It's easier to leaseplan

Third quarter and 9M 2016 results

15 November 2016

LeasePlan builds solid foundation to support new strategic roadmap

Almere, the Netherlands, 15 November 2016 – LeasePlan Corporation N.V., a leading fleet management and driver mobility company, today publishes its results for the third quarter and the first nine months of 2016.

Highlights first nine months

- Net profit of EUR 395.2 million over the first nine months of 2016 represents an 11% increase year-on-year and includes positive one-time items of EUR 39 million (nine months 2015 one-time items: EUR 10 million positive) offset by an unrealised loss on derivative financial instruments of EUR 5 million net (nine months 2015: EUR 6 million net unrealised gain).
- Net profit excluding one-time items and unrealised gains/losses on derivatives grew by 6% year-on-year over the first nine months, helped by continuing strong margins on lease services and damage risk retention.
- Strong capital and liquidity position remains.
- LeasePlan's fleet grew from 1.55 million to 1.64 million vehicles at the end of the third quarter.
- SME and Private Lease remains the fastest growing segment with year-on-year growth in vehicles under management of 19%.
- New leadership appointments in September with CEO Tex Gunning and COO Marco van Kalleveen; focus on value creation supported by an integrated organisational structure.

Key numbers*

	9M 2016	9M 2015
Profitability		
Net profit (EUR million)	395.2	356.4
Return on equity	17.4%	16.6%
	30 September 2016	**31 December 2015**
Volume		
Total assets (EUR billion)	22.7	21.4
Number of vehicles (millions)	1.64	1.55
Number of staff (nominal)	7,453	7,275
Solvency		
Common equity tier 1 ratio	18.4%	17.0%

** Numbers have neither been audited nor reviewed, except for Net profit and Total assets.*

Tex Gunning, CEO of LeasePlan:

"I feel privileged to lead LeasePlan to its next stage of development. It's a great company with dedicated staff and a strong international track record of successfully serving an increasingly diverse client base for over 50 years. As our markets will become more dynamic, LeasePlan now embarks on the next phase of its development. In recent weeks we have identified ample opportunities to further unlock the potential of LeasePlan and deliver more value for both customers and investors. We have designed a new value creation model and have started to build a more integrated organisational structure. During the coming months we will undertake a strategic review and further shape our vision for the road ahead. We anticipate providing a more concrete and detailed view on our plans at the end of the first quarter of 2017."

Financial performance

Gross profit for the first nine months increased by 9% to EUR 868.6 million versus EUR 798.7 million for the same period a year earlier. When adjusting for one-time items in both 2015 and 2016, the gross profit increased by 6% year-on-year. This performance was supported by growth in the number of vehicles under management over the past 12 months and continuing strong margins on lease services. Margins on damage risk retention also continue to be strong, reflecting an increased focus on improving penetration of our fleet insurance services. Results of vehicles sold over the nine-month period is ahead of the comparable period last year, despite some softening in the third quarter.

Operating expenses increased by 3.5% to EUR 666 million in the nine month period as numerous investments for the future resulted in relatively higher expenses for group-related IT harmonisation, marketing and consultancy services in the period under review.

Net profit for the first nine months of 2016 amounted to EUR 395.2 million, reflecting an 11% year-on-year increase. In addition to the one-time item noted above, the business recognised unrealised losses on financial instruments of EUR 5 million (net), largely due to the weakening of the British pound sterling. In contrast, LeasePlan benefited from positive unrealised gains on derivative financial instruments of EUR 6 million (net) during the first nine months of 2015. Net profit excluding these one-time items and unrealised gains/losses on derivative instruments increased by 6% year-on-year.

The company's diversified funding strategy continued to develop effectively, with two public senior unsecured transactions completed in the first nine months of 2016 and an increase in LeasePlan Bank retail deposits in the Netherlands and Germany by EUR 468 million to EUR 5.5 billion. LeasePlan's capital and liquidity position remained healthy and LeasePlan's common equity tier 1 capital ratio increased to 18.4% at the end of September 2016.

Operational performance

In the first nine months of 2016, Lease Plan's fleet grew from 1.55 million to 1.64 million vehicles. The company also made further progress in differentiating its client base, with SME and Private Lease representing the fastest growing segment, achieving 19% year-on-year growth in vehicles under management.

LeasePlan also generated further fleet growth among its larger international clients, growing this segment of its fleet by 9.2% year-on-year to 450,000 vehicles under management. The Corporate segment showed a year-on-year growth of 6.3%.

LeasePlan Insurance has also performed well, with the insured fleet growing by 12.3% over the last twelve months as a result of increased marketing efforts and a more integrated commercial approach.

Outlook 2016

LeasePlan embarks on the next phase of its development. The new leadership team is in the process of designing a more integrated organisation structure to maximise the potential of the company. We are confident that this more integrated approach, coupled with a new value creation model, will deliver meaningful benefits for our customers and investors. We anticipate providing a more concrete and detailed view on our strategic roadmap at the end of the first quarter of 2017.

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About LeasePlan

LeasePlan is a global fleet management and driver mobility company of Dutch origin. Our full service offering consists of financing and operational fleet management services to meet the needs of a diverse client base. Established in 1963, we have grown to become the world's leading global fleet management and driver mobility company with more than 85% of our 7,400 strong workforce now operating outside the Netherlands. Our global franchise manages over 1.6 million multi-brand vehicles and provides global fleet management and driver mobility services in 32 countries. We have a proven track record in enhancing our presence in traditional mature fleet markets, as well as expanding into new markets and growing our business to market leading positions. We are able to capitalise on our global presence and international network by providing innovative products and high quality service to meet the needs of our clients globally. We aim to do this by using our expertise to make running a fleet easier for our clients. This is reflected in our universal promise to all our clients: "It's easier to leaseplan".

Disclaimer

Financial and other information in this document may contain certain forward-looking statements (all statements other than those made solely with respect to historical facts) based upon beliefs and data currently available to management. These statements are based on a variety of assumptions that may not be realised and are subject to significant business, economic, legal and competitive risks and uncertainties. Our actual operations, financial conditions, cash flows and operating results may differ materially from those expressed or implied by any such forward-looking statements and we undertake no obligation to update or revise them.

Financial review

Profitability

Summary income statement

in millions of euros	Q3 2016	Q3 2015	Delta	9M 2016	9M 2015	Delta
Depreciation	10.4	8.7	1.7	32.3	34.6	- 2.3
Lease services	40.4	34.1	6.3	131.1	110.9	20.2
Damage risk retention	53.7	48.4	5.3	148.6	138.2	10.4
Rental	5.5	5.6	- 0.1	15.2	15.5	- 0.3
Management fees	51.8	51.7	0.1	156.9	157.5	- 0.6
Results of vehicles sold (results of terminated contracts)	82.7	84.5	- 1.8	268.4	253.3	15.1
Other	65.9	26.5	39.4	116.1	88.7	27.4
Gross profit (revenues minus cost of revenues)	**310.4**	**259.5**	**50.9**	**868.6**	**798.7**	**70.0**
Net interest income (excluding unrealised gains/losses)	108.8	112.8	- 4.0	324.7	336.6	- 11.9
Impairment charges on loans/receivables	- 3.9	- 4.4	0.5	- 11.1	- 15.0	3.9
Unrealised gains/losses on financial instruments	3.7	1.4	2.3	- 6.4	7.9	- 14.3
Net finance income	**108.6**	**109.8**	**- 1.2**	**307.2**	**329.5**	**- 22.3**
Total operating and net finance income	**419.0**	**369.3**	**49.7**	**1,175.8**	**1,128.2**	**47.6**
Total operating expenses	221.9	220.0	1.9	665.8	643.5	22.3
Share of profit of associates and jointly controlled entities	0.8	1.3	- 0.5	3.8	3.7	0.1
Profit before tax	**197.9**	**150.6**	**47.3**	**513.8**	**488.4**	**25.4**
Income tax expenses	41.6	39.9	1.7	118.6	132.0	- 13.4
Profit for the period	**156.3**	**110.7**	**45.6**	**395.2**	**356.4**	**38.8**

Gross profit

Gross profit for the first nine months increased compared to the same period last year. The growth of the number of vehicles under management over the past 12 months and continuing strong margins on lease services and damage risk retention contributed to this increase. Results of vehicles sold remain high, with performance over the nine-month period being ahead of the comparable period last year, despite some softening in the third quarter. The line “other” of the gross profit for the first nine months 2016 includes the gain on the sale of the fuel card business Travelcard Nederland B.V. (EUR 39 million) that took place in the third quarter. When adjusting for one-time items in 2015 (the bargain purchase gain LeasePlan Turkey (EUR 5 million) and the release of a provision (EUR 8 million)) and 2016 (the sale of the fuel card business), the gross profit increased by 6% year-on-year.

Net finance income

The EUR 12 million decline in net interest income for the first nine months of 2016 was due to an increase in the company’s liquidity buffers. Unrealised fair value losses on derivative financial instruments had a further negative impact of EUR 14 million, due to declining interest rates and British pound sterling rates, which result in a loss under IFRS as no hedge accounting is applied although the exposures form part of the economic hedges which are not reported at fair value.

Operating expenses

Operating expenses increased to EUR 666 million for the first nine months of 2016 driven, in part, by investments to strengthen our leading position as a global fleet management and driver mobility company, including investments for group-related IT harmonisation, marketing and consultancy services in the period under review.

Income tax expenses

The decrease in the effective tax rate from 27% in the first nine months of 2015 to 25% in the same period of 2016 is contributing positively to the net profit. This decrease is due to the mix in effective tax rates in the various countries where we operate.

Profit for the period

The net profit for the first nine months of 2016 amounting to EUR 395.2 million includes the realised gain on the sale of the fuel card business (EUR 39 million) and an unrealised loss on derivative financial instruments (EUR 5 million net). In the first nine months of 2015 LeasePlan benefited from positive one-time items (EUR 10 million net) and unrealised gains on derivative financial instruments (EUR 6 million net). Excluding these items, net profit for the first nine months of 2016 increased by 6% compared to the same period in 2015.

Capital adequacy*

Composition of capital and risk exposure amounts

In millions of euros	30 September 2016	31 December 2015	Delta
Share capital and share premium	578.0	578.0	-
Other reserves	- 26.2	3.1	- 29.3
Retained earnings	2,477.1	2,490.4	- 13.3
Total equity	**3,028.9**	**3,071.5**	**- 42,6**
Exclude profit for the year	-	- 442.5	442.5
Foreseeable dividend	- 93.7	-	- 93,7
Prudential filter m-t-m derivatives	6.4	7.5	- 1,1
Deduction of intangible assets	- 159.4	- 171.9	12.5
Deduction of deferred tax assets	- 25.2	- 42.8	17.6
AIRB provision shortfall	- 43.9	- 42.8	- 1.1
Prudential valuation adjustment	- 0.2	- 0.1	- 0.1
Common equity tier 1 capital	**2,712.9**	**2,378.9**	**334.0**
Risk-weighted leasecontract portfolio	9,122.1	8,506.0	616.1
Risk-weighted other assets	2,032.0	1,978.9	53.1
On balance risk-weighted assets	**11,154.1**	**10,484.9**	**669.2**
Other risk exposure amounts	3,579.3	3,498.7	80.6
Total risk exposure amount	**14,733.4**	**13,983.6**	**749.8**
Common equity tier 1 capital ratio	**18.4%**	**17.0%**	

** Numbers have neither been audited nor reviewed*

In the first nine months of 2016, the Total risk exposure amount increased by EUR 749.8 million (+5.4%), which is slightly less than the growth of the fleet during this period (+5.9%). The Common equity tier 1 capital increased by EUR 334.0 million, predominantly caused by inclusion of the retained profit 2015 and the nine months 2016 net profit under deduction of the interim dividend of EUR 143.3 million and a foreseeable dividend for Q3 2016 of 60%.

The combined impact of both increases is a rise in the Common equity tier 1 capital ratio from 17.0% at year end 2015 to 18.4% at the end of Q3 2016. The large increase of the ratio compared to year end 2015 is typical for the first nine months of the year because of the adoption of the prior year Financial Statements in that period, formalising the decision on retained profits. In addition, as of Q1 2016 LeasePlan pursues inclusion of quarterly interim results under deduction of a foreseeable dividend during the year, as opposed to doing this once a year after adoption of the Financial Statements. This way the growth in the tier 1 capital base is more aligned with the gradual increase in the total risk exposure amount. If the approach of inclusion of retained profits would have been followed for year end 2015, the CET 1 ratio as per December 31, 2015 would have been 18.3%.

The current level is in excess of the minimum requirements from the Dutch Central Bank.

Condensed consolidated interim **financial statements**

Condensed consolidated income statement

for the nine months period ended 30 September

In thousands of euros	Note	Q3 2016	Q3 2015	9M 2016	9M 2015
Revenues	2	2,179,243	2,022,902	6,436,776	6,141,114
Cost of revenues	2	1,868,912	1,763,347	5,568,134	5,342,435
Gross profit		**310,331**	**259,555**	**868,642**	**798,679**
Interest and similar income		189,389	191,787	569,155	585,579
Interest expenses and similar charges		80,652	78,949	244,492	249,028
Net interest income		**108,737**	**112,838**	**324,663**	**336,551**
Impairment charges on loans and receivables		3,854	4,444	11,091	15,013
Unrealised gains/losses on financial instruments	6	3,697	1,367	- 6,428	7,895
Net finance income		**108,580**	**109,761**	**307,144**	**329,433**
Total operating and net finance income		**418,911**	**369,316**	**1,175,786**	**1,128,112**
Staff expenses		138,860	133,571	416,233	398,731
General and administrative expenses		70,220	72,504	209,575	203,197
Depreciation and amortisation		12,850	13,946	40,007	41,514
Total operating expenses		**221,930**	**220,021**	**665,815**	**643,442**
Share of profit of investments accounted for using the equity method		798	1,278	3,757	3,719
Profit before tax		**197,779**	**150,573**	**513,728**	**488,389**
Income tax expenses		41,598	39,827	118,557	131,950
Profit for the period		**156,181**	**110,746**	**395,171**	**356,439**
Profit attributable to					
Owners of the parent		156,181	110,746	395,171	356,439

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

Condensed consolidated statement of comprehensive income

for the nine months period ended 30 September

In thousands of euros	Note	Q3 2016	Q3 2015	9M 2016	9M 2015
Profit for the period		**156,181**	**110,746**	**395,171**	**356,439**
Other comprehensive income		-	-	-	-
Items that will not be reclassified to profit or loss					
Remeasurement of post-employment benefit reserve, before tax		23	178	53	- 35
Income tax on post-employment benefit reserve		- 7	- 46	- 17	3
Subtotal changes post-employment benefit reserve, net of income tax		**16**	**132**	**36**	**- 32**
Items that may be subsequently reclassified to profit or loss					
Changes in cash flow hedges, before tax		4,068	- 1,107	6,685	8,363
Cash flow hedges recycled from equity to profit and loss, before tax		- 1,679	- 604	- 5,251	- 6,663
Income tax on cash flow hedges		- 598	428	- 359	- 425
Subtotal changes in cash flow hedges, net of income tax		**1,791**	**- 1,283**	**1,075**	**1,275**
Exchange rate differences	3	- 3,633	- 37,880	- 30,404	- 948
Other comprehensive income, net of income tax		**- 1,826**	**- 39,031**	**- 29,293**	**295**
Total comprehensive income for the period		**154,355**	**71,715**	**365,878**	**356,734**
Comprehensive income attributable to					
Owners of the parent		154,355	71,715	365,878	356,734

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

Condensed consolidated balance sheet

In thousands of euros	Note	30 September 2016	31 December 2015
Assets			
Cash and balances at central banks		1,685,173	1,605,437
Receivables from financial institutions	5	470,452	368,930
Derivative financial instruments	6	251,237	166,085
Other receivables and prepayments	7	875,868	837,361
Inventories		206,111	261,325
Receivables from clients	8	3,481,714	3,309,512
Property and equipment under operating lease and rental fleet	9	15,183,584	14,261,517
Other property and equipment		88,975	90,673
Loans to investments accounted for using the equity method		121,775	103,325
Investments accounted for using the equity method		25,753	24,211
Intangible assets		159,386	171,267
Corporate income tax receivable		52,890	37,441
Deferred tax assets		117,320	141,372
		22,720,238	**21,378,456**
Assets classified as held-for-sale	10	23,529	36,790
Total assets		**22,743,767**	**21,415,246**
Equity			
Share capital		71,586	71,586
Share premium		506,398	506,398
Other reserves	3	- 26,192	3,101
Retained earnings		2,477,148	2,490,379
Total equity		**3,028,940**	**3,071,464**
Liabilities			
Trade and other payables and deferred income	11	2,328,691	2,255,271
Borrowings from financial institutions	12	2,186,481	2,073,118
Derivative financial instruments	6	92,012	88,379
Funds entrusted	13	5,555,707	5,086,974
Loans from investments accounted for using the equity method		1,214	-
Debt securities issued	14	8,829,055	8,142,443
Provisions	15	394,768	378,333
Corporate income tax payable		59,662	37,315
Deferred tax liabilities		267,237	253,860
		19,714,827	**18,315,693**
Liabilities classified as held-for-sale	10	-	28,089
Total liabilities		**19,714,827**	**18,343,782**
Total equity and liabilities		**22,743,767**	**21,415,246**

The notes to the condensed 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				
	Note	**Share capital**	**Share premium**	**Other reserves**	**Retained earnings**	**Total equity**
Balance as at 1 January 2015		**71,586**	**506,398**	**- 13,178**	**2,278,120**	**2,842,926**
Profit for the period		-	-	-	356,439	356,439
Other comprehensive income	3	-	-	295	-	295
Total comprehensive income		**-**	**-**	**295**	**356,439**	**356,734**
Dividend relating to 2014		-	-	-	- 230,000	- 230,000
Total transactions with owners of the parent		**-**	**-**	**-**	**- 230,000**	**- 230,000**
Balance as at 30 September 2015		**71,586**	**506,398**	**- 12,883**	**2,404,559**	**2,969,660**
Profit for the period		-	-	-	86,036	86,036
Other comprehensive income	3	-	-	15,984	- 216	15,768
Total comprehensive income		**-**	**-**	**15,984**	**85,820**	**101,804**
Balance as at 1 January 2016		**71,586**	**506,398**	**3,101**	**2,490,379**	**3,071,464**
Profit for the period		-	-	-	395,171	395,171
Other comprehensive income	3	-	-	- 29,293	398	- 28,895
Total comprehensive income		**-**	**-**	**- 29,293**	**395,569**	**366,276**
Dividend relating to 2015		-	-	-	- 265,500	- 265,500
Dividend relating to 2016		-	-	-	- 143,300	- 143,300
Total transactions with owners of the parent		**-**	**-**	**-**	**- 408,800**	**- 408,800**
Balance as at 30 September 2016		**71,586**	**506,398**	**- 26,192**	**2,477,148**	**3,028,940**

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

Condensed consolidated statement of cash flows
for the nine months period ended 30 September

In thousands of euros	Note	2016	2015
Operating activities			
Profit before tax		513,728	488,389
Adjustments			
Interest income		- 569,155	- 585,579
Interest expense		244,492	249,028
Impairment on receivables		11,091	15,013
Bargain purchase gain		-	- 4,669
Valuation allowance on inventory		- 1,264	- 1,417
Depreciation operating lease portfolio and rental fleet	9	2,255,814	2,225,944
Depreciation other property and equipment		18,673	18,001
Amortisation and impairment intangible assets		21,334	23,513
Share of profit of investments accounted for using the equity method		- 3,757	- 3,719
Financial instruments at fair value through profit and loss		6,428	7,895
Changes in			
Provisions		16,374	23,636
Derivative financial instruments		- 86,872	- 41,067
Trade and other payables and other receivables		- 168,022	- 53,366
Inventories		201,121	169,881
Amounts received for sale of subsidiaries		- 40,650	-
Amounts received for disposal of objects under operating lease	9	1,636,301	1,585,558
Amounts paid for acquisition of objects under operating lease	9	- 5,252,840	- 4,511,137
Acquired new finance leases and other increases of receivables from clients		- 970,692	- 1,007,786
Repayment finance leases		837,676	734,946
Cash generated from operating activities		**- 1,330,220**	**- 666,936**
Interest paid		- 244,549	- 277,888
Interest received		569,102	585,561
Income taxes paid		- 81,054	- 87,790
Income taxes received		11,993	6,078
Net cash flows from operating activities		**- 1,074,728**	**- 440,975**
Investing activities			
Acquisition of subsidiary, net of cash acquired		-	- 30,625
Proceeds from sale of other property and equipment		15,107	11,981
Purchases of other property and equipment		- 32,377	- 30,399
Purchases of intangible assets		- 12,223	- 19,591
Divestments of intangible assets		1,057	2,250
Capital movement in investments accounted for using the equity method		-	775
Loans provided to investments accounted for using the equity method		- 56,950	- 352,766
Redemption on loans to investments accounted for using the equity method		38,500	518,322
Dividend received from investments accounted for using the equity method		720	480
Changes in held-for-sale investments		- 10,464	-
Proceeds from sale of subsidiaries		41,324	-
Net cash flows from investing activities		**- 15,306**	**100,427**

See continuation of this chart on the next page.

	Note	2016	2015
Financing activities			
Receipt of receivables from financial institutions		1,975,460	2,732,895
Balances deposited to financial institutions		- 2,125,264	- 2,224,280
Receipt of borrowings from financial institutions		1,178,184	4,387,472
Repayment of borrowings from financial institutions		- 800,748	- 4,538,928
Receipt of funds entrusted		1,706,797	1,877,131
Repayment of funds entrusted		- 1,238,064	- 1,205,620
Receipt of debt securities		- 670,917	1,813,811
Repayment of debt securities		1,357,529	- 1,766,805
Dividends paid to Company's shareholders		- 265,500	- 230,000
Net cash flows from financing activities		**1,117,477**	**845,676**
Cash and cash equivalents as at 1 January		**1,583,373**	**919,688**
Net movement in cash and and cash equivalents		27,443	505,128
Exchange gains/losses on cash and cash equivalents		1,256	- 1,000
Cash and cash equivalents as at 30 September	4	**1,612,072**	**1,423,816**

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 condensed consolidated interim financial statements of the Company as at 30 September 2016 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 management and mobility services, mainly through operating leasing. At 30 September 2016, the Group employed over 7,400 people worldwide and had offices in 32 countries.

The Company has held a banking licence in the Netherlands since 1993 and is regulated by the Dutch Central Bank. The condensed consolidated interim financial statements have been reviewed, not audited.

Ownership of the Company

On 21 March 2016 LP Group B.V. acquired 100% of the shares of the Company from Global Mobility Holding B.V.

LP Group B.V. represents a consortium composed of a group of long-term responsible investors. None of these investors has a controlling interest in the Company:

- **ADIA:** Since 1976, the Abu Dhabi Investment Authority (ADIA) has been prudently investing funds on behalf of the Government of Abu Dhabi, with a focus on long-term value creation. ADIA manages a global investment portfolio that is diversified across more than two dozen asset classes and sub categories, including quoted equities, fixed income, real estate, private equity, alternatives and infrastructure.
- **ATP:** ATP was established in 1964 and is Denmark's largest pension fund and one of Europe's largest pension funds.
- **GIC:** GIC is a leading global investment firm with well over US$ 100 billion in assets under management. Established in 1981, the firm manages Singapore's foreign reserves and is positioned for long-term and flexible investments across a wide range of asset classes, including public equities, fixed income, real estate, and private equity. In private equity, GIC invests through funds as well as directly in companies, partnering with fund managers and management teams to help businesses achieve their objectives. GIC employs more than 1,200 people.
- **PGGM:** PGGM is a cooperative Dutch pension fund service provider. Institutional clients are offered: asset management, pension fund management, policy advice and management support. Either alone or together with strategic partners, PGGM develops innovative future provisions by linking together pension, care, housing and work.
- **TDR Capital:** TDR Capital LLP is a highly selective private equity firm with a track record of investing in businesses. TDR Capital LLP was founded in 2002 and currently manages funds totalling over EUR 5.0 billion on behalf of a range of sophisticated investors.

2. Basis of preparation

The condensed consolidated interim financial statements for the nine month period ended 30 September 2016 have been prepared in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union. The condensed consolidated interim financial statements have been prepared on the same basis as, and should be read in conjunction with, the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRSs and its interpretations as adopted by the European Union. These condensed consolidated interim financial statements do not include Company financial statements. Annual Company financial statements are included in the Group's financial statements for the year ended 31 December 2015.

3. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

New and amended standards and interpretations need to be adopted in the first (interim) financial statements issued after their effective date (or date of early adoption). There are no new or amended IFRSs or IFRICs that are effective for the first time for this interim period that would be expected to have a material impact on the Group.

The following new standards are not yet effective and have not been early adopted:

- IFRS 9 “Financial instruments” addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. There is a new expected credit losses model that replaces the incurred impairment model of IAS 39. The Group is in the process of assessing the full impact of IFRS 9, which is effective for accounting periods beginning on or after 1 January 2018. The main impact is expected on changes to the impairment model. IFRS 9 replaces the “incurred loss” model with the “expected credit loss” model which is designed to be more forward-looking. The result of this forward-looking approach will be higher impairments and corresponding lower equity.
- IFRS 15 “Revenue from contracts with customers’ deals with revenue recognition and establishes principles for disclosing information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s control of a good or service. The effective date of the standard is 1 January 2018 and the Group will assess the impact of IFRS 15.
- IFRS 16 “Leases” was issued in January 2016 and includes a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. For lessors, the accounting stays almost the same. IFRS 16 is effective for accounting periods beginning on or after 1 January 2019. The Group is in the process of assessing the full impact and is investigating how it can support its lessees in calculating the right of use asset and corresponding liability.

4. Use of judgements and estimates

The preparation of the condensed consolidated interim 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. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2015.

5. Seasonality and cyclicality

As the Group leases assets to its clients for durations that normally range between 3-4 years, the impact of seasonality and cyclicality is relatively limited.

6. Comparatives

No adjustments have been made in comparative figures in the current period.

Financial **risk management**

All amounts are in thousands of euros, unless stated otherwise

Introduction

The Group's activities expose it to a variety of financial risks: credit risk, asset risk, motor insurance risk and treasury risk (including liquidity risk, interest rate risk and currency risk). The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required for the annual financial statements; these disclosures should be read in conjunction with the Group's financial statements as at 31 December 2015. There have been no material changes to the financial risk profile of the Group since year-end 2015. Credit risk, asset risk and liquidity risk are further described below as these are considered to be the primary risk management areas.

Credit risk

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 and the retail lease portfolio of the United Kingdom and the Netherlands. For the other portfolios the standardized approach is applied. The Group uses this measurement system to be able to report on such credit risk to external regulators.

Asset risk

Asset risk is analysed throughout the term of the lease contracts: starting at lease inception, following it through its term up to lease termination. On a quarterly basis all Group companies assess the exposures in the existing lease portfolios for future years and inter alia compare contracted residual values to the latest expectations of future market prices. The positive termination results in the third quarter of 2016 continued to benefit from prudent setting of residual values, continued focus on mitigating measures during the lifetimes of the lease contracts and favourable market conditions. The exposure to residual values as at the end of September 2016 amounted to EUR 10.2 billion[1] (31 December 2015: 9.6 billion).

Liquidity risk

Liquidity risk is managed by pursuing a diversified funding strategy, seeking to conclude funding that matches the estimated run-off profile of the leased assets and maintaining an adequate liquidity buffer. The matched funding principle is applied both at a consolidated group and at subsidiary level taking into account specific mismatch tolerance levels. The Group maintains a liquidity buffer that includes cash balances and committed (standby) credit facilities to safeguard its ability to continue to write new business also when under stress temporarily no new funding could be obtained from the financial markets. The overall liquidity buffer is intended to be sufficient to make sure that under stress at least 9 months can be survived.

Fair value of financial instruments

The next table 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 30 September 2016 and 31 December 2015.

[1] In addition to this amount the Group has also provided off-balance residual value commitments for non-funded vehicles up to an amount of EUR 361 million (year-end 2015: EUR 346 million).

Fair value of financial instruments
as at 30 September 2016

In thousands of euros	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivatives financial instruments in hedge	107,806	-	107,806	-	107,806
Derivatives financial instruments not in hedge	143,431	-	143,431	-	143,431
Financial assets not measured at fair value					
Cash and balances at central banks	1,685,173	1,685,173	-	-	1,685,173
Receivables from financial institutions	470,452	-	470,452	-	470,452
Receivables from clients	3,481,714	-	-	3,527,966	3,527,966
Loans to investments using the equity method	121,775	-	125,123	-	125,123
Other receivables and prepayments[1]	271,672	-	272,464	-	272,464
Assets held-for-sale	23,529	-	-	24,035	24,035
Total financial assets	**6,305,552**	**1,685,173**	**1,119,276**	**3,552,001**	**6,356,450**
Financial liabilities measured at fair value					
Derivatives financial instruments in hedge	12,162	-	12,162	-	12,162
Derivatives financial instruments not in hedge	79,850	-	79,850	-	79,850
Financial liabilities not measured at fair value					
Trade and other payables and deferred income[2]	784,782	-	784,782	-	784,782
Borrowings from financial institutions	2,186,481	-	2,222,584	-	2,222,584
Funds entrusted	5,555,707	-	5,638,773	-	5,638,773
Debt securities issued	8,829,055	-	9,001,888	-	9,001,888
Total financial liabilities	**17,448,037**	**-**	**17,740,039**	**-**	**17,740,039**

[1] Other receivables that are not financial assets are not included
[2] Other payables that are not financial liabilities are not included

Fair value of financial instruments
as at 31 December 2015

In thousands of euros	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivatives financial instruments in hedge	83,799	-	83,799	-	83,799
Derivatives financial instruments not in hedge	82,286	-	82,286	-	82,286
Financial assets not measured at fair value					
Cash and balances at central banks	1,605,437	1,605,437	-	-	1,605,437
Receivables from financial institutions	368,930	-	369,212	-	369,212
Receivables from clients	3,309,512	-	-	3,354,887	3,354,887
Loans to investments using the equity method	103,325	-	106,401	-	106,401
Other receivables and prepayments[1]	267,708	-	267,708	-	267,708
Assets held-for-sale	13,065	-	-	13,274	13,274
Total financial assets	**5,834,062**	**1,605,437**	**909,406**	**3,368,161**	**5,883,004**
Financial liabilities measured at fair value					
Derivatives financial instruments in hedge	29,184	-	29,184	-	29,184
Derivatives financial instruments not in hedge	59,195	-	59,195	-	59,195
Financial liabilities not measured at fair value					
Trade and other payables and deferred income[2]	855,083	-	855,083	-	855,083
Borrowings from financial institutions	2,073,118	-	2,099,092	-	2,099,092
Funds entrusted	5,086,974	-	5,184,833	-	5,184,833
Debt securities issued	8,142,443	-	8,235,543	-	8,235,543
Total financial liabilities	**16,245,997**	**-**	**16,462,930**	**-**	**16,462,930**

[1] Other receivables that are not financial assets are not included
[2] Other payables that are not financial liabilities are not included

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 and payables 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.

Explanatory notes to the condensed consolidated **financial statements**

All amounts are in thousands of euros, unless stated otherwise

Note 1 - Segment information

Operating segments are reported in accordance with the internal reporting provided to the Group's key management (the chief operating decision-maker). The Group's key management is responsible for allocating resources to the reportable segments and assesses its performance. Segment information is presented in the condensed consolidated interim financial statements in respect of the Group's leasing activities and Group activities, which are the basis of segment reporting. Inter-segment pricing is determined on an arm's length basis. Internal segment revenues are not presented separately given their insignificance.

Leasing activities

Leasing activities comprise the main activity of the Group which is providing fleet management and mobility 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 and private lease 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.

Group activities

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

The segment information for the period ended 30 September is presented in the table below.

Segment	**Leasing activities**									
In millions of euros	**Mature**		**Developing**		**Emerging**		**Group activities**		**Total**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Volume										
Total assets	15,897	14,252	3,002	2,786	1,460	1,177	2,385	2,452	**22,744**	**20,667**
Total equity and liabilities	6,554	6,401	1,748	1,551	652	539	13,790	12,176	**22,744**	**20,667**
Profitability										
Revenues	4,963	4,759	994	959	405	359	75	64	**6,437**	**6,141**
Cost of revenues	4,322	4,143	853	825	348	313	45	61	**5,568**	**5,342**
Gross profit	**641**	**616**	**141**	**134**	**57**	**46**	**30**	**3**	**869**	**799**
Net finance income	**214**	**193**	**38**	**34**	**23**	**17**	**32**	**85**	**307**	**329**
Total operating and net finance income	**855**	**809**	**179**	**168**	**80**	**63**	**62**	**88**	**1,176**	**1,128**
Staff expenses	270	262	57	58	25	22	64	57	**416**	**399**
General and administrative expenses	182	181	39	37	23	19	- 34	- 34	**210**	**203**
Depreciation and amortisation	26	29	5	5	2	2	7	6	**40**	**42**
Total operating expenses	**478**	**472**	**101**	**100**	**50**	**43**	**37**	**29**	**666**	**644**
Share of profit investments accounted for using the equity method	1	1	-	-	1	3	2	-	**4**	**4**
Profit before tax	**378**	**338**	**78**	**68**	**31**	**23**	**27**	**59**	**514**	**488**
Income tax expenses	110	105	15	14	8	4	- 14	9	**119**	**132**
Profit for the period from continuing operations	**268**	**233**	**63**	**54**	**23**	**19**	**41**	**50**	**395**	**356**
Profit from discontinued operations net of tax	-	-	-	-	-	-	-	-	**-**	**-**
Profit for the period	**268**	**233**	**63**	**54**	**23**	**19**	**41**	**50**	**395**	**356**
Net finance income details										
Interest and similar income	429	446	75	80	63	56	2	3	**569**	**585**
Interest expenses and similar charges	205	240	37	46	39	37	- 36	- 74	**245**	**249**
Impairment charges	26	28	1	1	2	2	-	-	**29**	**31**
Reversal of impairment	- 16	- 15	- 1	- 1	- 1	-	-	-	**- 18**	**- 16**
Net interest income after impairment charges	**214**	**193**	**38**	**34**	**23**	**17**	**38**	**77**	**313**	**321**
Unrealised gains/losses on financial instruments	-	-	-	-	-	-	- 6	8	**- 6**	**8**
Net finance income	**214**	**193**	**38**	**34**	**23**	**17**	**32**	**85**	**307**	**329**

Revenues and other key figures are distributed relatively evenly over the subsidiaries 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 the domicile country of the Group.

	FTEs (average)		**Revenues**		**Lease contracts**	
Country of activity	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Netherlands	979	947	790	737	2,047	1,841
United Kingdom	589	544	765	772	2,500	2,349
Other	5,547	5,290	4,882	4,632	13,557	12,039
Total as at 30 September 2016	**7,115**	6,781	**6,437**	6,141	**18,104**	16,228

Note 2 - Revenues and cost of revenues

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

(i) Revenues

	Q3 2016	Q3 2015	9M 2016	9M 2015
Depreciation	760,037	736,247	2,276,550	2,249,935
Lease services	250,820	238,915	730,599	714,665
Damage risk retention	159,680	141,734	462,061	420,705
Rental	47,878	46,549	142,057	137,957
Management fees	51,818	51,662	156,938	157,539
Result of vehicles sold (results terminated cars)	771,351	729,997	2,384,511	2,223,997
Other	137,659	77,797	284,060	236,316
Total	**2,179,243**	**2,022,902**	**6,436,776**	**6,141,114**

The caption ‘Other’ mainly includes bonuses earned in connection with costs recharged to clients and income related to various non-leasing activities. In Q3 2016 the caption ‘Other’ also includes the result of the sale of Travelcard Nederland B.V. Travelcard has 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. On 1 August 2016 LeasePlan Corporation N.V. entered into a share purchase agreement with FleetCor Technologies Inc. and sold its subsidiary Travelcard Nederland B.V. for an amount of EUR 40.65 million. The gain on the sale amounts to EUR 39.1 million.

In 9M 2015 the caption ‘Other’ includes a bargain purchase gain of EUR 4.7 million arising from the acquisition of the remaining 49% of the share capital of LPD Holding A.Ş (Turkey), the holding company of LeasePlan Turkey.

(ii) Cost of revenues

	Note	Q3 2016	Q3 2015	9M 2016	9M 2015
Depreciation	9	749,605	727,531	2,244,203	2,215,440
Lease services		210,447	204,859	599,458	603,760
Damage risk retention		106,003	93,326	313,490	282,493
Rental		42,401	40,957	126,839	122,421
Result of vehicles sold (results terminated cars)		688,643	645,371	2,116,143	1,970,722
Other		71,813	51,303	168,001	147,599
Total		**1,868,912**	**1,763,347**	**5,568,134**	**5,342,435**

(iii) Gross profit

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

	Q3 2016	Q3 2015	9M 2016	9M 2015
Depreciation	10,432	8,716	32,347	34,495
Lease services	40,373	34,056	131,141	110,905
Damage risk retention	53,677	48,409	148,571	138,212
Rental	5,477	5,592	15,218	15,536
Management fees	51,818	51,662	156,938	157,539
Result of vehicles sold (results terminated cars)	82,708	84,626	268,368	253,274
Other	65,846	26,494	116,059	88,717
Total	**310,331**	**259,555**	**868,642**	**798,678**

Results of vehicles sold over the nine month period was higher, despite a decrease in the third quarter which was mainly due to lower sales prices in several countries’ second hand car markets.

The results of Lease services increased by EUR 20.2 million. This increase can be explained by the continuing strong margins on lease services especially with respect to rebates and bonuses relating to maintenance of the vehicles.

Note 3 - Translation reserve

The translation reserve comprises of exchange rate differences arising from the translation of the assets, liabilities, income and expenses of subsidiaries with other functional currencies than the group presentation currency. The significant movements in relation to exchange rate differences in Other Comprehensive Income in 2016 and 2015 are mainly caused by decrease of the British pound sterling against the Euro.

Note 4 - Cashflow statement - cash and cash equivalents

	Note	30 September 2016	30 September 2015
Cash and balances at central banks		1,685,173	1,406,598
Call money, cash at banks	5	64,802	119,919
Call money and bank overdrafts	12	- 137,903	- 102,701
Balance as at 30 September for the purposes of the statement of cash flows		**1,612,072**	**1,423,816**

All cash and balances at (central) banks are available at call except for the mandatory reserve deposits at the Dutch central bank. The mandatory reserve deposits amounting to EUR 52.8 million (30 September 2015: EUR 46.7 million) are not used in the Group's day-to-day operations and form part of the 'Cash and balances at central banks'.

Note 5 - 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	30 September 2016	31 December 2015
Amounts receivable from banks		192,982	216,953
Call money, cash at banks	4	64,802	113,083
Cash collateral deposited for securitisation transactions		184,388	15,794
Cash collateral deposited for derivative financial instruments		12,000	19,606
Other cash collateral deposited		16,280	3,494
Balance		**470,452**	**368,930**

The cash collateral deposited for securitisation transactions relates to the Bumper securitisation transactions. The required cash collateral increased since the downgrade of the Company by S&P to BBB- in February 2016. Reference is made to note 14.

The cash collateral deposited for derivative financial instruments originates from Credit Support Annexes (CSAs) to International Swaps and Derivatives Association (ISDA) master agreements.

The maturity analysis is as follows:

	30 September 2016	31 December 2015
Three months or less	276,739	333,109
Longer than three months, less than a year	55,151	10,664
Longer than a year, less than five years	138,137	24,934
Longer than five years	425	223
Balance	**470,452**	**368,930**

Note 6 - Derivative financial instruments

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

	30 September 2016			31 December 2015		
	Notional amounts	**Fair value Assets**	**Fair value Liabilities**	**Notional amounts**	**Fair value Assets**	**Fair value Liabilities**
Fair value hedge						
Interest rate swaps	4,883,470	106,097	826	4,057,309	80,456	15,953
Currency swaps	85,948	1,709	1,088	85,948	3,343	1,053
Cash flow hedge						
Interest rate swaps	1,505,000	-	10,248	1,805,000	-	12,178
Total derivatives in hedge	**6,474,418**	**107,806**	**12,162**	**5,948,257**	**83,799**	**29,184**
Interest rate swaps	13,855,343	12,074	46,926	12,196,989	13,022	38,939
Currency swaps/ currency forwards	3,895,207	131,357	32,924	4,111,929	69,264	20,256
Total derivatives not in hedge	**17,750,550**	**143,431**	**79,850**	**16,308,918**	**82,286**	**59,195**
Total	**24,224,968**	**251,237**	**92,012**	**22,257,175**	**166,085**	**88,379**

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 break down as follows:

	Q3 2016	Q3 2015	9M 2016	9M 2015
Derivatives not in hedges	4,750	- 74	- 11,212	7,561
Hedge ineffectiveness cash flow hedges	- 6	4	20	17
Derivatives fair value heding instruments	- 8,874	15,988	42,678	413
Financial liabilities fair value hedged items	7,827	- 14,551	- 37,914	- 96
Hedge ineffectiveness fair value hedges	**- 1,047**	**1,437**	**4,764**	**317**
Unrealised gains/losses on financial instruments	**3,697**	**1,367**	**- 6,428**	**7,895**

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.

Certain derivative contracts are used by the Group as part of its Interest and Liquidity Risk Management Strategy. These economic hedges do not qualify for hedge accounting under the Group's accounting policy which is driven by the strict requirements as set under IAS39. These derivatives are therefore deemed as not in hedge.

Note 7 - 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 amounts that are not classified under any other asset. The majority of the other receivables and prepayments has a remaining maturity of less than one year and consists of prepaid lease related expenses and rebates and bonuses receivable.

Note 8 - Receivables from clients

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

	30 September 2016	31 December 2015
Amounts receivable under finance lease contracts	2,920,153	2,787,137
Trade receivables	648,947	613,286
Impairment allowance on trade receivables	- 87,386	- 90,911
Balance	**3,481,714**	**3,309,512**

The maturity analysis is as follows:

	30 September 2016	31 December 2015
Three months or less	763,593	704,191
Longer than three months, less than a year	389,378	387,175
Longer than a year, less than five years	2,211,755	2,137,148
Longer than five years	116,988	80,998
Balance	**3,481,714**	**3,309,512**

A part of the amounts receivable under finance lease contracts is encumbered 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 57.9 million (year-end 2015: EUR 54.9 million). The increase in these securitised finance lease contracts is due to the new Bumper 7 deal.

Note 9 - Property and equipment under operating lease and rental fleet

	Note	Operating lease	Rental fleet	Total
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 1 January 2015		**12,612,827**	**68,485**	**12,681,312**
Carrying amount as at 1 January 2015		**12,612,827**	**68,485**	**12,681,312**
Purchases		4,455,829	55,308	4,511,137
Acquisition of subsidiary		269,147	-	269,147
Transfer from inventories		25,434	-	25,434
Transfer to inventories		- 151,018	-	- 151,018
Disposals		- 1,555,295	- 30,263	- 1,585,558
Depreciation	2	- 2,215,440	- 10,504	- 2,225,944
Exchange rate differences		28,775	37	28,812
Carrying amount as at 30 September 2015		**13,470,259**	**83,063**	**13,553,322**
Cost		18,942,092	97,786	19,039,878
Accumulated depreciation and impairment		- 5,471,833	- 14,723	- 5,486,556
Carrying amount as at 30 September 2015		**13,470,259**	**83,063**	**13,553,322**
Purchases		1,942,193	22,378	1,964,571
Acquisition of subsidiary		36,180	-	36,180
Transfer from inventories		-	-	-
Transfer to inventories		- 76,086	-	- 76,086
Disposals		- 518,998	- 9,452	- 528,450
Depreciation		- 743,023	- 4,881	- 747,904
Exchange rate differences		59,988	- 104	59,884
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**
Purchases		5,207,237	45,603	5,252,840
Transfer from inventories		35,485	-	35,485
Transfer to inventories		- 180,127	-	- 180,127
Disposals		- 1,597,870	- 38,431	- 1,636,301
Depreciation	2	- 2,244,203	- 11,611	- 2,255,814
Exchange rate differences		- 293,975	- 41	- 294,016
Carrying amount as at 30 September 2016		**15,097,060**	**86,524**	**15,183,584**
Cost		20,517,701	102,024	20,619,725
Accumulated depreciation and impairment		- 5,420,641	- 15,500	- 5,436,141
Carrying amount as at 30 September 2016		**15,097,060**	**86,524**	**15,183,584**

The Group concluded a number of asset backed securitisation transactions under the names of Bumper France (2013 extended to June 2016), Bumper 6 (2014), Bumper NL (2014) and Bumper 7 (2016). 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 2.3 billion (year-end 2015: EUR 2.5 billion).

Note 10 - 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.

This category 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 23.5 million (year-end 2015: EUR 13.1 million).

The 31 December 2015 balance also includes the assets and liabilities of Travelcard Nederland B.V. which 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. Travelcard was sold per 1 August 2016.

Note 11 - Trade and other payables and deferred income

The majority of the trade and other payables and deferred income consist of trade payables, deferred leasing income, lease related accruals, other accruals and other deferred amounts owed.

Note 12 - Borrowings from financial institutions

This item includes amounts owed to banks under government supervision.

The maturity analysis of these loans is as follows:

	Note	30 September 2016	31 December 2015
On demand	4	137,903	135,147
Three months or less		462,693	218,566
Longer than three months, less than a year		552,953	518,971
Longer than a year, less than five years		1,007,821	1,189,054
Longer than five years		25,111	11,380
Balance		**2,186,481**	**2,073,118**

On demand amounts owed to financial institutions relating to call money and bank overdraft balances form part of the cash and balances with banks in the cash flow statement. Borrowings from financial institutions include an outstanding balance of EUR 1.2 billion (year-end 2015: EUR 1.0 billion) which is non-euro currency denominated. The remainder of the borrowings from financial institutions is denominated in euro.

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. Following the completion of the change in ownership on 21 March 2016, the Company acceded to a second committed revolving credit facility with a consortium of 12 banks (EUR 1.25 billion) also maturing in December 2018. The 12 banks in this consortium largely consist of the banks that also participate in the committed revolving credit facility concluded in June 2015. During 2015 and the first nine month period of 2016 no amounts were drawn under these facilities. No amounts have been drawn during the first nine month period of 2016 under the EUR 1,050 mio term loan which the Company entered into on 31 May 2016 either. 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.

Note 13 - 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:

	30 September 2016	31 December 2015
Three months or less	3,331,972	3,013,292
Longer than three months, less than a year	1,717,581	1,167,209
Longer than a year, less than five years	506,048	906,300
Longer than five years	106	173
Balance	**5,555,707**	**5,086,974**

This caption includes savings deposits raised by LeasePlan Bank amounting to EUR 5.462 billion (year-end 2015: EUR 4.994 billion) of which 48.8% (year-end 2015:51.0%) 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 the Almere office.

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

	30 September 2016	31 December 2015
Three months or less	0.78%	1.10%
Longer than three months, less than a year	1.22%	1.60%
Longer than a year, less than five years	2.10%	2.05%
Longer than five years	n/a	2.93%

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

Note 14 - Debt securities issued

This item includes negotiable, interest bearing securities.

	30 September 2016	31 December 2015
Bonds and notes - originated from securitisation transactions	1,458,447	1,610,820
Bonds and notes - other	7,285,064	6,483,993
Bonds and notes - fair value adjustment on hedged risk	85,544	47,630
Balance	**8,829,055**	**8,142,443**

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

The average interest rate applicable to the outstanding bonds and notes is 1.5% (year-end 2015: 1.7%).

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

	30 September 2016	31 December 2015
Three months or less	109,265	102,010
Longer than three months, less than a year	1,646,061	1,402,959
Longer than a year, less than five years	6,717,819	6,254,451
Longer than five years	355,910	383,023
Balance	**8,829,055**	**8,142,443**

The caption 'Bonds and notes – originated from securitisation transactions' include notes from Bumper 6 (the Netherlands), Bumper France (France) and Bumper 7 (Germany) securitisation transactions.

In April and May 2016 two Euro medium term notes were issued for both EUR 750 million with a maturity term of four and five years respectively.

Note 15 - Provisions

This item includes the damage risk retention provision, provision for post-employment benefits and other provisions. The majority of provisions are expected to be recovered or settled after more than 12 months.

Note 16 - 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 2.0 billion (year-end 2015: EUR 1.9 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 of which the future aggregate minimum lease payments amount to EUR 169 million (year-end 2015: EUR 164 million).

In addition the Group has also provided off-balance residual value commitments for non-funded vehicles up to an amount of EUR 361 million (year-end 2015: EUR 346 million).

Note 17 - 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., a joint venture company between Volkswagen AG and Fleet Investments, was shareholder of the Company till 21 March 2016. Any business relations with the former indirect shareholders are handled on normal market terms.

The Group purchases cars and trucks manufactured amongst others 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 purchased based on the price lists and terms that are available to third parties.

As per 21 March 2016, LP Group B.V. became the shareholder of the Company. LP Group B.V. represents a consortium composed of a group of long-term responsible investors and 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. None of these investors has a controlling interest in the Company. The business relations between the Company, LP Group B.V. and their indirect shareholders are handled on normal market terms. Apart from the transaction related to the change of shareholder no other transactions occurred in the first nine months of 2016. 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 129 million (year-end 2015: EUR 111 million) is provided as loans to investments accounted for using the equity method.

Note 18 - Contingent assets and liabilities

As at 30 September 2016, 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 2.0 billion (year-end 2015: EUR 2.3 billion). The Company charges a guarantee fee to the respective subsidiaries based on normal market terms.

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.

In respect of the widely-publicized vehicle emissions controversy affecting our former co-shareholder Volkswagen AG, 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.

On 1 August 2016 the Group entered into a share purchase agreement ('SPA') with FleetCor Technologies Inc. and sold its subsidiary Travelcard Nederland B.V. As part of this SPA the Group has a contingent liability for a specifically agreed period. Based on current knowledge the Group assesses the probability of any economic outflow to be limited.

Note 20 - Events occurring after balance sheet date

No material events occurred after 30 September 2016, that require disclosure in accordance with IFRS, nor events affecting the financial position of the Group as at 30 September 2016 or the result for the nine month period ended 30 September 2016.

Responsibility statement

Managing Board responsibility for 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.

Each member of the Managing Board hereby confirms that to the best of his knowledge:

The LeasePlan 30 September 2016 condensed consolidated interim financial statements, which have been prepared in accordance with IAS34 Interim Financial Reporting, give a true and fair view of the assets, liabilities, financial position and profit and loss of LeasePlan and the subsidiaries included in the consolidation as a whole.

Almere, 15 November 2016

Tex Gunning
Chairman of the Managing Board and CEO

Guus Stoelinga
CFO

Marco van Kalleveen
COO

Sven-Torsten Huster
COO

Nick Salkeld
CCO

Independent auditor's report

Review report

To: The Managing Board and the Supervisory Board of LeasePlan Corporation N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements as at 30 September 2016 of LeasePlan Corporation N.V., Almere, as set out on pages 7 to 28, which comprise the condensed consolidated balance sheet as at 30 September 2016, the condensed consolidated income statement and condensed consolidated statements of comprehensive income for the three-month and nine-month period ended 30 September 2016, the statement of changes in equity, and the statement of cash flows for the nine-month period ended 30 September 2016, and the notes to the condensed consolidated interim financial statements. The Managing Board of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 September 2016 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 15 November 2016

KPMG Accountants N.V.

D. Korf RA

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