Pillar 3 report 2016

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1 Introduction

1.1 General

The Capital Requirements Regulation (CRR) is published under reference number 575/2013 on 26 June 2013 in the Official Journal of the European Union and is in force as of 27 June 2013, while the supervised entities within its scope are subject to it as of 1 January 2014. The CRR is directly applicable within the European Union and is not transposed into national law. Much of the CRR is derived from the Basel III standards issued by the Basel Committee on Banking Supervision (BCBS).

The Basel III framework is built on three pillars:

Pillar 1 – defines the rules and regulations for calculating risk-weighted assets (RWA) or total risk exposure amount (TREA), throughout this document both terms are being used, and regulatory minimum capital and liquidity requirements.

Pillar 2 – addresses a bank's internal process for assessing overall capital and liquidity adequacy in relation to its risks, as well as the Supervisory review process.

Pillar 3 – focuses on market discipline, a set of minimum disclosure requirements.

This Pillar 3 report has been prepared in accordance with CRR, Part 8 Title II and III, article 435-455. Pillar 3 recognises that market discipline has the potential to reinforce capital regulation and other supervisory efforts to promote safety and soundness in banks and financial systems. In accordance with CRR article 431.3, LeasePlan has adopted a formal policy promoting compliance with the disclosure requirements.

Following the release by the BCBS of a Revised version of the Pillar 3 Framework (RPF) in January 2015, the European Banking Authority (EBA) published its own initiative Guidelines to ensure the harmonised and timely implementation of the RPF in the EU. These Guidelines, while not changing the requirements of the regulatory disclosures defined in Part 8 of the CRR, provide further guidance and support to institutions in complying with both the CRR and the RPF requirements. LeasePlan will start reporting under the new regulations as per 31 December 2017.

LeasePlan does not disclose information regarded as non-significant, proprietary or confidential. Confidentiality of business information could potentially create a conflict with LeasePlan's aim to provide all beneficial information for its main stakeholders. Where such confidentiality becomes a potential issue, the disclosures may be limited to qualitative information only. Information shall be regarded as confidential if there are obligations to customers or other counterparty relationships binding LeasePlan to confidentiality.

Information in disclosures shall be regarded as material if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions.

Information shall be regarded as proprietary to an institution if disclosing it publicly would undermine its competitive position. It may include information on products or systems which, if shared with competitors, would render an institution's investments therein less valuable.

1.2 Scope of application

This Pillar 3 report is prepared at sub-consolidated level, being LeasePlan Corporation N.V. (LeasePlan). Looking through the levels of consolidation, from a risk, regulatory reporting, control and governance perspective, LeasePlan concludes that the outcome of the capital adequacy assessment of LeasePlan and its entities is not materially different to the outcome of such assessment at consolidated (LP Group B.V., LeasePlan's 100% shareholder since 21 March 2016 [1]) and solo level (LeasePlan Corporation N.V., licensed undertaking).

From a risk perspective, all levels of consolidation are exposed to the same set of main business risks, i.e. residual value and credit risks as well as liquidity risk and LeasePlan Corporation N.V. either provides or guarantees the LeasePlan entities' liabilities.

[1] Until 21 March 2016 Global Mobility Holding B.V. was the 100% owner of LeasePlan.

From a regulatory reporting perspective, LeasePlan Corporation N.V. and all LeasePlan entities are included in the consolidation of LP Group B.V. and are covered by the scope of the consolidated supervision by the Dutch Central Bank (DNB). From a control and governance perspective, LeasePlan Corporation N.V., as parent entity, ensures prudent operation of the LeasePlan entities. The LeasePlan entities are integrated into the overall risk management framework and are required to operate within the risk appetite. LeasePlan Corporation N.V. has all voting rights in the LeasePlan entities and is entitled to appoint or dismiss the LeasePlan entities' management.

The starting point of the CRR/CRD IV prudential scope of application is the consolidation scope of LeasePlan, according to the International Financial Reporting Standards (IFRS). Whenever reference is made to "LeasePlan" or "the Group" reference is made to the same scope of consolidation as disclosed in the Annual Report. For an overview of the principal subsidiaries of LeasePlan Corporation N.V. reference is made to "Specific Notes", note 1 - Country to country reporting and "List of principal consolidated participating interests" of the Annual Report 2016. When "LeasePlan Corporation" is mentioned, only the parent company of the Group on a stand-alone basis, LeasePlan Corporation N.V., is referred to.

1.3 Frequency

LeasePlan's Pillar 3 report is prepared at least on an annual basis and is published on LeasePlan's website (**www.leaseplan.com**), at the same time the Annual Report is published. LeasePlan's remuneration report is part of this Pillar 3 report.

1.4 Assurance

Internal Audit conducts agreed upon procedures to provide management and the Board with findings related to the adequacy and effectiveness of the controls over the production of the Pillar 3 disclosures.

1.5 Report structure

The Pillar 3 report follows the disclosure requirements in accordance with CRR Part 8 Title II, article 435-455. This report should be read in conjunction with the Annual Report in which LeasePlan's risk profile is disclosed based on IFRS disclosure requirements, Title 9 BW2 (Burgerlijk Wetboek / the Dutch Civil Code) and RJ400 (Raad voor de Jaarverslaggeving / Dutch Accounting Standard Board). In section 1.6 of this report LeasePlan mapped the CRR articles with the sections of the Pillar 3 report and the Annual Report. All tables are as per December and in millions of euros, unless stated otherwise and with the exeption of the tables included in the remuneration section; rounding differences in table totals are to be considered non-significant.

In this report LeasePlan covers its Pillar 1 risks: credit risk, operational risk and market risk (including asset risk). In addition, LeasePlan provides additional details regarding Interest Rate Risk in the Banking Book (IRRBB), capital and leverage ratios, capital buffers, asset encumbrance, human resource management (remuneration, diversity, directorships held by managing board members) and securitisation transactions.

1.6 Reference table

In the table below reference is made to the section of the Pillar 3 report and/or Annual Report where the required disclosure can be found:

Article	Disclosure	Pillar 3	Annual Report[1)]
435	Risk management objectives and policies	Section 2 and 3	FRM: Section B - I
436	Scope of application	Section 1.2	Not applicable
437	Own funds	Section 5	FRM: Section A
438	Capital requirements	Section 6	FRM: Section A
439	Exposure to counterparty credit risk	Section 6.3.8	FRM: Section D
440	Capital buffers	Section 6.2	FRM: Section A
441	Indicators of global systemic importance	Not applicable	Not applicable
442	Credit risk adjustments	Section 6.3.4	FRM: Section D
443	Unencumbered assets	Section 7.1	FRM: Section F
444	Use of ECAIs	Section 6.3.6	Not applicable
445	Exposure to market risk	Section 6.4	FRM: Section E, F
446	Operational risk	Section 6.5	FRM: Section G
447	Exposures in equities not included in the trading book	Section 6.3.9	SN: 21
448	Exposure to interest rate risk on positions not included in the trading book	Section 7.2	FRM: Section F
449	Exposure to securitisation positions	Section 7.3	SN: 13, 19, 27, 28 NCFS: 14
450	Remuneration policy	Section 8	Remuneration
451	Leverage	Section 5.2	Not applicable
452	Use of the IRB Approach to credit risk	Section 6.3.7	FRM: Section D
453	Use of credit risk mitigation techniques	Section 6.3.5	FRM: Section D
454	Use of the Advanced Measurement Approaches to operational risk	Section 6.5	FRM: Section G
455	Use of Internal Market Risk Models	Section 6.4	FRM: Section E, F

Table 1: Reference table between CRR articles and Pillar 3 / Annual Report

[1)] Financial Risk Management (FRM), Specific Notes (SN), Notes to the company financial statements (NCFS)

2 Risk Management governance

2.1 Governance aspects

LeasePlan's risk management framework is composed of various components which support and sustain risk management throughout the organisation. These components can be classified into two types: foundations and organisational arrangements. Foundations include policies, objectives and goals, mandates, and commitment. Organisational arrangements include plans, reporting relationships, accountabilities, resources, processes and activities used to manage risk exposures.

Every key risk is managed through an individual risk framework, approved by the Managing Board. Each risk area framework details the specific risk environment, strategy and objectives, risk appetite targets and tolerance levels, policies and guidelines and the roles and responsibilities of staff and risk committees.

LeasePlan's main risk management activities comprise risk profile identification, risk appetite setting, risk and control assessment, and a feedback link to the overall strategy via measurement, monitoring and reporting. The Managing Board has implemented corporate risk policies for all LeasePlan entities pursuant to LeasePlan's risk management strategy. The policies describe the minimum activities, controls and tools that must be in place within all LeasePlan entities. It is the responsibility of local management to ensure personnel are kept informed of strategy and policies relevant to them and complying with these corporate policies. Risk management responsibilities in the different risk control phases are delegated by the Managing Board to the corporate risk management department, the corporate risk committees and local (risk) management.

In line with banking industry best practice and the EBA Guidelines on Internal Governance, LeasePlan's risk management is based on three lines of defence principles that are supported by investments in information technology and people.

Disclosures regarding risk management objectives, strategies, processes, policies, organisation and committee structure and reporting and information flows, are further detailed per risk area in the Annual Report. In this respect reference is made to the Financial Risk Management chapter, sections B - I of the Annual Report.

2.2 Management declaration

The Managing Board of LeasePlan Corporation N.V. declares that the risk management systems put in place are adequate with regard to LeasePlan's profile and strategy.

3 Other governance arrangements

3.1 Managing Board biographies including directorships

The following table shows the number of directorships held by members of the Managing body:

	Supervisory Board positions	Other positions
Chief Executive Officer	4	-
Chief Financial and Risk Officer	2	-
Chief Operational Officer	-	1
Chief Legal and Compliance Officer	-	-
Chief Strategic Finance and Investor Relations Officer	-	-

For the disclosures in accordance with CRR 435.2 sub b reference is made to the Annual Report section Leadership team.

3.2 Diversity policy

LeasePlan's approach to diversity is built on the following principles:

- Increasing the representation of women in senior leadership globally. At LeasePlan we have a high proportion of female employees; representation of female employees in top-management positions has recently improved. We are happy to report that the Managing Board of LeasePlan Corporation N.V. consists of three male representatives and two female representatives (compared to four male representatives in the previous year). LeasePlan's Supervisory Board consists of five male and two female representatives;
- Providing equal opportunities for all. This includes, but is not limited to, access to relevant experience-based learning, mentoring and networking;
- Maintaining an inclusive and supportive work environment by evolving and providing access to progressive work/life balance and flexibility practices and programmes.

Furthermore, the following five guidelines drive LeasePlan's approach to diversity and inclusion:

1. LeasePlan is committed to attracting and retaining the finest talent as this ensures top business performance and delivers a competitive advantage;
2. We recruit from all cultural, linguistic and national backgrounds as this allows us to meet the clients' needs, whilst also providing us with valuable knowledge for understanding complex markets;
3. LeasePlan assesses the merits of all employees fairly and objectively and we treat all people with respect and dignity;
4. LeasePlan strives to create and foster a supportive and understanding environment in which all individuals, regardless of their differences, can realise their full potential;
5. We believe that diversity and inclusion management benefits individuals, teams, the company as a whole, and clients.

4 Reconciliation Annual Report and Pillar 3

In the tables below LeasePlan provides a reconciliation between the Annual Report and the Pillar 3 disclosure requirements, providing additional details regarding the differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories.

As per 31 December 2016, in millions of euros	**Carrying value as reported in published financial statements**	**Carrying value under scope of regulatory consolidation**	**Subject to credit risk framework**	**Subject to counterparty credit risk framework**	**Subject to securitisation framework**	**Subject to market risk framework**	**Not subject to capital requirements or subject to deduction from capital**
Assets							
Cash and balances at central banks	1,857	1,857	1,857	-	-	-	-
Receivables from financial institutions	490	490	490	-	-	-	-
Derivative financial instruments	225	225	-	225	-	-	-
Other receivables and prepayments	980	980	980	-	-	-	-
Inventories	281	281	281	-	-	-	-
Loans to investments accounted for using the equity method	125	125	125	-	-	-	-
Corporate income tax receivable	58	58	58	-	-	-	-
Lease receivables from clients	3,426	3,426	3,426	-	-	-	-
Property and equipment under OL& rental fleet	15,919	15,919	15,919	-	-	-	-
Other property and equipment	92	92	92	-	-	-	-
Investments accounted for using the equity method	27	27	27	-	-	-	-
Intangible assets	174	174	-	-	-	-	174
Deferred tax assets	118	118	92	-	-	-	26
Assets classified as held for sale	14	14	14	-	-	-	-
Total assets	**23,786**	**23,786**	**23,361**	**225**	**-**	**-**	**200**

Table 2: Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

As per 31 December 2016, in millions of euros	**Total**	**Items subject to:**			
		Credit risk framework	**Counterparty credit risk framework**	**Securitisation framework**	**Market risk framework**
Assets carrying value amount under scope of regulatory consolidation	**23,786**	**23,361**	**225**	**-**	**-**
Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	-	-
Total net amount under regulatory scope of consolidation	**23,786**	**23,361**	**225**	**-**	**-**
Off-balance sheet amounts	2,275	2,275	-	-	-
Differences in valuation	154	-	154	-	-
Differences due to different netting rules	- 71	-	- 71	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	-	-	-	-	-
Exposure amounts considered for regulatory purposes	**26,144**	**25,636**	**308**	**-**	**-**

Table 3: Flow statement exposure amounts considered for regulatory purposes

5 Own funds and leverage

5.1 Own funds

Composition of capital and risk exposure amounts	2016	2015	Delta
As per 31 December, in millions of euros			
Share capital and share premium	578.0	578.0	-
Other reserves	- 9.7	3.1	- 12.8
Retained earnings	2,507.4	2,490.4	+ 17.0
Total equity	**3,075.7**	**3,071.5**	**+ 4.2**
Deduction of net result for the year	- 425.5	- 442.5	+ 17.0
Eligible results	425.5	-	+ 425.5
Forseeable dividend	- 112.0	-	- 112.0
Prudential filter m-t-m derivatives	4.0	7.5	- 3.5
Deduction of intangible assets	- 174.2	- 171.9	- 2.3
Deduction of deferred tax assets	- 26.2	- 42.8	+ 16.6
AIRB provision shortfall	- 26.1	- 42.8	+ 16.7
Prudential valuation adjustment	- 0.2	- 0.1	- 0.1
Common Equity Tier 1 (CET 1) capital	**2,741.0**	**2,378.9**	**+ 362.1**
Risk-weighted lease assets	9,621.8	8,506.0	+ 1,115.8
Risk-weighted other assets	2,216.0	1,978.9	+ 237.1
On balance risk-weighted assets	**11,837.8**	**10,484.9**	**+ 1,352.9**
Other risk exposure amounts	3,612.7	3,498.7	+ 114.0
Total risk exposure amount	**15,450.5**	**13,983.6**	**+ 1,466.9**
Common Equity Tier 1 ratio	**17.7%**	**17.0%**	**+ 0.7%**

Table 4: Breakdown of LeasePlan's CET 1 capital and RWA/TREA

Capital position
LeasePlan's capital position is solid. LeasePlan's CET 1 ratio as per December 2016 shows an improvement compared to year-end 2015 and remained firmly above the regulatory capital requirements at 17.7% (2015: 17.0%).

LeasePlan changed the Pillar 1 methodology for foreign exchange (FX risk) as of February 2017. If the new FX approach would have been applied for year-end 2016, the CET 1 ratio as per 31 December 2016 would have been 18.4%.

During 2016 LeasePlan has also invested in the development of an advanced (Pillar 2) capital approach for residual value risk, further leveraging investments previously made in this respect. Based on the 2016 Internal Capital Adequacy Assessment Process (ICAAP), LeasePlan concludes that it is well capitalised and resilient to future plausible stress scenarios. This conclusion is based on LeasePlan's internal control framework and LeasePlan's capital assessment methodologies.

CET 1 capital as per the end of December 2016 (EUR 2,741 million) increased with 15.2% compared to year-end 2015, mainly resulting from an increase of eligible interim profits, under deduction of foreseeable dividends. Approval to include interim results as part of CET 1 capital, under deduction of foreseeable dividends, has been obtained up till the fourth quarter of 2016; such approval was not in place for the year 2015.

In addition, the TREA, compared to 2015, on a net basis increased by 10.5% during 2016. This increase is mainly related to the lease contract portfolio; resulting from a combination of movements in asset size (future lease payments and residual values of new clients and growth of existing clients), foreign exchange differences and a decrease in the rounded maturity of lease contracts. For more details on the TREA, reference is made to section 6.1.

5.2 Leverage ratio

The leverage ratio is calculated on the basis of the requirements of CRR/CRD IV. The fully loaded leverage ratio as per 31 December 2016 is 10.5% (2015: 10.1%), whereas the regulatory minimum level of the leverage ratio is 3.0%. In accordance with CRR article 451, a breakdown of the leverage ratio components is provided in the following three tables.

Summary reconciliation of accounting assets and leverage ratio exposures		**2016**	**2015**
As per 31 December, in millions of euros			
1	Total assets as per published financial statements	23,787	21,415
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-	-
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	-	-
4	Adjustments for derivative financial instruments	154	126
5	Adjustment for securities financing transactions (SFTs)	-	-
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	2,248	2,270
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	-	-
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	- 200	- 215
7	Other adjustment	- 71	- 63
8	**Leverage ratio total exposure measure**	**25,918**	**23,533**

Table 5: Summary reconciliation of accounting assets and leverage ratio exposures - LRSum

Leverage ratio common disclosure		2016	2015
As per 31 December, in millions of euros			
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	23,562	21,250
2	(Asset amounts deducted in determining Tier 1 capital)	- 200	- 215
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**23,362**	**21,035**
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	154	103
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	154	126
EU-5a	Exposure determined under Original Exposure Method	-	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
8	(Exempted CCP leg of client-cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	**Total derivatives exposures (sum of lines 4 to 10)**	**308**	**229**
SFT exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-
12a	Gross SFT assets (with no recognition of netting)	-	-
12b	Adjustments for sales accounting transactions	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	Counterparty credit risk exposure for SFT assets	-	-
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	-	-
15	Agent transaction exposures	-	-
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**-**	**-**
Other off-balance sheet exposures		-	-
17	Off-balance sheet exposures at gross notional amount	2,275	2,297
18	(Adjustments for conversion to credit equivalent amounts)	- 27	- 27
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	**2,248**	**2,270**

See continuation of this table on the next page

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Leverage ratio common disclosure		**2016**	**2015**
As per 31 December, in millions of euros			
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)			
EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	-
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	-
Capital and total exposure measure			
20	**Tier 1 capital**	**2,741**	**2,379**
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**25,918**	**23,533**
Leverage Ratio			
22	**Leverage Ratio**	**10.5%**	**10.1%**
Choice on transitional arrangements and amount of derecognised fiduciary items			
EU-23	Choice on transitional arrangements for the definition of the capital measure	-	-
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	-	-

Table 6: Leverage ratio common disclosure - LRCom

Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)		**2016**	**2015**
As per 31 December, in millions of euros			
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**23,562**	**21,250**
EU-2	Trading book exposures	-	-
EU-3	**Banking book exposures, of which:**	**23,562**	**21,250**
EU-4	Covered bonds	-	-
EU-5	Exposures treated as sovereigns	2,666	2,330
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-	-
EU-7	Institutions	751	640
EU-8	Secured by mortgages of immovable properties	-	-
EU-9	Retail exposures	1,933	3,023
EU-10	Corporate	16,256	13,301
EU-11	Exposures in default	47	28
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1,909	1,928

Table 7: Split-up of on balance sheet exposures - LRSpl

6 Capital requirements

6.1 Minimum capital requirements

Under the CRR/CRD IV regime, LeasePlan is required to calculate capital for credit risk, counterparty credit risk, market risk and operational risk. LeasePlan is, however, not exposed to market risk in the trading book as LeasePlan does not maintain trading or investment books.

For corporate counterparties LeasePlan has an internal rating system in place segmented into 14 non-default rating classes. LeasePlan's rating scale, which is shown in section 6.3.6, reflects the range of default probabilities defined for each rating class. The governance framework built around models ensures that the rating tools are kept under constant review and renewed when necessary. For this purpose LeasePlan monitors on a quarterly basis whether the performance of the models meets internal and external requirements. The models are validated on an annual basis. LeasePlan's internal ratings scale for corporate counterparties and mapping of external ratings are specified in section 6.3.6.

LeasePlan also applies internal models to determine the credit risk of retail exposures in the United Kingdom and the Netherlands. Where LeasePlan uses internal models to determine the credit rating of a counterparty, capital is calculated based on Advanced Internal Rating Based (AIRB) models. The models for credit risk relate especially to the determination of:

- Probability of default - being the likelihood of the default of a client in the next 12 months.
- Loss given default - being the expected loss to incur at the moment of a default.
- Exposure at default - is the expected exposure amount when a client goes into default.
- Remaining maturity - the contractual remainder of the lease contract.

For government, bank and remaining retail customers' counterparty exposures, LeasePlan does not use internal models, as development of internal models for these exposure classes is not cost-effective based on LeasePlan's relatively low exposures to those counterparties. The credit rating of these exposures is determined based on external ratings being the lowest rating of either Standard & Poor's or Moody's. For the determination of the risk-weight of these exposures LeasePlan applies the standardised approach (which prescribes fixed percentages for risk weighting depending on characteristics and conditions of the exposure) to determine capital requirements.

For FX risk, as part of market risk, LeasePlan's exposures, as per 31 December 2016, are calculated as the net position of all assets and liabilities (including off-balance sheet items) in a foreign currency. As per February 2017 LeasePlan adjusted its approach towards the determination of FX exposures, which from a capital ratio protection perspective, are calculated as the absolute mismatch between LeasePlan's overall ratio and the capital adequacy ratios of the foreign currency entities.

In respect of operational risk, LeasePlan uses the Advanced Measurement Approach (AMA). The required capital for operational risk is obtained from the outcome of models that track historic losses and anticipate potential low frequency and high-risk events. The models calculate the capital that is required to cover the operational loss LeasePlan could incur under extreme circumstances. LeasePlan has developed the capital models in use based on the requirements set out by the EBA.

LeasePlan regularly monitors the performance of AMA and AIRB models against predetermined limits. In the case of underperformance, the models are redeveloped and externally validated prior to implementation.

The following table illustrates the breakdown of RWA/TREA:

As per 31 December, in millions of euros	2016	2015	2016
	RWA	RWA	Minimum capital requirements
Credit risk (excluding counterparty credit risk)	**12,700**	**11,345**	**1,016**
Of which standardised approach (SA)	4,130	3,312	330
Of which internal rating-based (IRB) approach	8,570	8,033	686
Counterparty credit risk	**118**	**90**	**9**
Of which standardised approach for counterparty credit risk (SA-CCR)	118	90	9
Of which internal model method (IMM)	-	-	-
Equity positions in banking book under market-based approach	**-**	**-**	**-**
Equity investments in funds – look-through approach	**-**	**-**	**-**
Equity investments in funds – mandate-based approach	**-**	**-**	**-**
Equity investments in funds – fall-back approach	**-**	**-**	**-**
Settlement risk	**-**	**-**	**-**
Securitisation exposures in banking book	**-**	**-**	**-**
Of which IRB ratings-based approach (RBA)	-	-	-
Of which IRB Supervisory Formula Approach (SFA)	-	-	-
Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
Market risk	**1,117**	**1,034**	**89**
Of which standardised approach (SA)	1,117	1,034	89
Of which internal model approaches (IMM)	-	-	-
Operational risk	**1,515**	**1,515**	**121**
Of which Basic Indicator Approach	-	-	-
Of which Standardised Approach	-	-	-
Of which Advanced Measurement Approach	1,515	1,515	121
Amounts below the thresholds for deduction (subject to 250% risk weight)	**-**	**-**	**-**
Floor adjustment	**-**	**-**	**-**
Total	**15,450**	**13,984**	**1,235**

Table 8: Overview of RWA/TREA and Minimum capital requirements

In monitoring the adequacy of capital, LeasePlan constantly reviews the development in risk-weighted exposures on the one hand and the development in eligible capital on the other hand. The eligible capital will normally grow with profits realised and retained.

The CET 1 ratio of LeasePlan is fully loaded, meaning LeasePlan does not apply the phase-in options for the deduction of deferred tax assets and intangible assets.

6.2 Capital buffers

6.2.1 Countercyclical capital buffer

As per 31 December 2016 LeasePlan holds 0.08% (EUR 12 million) of its TREA (EUR 15 billion) as countercyclical capital buffer. The geographical distribution of LeasePlan's credit exposures, in accordance with CRR article 440, is presented in the table on the next page.

Countries	General credit exposures		FX exposures		Securitisation positions		Own fund requirements					CCB%
As per 31 December 2016, in thousands of euros	Exposure values for SA	Exposure values for IRB	Sum of long and short positions of FX exposures for SA	Values of FX exposures for internal models	Exposure values for SA	Exposure values for IRB	Of which: General credit exposures	Of which: FX exposures	Of which: Securitisation exposures	Total	Weights	
Australia	182,826	658,261	123,953	-	-	-	27,395	9,916	-	37,311	0.04	0.00%
Austria	79,282	338,559	-	-	-	-	15,065	-	-	15,065	0.02	0.00%
Belgium	230,433	817,900	-	-	-	-	36,516	-	-	36,516	0.04	0.00%
Brazil	8,606	136,092	19,909	-	-	-	7,613	1,593	-	9,206	0.01	0.00%
Canada	30,116	-	-	-	-	-	2,409	-	-	2,409	0.00	0.00%
Czech Republic	58,899	264,881	43,631	-	-	-	12,411	3,490	-	15,902	0.02	0.00%
Denmark	69,845	385,458	-	-	-	-	10,840	-	-	10,840	0.01	0.00%
Finland	51,721	379,597	-	-	-	-	12,595	-	-	12,595	0.01	0.00%
France	633,314	1,124,086	-	-	-	-	75,344	-	-	75,344	0.08	0.00%
Germany	376,670	1,346,511	-	-	-	-	61,416	-	-	61,416	0.07	0.00%
Greece	57,722	193,720	-	-	-	-	9,282	-	-	9,282	0.01	0.00%
Hungary	26,458	126,078	3,567	-	-	-	6,047	285	-	6,332	0.01	0.00%
India	23,294	101,423	6,490	-	-	-	4,742	519	-	5,261	0.01	0.00%
Ireland	78,567	159,373	-	-	-	-	9,574	-	-	9,574	0.01	0.00%
Italy	922,190	897,965	-	-	-	-	82,835	-	-	82,835	0.09	0.00%
Japan	-	-	-	-	-	-	-	-	-	-	-	0.00%
Luxembourg	51,148	139,134	-	-	-	-	7,359	-	-	7,359	0.01	0.00%
Malaysia	37	7	-	-	-	-	3	-	-	3	0.00	0.00%
Mexico	4,083	94,119	18,990	-	-	-	3,583	1,519	-	5,102	0.01	0.00%
Netherlands	499,886	1,903,881	-	-	-	-	81,632	-	-	81,632	0.09	0.00%
New Zealand	49,621	189,529	62,111	-	-	-	10,121	4,969	-	15,090	0.02	0.00%
Norway	160,982	595,949	81,124	-	-	-	23,098	6,490	-	29,588	0.03	1.50%
Poland	59,778	302,391	67,903	-	-	-	15,830	5,432	-	21,262	0.02	0.00%
Portugal	275,191	770,747	-	-	-	-	35,919	-	-	35,919	0.04	0.00%
Romania	15,880	109,097	-	-	-	-	5,086	-	-	5,086	0.01	0.00%
Russia	3,702	45,736	17,148	-	-	-	1,768	1,372	-	3,140	0.00	0.00%
Spain	254,399	878,070	-	-	-	-	52,693	-	-	52,693	0.06	0.00%
Slovakia	17,310	111,716	-	-	-	-	4,918	-	-	4,918	0.01	0.00%
Sweden	78,268	376,390	34,591	-	-	-	16,014	2,767	-	18,781	0.02	1.50%
Switzerland	29,879	281,130	9,045	-	-	-	9,691	724	-	10,415	0.01	0.00%
Turkey	113,223	359,916	-	-	-	-	24,534	-	-	24,534	0.03	0.00%
UAE	41,329	13,438	-	-	-	-	4,341	-	-	4,341	0.00	0.00%
UK	764,231	1,842,209	236,264	-	-	-	117,814	18,901	-	136,715	0.15	0.00%
US	251,187	1,793,678	116,244	-	-	-	54,091	9,300	-	63,391	0.07	0.00%
Other	23	-	-	-	-	-	-	-	-	-	-	0.00%
Total	**5,500,100**	**16,737,041**	**840,971**	**-**	**-**	**-**	**842,579**	**67,277**	**-**	**909,856**	**1**	**0.08%**

Table 9: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer[2]

[2] In accordance with CRR article 140 (4) the table only includes credit exposures that are relevant for the calculation of the institution specific countercyclical capital buffer. Effectively this means that exposures to governments and institutions are excluded. In addition, LeasePlan does not hold a trading book. The market exposures are related to FX exposures

6.2.2 Capital conservation buffer

As per 31 December 2016 and for the year 2017, LeasePlan's capital conservation buffer consists of CET 1 capital equal to 1.25% (EUR 193 million) of its TREA (EUR 15 billion), in accordance with CRR article 92 and 160.

6.3 Credit risk

This section contains the disclosures regarding credit risk in accordance with CRR articles 439, 442, 447, 452 and 453.

6.3.1 Credit quality of assets

The following table shows the split of exposures in default and non-default with deduction of allowances and impairments:

As per 31 December 2016, in millions of euros	Gross carrying values of			
	Defaulted exposures	**Non-defaulted exposures**	**Allowances/ impairments**	**Net values**
Loans	79	19,858	- 40	**19,897**
Debt Securities	-	-	-	**-**
Off-balance sheet exposures	-	1,909	-	**1,909**
Total	**79**	**21,767**	**- 40**	**21,806**

Table 10: Carrying values of loan and off-balance sheet exposures

Loans comprise of lease portfolio, trade receivables and loans to LeasePlan entities and third parties. Off-balance sheet exposures represent the commitments on replacement of the lease portfolio.

6.3.2 Default definition

For purposes of assessing, recognising and reporting defaults, LeasePlan defines a default as:

Any customer that is unable to fulfil its obligations (irrespective of the amount involved or the number of days outstanding) and when customers are over 90 days in arrears and local judgment so determines that there is a reasonable chance that the amount will not be collected.

The local judgment criterion is the result of an internal assessment with regard to arrears in order to establish whether the customer is unable to pay. The local judgment criterion is used to avoid disputes with counterparties being reported as defaults.

As a consequence of LeasePlan's local judgment criterion, the probability of default of AIRB counterparties is lower than when applying a default definition solely based on a definition of default as being over 90 days past due (as per CRR/CRD IV definition) and the loss given default of corporate counterparties is somewhat higher.

As per 31 December, in millions of euros	
Defaulted loans and debt securities at end of the previous reporting period	**91**
Loans and debt securities that have defaulted since the last reporting period	49
Returned to non-defaulted status	- 29
Amounts written off	- 71
Other changes	-
Defaulted loans and debt securities at end of the reporting period	**40**

Table 11: Changes in defaulted loans

6.3.3 Additional disclosures related to the credit quality of assets

Past due and impaired exposures

Receivables from clients are individually assessed on indications for impairment. The sources for such indications can be internal (such as internal credit rating/score, 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 and the fact the LeasePlan 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.

When a leasing client is considered to be in default, LeasePlan calculates its exposure by aggregating the outstanding invoices and the book value of the vehicles. The estimated sales proceeds of the vehicles under lease at the time of the default are deducted from the exposure at default to arrive at a provision amount. In general such exposure at default is intended to fully cover the expected loss. LeasePlan individually assesses receivables from clients (mainly lease rentals that have become payable) for indications of impairment.

Breakdown of exposure by exposure class and geography

The table below shows the total exposure distribution by exposure class and geography based on the geographical location of the assets.

Distinction is made between the European countries and the Rest of the World:

- Europe: geographies in this segment are all European countries where the Group operates including Turkey, Russia and United Arab Emirates.
- Rest of the World: geographies in this segment are Australia, Brazil, India, Mexico, New Zealand, and the United States of America.

Asset classes *As per 31 December 2016, in millions of euros*	**Europe**	**Rest of the world**	**Group**	**Total**
Sovereigns and their central banks	528	36	1,864	**2,428**
Non-central government public sector entities	206	32	-	**238**
Multilateral development banks	-	-	-	**-**
Banks	462	28	261	**751**
Securities firms	-	-	-	**-**
Corporates	13,138	2,946	206	**16,290**
Regulatory retail portfolios	1,920	9	4	**1,933**
Secured by residential property	-	-	-	**-**
Secured by commercial real estate	-	-	-	**-**
Equity	14	13	-	**27**
Past-due loans	46	-	-	**46**
Higher-risk categories	-	-	-	**-**
Other assets	3,293	538	92	**3,923**
Total	**19,607**	**3,602**	**2,427**	**25,636**

Table 12: Breakdown of exposures by segment

Breakdown of exposure by industry

Total exposure is broken down according to the industry segment in which the counterparties have their major business.

Asset classes *As per 31 December 2016, in millions of euros*	**Financial institu-tions**	**Manu-facturing**	**Whole-sale trade**	**Transport and public utilities**	**Public sector**	**Private house-holds**	**Services**	**Other indus-tries**	**Total**
Sovereigns and their central banks	1,858	-	-	4	561	-	4	1	**2,428**
Non-central government public sector entities	-	-	-	-	238	-	-	-	**238**
Multilateral development banks	-	-	-	-	-	-	-	-	**-**
Banks	751	-	-	-	-	-	-	-	**751**
Securities firms	-	-	-	-	-	-	-	-	**-**
Corporates	390	4,551	1,159	1,442	-	-	3,696	5,052	**16,290**
Regulatory retail portfolios	27	207	87	62	-	687	347	517	**1,934**
Secured by residential property	-	-	-	-	-	-	-	-	**-**
Secured by commercial real estate	-	-	-	-	-	-	-	-	**-**
Equity	-	-	-	-	-	-	27	-	**27**
Past-due loans	1	7	2	9	-	2	8	18	**47**
Higher-risk categories	-	-	-	-	-	-	-	-	**-**
Other assets	67	468	123	148	150	67	398	2,500	**3,921**
Total	**3,094**	**5,233**	**1,371**	**1,665**	**949**	**756**	**4,480**	**8,088**	**25,636**

Table 13: Breakdown of exposures by industry

Breakdown of exposures by residual maturity

The table below show the total exposure broken down by residual maturity:

Asset classes *As per 31 December 2016, in millions of euros*	**Three months or less**	**Longer than three months, less than a year**	**Longer than a year, less than five years**	**Longer than five years**	**Total**
Sovereigns and their central banks	1,915	191	320	1	**2,427**
Non-central government public sector entities	3	23	209	2	**237**
Multilateral development banks	-	-	-	-	**-**
Banks	274	17	460	-	**751**
Securities firms	-	-	-	-	**-**
Corporates	203	1,224	14,792	71	**16,290**
Regulatory retail portfolios	86	320	1,527	-	**1,933**
Secured by residential property	-	-	-	-	**-**
Secured by commercial real estate	-	-	-	-	**-**
Equity	-	-	-	27	**27**
Past-due loans	4	7	36	-	**47**
Higher-risk categories	-	-	-	-	**-**
Other assets	1,057	2,166	513	187	**3,923**
Total	**3,542**	**3,948**	**17,857**	**288**	**25,636**

Table 14: Breakdown of exposures by residual maturity

6.3.4 Credit risk adjustments

The following tables provide the required disclosures in accordance with CRR article 442 h and i. In this context LeasePlan applies the same definitions, of 'past due' and 'impairment' as used for accounting purposes in the Annual Report. The tables below further specify the amounts disclosed in the Annual Report for the purpose of the Pillar 3 disclosure requirements.

As per 31 December 2016, in millions of euros	**Europe**	**Rest of the world**	**Group**	**Total**
Past due up to 90 days	221	294	-	515
Past due between 90-180 days	9	22	-	31
Past due 180 days - 1 year	4	17	-	21
Past due 1-2 years	1	-	-	1
Past due > 2 years	2	-	-	2
Total past due	**237**	**333**	**-**	**570**
Of which impaired	35	3	-	38

Table 15: Past due exposures

As per 31 December 2016, in millions of euros	**Europe**	**Rest of the world**	**Group**	**Total**
Openings balance	88	3	-	91
Additions	45	3	-	48
Releases/reversals	- 27	- 2	-	- 29
Write-offs	- 71	- 1	-	- 72
Other movements	-	-	-	-
Closing balance	**35**	**3**	**-**	**38**

Table 16: Specific risk adjustments

6.3.5 Credit risk mitigation

LeasePlan applies unfunded credit protection by using third party financial guarantees, liability statements and letters of comfort mainly from parent or other group companies.

As per 31 December 2016, in millions of euros	**Exposures unsecured: carrying amount**	**Exposures secured by collateral**	**Exposures secured by collateral, of which secured**	**Exposures secured by financial guarantees**	**Exposures secured by financial guarantees, of which secured**	**Exposures secured by credit derivatives**	**Exposures secured by credit derivatives, of which secured**
Loans	17,480	-	-	2,416	-	-	-
Debt securities	-	-	-	-	-	-	-
Total	**17,480**	**-**	**-**	**2,416**	**-**	**-**	**-**
Of which defaulted	131	-	-	-	-	-	-

Table 17: Overview of credit risk mitigation

6.3.6 Standardised approach

Use of external credit ratings

LeasePlan uses ratings mainly from Standard & Poor's for calculating the risk weight of the exposure classes Sovereigns and their central banks, Non-central government public sector entities and Banks.

LeasePlan'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

Table 18: Mapping table LeasePlan's rating and external credit rating

Exposures under the standardised approach

The table below shows LeasePlan's exposures, RWA and risk weights (RWA density) under the standardised approach. LeasePlan does not use any credit risk mitigation techniques.

As per 31 December 2016 in millions of euros	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes	**On-balance**	**Off-balance**	**On-balance**	**Off-balance**	**RWA**	**RWA density**
Sovereigns and their central banks	2,428	-	2,428	-	196	8%
Non-central government public sector entities	238	-	238	-	106	45%
Multilateral development banks	-	-	-	-	-	-
Banks	751	-	751	-	332	44%
Securities firms	-	-	-	-	-	-
Corporates	2,103	51	2,103	51	1,608	75%
Regulatory retail portfolios	943	-	943	-	610	65%
Secured by residential property	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Past-due loans	16	-	16	-	21	128%
Higher-risk categories	-	-	-	-	-	-
Other assets	529	1,858	529	1,858	1,257	53%
Total	**7,008**	**1,909**	**7,008**	**1,909**	**4,130**	**46%**

Table 19: Overview of total exposure and credit risk mitigation (CRM) effects

The RWA density remained stable at 46% as per 31 December 2016 compared to 2015.

Exposures by asset classes and risk weights

The relatively high amounts in the risk weight category "other assets" is the result of the residual value part of the total exposure which is risk weighted according to the 1/t formula (article 134.7) where t is the rounded contractual remainder of the leased contract.

As per 31 December 2016, in millions of euros	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposures amount (post CCF and post-CRM)**
Asset classes / Risk weight										
Sovereigns and their central banks	2,018	-	1	-	41	-	46	-	322	**2,428**
Non-central government public sector entities	-	-	96	-	-	-	7	-	135	**238**
Multilateral development banks	-	-	-	-	-	-	-	-	-	**-**
Banks	-	-	288	-	238	-	42	1	182	**751**
Securities firms	-	-	-	-	-	-	-	-	-	**-**
Corporates	-	-	28	-	21	-	924	-	1,182	**2,155**
Regulatory retail portfolios	-	-	-	-	-	305	7	-	630	**942**
Secured by residential property	-	-	-	-	-	-	-	-	-	**-**
Secured by commercial real estate	-	-	-	-	-	-	-	-	-	**-**
Equity	-	-	-	-	-	-	-	-	-	**-**
Past-due loans	-	-	-	-	-	-	3	3	10	**16**
Higher-risk categories	-	-	-	-	-	-	-	-	-	**-**
Other assets	-	-	-	-	-	-	-	-	2,387	**2,387**
Total	**2,018**	**-**	**413**	**-**	**300**	**305**	**1,029**	**4**	**4,848**	**8,917**

Table 20: Overview of exposures by asset classes and risk weights under the standardised approach

6.3.7 IRB approach

Internal models

Effective 1 December 2008, LeasePlan implemented AIRB models for calculating the regulatory capital requirement for credit risk for its corporate fleet. Effective 1 January 2014 LeasePlan implemented AIRB models for the retail portfolios in the United Kingdom and the Netherlands.

Probability of default (PD)

LeasePlan assesses the probability of default of AIRB counterparties using internal rating tools tailored to the various categories of such counterparties. LeasePlan's internal rating system for corporate counterparties is segmented into fourteen non-default rating classes. LeasePlan's rating scale reflects the range of default probabilities defined for each rating class and as the assessment of the corporate counterparties' probability of default changes LeasePlan may adjust its exposure between classes. These internally developed tools combine statistical analysis with in-house judgment and are compared with externally available data when possible.

LeasePlan has internal scoring systems in place for retail counterparties for the retail portfolios in the United Kingdom and the Netherlands.

The rating and scoring tools are regularly reviewed and are renewed when required under LeasePlan's governance framework. This includes monitoring on a quarterly basis whether the performance of the models meets internal and external requirements. All models are validated by an external audit firm other than the firm that audits the annual accounts.

Loss Given Default (LGD)

LGD is the loss LeasePlan incurs as the result of a default. LGD is expressed as the percentage loss of LeasePlan's exposure at the time the counterparty is declared in default. LGD typically varies by country and transactional features, such as type of leased vehicle.

LGD expectations are composed by using historical default data (gathered by LeasePlan entities in a global default database). These expectations are calculated separately for each collateral type (cars and vans, trucks and equipment) and for each country in which LeasePlan is active.

The average exposure weighted LGD as per 31 December 2016 (27.9%) is fairly stable compared to 31 December 2015 (27.2%).

Exposure at default (EAD)

The original risk exposure is derived from the remaining amortising book value of lease contracts and arrears. The conversion factor (i.e. the ratio of the currently undrawn amount of a commitment that will be drawn and outstanding at default to the currently undrawn amount of the commitment) for the EAD is 1.0 of the original credit risk exposure. The main driver for this conversion factor is that in general LeasePlan has no obligation towards counterparties to execute new orders at any time.

Remaining maturity

The exposure weighted remaining maturity is based upon the remaining contractual maturity which is calculated per object.

Exposures by asset classes, approach and roll-out plan

As per 31 December 2016, in millions of euros	Approach						
Asset classes	**AIRB**	**%**	**Standardised**	**%**	**Total**	**Of which roll-out plan**	**%**
Sovereigns and their central banks	-	-	2,428	9%	**2,428**	26	0%
Non-central government public sector entities	-	-	238	1%	**238**	15	0%
Multilateral development banks	-	-	-	-	**-**	-	-
Banks	-	-	751	3%	**751**	21	0%
Securities firms	-	-	-	-	**-**	-	-
Corporates	14,136	55%	2,155	8%	**16,291**	499	2%
Regulatory retail portfolios	990	4%	943	4%	**1,933**	415	2%
Secured by residential property	-	-	-	-	**-**	-	-
Secured by commercial real estate	-	-	-	-	**-**	-	-
Equity	27	-	-	-	**27**	-	-
Past-due loans	31	-	16	-	**47**	4	0%
Higher-risk categories	-	-	-	-	**-**	-	-
Other assets	1,535	6%	2,387	9%	**3,922**	-	-
Total	**16,719**	**65%**	**8,918**	**35%**	**25,636**	**980**	**4%**

Table 21: Overview of asset classes by approach and roll-out plan

The amounts for the roll-out plan relate to the retail portfolios in France and Italy.

Overview main parameters of portfolios under the IRB approach

Portfolio *As per 31 December 2016, in millions of euros*	**PD scale**	**Original on-balance sheet gross exposure**	**Off-balance sheet exposures pre CCF**	**Average CCF**	**EAD post CRM and post-CCF**	**Average PD**	**Number of obligors**	**Average LGD**	**Average maturity**	**RWA**	**RWA density**	**EL**	**Provisions**
Corporate - SME													
	0.00 to <0.15	766	-	1.0	768	0.1	3,002	28.1	1.9	316	41%	0	-
	0.15 to <0.25	219	-	1.0	219	0.2	1,095	28.2	1.9	97	44%	0	-
	0.25 to <0.50	219	-	1.0	220	0.4	1,087	25.7	1.9	104	47%	0	-
	0.50 to <0.75	123	-	1.0	123	0.7	758	26.5	2.0	63	51%	0	-
	0.75 to <2.50	91	-	1.0	91	1.5	799	27.7	1.8	50	55%	0	-
	2.50 to <10.00	17	-	1.0	17	3.9	250	26.6	1.6	10	63%	0	-
	10.00 to <100.00	1	-	1.0	1	13.4	13	31.3	1.5	1	94%	0	-
	100.00 (Default)	8	-	1.0	8	100.0	33	25.3	1.2	10	127%	-	2
	Sub-total	**1,444**	**-**	**1.0**	**1,447**	**0.9**	**7,037**	**27.6**	**1.9**	**651**	**45%**	**1**	**2**
Corporate - Other													
	0.00 to <0.15	7,333	-	1.0	7,341	0.1	11,647	28.1	2.1	2,858	39%	2	-
	0.15 to <0.25	2,281	-	1.0	2,283	0.2	3,945	27.0	2.1	1,011	44%	1	-
	0.25 to <0.50	1,711	-	1.0	1,712	0.4	3,488	28.2	2.0	886	52%	2	-
	0.50 to <0.75	746	-	1.0	747	0.7	2,031	32.5	2.2	479	64%	2	-
	0.75 to <2.50	536	-	1.0	536	1.3	2,205	27.9	1.9	335	63%	2	-
	2.50 to <10.00	88	-	1.0	88	4.7	556	31.6	1.9	69	78%	1	-
	10.00 to <100.00	4	-	1.0	4	13.4	44	33.0	1.8	4	92%	0	-
	100.00 (Default)	21	-	1.0	21	100.0	134	34.9	1.6	65	316%	0	2
	Sub-total	**12,720**	**-**	**1.0**	**12,732**	**0.4**	**24,050**	**28.2**	**2.1**	**5,707**	**45%**	**11**	**2**
Retail - Other SME													
	0.00 to <0.15	15	-	1.0	15	-	271	30.5	2.0	5	35%	0	-
	0.15 to <0.25	-	-		-		-			-		-	-
	0.25 to <0.50	15	-	1.0	15	0.5	228	30.6	2.1	6	40%	0	-
	0.50 to <0.75	-	-		-		-			-		-	-
	0.75 to <2.50	80	-	1.0	80	1.4	1,431	30.5	2.1	39	48%	0	-
	2.50 to <10.00	164	-	1.0	164	6.3	3,315	26.0	2.0	87	53%	3	-
	10.00 to <100.00	230	-	1.0	230	16.7	9,999	23.6	1.5	158	69%	9	-
	100.00 (Default)	2	-	1.0	2	100.0	-	26.2	2.1	4	191%	-	-
	Sub-total	**506**	**-**	**1.0**	**506**	**10.3**	**15,244**	**25.9**	**1.8**	**299**	**59%**	**12**	**-**
Retail - Other non-SME													
	0.00 to <0.15	-	-		-		-			-		-	-
	0.15 to <0.25	-	-		-		-			-		-	-
	0.25 to <0.50	-	-		-		-			-		-	-
	0.50 to <0.75	-	-		-		-			-		-	-
	0.75 to <2.50	-	-		-		-			-		-	-
	2.50 to <10.00	428	-	1.0	428	4.7	25,023	22.9	1.9	267	62%	5	-
	10.00 to <100.00	58	-	1.0	58	16.9	3,930	23.4	1.7	39	68%	2	-
	100.00 (Default)	1	-	1.0	1	100.0	-	24.6	1.4	3	237%	-	-
	Sub-total	**487**	**-**	**1.0**	**487**	**6.3**	**28,953**	**23.0**	**1.9**	**309**	**63%**	**7**	**-**
Total (all portfolios)		**15,157**	**-**	**1.0**	**15,172**	**1.0**	**75,284**	**27.9**	**2.0**	**6,966**	**46%**	**31**	**4**
Equity IRB		**27**	**-**	**-**	**27**	**-**	**-**	**-**	**-**	**68**	**250%**	**-**	**-**
Other non credit-obligation assets		**1,534**	**-**	**-**	**1,535**	**-**	**-**	**-**	**-**	**1,535**	**100%**	**-**	**-**
Total IRB approach		**16,718**	**-**	**-**	**16,734**	**-**	**-**	**-**	**-**	**8,569**	**51%**	**-**	**-**

Table 22: Overview main parameters of portfolios under the IRB approach

Back testing of probability of default (PD) per portfolio

				Number of obligors				
Portfolio *As per 31 December 2016, in millions of euros*	**PD Range**	**Weighted average PD**	**Arithmetic average PD by obligors**	**End of previous year**	**End of the year**	**Defaulted obligors in the year**	**of which: new defaulted obligors in the year**	**Average historical annual default rate**
Corporate - SME								
	0.00 to <0.15	0.1	0.1	2,379	2,668	1	-	-
	0.15 to <0.25	0.2	0.2	818	985	1	-	0.1
	0.25 to <0.50	0.4	0.4	780	961	1	-	0.1
	0.50 to <0.75	0.7	0.7	541	693	5	-	0.9
	0.75 to <2.50	1.4	1.5	634	767	6	-	0.9
	2.50 to <10.00	3.7	4.2	213	246	5	-	2.3
	10.00 to <100.00	13.4	13.4	20	13	1	-	5.0
	100.00 (Default)	100.0	100.0	24	31	-	-	-
	Sub-total	**0.4**	**1.0**	**5,409**	**6,364**	**20**	**-**	**0.4**
Corporate - Other								
	0.00 to <0.15	0.1	0.1	7,933	8,372	14	1	0.2
	0.15 to <0.25	0.2	0.2	2,656	2,868	9	1	0.6
	0.25 to <0.50	0.4	0.4	2,446	2,749	15	1	0.9
	0.50 to <0.75	0.7	0.7	1,687	1,690	19	4	1.5
	0.75 to <2.50	1.4	1.5	1,894	1,917	28	2	1.5
	2.50 to <10.00	4.9	4.2	485	514	16	1	3.0
	10.00 to <100.00	13.4	13.4	44	41	-	-	4.2
	100.00 (Default)	100.0	100.0	89	105	-	-	-
	Sub-total	**0.4**	**1.0**	**17,234**	**18,256**	**101**	**10**	**0.8**
Retail - Other SME								
	0.00 to <0.15	0,0	0,0	151	264	2	-	1.3
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	0.5	0.5	118	225	-	-	-
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	1.3	1.3	554	1,394	3	-	0.5
	2.50 to <10.00	5.0	4.9	437	3,399	5	-	1.1
	10.00 to <100.00	15.7	16.6	234	10,805	5	-	2.1
	100.00 (Default)	100.0	100.0	4	99	-	-	-
	Sub-total	**4.2**	**4.8**	**1,498**	**16,186**	**15**	**-**	**1.0**
Retail - Other non-SME								
	0.00 to <0.15	0,0	0,0	253	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	0.5	0.5	284	-	1	-	0.5
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	1.5	1.5	2,144	-	14	-	0.9
	2.50 to <10.00	5.5	5.3	27,583	25,088	137	17	0.5
	10.00 to <100.00	18.4	19.2	33,302	3,943	813	126	2.5
	100.00 (Default)	100.0	100.0	481	84	-	-	-
	Sub-total	**11.6**	**13.1**	**64,047**	**29,115**	**965**	**143**	**1.5**
Total (all portfolios)		**1.5**	**9.8**	**88,189**	**69,921**	**1,101**	**153**	**1.5**

Table 23: Overview of back testing of probability of default (PD) of portfolios under the IRB approach

6.3.8 Counterparty credit risk

The counterparty credit risk positions LeasePlan holds with banks, such as cash and deposits, are risk-weighted under the standardised approach as part of credit risk. These positions can be detailed as follows:

As per 31 December 2016, in millions of euros	**Exposure**	**RWA**	**Minimum capital requirement**
Loans to banks	424	164	13
Call money - Cash at banks	67	-	-
Total	**491**	**164**	**13**

Table 24: Risk exposure, RWA and minimum capital requirements regarding other credit risk exposures to banks, excluding derivative positions

Methodology

LeasePlan's TREA / RWA in relation to derivative exposures are split in the following categories:
- Counterparty credit risk;
- Credit valuation adjustment (CVA).

LeasePlan use the market value of the derivatives to establish counterparty risk on derivative positions. This position is adjusted with a 'potential future risk factor' and collateral. This position is risk-weighted, in accordance with the standardised approach, based on 'remaining maturity' and 'credit rating (S&P)'.

LeasePlan is required to hold additional capital due to CVA risk arising from these Over The Counter (OTC) derivatives. In order to calculate the CVA capital charge LeasePlan uses the standardised formula in line with Article 384 of Regulation (EU) No 575/2013. CVA means an adjustment to the mid-market valuation of the portfolio of transactions with a counterparty. That adjustment reflects the current market value of the credit risk of the counterparty to the institution, but does not reflect the current market value of the credit risk of the institution to the counterparty.

Policy and risk mitigation

It is LeasePlan policy to match the contract portfolio with funding to minimise liquidity, interest rate and FX risks. When an entity enters into a new lease contract with a counterparty they should immediately match the funding profile of the asset and liability to ensure the contract is matched from a liquidity, interest rate and currency perspective. The entity may enter into a funding contract with:
- LeasePlan Treasury (LPTY); or
- Local bank in accordance with the Local Funding policy.

LeasePlan entities are only permitted to use plain vanilla loans to match their assets. The use of derivatives to mitigate interest rate and/or currency risk (LeasePlan does not maintain a trading book) is done centrally at LPTY and is not allowed locally unless the entity has the approval to do so. Approval is only granted in restricted circumstances. If such an approval is given, it is preferred that derivatives are obtained via LPTY. LPTY is allowed to enter into the following plain vanilla derivatives without prior notice and with the aim to remain compliant with approved limits:
- Interest Rate Swaps;
- Forward Rate Agreements;
- Currency swaps; and
- Currency forwards.

The use of other derivatives require specific approval by the Funding & Treasury Risk Committee (FTRC). For all derivative trades counterparty considerations are set by the Counterparty Credit Risk Policy.

To mitigate counterparty risk, LeasePlan concludes ISDA Master Agreements. Counterparty risk mitigation is achieved by means of the Credit Support Annex (CSA) within the ISDA Master Agreement, pursuant to which LeasePlan determines the collateral required on a periodic basis, i.e. the net market value of the outstanding derivative transactions, which is subsequently received (or must be paid) pursuant to the CSA. Counterparty risk mitigating measures have the effect of reducing the exposure amount calculation according to the CRR/CRD IV rules. For disclosures regarding counterparty credit risk reference is made to the Financial Risk Management chapter, section D of the Annual Report.

Only LeasePlan's Bumper related financial instruments contain a rating trigger, for the required disclosures under CRR article 439 sub d reference is made to section 7.3 Exposure to securitisation positions.

Quantitative disclosures counterparty credit risk and CVA

In the table below LeasePlan provides insight in how counterparty risk is reduced with the risk mitigation techniques and details the RWA and minimum required capital in this context, comparing 2016 with 2015:

As per 31 December 2016, in millions of euros	**Market-to-market**	**Collateral**	**Potential Future Risk**	**Exposure**	**RWA**	**Minimum capital requirements**
Counterparty credit risk	225	71	154	308	118	10
CVA	225	71	154	308	66	5
Total					**184**	**15**

As per 31 December 2015, in millions of euros	**Market-to-market**	**Collateral**	**Potential Future Risk**	**Exposure**	**RWA**	**Minimum capital requirements**
Counterparty credit risk	166	63	126	229	90	7
CVA	166	63	126	229	52	4
Total					**142**	**11**

Table 25: Counterparty risk and CVA details

Based on the standardised approach LeasePlan holds EUR 10 million (2015: EUR 7 million) for counterparty risk and EUR 5 million (2015: EUR 4 million) capital for CVA charge under Pillar 1 as of 31 December 2016. Compared to 2015, the Market-to-market valuation increased with 35.5% to EUR 225 million, resulting in an increased risk exposure amount and related risk-weight as well as a higher minimum required capital.

6.3.9 Equities not included in the trading book

From a sub-consolidated point of view LeasePlan has five Associates and Joint Ventures outside the trading book. LeasePlan's associate is Terberg Leasing BV and the joint ventures are Please S.C.S., Overlease S.r.L. (no book value), Flottenmanagement GmbH (no book value) and LeasePlan Emirates LLC. The table below provides insight in the book value of those Associates and Joint ventures their risk-weight and capital requirement. For details regarding the fair value, impairments and (un)realised gains and losses regarding these positions reference is made to the Annual Report.

	2016			2015		
As per 31 December, in millions of euros	**Exposure**	**RWA**	**Capital requirement**	**Exposure**	**RWA**	**Capital requirement**
Associates	12	30	2	11	27	2
Joint Ventures	15	38	3	13	33	3
Total	**27**	**68**	**5**	**24**	**60**	**5**

Table 26: Overview capital requirements Associates and Joint Ventures

The Associates and Joint Ventures in 2016 are the same entities as in 2015; these equity positions are risk weighted against 250% in accordance with CRR requirements.

6.4 Market risk

Due to LeasePlan's specific business model, market risk consists of two main risk areas: asset risk and FX risk. Within these risk areas exposures to developments in the second-hand car market and FX exposures due to LeasePlan's global footprint are managed. It should be noted that asset risk is considered a Pillar 2 risk.

6.4.1 Asset risk

Capital

Asset risk in the context of regulatory capital calculations, considers residual value risk regarding the leased assets.

As part of credit risk, under the CRR/CRD IV regime, the 1/t formula is applied for risk-weighting of the residual value of the portfolio for the majority of LeasePlan's assets. The regulatory capital related to residual values amounts to EUR 521 million (1/t) as at the end of 2016.

For residual value risk, under Pillar 2, LeasePlan calculates the required capital differently from the methodology applied under regulatory requirements for Pillar 1; required capital for residual value is calculated to cover for possible losses when the vehicles are returned at contract maturity. The capital calculated and held for residual value risk under Pillar 2 is determined by the internally developed Asset Risk Economic Capital (AREC). This model is based on the Value-at-Risk (VaR) principle.

LeasePlan defines the economic capital for residual risk as the capital required to cover the losses on residual value-risk bearing lease contracts in a 1-in-1000-year event, i.e. the 99.9 percentile. The methodology of this model, as well as the underlying statistical models and assumptions are externally validated.

Nominal exposure value

LeasePlan's residual position by relation to the total lease portfolio is illustrated in the table below and distinguishes between the future lease payments and the contractual residual values.

As per 31 December, in millions of euros	2016 Total asset risk exposure	2015 Total asset risk exposure
Future lease payments	8,041	7,459
Residual value	10,725	9,602
Total	**18,766**	**17,061**

Table 27: Residual Value position total lease portfolio

The tables below illustrate the distribution of total exposure across the LeasePlan entities and across the makes currently in LeasePlan's portfolio (both per top 10 and others). LeasePlan believes the concentration risk is limited in geographic terms as the largest exposure per entity at the end of 2016 amounts to 14.6% of LeasePlan's total exposure (compared to 14.7% at the end of 2015). The degrees of concentration in terms of make can also be considered limited as the largest exposure amounts to 13.1% of LeasePlan's total exposure (compared to 13.6% at the end of 2015). In general, the increase in exposure compared to 2015 is evenly spread across all entities and makes in LeasePlan's portfolio.

As at 31 December, in millions of euros	2016 RV risk exposure	2015 RV risk exposure
LPUK	1,566	1,505
LPNL	1,101	1,037
LPDE	948	872
LPIT	892	761
LPFR	833	739
LPES	628	529
LPPT	568	494
LPBE	565	514
LPNO	508	450
LPTR	366	261
Others	2,751	2,439
Total	**10,725**	**9,602**

Table 28: Residual value risk exposure per lease entity

As at 31 December, in millions of euros	**2016 RV risk exposure**	**2015 RV risk exposure**
Volkswagen	1,405	1,305
Ford	1,404	1,241
BMW	947	840
Audi	938	890
Mercedes Benz	762	639
Renault	645	541
Peugeot	492	446
Opel	472	443
Volvo	422	410
Skoda	416	337
Others	2,822	2,511
Total	**10,725**	**9,602**

Table 29: Residual value risk exposure per make

Historic results

The chart below illustrate the development of the historic results on the residual value component over time. It shows the effect of the events of 2008/09 on LeasePlan's residual value results, as well as the recovery following taken measures in combination with improved market circumstances. The capital retained by LeasePlan is considered adequate to cover losses from similar crises occurring.

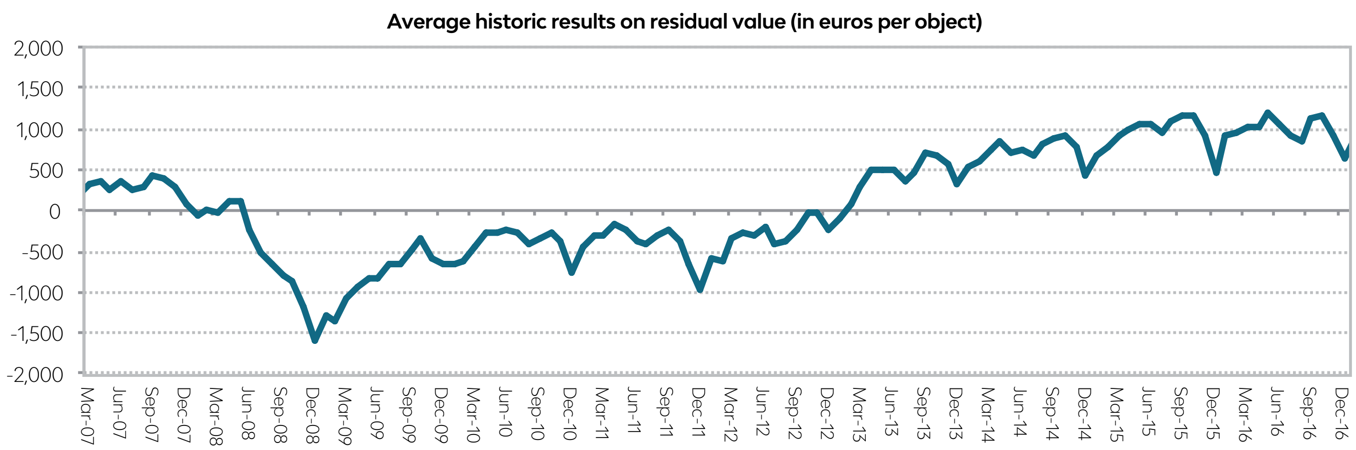

Figure 1: Average historic results on residual value

For further details regarding asset risk management reference is made to the Financial Risk Management chapter, section E of the Annual Report.

6.4.2 FX risk
Due to LeasePlan's global coverage, LeasePlan is exposed to several currencies besides its reporting currency (euro). The objective of LeasePlan's Currency Risk Management policy is that LeasePlan is not exposed to major FX risk. In order to reduce FX risk LeasePlan deliberately takes long positions in foreign currencies, being net investments in subsidiaries, to protect capital ratios.

The logic behind this is that if the relative assets / equity position in an entity is the same as for LeasePlan, both assets and equity allocated to the foreign currency will deviate but will not impact LeasePlan's CET 1 ratio. In other words, an FX shock will shift the Total TREA and CET 1 capital in the same direction.

In short, LeasePlan has the following approach regarding FX risk:
- **Ratio Protection**: Protect the capital ratios rather than the absolute amount of LeasePlan's equity. LeasePlan hedges against the adverse effect of foreign currencies on LeasePlan's capital adequacy ratio, by deliberately taking structural equity positions, to match the entities' capital ratios with LeasePlan's capital ratios;
- **Matched funding**: The assets on the entities' balance sheet should always be financed in the same currency in which the lease contracts are denominated; and
- **Structural positions**: The positions in non-euro currencies are of a non-trading and structural nature.

As a result, LeasePlan's capital ratio is not (or limited) affected by any changes in the exchange rates it is exposed to. LeasePlan is fully aware that a (relative) currency exposure exists, for business and practical reasons, and that the exposure is not fully mitigated. As LeasePlan invests equity in various countries' local currencies there is a risk that the equity invested and result for the year become less or more valuable due to currency exchange movements. Although LeasePlan consciously accepts this risk, adequate monitoring of absolute equity positions is in place, to control the risk exposure. For an overview of LeasePlan's FX positions, both structural and temporary, reference is made to the Financial Risk Management chapter, section F of the Annual Report. The table presented in that section shows that LeasePlan's FX positions mainly consist of equity investments in subsidiaries.

Since LeasePlan's currency risk management is built on ratio protection, residual risks arise from mismatches between the entities' CET 1 ratios compared to the consolidated CET 1 ratio. Residual risks are avoided as far as possible, but any residual risks arising from structural FX positions are quantified and capitalised in the ICAAP. The parameters used to calculate the residual risk are credit risk TREA and CET 1 capital on local and consolidated level.

Only the mismatches of entities with FX exposures are capitalised. The mismatch of entities with euro exposures is not capitalised, since the euro is LeasePlan's reporting currency.

Furthermore, LeasePlan does not hold a trading book. FX positions are deliberately taken to manage the CET 1 ratio, whereas related asset and liability positions are resulting from the LeasePlan business strategy to have a global footprint. In addition, the front-office employees' targets are aligned with this risk appetite; remuneration structures do not incentivise structural FX positions becoming a profit centre.

In the context of FX risk as part of Market Risk under Pillar I LeasePlan applies CRR article 352(2) for its structural FX positions, as per February 2017. This article allows LeasePlan to exclude, from its net open currency positions, any position that is deliberately taken to hedge against the adverse effect of the exchange rate on LeasePlan's ratios, in accordance with article 92(1).

The regulatory capital requirement is calculated by applying a 10% instantaneous presumed currency shock on all currencies against the euro; whereas TREA is calculated as the sum of all relative currency exposures, being the absolute mismatch between the entities' CET 1 ratios compared to the consolidated CET 1 ratio. Risks not captured under the ratio protection approach are for capital calculation purposes considered under article 92(1).

The Pillar 1 exposure as per 31 December 2016, without applying the exception under 352(2) results in a capital amount of EUR 84 million (2015: EUR 79 million), whereas application of article 352(2) would result in a capital requirement of EUR 38 million (2015: EUR 30 million). For TREA details reference is made to the Annual Report.

The difference between 2016 and 2015 results from higher mismatches between the local ratios compared to the total ratio. If the new FX approach would have been followed for year-end 2016, the CET 1 ratio as per 31 December 2016 would have been 18.4%, instead of 17.7%.

For further details regarding FX risk management reference is made to the Financial Risk Management chapter, section F of the Annual Report.

6.5 Operational risk

LeasePlan applies the AMA in its operational risk framework. Methods deployed for risk identification are the operational risk scenario analysis, operational risk and controls self-assessments, operational risk incidents analysis, the integration of outcomes from internal and external audits, as well as of relevant internal and external micro- and macro-economic developments. Based upon the risks identified and losses reported, LeasePlan's operational risk profile is assessed.

LeasePlan uses a hybrid model to determine the required level of operational risk capital for regulatory purposes. This hybrid model consists of a purely quantitative analysis of LeasePlan's internal operational risk incidents and a more qualitative analysis of its specific operational risk scenarios. The quantitative analysis is performed by modelling the severity and the frequency of operational risk events; using the internal data recorded by LeasePlan entities.

Based on LeasePlan's risk profile, experience and appetite, the current insurance policies consists of several separate programmes (like General Liability and Property Damage). Participation is mandatory and ensures that LeasePlan has adequate cover for the main high impact, low likelihood events that are inherent to the environment LeasePlan is operating in. Under the AMA requirements, insurance related loss recovery is recognised as an accepted risk mitigating instrument, but it is however capped at 20%. LeasePlan no longer considers insurance recoveries in its Pillar 2 capital calculations (gross amounts decreased only by non-insurance related recoveries).

The two distributions for the severity and the frequency are combined into one overall loss distribution by means of Monte Carlo simulation. The resulting loss distribution determines the expected annual loss amount and the required capital at the 99.9th percentile confidence level.

The qualitative analysis (or operational risk scenario analysis) is a process by which LeasePlan considers the effect of extreme, but nonetheless possible operational risk scenarios on the organisation. During the analysis, the high impact, low frequency operational risk scenarios are supplemented with relevant internal and external incident data, a description of the business environment and internal control factors to support the expert based frequency and impact estimations for each scenario. For each single scenario the estimates are modelled to determine the regulatory capital required to be held by LeasePlan at the 99.9th percentile confidence level.

LeasePlan started modelling capital requirements under AMA in 2006. A model governance framework ensures an annual cycle of model monitoring, development, validation and implementation. Part of the model monitoring activities is the evaluation of the assumptions used in the capital modelling process. If the outcome of the model monitoring requires so, LeasePlan adjusts the assumptions and as a result will recalculate the corresponding capital requirements. This way LeasePlan ensures that the capital continuously reflects LeasePlan's operational risk profile, even after significant organisational changes or unexpected external developments.

LeasePlan applies AMA for operational risk as per 1 December 2008. Over 2015 and 2016 LeasePlan has redesigned the governance process for operational risk by, among others, decreasing the reporting threshold for reporting operational risk incidents from EUR 5,000 to EUR 1,000; transforming the risk self-assessments in risk and control self-assessments; setting a standardised operational risk register mapped to internal processes; integrating risk appetite and scenario analysis exercises at LeasePlan entity level. Additionally, LeasePlan's operational risk tool has been replaced in order to facilitate the governance alterations.

Under Pillar 1 the operational risk regulatory capital requirement as at the end of 2016 remains stable at EUR 121 million (2015: EUR 121 million), which is the sum of LeasePlan's operational risk incident model (EUR 39 million on calculation set 2005 - 2011) and scenario model (EUR 82 million).

For 2016 the Pillar 2 capital amounted to EUR 168 million which includes EUR 36 million in stress capital. The stress test consists in adjusting model input parameters; a simulation is performed in which the expected frequency and the expected average severity are stressed. The expected maximum severity has not been stressed as the parameter estimate already applies to an extreme situation (the participants are asked to interpret the maximal net financial impact as the highest conceivable in a period of 1,000 years). Each simulation corresponds to a situation in which one of the input parameters (frequency or severity) is twice as high. Even if assumed that all operational risk scenarios occur at the same time and the frequency and the average financial impact of all scenarios have been underestimated, the additional capital required amounting to EUR 36 million would be easily available (measured stand-alone for operational risk). As LeasePlan purposely does not take into account any diversification effects between the risk scenarios, LeasePlan ensures that in the most extreme situations (all risk scenarios occurring simultaneously) sufficient capital is available. LeasePlan is of the opinion that the Pillar II capital (EUR 168 million) adequately protects the organisation and its stakeholders from potential damage caused by unexpected operational events under stressed circumstances.

For further details regarding operational risk management reference is made to the Financial Risk Management chapter, section G of the Annual Report.

7 Other disclosures

7.1 Asset encumbrance

The encumbrance of assets is a standard element of a bank's business. An asset is to be treated as 'encumbered' if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn. At 31 December 2016, EUR 2.5 billion (2015: EUR 2.6 billion) of LeasePlan's total assets were encumbered. The total asset encumbrance ratio per year-end 2016 was 10.7% (2015: 12.0%). The encumbered on-balance sheet items are mainly due to the clearing of derivatives positions and funding related transactions, such as securitisations and asset backed securities.

The table below provides further details on the encumbrance of assets:

As at 31 December 2016, in millions of euros		**Carrying amount of encumbered assets**	**Fair value of encumbered assets**	**Carrying amount of unencumbered assets**	**Fair value of unencumbered assets**
010	**Assets of the reporting institution**	2,538	Not applicable	21,249	Not applicable
030	Equity instruments	-	-	-	-
040	Debt securities	-	-	-	-
120	Other assets	2,538	Not applicable	21,249	Not applicable

		Fair value of encumbered collateral received or own debt securities issued	**Fair value of collateral received or own debt securities issued available for encumbrance**
130	Collateral received by the reporting institution	-	-
150	Equity instruments	-	-
160	Debt securities	-	-
230	Other collateral received	-	-
240	Own debt securities issued other than own covered bonds or ABSs	-	-

		Matching liabilities, contingent liabilities or securities lent	**Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered**
010	**Carrying amount of selected financial liabilities**	1,686	2,538

Table 30: Encumberred assets

7.2 Interest rate risk in the banking book (IRRBB)

LeasePlan's activities principally relate to vehicle leasing and fleet management. LeasePlan accepts and offers lease contracts to clients at both fixed and floating interest rates, for various periods and in various currencies. It is LeasePlan's policy to seek to match the interest rate risk profile of its contract portfolio of leases with a corresponding interest rate funding profile, to minimise its interest rate risks. Funding is concluded based on four funding levers (Retail deposits, Securitisation, Bank lines and Unsecured Debt Capital Market transactions), determining the run-off profile of LeasePlan as whole; inherently LeasePlan's interest rate risk management is built around repricing risk. LeasePlan concludes derivatives to minimise repricing risk.

As a result LeasePlan has interest bearing assets (mainly lease contracts) which are funded through interest bearing liabilities (mainly debt securities issued, funds entrusted and borrowings from financial institutions) and non-interest bearing liabilities (e.g. equity). A mismatch between these interest rates could expose LeasePlan to losses or reduced earnings or income.

LeasePlan has traditionally managed its interest rate risk in the banking book framework mainly on the basis of matching and monitoring the interest typical run-off profile of interest bearing assets and liabilities. This principle is supported with:

- Policies and procedures;
- Measurement;
- FTRC oversight and monitoring; and
- Managing Board / Supervisory Board reporting regarding the risk tolerance levels.

LeasePlan monitors mismatches between the interest typical run-off profile of interest bearing assets and liabilities on a monthly basis, based on limits defined in the risk appetite statement and interest rate risk policy. In addition, LeasePlan applies the Equity At Risk (EQAR) and Earnings At Risk (EAR) metrics in its IRRBB governance framework. The EQAR measure captures the impact on the solvency of LeasePlan, whereas EAR measures the loss in net interest earnings in a given time horizon. LeasePlan measures IRRBB based on the EQAR and EAR measures on a quarterly basis. As of 2017 LeasePlan further enhanced its model by including a range of substantial tilts and shifts in the shape of the yield curve (sudden and gradual) to assess yield curve risk.

Since LeasePlan is a financial performance driven organisation in principle the EAR is the key driver for LeasePlan's IRRBB management when considering both measures. By using the EQAR measure (which has a higher outcome compared to the EAR measure) for Pillar 2 capital calculation purposes, LeasePlan is applying a prudent approach.

For the determination of both EQAR and EAR LeasePlan uses the interest rate typical run-off profiles of all interest bearing assets and liabilities of LeasePlan's leasing entities, LeasePlan Treasury (LPTY) and LeasePlan Bank. The run-off profiles of LeasePlan Bank's flex savings are based on a static behavioural model. The total run-off is the sum of the interest typical run-off of the entities, LPTY, and LeasePlan Bank, as intercompany (I/C) assets and liabilities cancel out. The interest typical run-off, contains the book values and nominal value of an asset/liability for any future month-end, starting with the reporting month. The amount is equal to the nominal/ book value until the interest fixation date. The table below summarises the differences in perspectives and assumption underlying the interest rate risk metrics.

Perspective	EQAR	EAR
Measurement	Value	Repricing
Horizon	Long	Short (1 or 2 year)
Interest rate shock	Instantaneous	Gradually
Business	Run-off	Going concern

Table 31: Key assumption IRRBB metrics

For the purpose of EQAR measurement LeasePlan estimates cash flows as follows:

- The difference in book value/nominal amount between two consecutive periods of the assets and liabilities are considered as 'nominal' cash inflows respectively outflows:
  - The depreciation part of the lease instalment (cash inflow) is estimated by using the run-off profiles assuming that the depreciation income is equal to depreciation cost;
  - The investment value is estimated by using the difference between zero and the new book value at the beginning of the run-off of new objects already ordered starting in the future (comparing future orders in two consecutive months);
  - LeasePlan assumes that the car is sold against contractual RV – by deducting the book value at the end of the run-off by zero;
  - Cash flows resulting from redemptions and derivative transactions are estimated by taking the difference in book value/nominal amount between two consecutive periods.
- Interest cash flows are estimated by applying historical margins on the run-off profiles.

The cash flows following from these run-off profiles are then discounted using plain vanilla swap curves. Finally, the EQAR is calculated as the difference between the cash flows discounted using the plain vanilla swap curve and the cash flows discounted using a plain vanilla swap curve with a (plus and minus) 200 basis points (bps) sudden shock.

EAR assesses the amount that net income may change due to a change in interest rates over a specified period. For this purpose LeasePlan determines the net income change in the first, and first two years due to a gradual interest rate shock of plus and minus 200 bps. For the EAR, the interest typical run-off of the assets and liabilities are also used, but for the calculation of asset and funding renewals under the going concern assumption. Consequently, LeasePlan assumes that the balance sheet totals will not change over time, and that maturing assets and liabilities will be renewed with the floating interest rate. Subsequently, the earnings at risk are calculated by assessing the impact of a gradual 200 bps shock on the future cumulative gap between asset and liability renewal, representing the going concern assumption.

For quantitative disclosures regarding the LeasePlan entities' interest rate exposure as per reporting date (not including LeasePlan's central treasury and LPB positions), resulting from covering interest-bearing assets by (non-)interest bearing liabilities and disclosures regarding the impact of a gradual movement in interest rates on LeasePlan's profitability and the effect of a sudden parallel shift to the yield curve on the LeasePlan's capital, reference is made to the Financial Risk Management chapter, section F of the Annual Report.

7.3 Exposure to securitisation positions

7.3.1 General information

An important component in LeasePlan's funding diversification strategy is the ability to securitise leased assets. LeasePlan securitises under the Bumper programmes. The main objective of Bumper is to increase funding diversification allowing LeasePlan to tap an additional source of liquidity. The Bumper transactions are auto-ABS transactions backed by lease receivables and related residual value receivables originated by various LeasePlan entities. The transactions are not structured with an aim of obtaining off-balance sheet treatment, only the higher rated notes are sold to external investors and the subordinated notes (ca. 20-25%) are retained by LeasePlan.

As at 31 December 2016, LeasePlan has four outstanding asset backed securitisation transactions: Bumper France (renewed in 2016), Bumper 6 (2014), Bumper 7 (2016) and Bumper NL (2014, renewed in 2016). Bumper France and Bumper NL are private transactions. Bumper NL is included under 'Borrowings from financial institutions'.

All securitisation transactions involve the sale of future lease instalment receivables and related residual value receivables originated by specific LeasePlan entities to special purpose companies. Debt securities are issued by these special purpose companies (or, in the case of Bumper NL, a loan was incurred) to finance the purchase of these receivables. The senior notes in each securitisation transaction are sold to external investors and the subordinated obligations in each securitisation transaction are retained by LeasePlan or the relevant LeasePlan entity.

Securitisation is important to LeasePlan because it offers access to liquidity, diversification of the investor base and it offers the opportunity to improve underlying business processes. LeasePlan only acts as originator in securitisations and not as investor, in this context LeasePlan is only exposed to counterparty credit risk, liquidity risk and operational risk.

Counterparty credit risk is related to the Interest Rate Swaps (and FX swap) that are linked to the bumper transactions in order to structure the funds obtained to the desired interest profile and currency. The risks resulting from these transactions are considered limited in this context since swaps are concluded with counterparties / financial institutions with a minimum single A rating. Moreover, the counterparties have a CSA in place with the Bumper transaction and otherwise replacement triggers are breached.

Liquidity risk is present due to the reserves and the replenishment period in the securitisation transactions. In relation to the Bumper securitisation transactions, several types of cash reserves are normally applicable within the structure (liquidity reserve, set-off reserve, commingling reserve and maintenance reserve). Typically, only the liquidity reserve is funded. However, if the credit rating of LeasePlan changes this may breach triggers within the documentation which would lead to a need to fund the other reserves.

In February 2016 LeasePlan's credit rating was lowered by all three rating agencies by 1 notch. Following this a total amount of EUR 169 million was required for cash reserves by the end of February 2016 (of which EUR 16 million was already funded before the downgrade). In February the following reserves have been funded for a total amount of EUR 153 million:

- Bumper 6: EUR 67 million (on 17 February 2016);
- Bumper NL: EUR 32 million (on 17 February 2016);
- Bumper DE: EUR 54 million (on 29 February 2016).

Regarding bumper France there was no need to fund the reserves (Bumper France Reserves Trigger Event only if at least two rating triggers are breached, S&P (2 notches), Fitch or Moody's (each 4 notches).

Credit rating downgrades of LeasePlan would result in a maximum additional total outflow of EUR 87 million illustrated in the table below.

Transaction - LONG TERM Rating Sensitivities (4)	**Current Deposits**	**Rating Triggers (M/S/F/D)**	**1 notch LT downgrade of LPC**	**2 notches LT downgrade of LPC**	**3 notches LT downgrade of LPC**	**Maximum Additional Deposits**	**Maximum Deposits**
As at 31 December 2016, in millions of euros							
Bumper France (5)	5	Baa3/BBB-/BBB-	-	-	80	80	85
Bumper 7	80	Baa2/BBB/BBB	7	-	-	7	87
Bumper 6	66	Baa3/BBB/-/BBBL	-	-	-	-	66
Bumper NL (6)	35	-/BBB/BBB/BBBL	-	-	-	-	35
Total Incremental Deposits (7)	**186**		**7**	**-**	**80**	**87**	**273**

Table 32: Maximum additional total outflow in case of credit rating downgrades of LeasePlan

A typical Bumper transaction has a one year replenishment period during which the funding will stay constant. A severe deterioration of the performance of the securitised portfolio could trigger an early amortisation event. The redemption then required will however always be in line with the redemption of the underlying portfolio. Through early warning indicator reporting LeasePlan monitors potential liquidity risk from an early amortisation trigger or the breach of reserve triggers. There are at the moment no indications that these triggers will be breached.

Operational risk is related to the cooperation with third parties associated with the service providers within the bumper transaction.

LeasePlan does not have re-securitisation programmes, nor does it perform securitisation programmes for third parties. More information regarding LeasePlan's securitisation transactions can be found at:
www.bumperfinance.com

7.3.2 Risk-weighted exposure
LeasePlan's securitisation transactions are only concluded to support the diversification of funding and do not serve the purpose of capital reduction. LeasePlan applies the so called "look through principle" with respect to its securitisations. This means that LeasePlan does not exclude its securitised assets from the calculation of its TREA amount; securitised assets are risk weighted as if they have never been securitised.

7.3.3 Accounting policy for securitisations
For details regarding LeasePlan's accounting principles in respect of securitisation transactions reference is made to the General notes, summary of significant accounting policies, of the Annual Report.

8 Remuneration

Introduction
In compliance with the requirements set out in the Pillar III remuneration disclosure requirements, this report provides further information on LeasePlan's remuneration policy and governance. In addition, this report contains specific qualitative and quantitative information on the remuneration for LeasePlan's staff members who have a material impact on the risk profile of LeasePlan Corporation (i.e. Identified Staff).

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. For staff who are employed by one of the Dutch operating entities 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% fixed remuneration;
- claw back and malus provisions are applicable to all variable remuneration awarded; and
- for variable remuneration that deviates from the Group Remuneration Framework, approval of the (Remuneration and Nomination 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:

- variable remuneration is capped at 50% for the heads of Risk, Compliance and Audit (jointly referred to as Control Functions);
- the remuneration positioning for Identified Staff is based on a relevant peer group as approved by the (Remuneration and Nomination 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 Managing Board
In addition to the general remuneration principles applicable to all staff and Identified Staff for the Managing Board 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;
- Managing Board members are entitled to a variable remuneration of 15% at target and 20% at maximum;
- Managing Board members are appointed for the duration of four years.

As of the appointment of two Managing Board members in September 2016, the following principles also apply:
- a fixed notice period of 3 months in case of termination by a Managing Board member and 6 months in case of termination by the Employer applies;
- Managing Board members in principle fully participate in LeasePlan's pension scheme. Where the applicable retirement age ('pensioenrichtleeftijd') is however reached during the appointment period, a fixed allowance of 18.7% over the gross annual salary is paid;
- Managing Board members are entitled to a net expense allowance of EUR 550 on a monthly basis.

Remuneration governance
The remuneration governance within LeasePlan is as follows.

The (Remuneration and Nomination Committee of the) Supervisory Board
The main responsibilities of the (Remuneration and Nomination 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;
- reviewing and approving significant severance payments for Identified Staff.

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

The (Remuneration and Nomination Committee of the) Supervisory Board held various conference calls and meetings during the year two of which in the presence of the CEO and the SVP HR. Matters discussed included recurring items like the selection of Identified Staff and non-recurring matters relating to, among other things, the Incentive Plan and the remuneration package of the new CEO and COO.

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, Compliance and Audit review and monitor the execution of the Framework together with the Human Resources department (HR).

Performance targets

Global performance targets are set by the (Remuneration and Nomination 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 Compliance perform an ex ante risk analysis and report their findings to the (Remuneration and Nomination 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 Risk and Compliance and subject to approval by the (Remuneration and Nomination 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 and Nomination 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

Table 33: Overview of the global performance targets

For 2017, the global performance targets will be aligned with LeasePlan's revised business strategy.
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.

The ex ante & ex post risk analyses and malus & claw back

There are two processes that could lead to a downward adjustment of variable remuneration for Identified Staff: (i) the ex ante & ex post risk analyses and (ii) the malus & claw back.

The ex ante and ex post risk analyses are instigated by the Control Functions Risk and Compliance. This process assesses the performance against a pre-defined risk scorecard, specifically applicable for each role. Both quantitative and qualitative areas are included in the risk scorecard and based on the assessment, discounts on variable remuneration can be recommended to the (Remuneration and Nomination Committee of the) Supervisory Board. General elements included in the risk scorecard are:

1. red audit ratings as concluded by Group Audit and timely follow-up in the performance year of red audit ratings stemming from previous conducted audits;
2. the performance against the approved Risk Appetite Statement and/or policy considerations, such specified in the scorecard;
3. adherence to instructions set out by the Corporate Risk Committees, CEO Compliance meeting or Information Security Board;

4. compliance incidents with their origin in the performance year (i.e. the materiality of incidents, amount of losses, frequency and the corrective measures taken);
5. existence of Profit & Loss unadjusted misstatements as reported by external auditors as part of the reviews and audit of the Group IFRS Financial Statements.

In addition to these ex ante and ex post risk analyses, the (Remuneration and Nomination Committee of the) Supervisory Board has a more general discretionary power to adjust any variable remuneration to a suitable amount and/or reclaim variable remuneration back, in the following situations:

1. a subsequent significant downturn in financial performance, leading to a negative net result.
2. a significant reduction in the capital base of the Company, leading to a capital base that is below 90% of annual plan, in the year of vesting other than as a reflection of dividends paid.
3. a significant and clearly identifiable failure of Risk Management in the department, Group company or group of Group companies for which the employee is (co-)responsible.
4. the employee participated in or was responsible for conduct which resulted in significant losses to the company.
5. the employee failed to meet appropriate standards of fitness and propriety (e.g. if the failure leads to regulatory sanctions and the conduct of the employee contributed to the sanction and/or in case of evidence of misconduct or serious error by the employee).

Execution LeasePlan's Remuneration Framework in 2016

In 2016, no changes were made to LeasePlan's Remuneration Framework. However, a temporary deviation of the maximum variable remuneration cap for Managing Board members (from 20% to 40%) was approved by the shareholder for 2016. This was done to facilitate the last part of the award under the Incentive Plan in March 2016 following the successful closing of the transaction. For more information about the Incentive Plan, we refer to last year's Annual Report.

In addition and with the appointment of two new Managing Board members in September 2016, a few new remuneration principles (e.g. fixed notice period, net expense allowance) were introduced by the (Remuneration and Nomination Committee of the) Supervisory Board. All principles are outlined in the section "Remuneration Managing Board".

For 2017, the LeasePlan's Remuneration Framework is updated to ensure alignment with the EBA Remuneration Guidelines which entered into force as of 1 January 2017, and the organisational changes and revised corporate strategy.

2016 remuneration Identified Staff

In 2016 the Identified Staff population within LeasePlan increased from 70 to 72 positions at the beginning of the year, due to the increase of corporate staff positions. The selection is performed and approved by the (Remuneration and Nomination Committee of the) Supervisory Board on an annual basis. With respect to the newly Identified Staff, the tables below do not include deferred remuneration granted prior to the performance year 2016.

During the year, 6 individuals replaced existing Identified Staff positions or started in positions that will most likely qualify as Identified Staff positions in 2017 (of which 2 Managing Board members and 4 senior managers). For that reason, their remuneration is included in the 2016 overviews, as of the start of their employment with LeasePlan. As of next year, quarterly Identified Staff selections will take place in accordance with the EBA Guidelines on Sound Remuneration Policies applicable as of 1 January 2017.

Table 34 shows the fixed and variable remuneration and its components (direct variable remuneration in cash and PSUs and deferred variable remuneration in cash and PSUs) awarded to Identified Staff relating to the financial year 2016.

Remuneration awarded to Identified Staff relating to 2016	**Managing Board (#5/6)**		**Corporate Senior Management (#17)**		**Other Identified Staff (#54/55)**	
In thousands of euros	Direct	Deferred and conditional	Direct	Deferred and conditional	Direct	Deferred and conditional
Fixed remuneration						
Cash	3,193	Not applicable	3,979	Not applicable	14,404	Not applicable
Variable remuneration						
Cash	300	381	1,045	798	2,100	1,384
Non-cash instruments (PSUs)	192	128	987	658	1,936	1,291

Table 34: Fixed and variable remuneration awarded to Identified Staff

The awarded variable remuneration remains conditional until the final payment of the deferred amounts has taken place. After that, the claw back conditions remain applicable.

Table 35 shows the actual payments in 2016 of variable remuneration to Identified Staff.

Actual payments variable remuneration to Identified Staff in 2016	**Managing Board (#5/6)**	**Corporate Senior Management (#17)**	**Other Identified Staff (#54/55)**
In thousands of euros			
Cash	1,978	1,858	2,349
Non-cash instruments (PSUs)	337	1,553	65
Reduced through performance adjustments	-	-	-

Table 35: Actual payments variable remuneration

Table 36 shows the variable remuneration that vested in 2016 and the outstanding amounts of deferred remuneration for Identified Staff.

Total amount of outstanding (deferred) remuneration for Identified Staff in 2016	**Managing Board (#5/6)**		**Corporate Senior Management (#17)**		**Other Identified Staff (#54/55)**	
In thousands of euros	Vested	Unvested	Vested	Unvested	Vested	Unvested
Cash	Not applicable	1,050	Not applicable	2,943	Not applicable	2,998
Non-cash instruments (PSUs)	191	282	2,166	2,325	3,662	2,472

Table 36: Overview of the variable remuneration that vested in 2016 and the outstanding amounts of deferred remuneration for Identified Staff

Table 37 shows the number of individuals being remunerated (i.e. awarded) EUR 1 million or more per financial year, for remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500,000. Remuneration comprises fixed and variable compensation awarded in relation to the financial year 2016.

Total number of Identified Staff remunerated 1 million or more	**Aggregated number (#5)**
1 million - 1.5 million	3
1.5 million - 2.0 million	1
2.0 million - 2.5 million	1

Table 37: Overview of the number of individuals being remunerated (i.e. awarded) EUR 1 million or more per financial year

Tables 38 and 39 show the following severance payments and 'sign-on' payments respectively were awarded in 2016.

Sign on awards	**No of beneficiairies**	**Total amount**
In thousands of euros		
Managing Board / Corporate Senior Management	3	806
Other Identified Staff	-	-

Table 38: Overview 'sign-on' awards

Severance payments	**No of beneficiairies**	**Total amount**
In thousands of euros		
Managing Board / Corporate Senior Management / Other Identified Staff	10	6,248

Table 39: Overview severance payments

The highest individual severance payment awarded in 2016 was EUR 1.57 million.

More remuneration information can be found in:

- Remuneration Report 2016 – information about the remuneration policy and remuneration governance within LeasePlan;
- Note 7 of the consolidated Financial Statements as included in the Annual Report: Staff expenses;
- Note 26 of the consolidated Financial Statements as included in the Annual Report: Trade and other payables and deferred income;
- Note 34 of the consolidated Financial Statements as included in the Annual Report: Managing Board and Supervisory Board Remuneration.