasePlan México S.A. de C.V.	Leasing	127	43,407	-8,980	-3,168
Russia	LeasePlan Rus LLC	Leasing	24	3,418	-2,270	-238
Turkey	LeasePlan Otomotiv Servis ve Ticaret A.Ş	Leasing	94	150,257	14,674	3,610
United Arab Emirates	LeasePlan Emirates Fleet Management - LeasePlan Emirates LLC [1]	Leasing			3,059	
Total as at 31 December 2015			**6,830**	**8,297,646**	**607,935**	**165,460**

[1] Associates and jointly controlled entities that are accounted for using the equity method.

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, 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.

There were no changes made in the segmentation during 2015.

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 this 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	**Leasing activities**									
In millions of euros	**Mature**		**Developing**		**Emerging**		**Group activities**		**Total**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Volume										
Total assets	15,044	13,706	2,907	2,688	1,244	738	2,220	2,524	**21,415**	**19,656**
Total equity and liabilities	6,499	6,450	1,576	1,551	592	394	12,748	11,261	**21,415**	**19,656**
Profitability										
Revenues	6,475	6,127	1,261	1,177	490	300	72	15	**8,298**	**7,619**
Cost of revenues	5,644	5,390	1,083	1,021	430	258	74	26	**7,231**	**6,695**
Gross profit	**831**	**737**	**178**	**156**	**60**	**42**	**- 2**	**- 11**	**1,067**	**924**
Net finance income	**258**	**233**	**47**	**45**	**23**	**17**	**112**	**89**	**440**	**384**
Total operating and net finance income	**1,089**	**970**	**225**	**201**	**83**	**59**	**110**	**78**	**1,507**	**1,308**
Staff expenses	367	333	79	70	30	22	82	74	**558**	**499**
General and administrative expenses	251	233	53	45	29	19	- 42	- 34	**291**	**263**
Depreciation and amortisation	39	43	6	6	2	2	9	3	**56**	**54**
Total operating expenses	**657**	**609**	**138**	**121**	**61**	**43**	**49**	**43**	**905**	**816**
Share of profit investments accounted for using equity method	2	- 2	-	-	4	7	-	2	**6**	**7**
Profit before tax	**434**	**359**	**87**	**80**	**26**	**23**	**61**	**37**	**608**	**499**
Income tax expenses	132	109	17	17	4	4	13	- 3	**166**	**127**
Profit for the year	**302**	**250**	**70**	**63**	**22**	**19**	**48**	**40**	**442**	**372**
Net finance income details										
Net interest income	278	251	48	46	26	18	98	101	**450**	**416**
Impairment charges	39	44	2	2	4	2	-	-	**45**	**48**
Reversal of impairment	- 19	- 26	- 1	- 1	- 1	- 1	- 1	-	**- 22**	**- 28**
Net interest income after impairment charges	**258**	**233**	**47**	**45**	**23**	**17**	**99**	**101**	**427**	**396**
Unrealised gains/(losses) on financial instruments	-	-	-	-	-	-	13	- 12	**13**	**- 12**
Other financial gains/(losses)	-	-	-	-	-	-	-	-	**-**	**-**
Net finance income	**258**	**233**	**47**	**45**	**23**	**17**	**112**	**89**	**440**	**384**

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 and in the United Kingdom. The Netherlands is also the domicile country of the Group. Key figures for the Netherlands are: Revenues EUR 1,007 million (2014: EUR 959 million) and Lease contracts EUR 2.0 billion (2014: EUR 1.9 billion). Key figures for the United Kingdom are: Revenues EUR 1,017 million (2014: EUR 934 million) and Lease contracts EUR 2.5 billion (2014: EUR 2.0 billion).

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

The geographical information is presented in the following table:

In millions of euros	Revenues		Assets		Equity and liabilities	
	2015	2014	2015	2014	2015	2014
Europe (euro)	5,311	4,826	12,991	12,498	18,330	16,570
Europe (non-euro)	2,031	1,904	5,522	4,536	2,027	2,040
Rest of the world	956	889	2,902	2,622	1,058	1,046
Total	**8,298**	**7,619**	**21,415**	**19,656**	**21,415**	**19,656**

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

	2015	2014
Depreciation	3,001,086	2,838,863
Lease services	951,462	919,833
Damage risk retention	563,796	548,220
Rental	186,925	180,252
Management fees	210,994	202,237
Results of vehicles sold (results terminated contracts)	2,948,481	2,557,552
Other	434,902	372,414
Total	**8,297,646**	**7,619,371**

Damage risk retention includes EUR 86.6 million (2014: EUR 79.7 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 2015 the caption 'Other' also includes bargain purchase gains of EUR 7.4 million arising from two acquisitions of the remaining share capital of LPD Holding AŞ (Turkey) and Excelease S.A. (Belgium). Reference is made to note 24.

(ii) Cost of revenues

	2015	2014
Depreciation	2,958,464	2,795,576
Lease services	790,046	767,800
Damage risk retention	379,395	373,879
Rental	168,512	165,138
Results of vehicles sold (results terminated contracts)	2,619,763	2,311,216
Other	314,876	281,597
Total	**7,231,056**	**6,695,206**

The caption 'Other' includes a charge of EUR 8.5 million in 2014 in relation to the Resolution Levy imposed by the State of the Netherlands where in 2015 this is not applicable.

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 2015 this did not result in additional depreciation charges (2014: nil). Reference is made to note 17 and the financial risk section (Asset risk).

(iii) Gross profit

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

	2015	2014
Depreciation	42,622	43,287
Lease services	161,416	152,033
Damage risk retention	184,401	174,341
Rental	18,413	15,114
Management fees	210,994	202,237
Result of vehicles sold (results terminated contracts)	328,718	246,336
Other	120,026	90,817
Total	**1,066,590**	**924,165**

The results of vehicles sold increased by EUR 82.4 million. This positive development is mainly caused by improved prices on the second hand car markets.

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 4.1 million (2014: EUR 12.6 million).

Note 5 - Interest expenses and similar charges

	2015	2014
Interest expense on debt securities issued	146,063	183,392
Interest expense on funds entrusted	89,692	88,373
Interest on borrowings with financial institutions	94,280	105,962
Total	**330,035**	**377,727**

Note 6 - Impairment charges on loans and receivables

The net impairment charges can be detailed as follows:

	Note	2015	2014
Trade receivables			
Impairment		44,410	47,962
Reversal of impairment		- 21,298	- 28,253
	16	**23,112**	**19,709**
Other			
Reclaimable damages		66	199
Rebates and bonuses		67	235
Total		**23,245**	**20,143**

Note 7 - Staff expenses

	2015	2014
Wages and salaries	421,512	373,894
Social security charges	62,631	57,744
Defined contribution pension costs	22,647	22,529
Defined benefit post-employment costs	4,285	4,106
Other staff costs	46,911	40,289
Total	**557,986**	**498,562**

The average number of staff (FTEs) employed (including temporary staff) by the Group during the year was 6,830 (2014: 6,408), of whom 970 (2014: 933) were employed in the Netherlands. At year-end the nominal number of staff employed by the Group was 7,275 (2014: 6,838).

The breakdown of post-employment costs is as follows:

	Note	2015	2014
Current service costs	32 (ii)	3,781	3,425
Interest expense/(income)	32 (ii)	603	780
Curtailments and settlements	32 (ii)	- 99	- 99
Defined benefit post-employment costs		**4,285**	**4,106**
Defined contribution pension costs		22,647	22,529
Total post-employment costs		**26,932**	**26,635**

Note 8 - General and administrative expenses

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

Note 9 - Depreciation and amortisation

	Note	2015	2014
Depreciation other property and equipment	18	24,507	25,403
Amortisation intangible fixed assets	21	31,671	28,547
Total		**56,178**	**53,950**

Note 10 - Income tax expenses

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

	Note	2015	2014
Current tax			
Current tax on profits for the year		134,147	108,689
Adjustments in respect of prior years		2,549	- 6,981
Total current tax		**136,696**	**101,708**
Deferred tax			
Origination and reversal of temporary differences		32,336	31,375
Changes in tax rates		- 2,539	12,594
Adjustments in respect of prior years		- 1,033	- 18,599
Total deferred tax	22	**28,764**	**25,370**
Total		**165,460**	**127,078**

The deferred tax adjustments in respect of prior years mainly include: (i) valuation allowances on deferred tax assets in relation to tax losses and tax credits resulting in a tax charge of EUR 6.6 million (2014: release of EUR 8.3 million), (ii) a tax charge of EUR 3.8 million for anticipated adjustments of prior years' tax returns (2014: release of EUR 2.9 million) and (iii) a tax credit of EUR 11.4 million mainly due to adjustments in respect of prior years (2014: additional tax credits granted of EUR 5.9 million).

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

Effective tax rate reconciliation

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic nominal tax rate of the domicile country (25.0%) of the parent and is as follows:

		2015		2014
Profit before tax		**607,935**		**499,049**
Tax calculated at domicile country nominal tax rate	25.0%	151,984	25.0%	124,762
Effect of different tax rates in foreign countries		12,199		8,137
Weighted average taxation	**27.0%**	**164,183**	**26.6%**	**132,899**
Income not subject to tax		- 4,557		- 2,852
Expenses not deductible for tax purposes		6,857		10,017
Changes in tax rates		- 2,539		12,594
Adjustments in respect to prior years				
Current tax		2,549		- 6,981
Deferred tax		- 1,033		- 18,599
Total effective taxation	**27.2%**	**165,460**	**25.5%**	**127,078**

The weighted average of the local tax rates applicable to the Group for 2015 is 27.0% (2014: 26.6%) which is higher than the domicile country nominal tax rate of 25.0% predominantly as a result of the fact that the Group realises on average, relatively more profits in jurisdictions with a tax rate higher than 25.0%.

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

			2015			2014
	Before tax	**Tax (charge) / credit**	**After tax**	**Before tax**	**Tax (charge) / credit**	**After tax**
Cash flow hedges	- 714	178	- 536	11,192	- 2,798	8,394
Post-employment benefit reserve	- 218	162	- 56	- 5,524	1,840	- 3,684
Exchange rate differences	16,655	-	16,655	24,794	-	24,794
Share of other comprehensive income of investments	-	-	-	- 104	-	- 104
Total	**15,723**	**340**	**16,063**	**30,358**	**- 958**	**29,400**

Note 11 - Cash and balances at banks

	Note	2015	2014
Cash and balances at central banks		1,605,437	957,951
Call money, cash at banks included in Receivables from financial institutions	12	113,083	79,375
Call money and bank overdrafts included in Borrowings from financial institutions	29	- 135,147	- 117,638
Balance as at 31 December for the purposes of the statement of cash flows		**1,583,373**	**919,688**

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 46.7 million (2014: EUR 47.1 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 -0.3% (2014: -0.2%).

Note 12 - 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	2015	2014
Amounts receivable from banks		216,953	971,626
Call money, cash at banks	11	113,083	79,375
Cash collateral deposited for securitisation transactions		15,794	130,937
Cash collateral deposited for derivative financial instruments		19,606	38,230
Other cash collateral deposited		3,494	2,661
Balance as at 31 December		**368,930**	**1,222,829**

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% (2014: 0.0%).

The maturity analysis is as follows:

	2015	2014
Three months or less	333,109	1,048,944
Longer than three months, less than a year	10,664	23
Longer than a year, less than five years	24,934	173,858
Longer than five years	223	4
Balance as at 31 December	**368,930**	**1,222,829**

Note 13 - Derivative financial instruments

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

	2015			2014		
	Notional amounts	Fair value		Notional amounts	Fair value	
		Assets	Liabilities		Assets	Liabilities
Fair value hedge						
Interest rate swaps	4,057,309	80,456	15,953	3,271,599	94,599	14,690
Currency swaps	85,948	3,343	1,053	126,303	1,254	8,404
Cash flow hedge						
Interest rate swaps	1,805,000	-	12,178	1,845,000	-	14,396
Total derivatives in hedge	**5,948,257**	**83,799**	**29,184**	**5,242,902**	**95,853**	**37,490**
Interest rate swaps	12,196,989	13,022	38,939	10,917,026	15,255	52,352
Currency swaps/ currency forwards	4,111,929	69,264	20,256	3,662,425	71,915	40,442
Total derivatives not in hedge	**16,308,918**	**82,286**	**59,195**	**14,579,451**	**87,170**	**92,794**
Total	**22,257,175**	**166,085**	**88,379**	**19,822,353**	**183,023**	**130,284**

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:

	2015	2014
Fair value cash flow hedges - assets	-	-
Fair value cash flow hedges - liabilities	- 12,178	- 14,396
Less: accrued interest on cash flow hedges	2,244	5,156
Total net position cash flow hedges	**- 9,934**	**- 9,240**
Less: cumulative fair value gains/(losses) through income statement (hedge ineffectiveness)	- 1	20
Tax on cash flow hedges	2,484	2,305
Hedging reserve	**- 7,451**	**- 6,915**
Movement hedging reserve 2015	**- 536**	

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

	2015	2014
Derivatives not in hedges	13,468	- 14,019
Derivatives in fair value hedges	- 16,492	56,774
Derivatives in cash flow hedges (ineffectiveness)	21	- 49
	- 3,003	**42,706**
Financial liabilities used in fair value hedges	16,483	- 54,778
Unrealised gains/(losses) on financial instruments	**13,480**	**- 12,072**

A number of fixed rate bonds are included in fair value hedges whereby the bonds (the 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 the re-measurement of the fair value of the hedging instruments that is also recognised in the income statement.

Due to demand in the Debt Capital Markets, the bulk of our issuances are fixed rate in nature with the result that the majority of our economic hedges do not meet the requirements of hedge accounting under current IAS requirements, such that our hedges are deemed as not in hedge for said purposes. The impact of this is a degree of volatility in the income statement arising from the movements in fair values of our derivatives as borne out by the figure for derivatives not in hedge in 2015 when compared to 2014.

Note 14 - 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.

	2015	2014
Rebates and bonuses and commissions receivable	235,405	204,512
Prepaid lease related expenses	289,324	121,548
VAT and other taxes	118,339	48,521
Reclaimable damages	19,656	24,111
Other prepayments and accrued income	128,789	101,885
Interest to be received	165	99
Reinsurance assets	10,825	20,225
Other receivables	34,858	147,625
Balance as at 31 December	**837,361**	**668,526**

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

Note 15 - Inventories

	Note	2015	2014
Cars and trucks from terminated lease contracts	17	227,104	181,480
Valuation allowance		- 1,264	- 1,600
Carrying amount cars and trucks from terminated lease contracts		**225,840**	**179,880**
New cars and trucks in stock	17	35,485	25,434
Balance as at 31 December		**261,325**	**205,314**

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

Note 16 - Receivables from clients

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

	2015	2014
Amounts receivable under finance lease contracts	2,787,137	2,430,306
Trade receivables	522,375	521,820
Balance as at 31 December	**3,309,512**	**2,952,126**

The maturity analysis is as follows:

	2015	2014
Three months or less	704,191	689,569
Longer than three months, less than a year	387,175	369,268
Longer than a year, less than five years	2,137,148	1,816,933
Longer than five years	80,998	76,356
Balance as at 31 December	**3,309,512**	**2,952,126**

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 (Credit risk).

(i) Impairment allowance

The movement in impairment allowance on trade receivables is as follows:

	Note	2015	2014
Balance as at 1 January		**89,160**	**86,262**
Net impairment charges	6	23,112	19,709
Receivables written off during the year as uncollectable		- 20,687	- 16,924
Exchange rate differences		- 263	113
Reclassification to assets held-for-sale	23	- 411	-
Balance as at 31 December		**90,911**	**89,160**

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 84.9 million (2014: EUR 83.8 million), an incurred but not reported loss provision of EUR 6.0 million (2014: EUR 5.4 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.

	2015	2014
Not longer than a year	613,103	602,984
Longer than a year, less than five years	2,278,905	1,938,062
Longer than five years	90,149	84,333
	2,982,157	**2,625,379**
Unearned finance income on finance leases	195,020	195,073
Net investment in finance leases	**2,787,137**	**2,430,306**

Net investment in finance leases, with remaining maturities.

	2015	2014
Not longer than a year	568,991	537,017
Longer than a year, less than five years	2,137,148	1,816,933
Longer than five years	80,998	76,356
Balance as at 31 December	**2,787,137**	**2,430,306**

The accumulated allowance for uncollectable minimum lease payments receivable amount to EUR 4.3 million (2014: EUR 6.2 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 54.9 million (2014: EUR 135.5 million). For further details on the transactions reference is made to the financial risk section (Transfer of (financial) assets), note 17 of the consolidated financial statements and note 4 of the Company financial statements.

Note 17 - Property and equipment under operating lease and rental fleet

	Note	Operating lease	Rental fleet	Total
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 1 January 2014		**12,164,742**	**61,889**	**12,226,631**
Carrying amount as at 1 January 2014		**12,164,742**	**61,889**	**12,226,631**
Purchases		5,151,103	52,301	5,203,404
Transfer from inventories		18,064	-	18,064
Transfer to inventories	15	- 181,480	-	- 181,480
Disposals		- 1,828,944	- 33,020	- 1,861,964
Depreciation	3	- 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**
Purchases		6,398,022	77,686	6,475,708
Acquisition of subsidiary	24	305,327	-	305,327
Transfer from inventories	15	25,434	-	25,434
Transfer to inventories	15	- 227,104	-	- 227,104
Disposals		- 2,074,293	- 39,715	- 2,114,008
Depreciation	3	- 2,958,464	- 15,385	- 2,973,849
Exchange rate differences		88,764	- 67	88,697
Carrying amount as at 31 December 2015		**14,170,513**	**91,004**	**14,261,517**
Cost		19,673,152	106,389	19,779,541
Accumulated depreciation and impairment		- 5,502,639	- 15,385	- 5,518,024
Carrying amount as at 31 December 2015		**14,170,513**	**91,004**	**14,261,517**

The Group concluded a number of asset backed securitisation transactions under the names of Bumper 2 (2008/2011), Bumper 5 (2012), Bumper France (2013 extended to June 2016), 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 2.5 billion (2014: EUR 2.9 billion), which can be detailed as follows:

	2015	2014
Bumper 2*	-	308,985
Bumper 5*	-	217,136
Bumper France	807,446	798,224
Bumper DE	664,888	575,165
Bumper 6	681,107	703,506
Bumper NL	320,323	314,789
Total	**2,473,764**	**2,917,805**

* Unwound in 2015

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 2015 this did not result in additional depreciation charges (2014: nil). Reference is made to note 3 and the financial risk section (Asset risk).
In 2015 and 2014 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	
	2015	2014
Not longer than a year	2,695,229	2,602,664
Longer than a year, less than five years	5,191,709	4,631,316
Longer than five years	37,911	25,336
Total	**7,924,849**	**7,259,316**

Note 18 - Other property and equipment

	Note	Property	Equipment	Total
Cost		38,900	200,540	239,440
Accumulated depreciation and impairment		- 24,598	- 132,146	- 156,744
Carrying amount as at 1 January 2014		**14,302**	**68,394**	**82,696**
Carrying amount as at 1 January 2014		**14,302**	**68,394**	**82,696**
Purchases		1,641	36,420	38,061
Disposals		- 9	- 13,557	- 13,566
Depreciation	9	- 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**
Purchases		1,124	44,450	45,574
Acquisition of subsidiary	24	-	1,918	1,918
Disposals		- 289	- 15,346	- 15,635
Depreciation	9	- 1,342	- 23,165	- 24,507
Exchange rate differences		304	423	727
Reclassification to assets held-for-sale	23	-	- 292	- 292
Carrying amount as at 31 December 2015		**14,772**	**75,901**	**90,673**
Cost		42,170	230,984	273,154
Accumulated depreciation and impairment		- 27,398	- 155,083	- 182,481
Carrying amount as at 31 December 2015		**14,772**	**75,901**	**90,673**

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

Note 19 - 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:

	2015	2014
Loans deposited	110,650	297,455
Impairment	- 7,325	- 7,325
Carrying amount as at 31 December	**103,325**	**290,130**

	2015	2014
Three months or less	11,025	68,000
Longer than three months, less than a year	36,750	90,089
Longer than a year, less than five years	55,550	132,041
Balance as at 31 December	**103,325**	**290,130**

Note 20 - Investments accounted for using the equity method

Principal investments in the consolidated financial statements are:

	% of ownership interest		Country of incorporation	Activity	Measurement method
	2015	2014			
Associates					
Terberg Leasing B.V.	24.0%	24.0%	Netherlands	Leasing	Equity
Jointly controlled entities					
LeasePlan Emirates Fleet Management - LeasePlan Emirates LLC	49.0%	49.0%	United Arab Emirates	Leasing	Equity
LPD Holding A.Ş.	100.0%	51.0%	Turkey	Leasing	Equity
Excelease S.A.	100.0%	51.0%	Belgium	Leasing	Equity
Overlease S.r.L .	51.0%	51.0%	Italy	Leasing	Equity
Please S.C.S.	99.3%	99.3%	France	Leasing	Equity
Flottenmanagement GmbH	49.0%	49.0%	Austria	Leasing	Equity

All jointly controlled entities in the table are interests in joint ventures. In 2015, the remaining share capital of LPD Holding A.Ş. and Excelease S.A. has been acquired. Reference is made to note 24.

The equity method is applied in case the Group has joint control. In the situations where the Group has a majority shareholding in the companies listed above these companies still qualify as jointly controlled entities as the Group has contractually agreed to sharing of control whereby the strategic and operating decisions relating to the company require the unanimous consent of the parties sharing control. The accounting period of the principal investments accounted for using the equity method aligns with the accounting period of the Group.

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 amounts recognised in the balance sheet are as follows:

	2015	2014
Associates	10,911	10,715
Jointly controlled entities	13,300	46,349
Balance as at 31 December	**24,211**	**57,064**

The amounts recognised in the income statement are as follows:

	2015	2014
Associates	1,420	1,557
Jointly controlled entities	4,450	5,008
Balance as at 31 December	**5,870**	**6,565**

There are no material contingent liabilities of the investments accounted for using the equity method other than loan commitments (reference is made to note 33).

The summarised financial information below is not the entity's share but the actual amount included in the separate financial statements of the material interests in investments accounted for using the equity method.

			2015			2014
	Associates	Jointly controlled entities	Total	Associates	Jointly controlled entities	Total
Cash and cash equivalents	13	1,413	1,426	109	253	362
Other current assets	31,352	25,475	56,827	21,046	74,720	95,766
Total current assets	**31,365**	**26,888**	**58,253**	**21,155**	**74,973**	**96,128**
Total non-current assets	**333,431**	**223,676**	**557,107**	**304,394**	**508,891**	**813,285**
Current financial liabilities	12,710	14,031	26,741	7,563	25,128	32,691
Other current liabilities	41,754	37,285	79,039	26,210	63,059	89,269
Total current liabilities	**54,464**	**51,316**	**105,780**	**33,773**	**88,187**	**121,960**
Non-current financial liabilities	264,024	170,865	434,889	246,339	407,393	653,732
Other non-current liabilities	847	1,827	2,674	786	2,861	3,647
Total non-current liabilities	**264,871**	**172,692**	**437,563**	**247,125**	**410,254**	**657,379**
Net assets (100%)	**45,461**	**26,556**	**72,017**	**44,651**	**85,423**	**130,074**

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

			2015			2014
	Associates	Jointly controlled entities	Total	Associates	Jointly controlled entities	Total
Revenue	20,657	8,969	29,626	25,300	15,995	41,295
Depreciation and amortisation	834	312	1,146	1,068	816	1,884
Interest income	12,306	14,906	27,212	12,289	30,720	43,009
Interest expense	7,040	5,803	12,843	7,559	14,149	21,708
Profit before tax	**7,990**	**9,403**	**17,393**	**8,586**	**16,049**	**24,635**
Income tax expenses	2,074	223	2,297	2,097	1,627	3,724
Profit/loss for the year	**5,916**	**9,180**	**15,096**	**6,489**	**14,422**	**20,911**
Other comprehensive income	-	-	-	-	- 426	- 426
Total comprehensive income for the year	**5,916**	**9,180**	**15,096**	**6,489**	**13,996**	**20,485**
Dividends received	1,224	-	1,224	1,560	180	1,740

Reconciliation of summarised financial information is as follows:

			2015			2014
	Associates	**Jointly controlled entities**	**Total**	**Associates**	**Jointly controlled entities**	**Total**
Net assets (100%) as at 1 January	**44,651**	**85,423**	**130,074**	**44,662**	**75,924**	**120,586**
Transfer to subsidiaries	-	- 68,310	- 68,310	-	- 3,993	- 3,993
Profit/(loss) for the year	5,916	9,180	15,096	6,489	14,422	20,911
Other comprehensive income	-	-	-	-	- 426	- 426
Dividend paid	- 5,100	- 1,579	- 6,679	- 6,500	- 2,317	- 8,817
Exchange rate differences	-	1,842	1,842	-	1,591	1,591
Other equity changes	- 6	-	- 6	-	222	222
Net assets (100%) as at 31 December	**45,461**	**26,556**	**72,017**	**44,651**	**85,423**	**130,074**
Percentage of interest	24%	various		24%	various	
Interest in associates/ jointly controlled entities	10,911	13,300	24,211	10,715	41,266	51,981
Goodwill	-	-	-	-	5,083	5,083
Carrying value	**10,911**	**13,300**	**24,211**	**10,715**	**46,349**	**57,064**

Note 21 - Intangible assets

	Note	Internally generated software development costs	Software licences	Customer relationship	Customer contract	Goodwill	Total
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 1 January 2014		**39,722**	**9,151**	**7,660**	**8,615**	**98,604**	**163,752**
Carrying amount as at 1 January 2014		**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**
Purchases		16,536	6,748	-	-	-	23,284
Acquisition of subsidiary	24	-	1,115	3,659	13,104	-	17,878
Divestments		- 278	- 2,104	-	-	-	- 2,382
Amortisation	9	- 18,667	- 5,104	- 1,937	- 5,963	-	- 31,671
Exchange rate differences		1,822	97	-	-	-	1,919
Reclassification to assets held-for-sale	23	-	- 607	-	-	-	- 607
Carrying amount as at 31 December 2015		**44,634**	**7,954**	**7,242**	**12,833**	**98,604**	**171,267**
Cost		157,045	63,993	32,034	25,912	98,604	377,590
Accumulated amortisation and impairment		- 112,411	- 56,039	- 24,792	- 13,079	-	- 206,323
Carrying amount as at 31 December 2015		**44,634**	**7,954**	**7,242**	**12,833**	**98,604**	**171,267**

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 2015 the Group recognised EUR 0.8 million (2014: EUR 2.8 million) of research and development expenditure as an expense.

In 2015 and 2014 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 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	11.35%	14,413
LeasePlan Portugal	Europcar	2005	11.95%	14,799
LeasePlan France	DCS	2008	9.85%	10,313
LeasePlan Portugal	Multirent	2011	11.95%	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 2015 (2014: 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 2.5%).
There are no cash generating units with relatively little headroom between the carrying amount and the value in use.

Note 22 - Deferred tax assets and deferred tax liabilities

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

	Deferred tax assets		Deferred tax liabilities	
	2015	2014	2015	2014
Goodwill	9,315	11,412	-	-
Property and equipment under operating lease	22,912	21,580	318,516	321,799
Other property and equipment	6,419	6,300	7,349	7,347
Provisions	22,988	23,231	263	146
Deferred leasing income	65,887	61,251	1,717	8,162
Tax value of losses carried forward recognised	61,036	86,816	-	-
Tax credits and prepayments	7,115	5,971	-	-
Other receivables	20,308	63,769	7,410	3,395
Other payables	37,208	17,816	30,421	29,096
Tax assets/liabilities	**253,188**	**298,146**	**365,676**	**369,945**
Offset of deferred tax assets and liabilities	- 111,816	- 136,318	- 111,816	- 136,318
Balance as at 31 December	**141,372**	**161,828**	**253,860**	**233,627**
Net tax position			**112,488**	**71,799**
Movement net tax position 2015	**- 40,689**			

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

	Note	2015	2014
Balance as at 1 January		**- 71,799**	**- 42,760**
Acquisition of subsidiary	24	- 5,930	-
Income statement (charge)/credit	10	- 28,764	- 25,370
Tax (charge)/credit relating to components of other comprehensive income	10	340	- 958
Exchange rate differences		- 6,335	- 2,711
Balance as at 31 December		**- 112,488**	**- 71,799**

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

	Note	Deferred tax assets		Deferred tax liabilities	
		2015	2014	2015	2014
Goodwill		- 2,917	919	-	-
Property and equipment under operating lease		1,332	5,418	- 8,630	30,332
Other property and equipment		- 118	191	- 4,189	- 3,665
Provisions		- 498	4,329	118	92
Deferred leasing income		4,637	- 611	- 7,308	2,319
Tax value of losses carried forward recognised		- 26,247	- 28,478	- 1,589	- 458
Tax credits and prepayments		1,144	- 1,690	- 322	- 253
Other receivables		- 43,639	26,784	1,479	- 5,256
Other payables		17,706	821	1,325	9,942
Movement in deferred tax		**- 47,880**	**7,683**	**- 19,116**	**33,053**
Movement in deferred tax liabilities		19,116	- 33,053		
Income statement (charge)/credit	10	**- 28,764**	**- 25,370**		

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 52.0 million (2014: EUR 55.7 million) and has not recognised tax credits for an amount of

EUR 15.9 million (2014: EUR 10.1 million) as the Group considers it not probable that future taxable profits will be available to offset these tax losses and to settle tax credits with current tax liabilities (also taking into account expiry dates when applicable).

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

	2015	2014
Expire within a year	-	-
Expire after a year, less than five years	30,765	36,688
Expire after five years	84,365	70,974
No expiry date	91,696	188,058
Total	**206,826**	**295,720**
Tax value	61,036	86,816

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 0.5 million, if unfavourable; or
- decrease the income tax liability by EUR 0.4 million, if favourable.

Note 23 - Assets and liabilities classified as held-for-sale

Assets and liabilities held-for-sale include parts of the business expected to be sold within a year whose carrying amount will be recovered principally through a sale transaction rather than through continuing operations.

The assets and liabilities of a subsidiary in the mature operating segment have been presented as held for sale following the approval of the Group's Managing Board and Supervisory Board in November 2015 to sell this part of the business. This includes lease related services which the Group no longer considers part of its core activities and for which a sale is highly probable at the balance sheet date, but for which the transaction has not yet been concluded. The fair value of the assets and liabilities is higher than the carrying value of the subsidiary and therefore the assets of EUR 30.0 million (including intercompany assets of EUR 6.3 million) and liabilities of EUR 28.1 million have not be revalued.

This category also includes finance leases that the Group entered into in the United States with the aim to sell onward to debt investors for an amount of EUR 13.1 million (2014 EUR 9.4 million).

Note 24 - Effect of acquisitions

In 2015 the Group concluded two acquisitions of the remaining share capital of LPD Holding A.Ş (Turkey) and Excelease S.A. (Belgium). These former jointly controlled entities have been consolidated in the Group figures from the moment of acquiring the remaining shares.

The following table summarises the consideration paid, the fair value of assets acquired and liabilities assumed at acquisition date.

Consideration at:	**Note**	**LPD Holding A.Ş.**	**Excelease S.A.**	**Total**
Cash		30,625	5,500	36,125
Fair value of equity interest held before the acquisition		31,875	5,724	37,599
Total consideration		**62,500**	**11,224**	**73,724**
Acquisition related expenses (included in the general and administrative expenses in the consolidated income statement for the period ended 31 December 2015)		291	160	451
Recognised amounts of identifiable assets acquired and liabilities assumed				
Cash and balances at central banks		-	2	2
Receivables from clients		6,052	14,576	20,628
Receivables from financial institutions		290	404	694
Corporate income tax receivable		-	149	149
Inventories		17,864	907	18,771
Other receivables and prepayments		24,101	373	24,474
Property and equipment under operating lease and rental fleet	17	269,147	36,180	305,327
Other property and equipment	18	1,529	389	1,918
Purchased software (included in intangible assets)	21	1,115	-	1,115
Customer relationship (included in intangible assets)	21	3,659	-	3,659
Customer contract (included in intangible assets)	21	13,104	-	13,104
Corporate income tax payable		- 1,964	-	- 1,964
Deferred tax asset	22	-	605	605
Borrowings from financial institutions		- 237,330	- 33,882	- 271,212
Trade and other payables and deferred income		- 23,100	- 4,873	- 27,973
Damage risk retention provision		- 531	- 86	- 617
Provision for post employment benefits	32	-	- 782	- 782
Other provisions		- 232	- 50	- 282
Deferred tax liabilities	22	- 6,535	-	- 6,535
Total identifiable net assets		**67,169**	**13,912**	**81,081**
Bargain purchase gain		- 4,669	- 2,688	- 7,357
Total		**62,500**	**11,224**	**73,724**

LPD Holding A.Ş.

In November 2007 the Group acquired 51% of the share capital of LPD Holding A.Ş., the holding company of LeasePlan Turkey, for EUR 9.2 million. The remaining 49% of the share capital was acquired on 27 February 2015. From the moment control was obtained, the figures of LeasePlan Turkey were consolidated in the Group figures and also adding approximately 14,000 vehicles to the total lease portfolio of the Group.

The Group recognised a loss of EUR 1.1 million as a result of re-measuring its 51% equity interest in LeasePlan Turkey held before the acquisition to fair value. The loss is included in 2015 in *Share of profit of investments accounted for using the equity method*. As the fair value of assets acquired and liabilities assumed exceeded the total consideration paid, a bargain purchase gain of EUR 4.7 million has been included in the income statement.

The fair value of acquired receivables from clients amounts to EUR 6.1 million. The gross contractual amount for receivables from clients due is EUR 7.8 million of which EUR 1.7 million is deemed to be uncollectible. No contingent liabilities were recognised.

If the acquisition had been consolidated from 1 January 2015 the net result would have been EUR 493 thousand higher. The 51% of the January 2015 net result of LeasePlan Turkey is presented as *Share of profit of investments accounted for using the equity method*. The revenue included in the consolidated income statement 2015 contributed by LeasePlan Turkey was EUR 150.3 million. If LeasePlan Turkey had been consolidated as from 1 January 2015, the consolidated statement of income would show a revenue of EUR 163.1 million.

Excelease S.A.

On 12 November 2015 LeasePlan Belgium has acquired the remaining 49% of the shares of Excelease S.A. based in Brussels, Belgium. From the moment control was obtained, the figures of Excelease were consolidated in the LeasePlan Belgium figures and also adding approximately 3,000 vehicles to the total lease portfolio of the Group.

The Group recognised a gain of EUR 0.9 million as a result of re-measuring its 51% equity interest in Excelease S.A. held before the acquisition to fair value. The gain is included in 2015 in *Share of profit of investments accounted for using the equity method*. As the fair value of assets acquired and liabilities assumed exceeded the total consideration paid, a bargain purchase gain of EUR 2.7 million has been included in the income statement.

The fair value of receivables from clients of EUR 14.6 million includes acquired trades receivables amounting to EUR 3.0 million. The gross contractual amount for trade receivables is EUR 3.8 million of which EUR 0.8 million is deemed to be uncollectible. No contingent liabilities were recognised.

If the acquisition had been consolidated from 1 January 2015 the net result would have been EUR 94 thousand lower. The 51% of the October 2015 year-to-date net result of Excelease S.A. is presented as *Share of profit of investments accounted for using the equity method*. The revenue included in the consolidated income statement 2015 contributed by Excelease S.A. was EUR 0.9 million. If Excelease S.A. had been consolidated as from 1 January 2015, the consolidated statement of income would show a revenue of EUR 2.4 million.

Note 25 - Share capital and share premium

At 31 December 2015, the authorised capital amounted to EUR 250 million (2014: 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 includes the amount paid in excess of the nominal value of the share capital.

Note 26 - Other reserves

	Translation reserve	Post-employment benefit reserve	Hedging reserve	Other	Total
Balance as at 1 January 2014	**- 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**
Gains/(losses) arising during the year	16,655	- 218	- 714	-	15,723
Related income tax	-	162	178	-	340
Transfer to retained earnings	-	-	-	216	216
Balance as at 31 December 2015	**20,394**	**- 9,842**	**- 7,451**	**-**	**3,101**

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 2015 no translation differences related to discontinued operations were recycled to the income statement (2014: nil). The significant movement in 2015 and 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.

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 27 - Retained earnings

Dividend
In February 2015 a final dividend of EUR 230 million (EUR 0.92 cent per share) was paid relating to 2014, bringing the total dividend for the year to EUR 236 million (EUR 0.94 cent per share).

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

Note 28 - Trade and other payables and deferred income

	2015	2014
Trade payables	764,430	641,414
Deferred leasing income	580,111	598,222
Lease related accruals	501,113	341,038
Other accruals and other deferred amounts owed	197,234	257,598
Interest payable	90,653	112,468
Accrual for contract settlements	106,725	92,380
VAT and other taxes	15,005	18,854
Balance as at 31 December	**2,255,271**	**2,061,974**

The majority of the trade and other payables and deferred income, except for deferred leasing income, have 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.

Other accruals and other deferred amounts owed contain accruals for a number of different staff expenses, including for the variable remuneration. The accrual for variable remuneration contains also the liability for Phantom Share Units ('PSUs') measured at fair value, for an amount of EUR 3,891 thousand at the end of 2015 (EUR 2,844 thousand at the end of 2014).

The movements in the number of PSUs outstanding are as follows:

In number of PSUs	2015	2014
Outstanding as at 1 January	**55,123**	**43,306**
Granted	33,365	28,231
Settled during the year	16,938	16,414
Outstanding as per 31 December	**71,550**	**55,123**

The PSU related expenses recognised during 2015 amount to EUR 5,307 thousand. The intrinsic value of one vested PSU at the end of 2015 is EUR 54.38.

Note 29 - Borrowings from financial institutions

This item includes amounts owed to banks under government supervision.

The maturity analysis of these loans is as follows:

	Note	2015	2014
On demand	11	135,147	117,638
Three months or less		218,566	258,866
Longer than three months, less than a year		518,971	893,281
Longer than a year, less than five years		1,189,054	721,571
Longer than five years		11,380	-
Balance as at 31 December		**2,073,118**	**1,991,356**

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 1.0 billion (2014: EUR 1.2 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 June 2015 the Company renewed a committed revolving credit facility with a consortium of 12 banks (EUR 1.25 billion) maturing in December 2018. During 2015 and 2014 no amounts were drawn under this facility. In March 2015 the Company concluded a term loan of EUR 1.0 billion with two banks maturing in September 2017. As at 31 December 2015 EUR 250 million was drawn under this term loan. In addition to centrally arranged credit facilities at a Group level, the Group also has credit facilities in place at the level of some of its subsidiaries.

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 2015 the facility is fully drawn (as at 31 December 2014). For further details on the Bumper NL transaction reference is made to note 4 of the Company financial statements.

Note 30 - 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:

	2015	2014
Three months or less	3,013,292	2,491,409
Longer than three months, less than a year	1,167,209	1,225,931
Longer than a year, less than five years	906,300	661,104
Longer than five years	173	447
Balance as at 31 December	**5,086,974**	**4,378,891**

This caption includes savings deposits raised by LeasePlan Bank amounting to EUR 4.994 billion (2014: EUR 4.281 billion) of which 51.0% (2014: 60.1%) 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 banking licence in the Netherlands. As of September 2015 LeasePlan Bank is also operating on the German banking market with a cross border offering from Almere office.

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

	2015	2014
On demand	1.10%	1.60%
A year or less	1.60%	2.03%
Longer than a year, less than or equal to two years	2.05%	2.26%
Longer than two years	2.93%	3.50%

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 (2014: 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 31 - Debt securities issued

This item includes negotiable, interest bearing securities.

	2015	2014
Bonds and notes - originated from securitisation transactions	1,610,820	1,730,099
Bonds and notes - other	6,483,993	5,843,826
Bonds and notes - fair value adjustment on hedged risk	47,630	64,113
Balance as at 31 December	**8,142,443**	**7,638,038**

There is no pledge or 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 3.8 billion (2014: EUR 2.8 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:

	2015	2014
Bonds and notes	1.7%	2.2%
Average interest rate	**1.7%**	**2.2%**

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

	2015	2014
Three months or less	102,010	647,373
Longer than three months, less than a year	1,402,959	1,116,571
Longer than a year, less than five years	6,254,451	5,424,237
Longer than five years	383,023	449,857
Balance as at 31 December	**8,142,443**	**7,638,038**

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

	2015	2014
Bumper 2*	-	128,408
Bumper 5*	-	26,533
Bumper France	595,420	604,538
Bumper DE	499,817	435,718
Bumper 6	515,583	534,902
Total	**1,610,820**	**1,730,099**

* Fully redeemed and unwound in 2015

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

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 32 - Provisions

		2015	2014
Damage risk retention provision	(i)	300,744	289,621
Post-employment benefits	(ii)	33,947	32,264
Other provisions	(iii)	43,642	33,382
Balance as at 31 December		**378,333**	**355,267**

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

(i) Damage risk retention provision

	2015	2014
Provision for Third Party Liability (TPL)	109,966	130,483
Provision for damage claims	62,861	32,970
Incurred but not reported (IBNR)	127,917	126,168
Balance as at 31 December	**300,744**	**289,621**

The damage risk retention provision breaks down as follows:

			2015			2014
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Damages reported	172,827	- 6,800	166,027	163,453	- 10,193	153,260
Damages IBNR	127,917	- 4,024	123,893	126,168	- 10,032	116,136
Total damage risk provisions	**300,744**	**- 10,824**	**289,920**	**289,621**	**- 20,225**	**269,396**
Current	107,644	-	107,644	69,194	-	69,194
Non-current	193,100	- 10,824	182,276	220,427	- 20,225	200,202
Total damage risk provisions	**300,744**	**- 10,824**	**289,920**	**289,621**	**- 20,225**	**269,396**

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.

The total provision for TPL, excluding IBNR for the year prior to 2010 can be detailed as follows:

Accident year	**‹ 2010**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
At end of accident year	384,846	45,753	64,201	71,744	70,452	55,854	70,170	
One year later	378,693	37,305	53,396	68,425	84,761	72,490		
Two years later	370,238	31,679	50,267	73,010	65,319			
Three years later	357,602	29,276	38,111	57,495				
Four years later	351,073	28,617	33,268					
Five years later	339,817	27,077						
More than five years later	315,391							
Estimate of cumulative claims	315,391	27,077	33,268	57,495	65,319	72,490	70,170	
Cumulative payments to date	- 298,484	- 23,212	- 24,561	- 35,844	- 31,504	- 30,338	- 1,502	
Gross outstanding damage liabilities	**16,907**	**3,865**	**8,707**	**21,651**	**33,815**	**42,152**	**68,668**	**195,765**
Less: IBNR	2,891	1,209	3,258	3,170	18,431	17,478	39,362	85,799
Total provision for TPL, excluding IBNR	**14,016**	**2,656**	**5,449**	**18,481**	**15,384**	**24,674**	**29,306**	**109,966**

The total provision for TPL, excluding IBNR for the year prior to 2010 can be detailed as follows:

	Gross outstanding damage liabilities	**Less: IBNR**	**Total provision for TPL, excluding IBNR**
2009	4,110	1,026	3,084
2008	2,702	802	1,900
2007	696	500	196
2006	196	115	81
2005	770	70	700
2004	1,514	55	1,459
2003	664	46	618
‹ 2002	6,255	277	5,978
Total	**16,907**	**2,891**	**14,016**

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

	2015	2014
Not longer than a year	101,798	133,509
Between 1-2 years	25,449	26,702
Between 2-5 years	33,280	31,152
Longer than 5 years	35,238	31,151
Total	**195,765**	**222,514**

(ii) Provision for post-employment benefits

The provision for post-employment benefits comprises both defined benefit pension plans and other post-employment benefits. The Group operates a number of pension plans around the world. Most of these pension plans are defined contribution plans. In four countries, the Group has defined benefit pension plans, which for the majority are not open to new participants. The total number of participants in these pension plans is 414 (2014: 409). 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 1,272 (2014: 1,201).

The amounts recognised in the balance sheet are as follows:

	2015	2014
Present value of funded obligations	51,145	51,468
Fair value of plan assets	- 32,638	- 33,709
Deficit of funded plans	**18,507**	**17,759**
Present value of unfunded obligations	15,440	14,505
Total deficit of defined benefit pension plans as per 31 December	**33,947**	**32,264**

The impact of minimum funding requirement/asset ceiling is nil in 2015 (2014: 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 2014		**57,918**	**- 31,568**	**26,350**
Current service cost	7	3,425	-	3,425
Interest expense/(income)	7	1,626	- 846	780
Past service cost and (gains) and losses on settlements	7	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**
Balance as at 1 January 2015		**65,973**	**- 33,709**	**32,264**
Current service cost	7	3,781	-	3,781
Interest expense/(income)	7	1,133	- 530	603
Past service cost and (gains) and losses on settlements	7	16	- 115	- 99
		4,930	**- 645**	**4,285**
Remeasurements				
Return on plan assets, excluding amounts included in interest expense/(income)		- 8	277	269
(Gain)/loss from changes in demographic assumptions		149	-	149
(Gain)/loss from changes in financial assumptions		2,382	-	2,382
Experience (gains)/losses		- 1,573	- 47	- 1,620
		950	**230**	**1,180**
Exchange differences		1,603	- 1,265	338
Contributions				
Employers		-	- 2,602	- 2,602
Plan participants		334	- 350	- 16
Payments from plans				
Benefit payments		- 9,018	6,734	- 2,284
Acquired in a business combination	24	1,812	- 1,030	782
Balance as at 31 December 2015		**66,584**	**- 32,637**	**33,947**

In the course of 2015 the defined (benefit) pension plan in Norway was settled by means of a transfer of all obligations and plan assets to an insurance company. The balance sheet impact of this settlement is included in the table above.

Reference is made to note 7 for the details on the amounts recognised in the income statement in respect of the Group's post-employment defined benefit plans. Expected contributions to post-employment defined benefit plans are EUR 2.6 million for the year ending 31 December 2016.

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:

	2015	2014
Discount rate	2.4%	2.3%
Inflation	1.7%	1.4%
Salary growth rate	2.9%	2.5%
Pension growth rate	0.6%	0.1%

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:

	2015	2014
Male	20.1	21.5
Female	23.8	25.0

Plan assets are comprised as follows:

			2015			2014
	Quoted	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
Equities	101	-	101	85	-	85
Debt instruments	1,594	-	1,594	1,386	-	1,386
Property	63	-	63	53	-	53
Investment funds	11,969	18,910	30,879	14,375	17,810	32,185
Total	**13,727**	**18,910**	**32,637**	**15,899**	**17,810**	**33,709**

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	3,424	2,811	10,561	86,400	103,196

(iii) Other provisions

	Other long-term employee benefits	Termination benefits	Litigation	Miscel-laneous	Total
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**
Balance as at 1 January 2015	**12,259**	**3,424**	**11,339**	**6,360**	**33,382**
Charge/(credit) to the income statement					
Additional provisions	2,684	5,706	1,851	18,569	28,810
Unused amounts reversal	- 2,121	- 665	- 247	- 4,114	- 7,147
Usage during the year	- 1,421	- 3,337	-	- 6,835	- 11,593
Exchange rate differences	- 52	11	- 143	435	251
Reclassification to liabilities held-for-sale	- 61	-	-	-	- 61
Balance as at 31 December 2015	**11,288**	**5,139**	**12,800**	**14,415**	**43,642**
Usage within a year	8,140	586	4,075	3,163	15,964
Usage after a year	3,148	4,553	8,725	11,252	27,678

(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 33 - 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 1.9 billion (2014: EUR 1.6 billion) as at the balance sheet date. These commitments are entered into in the ordinary course of business and the majority is 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:

	2015	2014
Not longer than a year	32,012	32,546
Longer than a year, less than five years	79,395	82,939
Longer than five years	52,893	55,165
Total	**164,300**	**170,650**

For a number of clients, residual value guarantees have been given to a total of EUR 346 million (2014: EUR 308 million). Credit facilities have been concluded with investments accounted for using the equity method amounting to EUR 155 million (2014: EUR 395 million) of which EUR 111 million (2014: EUR 297 million) is drawn.

Note 34 - 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 their indirect shareholders are handled on normal market terms. No transactions occurred in 2015 and 2014.

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 respect of the widely-publicized vehicle emissions controversy affecting our ultimate 50% shareholder Volkswagen A.G., to date the Group has not seen any significant impact on the residual values of our vehicles or on the demand for certain types of our vehicles in the second-hand vehicle market. As this is a developing issue, the full scope of any impact on the residual values of our vehicles might not yet be fully apparent. Accordingly, we continue to monitor closely all developments with respect to this issue.

In March 2015 the Company renewed a EUR 1.25 billion credit facility from Volkswagen A.G. through its subsidiary Volkswagen International Luxemburg S.A. maturing December 2018. No amounts were drawn under this facility during 2015 and 2014. This facility is included in the overall funding framework as approved by the Supervisory Board on a quarterly basis.

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 111 million (2014: EUR 297 million) is provided as loans to investments accounted for using the equity method (reference is made to note 19). The interest income recognised by the Group on these funding transactions amounts to EUR 2.5 million (2014 EUR 10.3 million). Furthermore, the Group charged a service fee amounting to EUR 0.7 million (2014: EUR 1.0 million) to the investments accounted for using the equity method.

Transactions with Managing Board

Key management personnel is the Managing Board. In addition to their salaries, the Group 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 executive board of the Company.

The statutory board remuneration is as follows:

	2015	2014
Fixed remuneration	2,899	2,114
Other short-term employee benefits	2,209	651
Post-employment benefits	286	548
Other long-term employee benefits	1,653	747
Total	**7,047**	**4,060**

a) The increase in fixed remuneration compared to 2014 is mainly caused by:
   (i) a partial conversion of variable remuneration into fixed remuneration in light of the Dutch Act on Remuneration Policies for Financial Enterprises; and
   (ii) the fact that in 2014 one Managing Board member was only included on a pro rata basis.

b) The increase in other short-term employee benefits compared to 2014 is mainly caused by:
   (i) the fact that variable remuneration has been awarded over the entire year (compared to only part of the year in 2014 because of the applicability of the Bonus Prohibition Act) although this effect is partly mitigated by the fact that the variable remuneration opportunity reduced due to the partial conversion of variable remuneration into fixed remuneration;
   (ii) the fact that in 2014 one Managing Board member was only included on a pro rata basis;
   (iii) a significant part of the former employer pension premiums (in 2014 captured under post-employment benefits) is paid in the form of a pension allowance in cash as of 2015 (i.e. this also explains the significant decrease in post-employment benefits); and

(iv) the inclusion of expenses of a one-off incentive plan award in the 2015 other employee benefits (please refer to the Remuneration Report).

c) The increase in other long-term benefits is also mainly caused by (i), (ii) and (iv) as explained under b).

The Group has not granted any loans, guarantees or advances to members of the Managing Board. In both 2014 and 2015 there were no termination benefits.

For information on the remuneration policy of the Managing Board, please refer to the Remuneration Report.

Remuneration of the members of the Supervisory Board
The two independent members of the Supervisory Board receive compensation from LeasePlan for their tasks and responsibilities as a member of the Supervisory Board. The following table summarises the income components for these two members of the Supervisory Board members for 2015.

In euros	2015	2014
Ms Ada van der Veer - Vergeer	70,000	60,000
Dr Herta von Stiegel (appointed as per 25 March 2015)	52,500	-

During 2015, Ms Ada van der Veer received EUR 40,000 as a one-off additional compensation for extraordinary activities performed in 2014. This was decided upon in view of various activities, additional meetings and conference calls during calendar year 2014 for which involvement of the Supervisory Board was required.

Prior to her formal appointment in March 2015, Dr Herta von Stiegel already attended various Supervisory Board meetings and calls as a guest and rendered related activities in 2014 and in 2015. For these services in relation to calendar year 2014, she received a compensation of EUR 25,000 in 2015. For her services in the first quarter of 2015 prior to her formal appointment she received EUR 17,500.

Neither the Company nor any of its Group companies has granted any loans, guarantees or advances to the members of the Supervisory Board.

Note 35 - Contingent assets and liabilities

As at year-end 2015, 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 2.3 billion (2014: EUR 2.5 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.

In July 2015, the Italian competition authority AGCM started an investigation related to a possible infringement of the EU competition law by the biggest companies operating in the Italian rent car market, including LeasePlan Italy. At this stage, the investigation is ongoing and an assessment on the outcome is not yet possible. There can be no assurance that ultimately the outcome may not have a material adverse effect on LeasePlan’s results of operations or financial position.

Note 36 - Events occurring after balance sheet date

Ownership of the Company
On 23 July 2015 LeasePlan announced that its 100% shareholder Global Mobility Holding B.V. had reached an agreement with a consortium of long-term investors to acquire full ownership of LeasePlan. All necessary competition authority and financial regulatory approvals required under the agreement to close the acquisition were obtained by January 2016. At the time of publishing the annual report, we expect the transaction to close in the first quarter of 2016.

Company financial statements

Balance sheet of the company

for the year ended 31 December (before profit appropriation)

In thousands of euros	Note	2015	2014
Assets			
Cash and balances with central banks	2	1,605,407	957,918
Amounts due from banks	3	22,845	812,850
Financial assets held-to-maturity	4	214,286	682,243
Loans to subsidiaries	5	11,346,977	9,024,848
Loans to jointly controlled entities	6	102,800	288,355
Investments in subsidiaries	5	2,690,746	2,454,659
Investments in jointly controlled entities	6	11,297	39,555
Other assets	7	311,181	309,392
Intangible assets	8	13,673	709
Total assets		**16,319,212**	**14,570,529**
Equity			
Share capital		71,586	71,586
Share premium		506,398	506,398
Legal reserves		417,920	440,810
Other reserves		3,101	- 13,178
Retained earnings		1,629,984	1,465,339
Profit for the year		442,475	371,971
Shareholders' equity	9	**3,071,464**	**2,842,926**
Liabilities			
Amounts due to banks	10	319,336	94,986
Funds entrusted	11	4,997,075	4,284,094
Debt securities issued	12	6,339,501	5,699,776
Other liabilities	13	1,583,679	1,648,747
Provisions	14	8,157	-
Total liabilities		**13,247,748**	**11,727,603**
Total equity and liabilities		**16,319,212**	**14,570,529**

Income statement of the company

In thousands of euros	Note	2015	2014
Result from subsidiaries after taxation	5	421,401	374,289
Other results after taxation		21,074	- 2,318
Profit for the year		**442,475**	**371,971**

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 financial statements.

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 2015 and 2014 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.

If the valuation of a subsidiary, jointly controlled entity or associate, based on the net asset value is negative, it will be stated at nil. If and insofar as the group can be held fully or partially liable for the debts of the subsidiary, or has the firm intention of enabling the subsidiary to settle its debts, a provision is recognised for this.

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 46.7 million (2014: EUR 47.1 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:

	2015	2014
Call money and cash at banks	3,239	143
Cash collateral derivative financial instruments	19,606	37,730
Deposits with banks	-	774,977
Balance as at 31 December	**22,845**	**812,850**

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 and outstanding per December 31, 2015:

Programme	Originator	Special purpose company	Currency	Total transaction size
Bumper 2*	LeasePlan Deutschland GmbH	Bumper 2 S.A.	EUR	875,600
Bumper 5*	LeasePlan UK Ltd.	Bumper 5 Finance Plc	GBP	837,714
Bumper France	LeasePlan France S.A.S.	Bumper France FCT	EUR	799,215
Bumper DE	LeasePlan Deutschland GmbH	Bumper DE S.A.	EUR	714,286
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

* Fully redeemed and unwound in 2015

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 noteholders. The noteholders 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 12 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:

	2015	2014
Bumper 2 *	-	225,900
Bumper 5 *	-	269,214
Bumper DE	214,286	187,129
Total	**214,286**	**682,243**

* Fully redeemed and unwound in 2015

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 were divided into A-notes (EUR 602.4 million), B-notes (EUR 47.3 million) and C-notes (EUR 225.9 million) which were 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 were to take place were unchanged. During and after the restructuring process the Company successfully sold the A-notes and B-notes to external investors, the C-notes were held by the Company. The interest payable on the notes on a monthly basis was equal to one-month Euribor plus a mark-up. The C-notes were subordinated to the B-notes and the B-notes were subordinated to the A-notes.

In July 2015, the A-notes and B-notes were completely redeemed. Thereafter, the Bumper 2 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 was retained by the originator (except for vehicles under an Employee Car Ownership Scheme).

The notes issued under this securitisation transaction had 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 were 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 were 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 were held by the Company. The interest payable on the notes on a monthly basis was 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 were subordinated to the B-notes and the B-notes were subordinated to the A-notes.

In March 2015, the A-notes and the B-notes were completely redeemed. Thereafter, the Bumper 5 transaction was unwound.

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 one year and in 2015 was extended until June 2016. 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 733.1 million), and B-notes (EUR 231.8 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 subordinated to the A-notes. Bumper France FCT is included in the consolidated financial statements of the Company.

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 2015 future discounted cash flows amounting to EUR 714.3 million were transferred from LeasePlan Deutschland GmbH (the “originator”) to Bumper DE S.A., a special purpose limited liability company incorporated under the laws of Luxembourg. 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 the full amount was drawn in August 2015. The revolving period, keeping the financing volume stable, lasts until April 2016.

Bumper DE S.A. issued A-notes for an amount of EUR 500.0 million which were bought by one bank and B-notes for an amount of EUR 214.3 million, which were bought by the Company. Bumper DE S.A. 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.

The debt securities issued in November 2014 are divided into A-notes (EUR 501 million), 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 A-notes. The B-notes are rated AAA (S&P), Aa1 (Moody's), and AA high (DBRS).

The A-notes and 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 B-notes are subordinated to the A-notes. The subordinated loan provided by the Company to Bumper 6 (NL) Finance B.V. is subordinated to the A-notes and the B-notes. Bumper 6 (NL) Finance B.V. is included in the consolidated financial statements of the Company.

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 249.8 million and was fully drawn since 31 December 2014. The revolving period, keeping the financing volume stable, lasts until December 2016. 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:

	2015	2014
Balance as at 1 January	**2,454,659**	**2,211,999**
Purchase and increase	115,525	121,000
Reclassifications	12,556	-
Equity deductions	- 329,631	- 273,975
Result of the year	421,401	374,289
Direct changes in equity	- 25	- 3,029
Exchange rate differences	16,261	24,375
Balance as at 31 December	**2,690,746**	**2,454,659**

Reclassifications relate to the negative net asset value of subsidiaries based on Group accounting standards. The direct changes in equity relate to fair value changes in cash flow hedges.

The maturity analysis on the loans is as follows;

	2015	2014
Three months or less	1,872,454	1,609,981
Longer than three months, less than a year	3,113,665	2,607,982
Longer than a year, less than five years	6,359,223	4,763,421
Longer than five years	1,635	43,464
Balance as at 31 December	**11,346,977**	**9,024,848**

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:

	Note	2015	2014
Balance as at 1 January		**39,555**	**32,099**
Transfer of equity interest to subsidiaries	24	- 32,929	-
Share of results		3,573	6,962
Exchange rate differences		1,098	494
Balance as at 31 December		**11,297**	**39,555**

In February 2015 the Company acquired the remaining 49% of the share capital of LPD Holding A.Ş, the holding company of LeasePlan Turkey. From the moment control was obtained, the figures of LeasePlan Turkey were consolidated in the Group figures. Reference is made to note 20 of the consolidated financial statements.

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:

	2015	2014
Three months or less	10,500	68,000
Longer than three months, less than a year	36,750	88,314
Longer than a year, less than five years	55,550	132,041
Balance as at 31 December	**102,800**	**288,355**

The company has entered into loan commitments of EUR 141 million (2014: EUR 371 million) of which EUR 103 million has been drawn at year-end 2015 (2014: EUR 288 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.

The other assets are carried at fair value and are made up as follows:

	2015	2014
Derivative financial instruments	158,936	175,973
Tax receivables	8,372	8,195
Other	143,873	125,224
Balance as at 31 December	**311,181**	**309,392**

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

			2015			2014
	Notional amounts	**Fair value**		**Notional amounts**	**Fair value**	
		Assets	**Liabilities**		**Assets**	**Liabilities**
Fair value hedge						
Interest rate swaps	4,032,309	78,002	15,953	3,232,099	90,927	14,689
Currency swaps	85,948	3,343	1,053	126,303	1,254	8,404
Cash flow hedge						
Interest rate swaps	1,805,000	-	12,178	1,845,000	-	14,396
Total derivatives in hedge	**5,923,257**	**81,345**	**29,184**	**5,203,402**	**92,181**	**37,489**
Interest rate swaps	15,364,293	32,085	74,140	15,030,184	46,857	92,099
Currency swaps/ currency forwards	3,544,514	45,506	20,256	3,096,411	36,935	40,440
Total derivatives not in hedge	**18,908,807**	**77,591**	**94,396**	**18,126,595**	**83,792**	**132,539**
Total	**24,832,064**	**158,936**	**123,580**	**23,329,997**	**175,973**	**170,028**

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:

	2015	2014
Derivatives not in hedges	1,239	- 31,354
Derivatives in fair value hedges	- 15,295	56,932
Derivatives in cash flow hedges (ineffectiveness)	20	- 48
	- 14,036	**25,530**
Financial liabilities used in fair value hedges	15,293	- 54,730
Unrealised gains/(losses) on financial instruments	**1,257**	**- 29,200**

Note 8 - Intangible assets

	Software licences	Customer relationship	Customer contract	Total
Cost	3,510	-	-	3,510
Accumulated amortisation and impairment	- 2,536	-	-	- 2,536
Carrying amount as at 1 January 2014	**974**	**-**	**-**	**974**
Carrying amount as at 1 January 2014	**974**	**-**	**-**	**974**
Purchases	157	-	-	157
Amortisation	- 422	-	-	- 422
Carrying amount as at 31 December 2014	**709**	**-**	**-**	**709**
Cost	3,667	-	-	3,667
Accumulated amortisation and impairment	- 2,958	-	-	- 2,958
Carrying amount as at 31 December 2014	**709**	**-**	**-**	**709**
Purchases	721	-	-	721
Acquisition of subsidiary	-	3,659	13,104	16,763
Amortisation	- 533	- 366	- 3,621	- 4,520
Carrying amount as at 31 December 2015	**897**	**3,293**	**9,483**	**13,673**
Cost	4,388	3,659	13,104	21,151
Accumulated amortisation and impairment	- 3,491	- 366	- 3,621	- 7,478
Carrying amount as at 31 December 2015	**897**	**3,293**	**9,483**	**13,673**

The purchased software relates to a banking system for LeasePlan Bank. The increases in customer relationship and customer contracts relate to the acquisition of LPD Holding A.Ş. (Turkey). Reference is made to note 24 of the consolidated financial statements.

Note 9 - Shareholders' equity

Share capital

As at 31 December 2015, the authorised capital amounted to EUR 250 million (2014: 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 2015 and 2014.

The movement in shareholders' equity is as follows:

	Share capital	Share premium	Reserves			Profit for the year	Share-holders' equity
			Legal reserves	Other reserves	Retained earnings		
Balance as at 1 January 2014	**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**
Profit for the year						442,475	442,475
Other comprehensive income				16,279	- 216		16,063
Total comprehensive income	**-**	**-**	**-**	**16,279**	**- 216**	**442,475**	**458,538**
Transfer from/to			- 22,890		22,890		-
Appropriation of result					371,971	- 371,971	-
Dividend					- 230,000		- 230,000
Balance as at 31 December 2015	**71,586**	**506,398**	**417,920**	**3,101**	**1,629,984**	**442,475**	**3,071,464**

The share premium reserve includes the amount paid in excess of the nominal value of the share capital.

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 (2014: 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:

	2015	2014
Three months or less	8,872	57,328
Longer than three months, less than a year	9,852	31,658
Longer than a year, less than five years	289,232	6,000
Longer than five years	11,380	-
Balance as at 31 December	**319,336**	**94,986**

Amounts due to banks include no outstanding balance (2014: EUR 1.6 million) which is non-euro currency denominated as at 31 December. In March 2015 the Company concluded a term loan of EUR 1.0 billion with two banks maturing in September 2017. As at 31 December 2015 EUR 250 million was drawn under this term loan.

Note 11 - Funds entrusted
The maturity analysis of funds entrusted is as follows:

	2015	2014
Three months or less	3,003,439	2,481,555
Longer than three months, less than a year	1,146,671	1,201,451
Longer than a year, less than five years	846,965	601,088
Balance as at 31 December	**4,997,075**	**4,284,094**

This caption mainly includes savings deposits raised by LeasePlan Bank amounting to EUR 4.994 billion (2014: EUR 4.281 billion) of which 51.0% (2014: 60.1%) 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 banking licence in the Netherlands. As of September 2015 LeasePlan Bank is also operating on the German banking market with a cross border offering from Almere office.

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

	2015	2014
On demand	1.10%	1.60%
A year or less	1.60%	2.03%
Longer than a year, less than or equal to two years	2.05%	2.26%
Longer than two years	2.93%	3.50%

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 (2014: EUR 1.6 million) which is non-euro currency denominated as at 31 December. The remainder of the funds entrusted is denominated in euro.

Note 12 - Debt securities issued
This caption includes negotiable, interest-bearing securities.

	2015	2014
Bonds and notes	6,293,359	5,638,341
Bonds and notes - fair value adjustment on hedged risk	46,142	61,435
Balance as at 31 December	**6,339,501**	**5,699,776**

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

	2015	2014
Bonds and notes	1.9%	2.5%
Average interest rate	**1.9%**	**2.5%**

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

	2015	2014
Three months or less	49,992	565,480
Longer than three months, less than a year	796,825	755,910
Longer than a year, less than five years	5,109,661	3,928,529
Longer than five years	383,023	449,857
Balance as at 31 December	**6,339,501**	**5,699,776**

The debt securities include an outstanding balance of EUR 3.1 billion (2014: EUR 2.0 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

	2015	2014
Loans from Group companies	1,291,349	1,324,338
Amounts payable to Group companies	60,122	52,246
Derivative financial instruments	123,580	170,028
Other accruals and other deferred income	80,483	99,029
Corporate income tax payable	28,145	3,106
Balance as at 31 December	**1,583,679**	**1,648,747**

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:

	2015	2014
Three months or less	67,095	122,459
Longer than three months, less than a year	58,410	-
Longer than a year, less than five years	1,165,844	1,201,879
Balance as at 31 December	**1,291,349**	**1,324,338**

Note 14 - Provisions

The provision relates to subsidiaries with a negative net asset value based on Group accounting standards. Reference is made to note 5.

Note 15 - Staff

The Company does not directly employ any staff.

Note 16 - Managing Board remuneration

Key management personnel is the Managing Board. In addition to their salaries, the Group provides non-cash benefits to the Managing Board and contributes to post-employment defined contribution plans on their behalf.

The statutory board remuneration is as follows:

	2015	2014
Fixed remuneration	2,899	2,114
Other short-term employee benefits	2,209	651
Post-employment benefits	286	548
Other long-term employee benefits	1,653	747
Total	**7,047**	**4,060**

Detailed information on remuneration of the Managing Board and the members of the Supervisory Board is included in Note 34 Related parties to the consolidated financial statements.

For information on the remuneration policy of the Managing Board, please refer to the Remuneration Report.

Note 17 - Audit fees

The caption 'General and administrative expenses' (reference is made to note 8 of the consolidated financial statements) includes an amount of EUR 6.3 million (2014: EUR 5.5 million) of audit fees for services provided by PricewaterhouseCoopers Accountants N.V. and its network.

			2015	2014
	PwC Accountants N.V.	Other PwC network	Total PwC network	Total PwC network*
Audit services	1,476	4,200	5,676	4,660
Audit related services	251	37	288	208
Tax advice	-	270	270	131
Other (non-audit) services	-	33	33	466
Total services	**1,727**	**4,540**	**6,267**	**5,465**

* Expenses related to the quarterly reviews have been reclassified from audit related services to audit services

Note 18 - Commitments

Loan commitments have been concluded with investments accounted for using the equity method amounting to EUR 141 million (2014: EUR 371 million) of which EUR 103 million (2014: EUR 288 million) is drawn (reference is made to note 6).

Note 19 - 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 liabilities 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 2015 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 2.2 billion (2014: EUR 2.5 billion).

Almere, 7 March 2016

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
Herta von Stiegel
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%.

All holdings are in the ordinary share capital of the undertaking concerned and are unchanged from 2014, except for the acquisition of the 49% remaining share capital of LPD Holding A.Ș. Reference is made to note 24 of the consolidated financial statements. In addition, Globalines Reinsurance Limited was liquidated in 2015 and is therefore no longer part of the list below.

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 Kezelö 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 S.R.L., 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 Otomotive Servis ve Ticaret A.Ș. Turkey
LeasePlan UK Limited, United Kingdom
LeasePlan USA, Inc., USA

Euro Insurances Limited, Ireland
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

Special purpose companies with no shareholding by the Group are:
Bumper France FCT, France
Bumper DE S.A., Luxembourg
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%)
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**

Distribution of profit

Provisions of the articles of association on profit appropriation

Article 31

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 3 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 265.5 million for the year is proposed for the general meeting of shareholders on 7 March 2016. The remainder of the financial net profit amounting to EUR 177.0 million will be added to the general reserve (retained earnings).

Subsequent events

Ownership of the Company

On 23 July 2015 LeasePlan announced that its 100% shareholder Global Mobility Holding B.V. had reached an agreement with a consortium of long-term investors to acquire full ownership of LeasePlan. All necessary competition authority and financial regulatory approvals required under the agreement to close the acquisition were obtained by January 2016. At the time of publishing the annual report, we expect the transaction to close in the first quarter of 2016.

Independent auditor's report

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Independent auditor's report

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

Report on the financial statements 2015

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2015 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 accompanying company financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2015 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 accompanying financial statements 2015 of LeasePlan Corporation N.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of LeasePlan Corporation N.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2015;
- the following statements for 2015: 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 2015;
- 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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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 and context

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.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a Company engaged in fleet and vehicle management services, holding a banking license in The Netherlands and an insurance license in Ireland. We therefore included specialists in the areas of leasing, banking, insurance, financial instruments, IT, regulatory, valuation, tax and employee benefits in our teams.

Because of the importance of the IT environment for the audit of the financial statements our IT auditors assessed the IT environment. We addressed information technology general controls ('ÍTGCs') that are the policies and procedures used by the company to ensure information technology ('IT') operates as intended and provides reliable data for financial reporting purposes. 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.

Materiality

- Overall materiality: €20 million which represents 3.3% of profit before tax.

Audit scope

- Audit work for consolidation purposes is conducted for all countries where the Company operates.
- The group engagement team is also responsible for the audit of the leasing activities in the Netherlands and the banking activities.
- Given the importance of the treasury and insurance activities located in Ireland we visited local management and the component auditor.
- We also visited local management and the component auditors of the LeasePlan entities located in Germany and Turkey.
- Audit coverage: 98.8% of consolidated revenue, 99.9% of consolidated total assets and 99.6% of consolidated profit before tax.

Key audit matters

- Change of ownership
- Valuation of vehicles leased out under operating lease contracts
- Revenue recognition lease contracts
- Risk of management override of controls

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures 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	€20 million (2014: €16.5 million).
How we determined it	3.3% of profit before tax (2014: 3.3%)
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. Consistent with 2014 we therefore applied a percentage lower than the commonly used 5%. We consider this appropriate as the business activities and risks have not significantly changed.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components varies between €0.7 million and €9 million.

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We also take misstatements and/or possible misstatements into account that, in our judgement, 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 (2014: €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 financial information of this Group is included in the consolidated financial statements of LeasePlan Corporation N.V. The Company is managed on a decentralised basis with corporate functions located in the head office in Almere, the Netherlands, supporting the local operations. The Company has a banking license in the Netherlands and operates a retail savings bank, LeasePlan Bank, which is active in the Netherlands and Germany. 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 Central Bank.

We performed a full scope audit on significant components. Besides we performed, on request of the Supervisory Board, also full scope audits on non-significant components. Hence, a full scope audit for consolidation purposes is performed for all countries where the Company is active and as such we achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the consolidated financial line items:

Revenue	98.8%
Total assets	99.9%
Profit before tax	99.6%

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 the 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, amongst others, 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 2015 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; and

- the group engagement team visits management of local operations and component teams on a rotational basis. Members of the group engagement team visited Germany and Turkey 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, where central functions, such as financial reporting & controlling, tax department, risk management, strategic finance and group audit department are located. 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;
- purchase price allocation as a result of the acquisition of the shares in LPD Holding A.S. (holding company of LeasePlan Turkey) and Excelease S.A. in 2015;
- provision on cars in stock;
- valuation of deferred tax asset positions and provisions for tax exposures; and
- incurred but not reported credit risk provision.

We liaise with the group audit department which performs on a rotational basis 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.

We have performed review engagements on the condensed consolidated interim financial information for the quarterly reporting for the periods ended 31 March 2015, 30 June 2015 and 30 September 2015 and issued unqualified review reports dated 8 June 2015, 21 August 2015, 30 November 2015 respectively.

By performing the procedures above at components, combined with the 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 judgement, 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 or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

In deviation from prior year we have identified the envisaged change of ownership given the potential impact on the consolidated financial statements as a key audit matter. As the uncertainties surrounding the valuation of deferred income tax assets has decreased compared to previous year we have not longer marked this area as a key audit matter.

Key audit matter	*How our audit addressed the matter*
Change of ownership On 23 July 2015 the Company announced that its 100% shareholder Global Mobility Holding B.V. has reached an agreement with a consortium of long term investors to acquire full ownership of the Company. All necessary competition authority and financial regulatory approvals, required under the agreement to close the acquisition, were obtained by January 2016. Given the importance of the envisaged change in ownership of the Company in relation to its future strategy, activities, valuation of assets, liquidity and funding, we consider this a key audit matter. For more information on the Change of ownership reference is made to the report of the Managing Board, general note 1 and specific note 36 to the consolidated financial statements as well as the subsequent events disclosure in the Other information.	Our audit procedures included, amongst others, assessing and discussing with the Managing Board the impact of a potential change of ownership on the future activities of the Company. We assessed the consequences on the liquidity and funding of the Company to finance its operations and on the valuation of assets, such as deferred tax assets. We instructed the component auditors to assess the impact on the financial reporting on local level and communicate their findings, if any. We assessed the adequacy of the disclosure in the notes to the consolidated financial statements. Furthermore we examined if the report of the Managing Board included relevant and consistent information on this matter. We also examined the adequacy of the subsequent events disclosure as included in the Other Information.
Valuation of vehicles leased out under operating lease contracts The Company has recorded on the balance sheet €14.2 billion (2014: €12.6 billion) of vehicles leased out under operating lease contracts. These vehicles represent 66% of the group's total assets and are valued against cost less straight-line depreciation over the expected lease term and 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 must 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. A change in the estimated residual value results in a change of the prospective 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 their vehicles leased out under operating lease to the most recent market information via the so called 'fleet risk assessment'. The fleet risk assessment	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 profile 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 following detailed procedures were performed 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; • 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; • validation that all lease contracts recorded in the leasing operating system are included in the fleet risk assessment; • the duration of lease contracts and the residual value in the fleet risk assessment have been

Key audit matter	*How our audit addressed the matter*
requires a high degree of judgement and expertise and the applied assumptions (such as the estimated residual value), are highly sensitive to volatile macro-economic and local developments. In particular the widely-publicized Volkswagen emission controversy might impact the residual values. 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. 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. For more information on the Valuation of vehicles leased out under operating lease contracts reference is made to general note 2 (iii), general note 3 E,P,S and X, note D of the financial risk management paragraph, specific note 17 and specific note 34 to the consolidated financial statements.	reconciled to the leasing operating system for a selection of lease contracts; • the expected sales prices estimated in the fleet risk assessment have been compared to the actual sales prices of the last period for a selection of lease contracts and identified unusual or large differences have been analysed. In view of the widely-publicized Volkswagen emission controversy we have discussed and assessed the activities initiated by management to determine if there is any significant impact on the residual values of Volkswagen vehicles leased out under operating lease by the Company. Furthermore, we have assessed the adequacy of the disclosure in the specific note 34 to the consolidated financial statements in respect of this matter.
Revenue recognition lease contracts	
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 and insurance. The revenue and cost of revenue of these various elements need to be recognized and considered on a separate basis. 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 is complex and requires judgement. We have therefore addressed revenue recognition as a key audit matter. For more information on the Revenue recognition of the lease contracts reference is made to general note 2 (iii), general note 3 H and X and specific note 3 to the consolidated financial statements.	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 revenue from 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 performed substantive audit procedures on the year-end accruals (refunds to clients) of open calculation contracts. We tested management's controls surrounding 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.

Key audit matter	*How our audit addressed the matter*
Risk of management override of controls 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 and the Authority Financial Markets due to its banking license and its various funding programmes which implies that the Company has to comply with significant ethical and compliance requirements. These ethical and compliance requirements are rigorous, 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. In view of the considerations outlined above, we addressed the risk of management override of controls as a key audit matter.	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 Managing Board determines is necessary to enable the preparation of the 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 opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. 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.

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 Report of the Managing Board 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 the shareholders representing a total period of uninterrupted engagement appointment of 10 years. As from financial year 2016, the financial statements of LeasePlan Corporation N.V. will be audited by another audit firm.

Amsterdam, 7 March 2016
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. R. Dekkers RA pwc

Appendix to our auditor's report on the financial statements 2015 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 judgement 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 Managing Board.
- Concluding on the appropriateness of the Managing Board'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.

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. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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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It's easier to leaseplan