



LeasePlan



LeasePlan
Pillar 3 Report
2018

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1 Introduction

1.1 KEY METRICS

The following table contains an overview of LeasePlan's prudential regulatory metrics.

	2018	2017
Available capital (millions of euros)		
Common Equity Tier 1 / Total capital	3,031	2,849
Risk-weighted assets (millions of euros)		
Total risk-weighted assets (RWA)	16,573	15,738
Risk-based capital ratios as a percentage of RWA		
Common Equity Tier 1 / Total capital ratio (%)	18.3%	18.1%
Additional CET1 buffer requirements as a percentage of RWA		
Capital conservation buffer requirement (2.5% from 2019) (%)	1.9%	1.3%
Countercyclical buffer requirement (%)	0.2%	0.1%
Bank G-SIB and/or D-SIB additional requirements (%)	-	-
Total of bank CET1 specific buffer requirements (%)	2.1%	1.3%
CET1 available after meeting the bank's minimum capital requirements (%)	4.0%	4.6%
Basel III leverage ratio		
Total Leverage ratio exposure measure	29,419	27,292
Leverage ratio (%)	10.3%	10.4%
Liquidity Coverage Ratio		
Total HQLA	3,103	2,289
Total net cash outflow	1,501	1,144
LCR ratio (%)	206.7%	200.1%

Table 1: Key Metrics

1.2 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.

This Pillar 3 report is further based on the BCBS standards for the "Pillar 3 disclosure requirements – consolidated and enhanced framework" of March 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.

Financial information presented in euro has been rounded to the nearest million, unless otherwise indicated. Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided.

1.3 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 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.

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 material LeasePlan entities and is entitled to appoint or dismiss the LeasePlan entities' management. For further detail references is made to note 1 and note 20 of the Consolidated Financial Statements.

The starting point of the CRR/Capital requirements directive (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 2018. When "LeasePlan Corporation" is mentioned, only the parent company of the Group on a stand-alone basis, LeasePlan Corporation N.V., is referred to.

1.4 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.

1.5 ASSURANCE

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

1.6 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 exception 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. 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.

1.7 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
436	Scope of application	Section 1.3	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 E
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 E
443	Unencumbered assets	Section 7.1	FRM: Section E
444	Use of ECAls	Section 6.3.6	Not applicable
445	Exposure to market risk	Section 6.4	FRM: Section E
446	Operational risk	Section 6.5	FRM: Section D
447	Exposures in equities not included in the trading book	Section 6.3.9	SN: 15
448	Exposure to interest rate risk on positions not included in the trading book	Section 7.2	FRM: Section E
449	Exposure to securitisation positions	Section 7.3	SN: 11, 17, 25, 26 NCFS: 12
450	Remuneration policy	Section 8	SN24
451	Leverage	Section 5.3	Not applicable
452	Use of the IRB Approach to credit risk	Section 6.3.7	FRM: Section E
453	Use of credit risk mitigation techniques	Section 6.3.5	FRM: Section E
454	Use of the Advanced Measurement Approaches to operational risk	Section 6.5	FRM: Section D
455	Use of Internal Market Risk Models	Section 6.4	FRM: Section E

Table 2: 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 Group 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 policies. Risk management responsibilities in the different risk control phases are delegated by the Managing Board to the group risk management department, the Group Risk Committee (GRC) 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 defense 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 Board:

	Supervisory Board positions	Other positions
Chief Executive Officer	1	-
Chief Financial Officer	-	-
Chief Operational Officer Europe	-	-
Chief Risk Officer	-	-
Chief Strategic Finance and Investor Relations Officer	-	-

3.2 DIVERSITY AND INCLUSION

We are committed to building a culture in which everyone can be themselves and where everyone gets an equal chance to make their journey count – regardless of race, nationality, gender, age or sexual orientation.

We believe that a diverse workforce, including one which is gender diverse, contributes to a well-balanced decision-making process and the proper functioning of our organisation. Fresh ideas, different perspectives and valuable experiences contribute to making better decisions and meeting our customers' demand for innovative services.

We have recently updated our Diversity & Inclusion policy for the entire company, based on input from all countries and entities. In addition to this policy, we have created an 'activity calendar' to raise the awareness and increase the engagement on this issue. This includes the following initiatives:

- A new recruitment strategy for employees with a diverse background at all levels of our company and in all countries
- Planning feedback training, including non-biased behaviour and communication, to be provided globally

One of the highlights in the year was LeasePlan's participation in Pride Amsterdam 2018. This parade is one of the world's most distinctive annual celebrations of diversity and acceptance and is supported by a variety of prominent multinational companies, charities and government organisations. Our involvement has sent a strong message that diversity and inclusion is important to us in all our markets.

In 2019, LeasePlan will join 'Talent naar de Top' ('Talent to the Top'), a foundation providing advice and training on gender and cultural diversity, including cross-company mentoring. By signing their Charter, we will join a network of companies exchanging experiences and commit to actively work to reach our targets. Our progress will be monitored on an annual basis.

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 2018, 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	3,168	3,168	3,168	-	-	-	-
Bonds and notes held	25	25	25	-	-	-	-
Receivables from financial institutions	518	518	463	55	-	-	-
Derivative financial instruments	99	99	-	99	-	-	-
Other receivables and prepayments	1,150	1,150	1,150	-	-	-	-
Inventories	467	467	467	-	-	-	-
Loans to investments accounted for using the equity method	151	151	151	-	-	-	-
Corporate income tax receivable	48	48	48	-	-	-	-
Lease receivables from clients	3,279	3,279	3,279	-	-	-	-
Property and equipment under OL& rental fleet	17,819	17,819	17,819	-	-	-	-
Other property and equipment	103	103	103	-	-	-	-
Investments accounted for using the equity method	16	16	16	-	-	-	-
Intangible assets	256	256	-	-	-	-	256
Deferred tax assets	141	141	88.3	-	-	-	51
Assets classified as held for sale	39	39	39	-	-	-	-
TOTAL ASSETS	27,280	27,280	26,817	154	-	-	307

Table 3: Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

As per 31 December 2018, 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	26,971	26,817	154	-	-
Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	-	-
Total net amount under regulatory scope of consolidation	26,971	26,817	154	-	-
Off-balance sheet amounts	2,513	2,513	-	-	-
Differences in valuation	90	16	75	-	-
Differences due to different netting rules	-125	-	-125	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	-	-	-	-	-
EXPOSURE AMOUNTS CONSIDERED FOR REGULATORY PURPOSES	29,449	29,346	103	-	-

Table 4: Flow statement exposure amounts considered for regulatory purposes

5 Own funds and leverage

5.1 OWN FUNDS

Composition of capital and risk exposure amounts As per 31 December, in millions of euros

	2018	2017	Delta
Share capital and share premium	578	578	-
Other reserves	-68	-51	-17
Retained earnings	2,825	2,697	128
Total IFRS equity	3,336	3,224	112
Deduction of net result for the year	-424	-467	43
Eligible results	424	467	-43
Interim dividend paid out of retained earnings	171	165	7
Total IFRS equity excluding results and interim dividend paid	3,083	2,922	161
Eligible results for year net of interim and foreseeable dividend	252	182	70
Prudential filter m-t-m derivatives	4	1	4
Deduction of intangible assets (including goodwill)	-256	-186	-70
Deduction of deferred tax assets	-51	-48	-3
AIRB provision shortfall	-1	-22	21
Prudential valuation adjustment	-	-	-
Common Equity Tier 1 capital	3,031	2,849	182
TREA/RWA	16,573	15,738	835
Common Equity Tier 1 capital	3,031	2,849	182
COMMON EQUITY TIER 1 RATIO	18.3%	18.1%	0.2%

Table 5: Breakdown of LeasePlan's CET 1 capital and RWA/TREA

Capital position

LeasePlan's capital position remains strong with a CET 1 ratio as per December 2018 of 18.3% (2017: 18.1%).

During 2018 LeasePlan continued the development of an advanced (Pillar 2) capital approach for residual value risk, further leveraging investments previously made in this respect. Based on the 2018 Internal Capital Adequacy Assessment Process (ICAAP), LeasePlan concludes that it is adequately 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 2018 (EUR 3,031 million) increased with 6.4% compared to year-end 2017, 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 2018.

Prudent capital management and controls are in place to ensure compliance with regulatory requirements. Based on the 2018 Internal Capital Adequacy Assessment Process (ICAAP), we concluded that we are adequately capitalised. The Common Equity Tier 1 capital increased in 2018 by EUR 182 million to EUR 3,031 million resulting in a Common Equity Tier 1 ratio at year-end of 18.3%.

In addition, the TREA, compared to 2017, on a net basis increased by 5.3% during 2018. 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 6.3.8.

5.2 COMPOSITION OF REGULATORY CAPITAL

As per 31 December 2018, in millions of euros	2018
Common Equity Tier 1 capital: instruments and reserves	
Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	578
Retained earnings	2,825
Accumulated other comprehensive income (and other reserves)	-68
Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)	-
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-
Common Equity Tier 1 capital before regulatory adjustments	3,336
Common Equity Tier 1 capital: regulatory adjustments	
Prudent valuation adjustments	-
Goodwill (net of related tax liability)	-99
Other intangibles other than mortgage servicing rights (net of related tax liability)	-158
Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-51
Cash flow hedge reserve	4
Shortfall of provisions to expected losses	-1
Securitisation gain on sale (as set out in paragraph 36 of Basel III securitisation framework)	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined benefit pension fund net assets	-
Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	-
Reciprocal cross-holdings in common equity	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-
Mortgage servicing rights (amount above 10% threshold)	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Amount exceeding the 15% threshold	-
Of which: significant investments in the common stock of financials	-
Of which: mortgage servicing rights	-
Of which: deferred tax assets arising from temporary differences	-
National specific regulatory adjustments	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
Total regulatory adjustments to Common Equity Tier 1	-304
Common Equity Tier 1 capital (CET1)	3,031
Additional Tier 1 capital: instruments	
Directly issued qualifying additional Tier 1 instruments plus related stock surplus	-
Of which: classified as equity under applicable accounting standards	-
Of which: classified as liabilities under applicable accounting standards	-
Directly issued capital instruments subject to phase-out from additional Tier 1	-
Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
Of which: instruments issued by subsidiaries subject to phase-out	-
Additional Tier 1 capital before regulatory adjustments	-
Additional Tier 1 capital: regulatory adjustments	-
Investments in own additional Tier 1 instruments	-
Reciprocal cross-holdings in additional Tier 1 instruments	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-
National specific regulatory adjustments	-
Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	-
Total regulatory adjustments to additional Tier 1 capital	-
Additional Tier 1 capital (AT1)	-
Tier 1 capital (T1 = CET1 + AT1)	3,031
Tier 2 capital: instruments and provisions	
Directly issued qualifying Tier 2 instruments plus related stock surplus	-
Directly issued capital instruments subject to phase-out from Tier 2	-
Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-
Of which: instruments issued by subsidiaries subject to phase-out	-
Provisions	-
Tier 2 capital before regulatory adjustments	-
Tier 2 capital: regulatory adjustments	-

As per 31 December 2018, in millions of euros	2018
Investments in own Tier 2 instruments	-
Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	-
Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	-
Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
National specific regulatory adjustments	-
Total regulatory adjustments to Tier 2 capital	-
Tier 2 capital (T2)	-
Total regulatory capital (TC = T1 + T2)	3,031
Total risk-weighted assets	16,573
Capital ratios and buffers	-
Common Equity Tier 1 (as a percentage of risk-weighted assets)	18.3%
Tier 1 (as a percentage of risk-weighted assets)	18.3%
Total capital (as a percentage of risk-weighted assets)	18.3%
Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	2.1%
Of which: capital conservation buffer requirement	1.9%
Of which: bank-specific countercyclical buffer requirement	0.2%
Of which: higher loss absorbency requirement	-
Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	-
National minima (if different from Basel III)	-
National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	-
National Tier 1 minimum ratio (if different from Basel III minimum)	-
National total capital minimum ratio (if different from Basel III minimum)	-
Amounts below the thresholds for deduction (before risk weighting)	-
Non-significant investments in the capital and other TLAC liabilities of other financial entities	-
Significant investments in the common stock of financial entities	16
Mortgage servicing rights (net of related tax liability)	-
Deferred tax assets arising from temporary differences (net of related tax liability)	88
Applicable caps on the inclusion of provisions in Tier 2	-
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-
Cap on inclusion of provisions in Tier 2 under standardised approach	1,773
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	5,086
Current cap on CET1 instruments subject to phase-out arrangements	-
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
Current cap on AT1 instruments subject to phase-out arrangements	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
Current cap on T2 instruments subject to phase-out arrangements	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

Table 6: Composition of regulatory capital

5.3 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 2018 is 10.3% (2017: 10.4%), 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 As per 31 December, in millions of euros

	2018	2017
1 Total assets as per published financial statements	27,280	25,142
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(11) of Regulation (EU) No 575/2013)	-	-
4 Adjustments for derivative financial instruments	-28	103
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)	2,507	2,334
7 Other adjustment	-339	-287
Leverage ratio total exposure measure	29,419	27,292

Table 7: Summary reconciliation of accounting assets and leverage ratio exposures -LRSum

Leverage ratio common disclosure			
As per 31 December, in millions of euros		2018	2017
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	27,117	24,984
2	(Asset amounts deducted in determining Tier 1 capital)	-307	-234
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	26,809	24,750
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	29	66
5	Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	75	143
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)	103	209
SFT exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting 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	-	-
15	Agent transaction exposures	-	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	2,513	2,338
18	(Adjustments for conversion to credit equivalent amounts)	-7	-5
19	Other off-balance sheet exposures (sum of lines 17 to 18)	2,507	2,334
Capital and total exposure measure			
20	Tier 1 capital	3,031	2,849
21	Total exposures measure (sum of lines 3, 11, 16, 19)	29,419	27,293
Leverage Ratio			
22	Leverage Ratio	10.3%	10.4%

Table 8: Leverage ratio common disclosure –LRCom

Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)			
As per 31 December, in millions of euros		2018	2017
1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	27,117	24,983
2	Trading book exposures	-	-
3	Banking book exposures, of which:	27,117	24,983
4	Covered bonds	-	-
5	Exposures treated as sovereigns	3,678	2,832
6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-	-
7	Institutions	655	616
8	Secured by mortgages of immovable properties	-	-
9	Retail exposures	542	559
10	Corporate	7,545	7,365
11	Exposures in default	25	35
12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	14,672	13,575

Table 9: Split-up of on balance sheet exposures - LRSpl

5.4 LIQUIDITY

5.4.1 Liquidity risk management

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

5.4.2 Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) as per 31 December 2018 is 270.8%, whereas the regulatory minimum level of the leverage ratio is 100%. A monthly average has been taken into account instead of the average of daily observations when deriving the LCR. A breakdown of the liquidity Coverage Ratio components is provided in the following table.

Liquidity Coverage Ratio common disclosure As per 31 December 2018, in millions of euros	Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets (HQLA)		
Total HQLA	3,081	3,081
Cash outflows		
Retail deposits and deposits from small business customers, of which:	4,132	413
Stable deposits		
Less stable deposits	4,132	413
Unsecured wholesale funding, of which:	514	511
Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
Non-operational deposits (all counterparties)	341	338
Unsecured debt	173	173
Secured wholesale funding	41	41
Additional requirements, of which:	257	248
Outflows related to derivative exposures and other collateral requirements	247	247
Outflows related to loss of funding on debt products	-	-
Credit and liquidity facilities	10	1
Other contractual funding obligations	461	458
Other contingent funding obligations	-	-
TOTAL CASH OUTFLOWS	5,406	1,671
Cash inflows	-	-
Secured lending (eg reverse repos)	-	-
Inflows from fully performing exposures	-	-
Other cash inflows	654	533
TOTAL CASH INFLOWS	654	533
As per 31 December 2018, in millions of euros		Total adjusted value
Total HQLA		3,081
Total net cash outflows		1,138
Liquidity Coverage Ratio (%)		270.8%

Table 10: Liquidity Coverage Ratio common disclosure

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 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 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	2018	2017	2018
		RWA	Minimum capital requirement
Credit risk (excluding counterparty credit risk)	14,618	13,690	1,169
Of which: standardised approach (SA)	5,058	4,527	405
Of which: foundation internal ratings-based (F-IRB) approach	-	-	-
Of which: supervisory slotting approach	-	-	-
Of which: advanced internal ratings-based (A-IRB) approach	9,560	9,164	765
Counterparty credit risk (CCR)	28	98	2
Of which: standardised approach for counterparty credit risk	28	98	2
Of which: Internal Model Method (IMM)	-	-	-
Of which: other CCR	-	-	-
Credit valuation adjustment (CVA)	14	38	1
Equity positions under the simple risk weight 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: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-
Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	-	-	-
Of which: securitisation standardised approach (SEC-SA)	-	-	-
Market risk	398	397	32
Of which standardised approach (SA)	398	397	32
Of which internal model approaches (IMM)	-	-	-
Capital charge for switch between trading book and banking book	-	-	-
Operational risk	1,515	1,515	121
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Floor adjustment	-	-	-
TOTAL	16,573	15,738	1,326

Table 11: Overview of RWA/TREA and Minimum capital requirement

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 2018 LeasePlan holds 0.233% (EUR 39 million) of its TREA (EUR 16.6 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.

As per 31 December, in millions of euros	Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer				
	Geographical breakdown	Counter-cyclical capital buffer rate	Exposure values	Bank-specific countercyclical capital buffer rate	Counter-cyclical buffer amount
			Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer		
Czech Republic	1.0%	207	74	0.011%	2
Norway	2.0%	570	216	0.063%	10
Slovakia	1.3%	64	22	0.004%	1
Sweden	2.0%	263	88	0.025%	4
United Kingdom	1.0%	1,710	905	0.131%	22
TOTAL		2,815	1,305	0.233%	39

Table 12: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

6.2.2 Capital conservation buffer

As per 31 December 2018, LeasePlan's capital conservation buffer consists of CET 1 capital equal to 2.5% (EUR 414.5 million) of its TREA (EUR 16.6 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 2018, in millions of euros	Gross carrying values of			Net values
	Defaulted exposures	Non-defaulted exposures	Allowances/impairments	
Loans	30	3,291	-41	3,280
Debt Securities	-	24	-	24
Off-balance sheet exposures	-	1,496	-1	1,495
TOTAL	30	4,811	-42	4,799

Table 13: 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.

In 2018 LeasePlan started a Definition of Default Project. The project objective is to align the Definition of Default applied by LeasePlan with the Capital Requirements Regulation (CRR) and with the European Banking Authority (EBA) guidelines and standards. The Project includes updating LeasePlan's Definition of Default and related policies, updating and enforcing processes and procedures for all Local LeasePlan entities, updating LeasePlan's AIRB models, updating where relevant IT-systems, and updating LeasePlan's IFRS 9 Expected Credit Loss Models.

As per 31 December 2018, in millions of euros

Defaulted loans and debt securities at end of the previous reporting period	23
Loans and debt securities that have defaulted since the last reporting period	-
Returned to non-defaulted status	-
Changes due to change in credit risk	23
Amounts written off	-13
Other changes	-9
Defaulted loans and debt securities at end of the reporting period	24

Table 14: 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. LeasePlan's residual value exposure (EUR 12,527 million) is classified under Other items.

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.
- For purposes of Pillar 3 reporting Group activities are defined. Group activities mainly relate to services provided in the area of treasury to support the leasing activities.

Asset classes As per 31 December 2018, in millions of euros	Europe	Rest of the world	Group	Total
Sovereigns and their central banks	412	35	3,178	3,626
Non-central government public sector entities	34	20	-	54
Multilateral development banks	-	-	-	-
Banks	185	16	351	552
Securities firms	-	-	-	-
Corporates	5,323	2,043	171	7,538
Regulatory retail portfolios	537	3	2	542
Secured by residential property	-	-	-	-
Secured by commercial real estate	-	-	-	-
Equity	1	15	-	16
Past-due loans	53	1	-	53
Higher-risk categories	-	-	-	-
Other assets	15,421	1,417	128	16,967
TOTAL	21,966	3,549	3,830	29,346

Table 15: 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 2018, in millions of euros	Financial institutions	Manufacturing	Wholesale trade	Transport and public utilities	Public sector	Private households	Services	Other industries	Total
Sovereigns and their central banks	3,172	-	-	-	454	-	-	-	3,626
Non-central government public sector entities	-	-	-	-	54	-	-	-	54
Multilateral development banks	-	-	-	-	-	-	-	-	-
Banks	552	-	-	-	-	-	-	-	552
Securities firms	-	-	-	-	-	-	-	-	-
Corporates	156	2,182	491	673	-	0	1,597	2,438	7,538
Regulatory retail portfolios	9	51	24	15	-	258	86	99	542
Secured by residential property	-	-	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-	-	-
Equity	16	-	-	-	-	-	-	-	16
Past-due loans	3	12	3	5	-	3	10	17	53
Higher-risk categories	-	-	-	-	-	-	-	-	-
Other assets	497	3,081	874	966	1,074	772	3,187	6,515	16,967
TOTAL	4,404	5,326	1,392	1,660	1,582	1,033	4,880	9,069	29,346

Table 16: 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 2018, 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	3,221	156	242	7	3,626
Non-central government public sector entities	-	1	52	1	54
Multilateral development banks	-	-	-	-	-
Banks	336	2	214	-	552
Securities firms	-	-	-	-	-
Corporates	129	360	6,796	252	7,538
Regulatory retail portfolios	4	41	496	-	542
Secured by residential property	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-
Equity	-	-	-	16	16
Past-due loans	5	8	40	-	53
Higher-risk categories	-	-	-	-	-
Other assets	1,417	4,192	11,128	230	16,967
TOTAL	5,121	4,758	18,961	506	29,346

Table 17: 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. 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 2018, in millions of euros	Europe	Rest of the world	Group	Total
Past due up to 90 days	147	338	-	486
Past due between 90-180 days	10	5	-	15
Past due 180 days - 1 year	1	1	-	2
Past due 1-2 years	1	-	-	1
Past due > 2 years	8	1	-	9
Total past due but not impaired	168	345	-	513
Impaired	34	3	-	36

Table 18: Past due exposures

As per 31 December 2018, in millions of euros	Europe	Rest of the world	Group	Total
Openings balance	33	4	-	37
Additions	42	2	1	45
Releases/reversals	-17	-	-	-17
Write-offs	-13	-	-	-13
Other movements	-11	2	-1	-10
CLOSING BALANCE	35	7	-	42

Table 19: 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 2018, 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	2,616	2,616	2,462	-	-	-	-
Debt securities	25	-	-	-	-	-	-
TOTAL	2,641	2,616	2,462	-	-	-	-
Of which defaulted	3	3	3	-	-	-	-

Table 20: 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 21: 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.

Asset classes As per 31 December 2018, in millions of euros	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance	Off-balance	On-balance	Off-balance	RWA	RWA density
Sovereigns and their central banks	3,626	-	3,626	-	76	2%
Non-central government public sector entities	54	-	54	-	23	43%
Multilateral development banks	-	-	-	-	-	-
Banks	552	-	552	-	181	33%
Securities firms	-	-	-	-	-	-
Corporates	1,153	-	1,149	-	1,120	97%
Regulatory retail portfolios	289	-	289	-	205	71%
Secured by residential property	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Past-due loans	5	-	5	-	6	126%
Higher-risk categories	-	-	-	-	-	-
Other assets	3,835	2,142	3,835	2,142	3,448	58%
TOTAL	9,512	2,142	9,508	2,142	5,058	43%

Table 22: Overview of total exposure and credit risk mitigation (CRM) effects

The RWA density remained fairly stable at 43% as per 31 December 2018 compared to 2017 (2017: 45%).

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 it is the rounded contractual remainder of the leased contract.

As per 31 December 2018, 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	3,501	-	1	-	69	-	54	-	-	3,626
Non-central government public sector entities	-	-	35	-	6	-	13	-	-	54
Multilateral development banks	-	-	-	-	-	-	-	-	-	-
Banks	-	-	383	-	133	-	36	1	-	552
Securities firms	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	2	-	1,147	-	-	1,149
Regulatory retail portfolios	-	-	-	-	-	289	-	-	-	289
Secured by residential property	-	-	-	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	1	1	3	5
Higher-risk categories	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	5,977	5,977
TOTAL	3,501	-	419	-	210	289	1,251	1	5,980	11,650

Table 23: Overview of exposures by asset classes and risk weights under the standardised approach

The credit risk exposure LeasePlan holds with financial institution, 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 2018, in millions of euros	Exposure	RWA	Minimum capital requirement
Loans to banks	410	133	11
Call money -Cash at banks	76	-	-
TOTAL	486	133	11

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

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 2018 (29.0%) is fairly stable compared to 31 December 2017 (27.1%).

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

Asset classes As per 31 December 2018, in millions of euros	Approach				Total	Of which roll-out plan	
	AIRB	%	Standardised	%			%
Sovereigns and their central banks	-	-	3,626	12%	3,626	-	-
Non-central government public sector entities	-	-	54	-	54	-	-
Multilateral development banks	-	-	-	-	-	-	-
Banks	-	-	552	2%	552	-	-
Securities firms	-	-	-	-	-	-	-
Corporates	6,389	22%	1,149	4%	7,538	-	-
Regulatory retail portfolios	253	1%	289	1%	542	460	2%
Secured by residential property	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-
Equity	16	-	-	-	16	-	-
Past-due loans	49	-	5	-	53	1	-
Higher-risk categories	-	-	-	-	-	-	-
Other assets	10,990	37%	5,977	20%	16,967	-	-
TOTAL	17,696	60%	11,650	40%	29,346	461	2%

Table 25: 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 2018, in millions of euros	PD scale	Original	Off-	Average	EAD post CRM and post-CCF	Average	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
		on- balance sheet gross exposures	balance sheet pre CCF										
Corporate - SME													
	0.00 to <0.15	219	-	1.0	220	0.1	2,443	28.4	1.9	26	12%	-	-
	0.15 to <0.25	90	-	1.0	90	0.2	922	27.8	1.9	21	24%	-	-
	0.25 to <0.50	48	-	1.0	48	0.4	717	27.3	2.0	14	30%	-	-
	0.50 to <0.75	35	-	1.0	35	0.7	527	27.4	2.1	14	41%	-	-
	0.75 to <2.50	28	-	1.0	29	1.5	589	27.2	1.9	15	51%	-	-
	2.50 to <10.00	4	-	1.0	4	3.8	159	29.2	1.8	3	67%	-	-
	10.00 to <100.00	-	-	1.0	-	13.4	11	29.4	1.9	-	110%	-	-
	100.00 (Default)	2	-	1.0	2	100.0	52	31.9	1.5	5	222%	-	-
	Sub-total	427	-	1.0	428	0.5	5,420	27.9	1.9	98	23%	-	1
Corporate - Other													
	0.00 to <0.15	3,391	-	1.0	3,395	0.1	13,691	27.9	2.3	546	16%	1	-
	0.15 to <0.25	1,216	-	1.0	1,217	0.2	4,595	27.0	2.3	344	28%	1	-
	0.25 to <0.50	737	-	1.0	737	0.4	3,835	29.1	2.1	280	38%	1	-
	0.50 to <0.75	333	-	1.0	334	0.7	2,587	30.7	2.2	174	52%	1	-
	0.75 to <2.50	246	-	1.0	247	1.3	2,527	30.8	2.2	158	64%	1	-
	2.50 to <10.00	39	-	1.0	39	5.4	667	29.5	2.2	34	86%	1	-
	10.00 to <100.00	1	-	1.0	1	13.4	34	39.6	2.2	2	158%	-	-
	100.00 (Default)	42	-	1.0	42	100.0	965	35.8	1.9	104	248%	-	8
	Sub-total	6,006	-	1.0	6,012	0.6	28,901	28.1	2.3	1,640	27%	5	9
Retail - Other SME													
	0.00 to <0.15	4	-	1.0	4	-	199	30.5	1.9	-	3%	-	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	4	-	1.0	4	0.5	167	30.6	2.0	1	21%	-	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	28	-	1.0	28	1.4	1,027	30.6	2.0	10	35%	-	-
	2.50 to <10.00	37	-	1.0	37	5.8	1,665	26.5	2.0	15	41%	1	-
	10.00 to <100.00	36	-	1.0	36	16.9	4,896	24.1	1.7	17	49%	1	-
	100.00 (Default)	3	-	1.0	3	100.0	-	23.7	1.3	8	269%	-	-
	Sub-total	111	-	1.0	111	8.6	7,954	26.6	1.9	51	46%	2	-
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	125	-	1.0	125	4.5	28,458	22.8	2.5	44	35%	1	-
	10.00 to <100.00	19	-	1.0	19	20.8	4,785	24.1	2.4	9	48%	1	-
	100.00 (Default)	2	-	1.0	2	100.0	-	23.6	1.8	4	267%	-	-
	Sub-total	146	-	1.0	146	6.9	33,243	22.8	2.5	58	39%	2	-
Total (all portfolios)		6,690	-	1.0	6,697	0.8	75,518	27.9	2.3	1,846	28%	10	10
Equity IRB		16	-	-	16	-	-	-	-	40	250%	-	-
Other non-credit-obligation assets		10,990	-	-	10,990	-	-	-	-	7,674	70%	-	-
TOTAL IRB APPROACH		17,696	-	-	17,703	-	-	-	-	9,560	51%	-	-

Table 26: Overview main parameters of portfolios under the IRB approach

The following table shows the changes in risk weighted assets during 2018 for the assets under the IRB approach:

In millions of euros	RWA amounts
RWA as per 31 December 2017	9,164
Asset size	49
Asset quality	8
Model updates	-
Methodology and policy	-
Acquisitions and disposals	-
Foreign exchange movements	-45
Other	384
RWA as per 31 December 2018	9,560

Table 27: Changes in risk weighted assets

The category other can mainly be explained by changes in remaining rounded maturity (M) for residual values.

Back testing of probability of default (PD) per portfolio

Portfolio As per 31 December 2018, 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	Number of obligors	
							of which: new defaulted obligors in the year	Average historical annual default rate
Corporate - SME								
	0.00 to <0.15	0.1	0.1	2,502	2,157	11	-	0.2
	0.15 to <0.25	0.2	0.2	925	790	3	-	0.4
	0.25 to <0.50	0.4	0.4	782	643	7	-	0.5
	0.50 to <0.75	0.7	0.7	596	481	8	-	1.2
	0.75 to <2.50	1.4	1.5	709	562	8	-	1.4
	2.50 to <10.00	4.1	3.9	216	154	11	-	4.1
	10.00 to <100.00	13.4	13.4	14	11	-	-	5.0
	100.00 (Default)	100.0	100.0	38	51	-	-	-
	Sub-total	1.1	1.2	5,782	4,849	48	-	0.7
Corporate - Other								
	0.00 to <0.15	0.1	0.1	9,104	10,018	30	3	0.2
	0.15 to <0.25	0.2	0.2	3,183	3,388	26	3	0.6
	0.25 to <0.50	0.4	0.4	2,737	2,908	32	2	0.9
	0.50 to <0.75	0.7	0.7	1,935	2,209	22	1	1.4
	0.75 to <2.50	1.4	1.5	2,093	2,261	44	-	1.8
	2.50 to <10.00	5.1	4.0	536	612	29	-	4.1
	10.00 to <100.00	13.4	13.4	25	34	1	-	4.8
	100.00 (Default)	100.0	100.0	1,042	960	-	-	-
	Sub-total	0.7	5.5	20,655	22,390	185	9	0.8
Retail - Other SME								
	0.00 to <0.15	0.0	0.0	252	197	-	-	1.3
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	0.5	0.5	208	165	-	-	-
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	1.4	1.4	1,183	1,000	8.00	-	0.5
	2.50 to <10.00	5.5	5.6	1,840	1,687	31.00	-	1.4
	10.00 to <100.00	17.2	18.0	7,672	5,387	316.00	-	3.4
	100.00 (Default)	100.0	100.0	125	74	-	-	-
	Sub-total	10.1	14.5	11,280	8,510	355	-	2.3
Retail - Other non-SME								
	0.00 to <0.15	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	0.5
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	5	-	0.9
	2.50 to <10.00	4.9	5.0	22,813	28,496	415	4	1.3
	10.00 to <100.00	16.8	16.4	4,614	4,798	787	25	11.7
	100.00 (Default)	100.0	100.0	191	111	-	-	-
	Sub-total	7.3	7.6	27,618	33,405	1,207	29	3.2
TOTAL (ALL PORTFOLIOS)		1.2	7.5	65,335	69,154	1,795	38	2.3

Table 28: Overview of back testing of probability of default (PD) of portfolios under the IRB approach

6.3.8 Counterparty credit risk

As per 2018 LeasePlan complies with the CRR requirements on contractual netting for the majority of the territories in which Leaseplan have derivative positions. The contractual netting is applied for all centrally cleared derivatives and the majority of the over-the-counter ('OTC') derivatives. As a consequence the main change compared to 2017 is that the exposure and corresponding capital requirements for the qualifying contracts on the counterparty level instead of on the individual contract level.

In addition to the netting requirements, we also comply the CRR requirements with respect to our positions with central counterparties, resulting in a lower capital requirement (alternative: TREA and CVA capital charge) for our centrally cleared derivatives.

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 requires specific approval by Assets and Liability committee (ALCO). 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 for 2018:

As per 31 December 2018, in millions of euros	Market-to-Market (incl: collateral)	Potential Future Risk	Exposure	RWA	Minimum capital requirements
Counterparty credit risk	29	75	103	28	2
CVA	-	-	103	14	1
TOTAL	-	-	-	42	3

Table 29: Counterparty risk and CVA details

Based on the standardised approach LeasePlan holds EUR 2 million for counterparty risk and EUR 1 capital for CVA charge under Pillar 1 as of 31 December 2018.

6.3.9 Equities not included in the trading book

From a sub-consolidated point of view LeasePlan has three Joint Ventures. The joint ventures are Please S.C.S., Flottenmanagement GmbH (no book value) and LeasePlan Emirates LLC. The table below provides insight in the book value of those 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.

As per 31 December, in millions of euros	2018			2017		
	Exposure	RWA	Capital requirement	Exposure	RWA	Capital requirement
Joint Ventures	16	40	3	13	32	3
TOTAL	16	40	3	13	32	3

Table 30: Overview capital requirements Associates and Joint Ventures

The 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 the residual value risk LeasePlan is exposed to on its leased assets.

Under Pillar 1 of the CRR/CRD IV regime, asset risk is considered part of credit risk with 1/t formula applied for risk-weighting of the residual value position of LeasePlan's residual value risk-bearing leased assets. The regulatory capital related to residual values amounts to EUR 628 million (1/t) as at the end of 2018.

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 sold after 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) model. This model is based on the Value-at-Risk (VaR) principle.

LeasePlan defines the economic capital required for residual risk as the capital required to cover the losses on residual value risk-bearing leased assets 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 value position in relation to its total lease portfolio is reported in the table below and distinguishes between the future lease payments and the contractual residual values.

As per 31 December, in millions of euros	2018 Total asset risk exposure
Future lease payments	7,933
Residual value	12,527
TOTAL	20,460

Table 31: Residual Value position total lease portfolio

The tables below illustrate the distribution of total residual value risk 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 due to its multi-national and make-independent strategy. In geographic terms the largest exposure per entity at the end of 2018 amounts to 12.5% of LeasePlan's total exposure compared to 12.4% at the end of 2017. The degrees of concentration in terms of make can also be considered limited as the largest exposure amounts to 13.8% of LeasePlan's total exposure (compared to 13.8% at the end of 2017).

As at 31 December, in millions of euros	2018 RV risk exposure
LPUK	1,562
LPNL	1,338
LPIT	1,226
LPDE	1,027
LPFR	990
LPES	773
LPPT	708
LPBE	591
LPNO	553
LPTR	394
Other	3,364
TOTAL	12,527

Table 32: Residual value risk exposure per lease entity

As at 31 December, in millions of euros	2018 RV risk exposure
Volkswagen	1,725
Ford	1,308
BMW	1,087
Mercedes Benz	1,020
Audi	1,018
Renault	917
Peugeot	720
Skoda	618
Opel	566
Toyota	466
Other	3,083
TOTAL	12,527

Table 33: Residual value risk exposure per make

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 E 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. 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 2018 results in a capital requirement of EUR 33 million (2017: EUR 33 million). For further details regarding FX risk management reference is made to the Financial Risk Management chapter, section E of the Annual Report.

6.5 OPERATIONAL RISK

LeasePlan applies several methods for risk identification and management in its operational risk framework: scenario analysis, risk and controls self-assessments, operational risk incidents analysis (internal and external loss data), 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 makes use of an advanced measurement approach (AMA) to calculate the regulatory capital for operational risk. For the capital calculation and allocation process, the risk scenarios internal loss data and external loss data are used. More precisely, the data collection process for the data sources is based on:

- The internal operational loss data consists of all events which are reported by the business and registered in the operational loss database by the operational risk managers in the entities.
- The risk scenarios are created by interviewing the board members, senior management and subject matter experts.
- The external operational loss data is used to amplify the number of extreme operational loss events.

This AMA model consists of a purely quantitative analysis of LeasePlan's internal and external 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.

In December 2017 LeasePlan requested the DNB to approve the update of its AMA model. The assessment of the updated AMA model was conducted by the DNB in the course of 2018. At the end of 2018 the DNB provided the final Assessment Report to LeasePlan. As a result of DNB's assessment and their decision to reject the AMA model, LeasePlan is reconsidering its AMA status. In 2019, LeasePlan will decide if it will redevelop the AMA model or that LeasePlan will move to a less sophisticated approach also knowing that AMA will be replaced by the Standardized Approach in the near future for all institutions with a banking licence. Reference is made to the Financial Risk Management chapter, section A and D of the Annual Report.

Based on LeasePlan's risk profile, experience and appetite, the current insurance policies consist 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.

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. Part of the scenario analysis activities is creating awareness for the possible effects of biases in the risk scenario process. 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.

Under Pillar 1 the operational risk regulatory capital requirement as at the end of 2018 remains stable at EUR 121 million (2017: 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 further details regarding operational risk management reference is made to the Financial Risk Management chapter, section D 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 2018, EUR 4.0 billion (2017: EUR 2.3 billion) of LeasePlan's total assets were encumbered. The total asset encumbrance ratio per year-end 2018 was 14.3% (2017: 10.8%). 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 2018, 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	3,962	-	23,318	-
030	Equity instruments	-	-	-	-
040	Debt securities	-	-	25	-
120	Other assets	3,962	-	23,293	-
			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		105	-	-
150	Equity instruments		-	-	-
160	Debt securities		-	-	-
230	Other collateral received		105	-	-
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		2,841	3,962	

Table 34: Encumbered 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;
- GRC 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.

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.

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 35: 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 E 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 2018, LeasePlan has seven asset-backed securitisation transactions outstanding: publicly placed Bumper 7 (2016), Bumper 8 (2017), Bumper 9 (2017) and Bumper 10 (2018) and privately placed Bumper AU (2017, fully drawn and increased in 2018), Bumper NL 2018 (2018) and Bumper 11 (2018).

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 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 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 replacement triggers in place. The swap counterparty will also enter into a back to back swap with LPC, with a two sided CSA. In addition, credit risk is related to the account bank of the Bumper entity, but given the rated nature of the deal, the minimum rating of the account bank is single A and replacement triggers are in place, limiting actual credit risk.

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). The liquidity reserve is typically funded on closing of a transaction and throughout the life of the transaction. The funding of the other reserves depends on the rating of LeasePlan as well as the rating agencies rating the transaction.

With the current rating of LeasePlan, the set-off reserve, commingling reserve and the maintenance reserve of Bumper 7 and 8 are fully funded. For Bumper 7 a tax reserve remains unfunded and for the Bumper 9, Bumper 10, Bumper 11, Bumper AU and Bumper NL 2018 transactions, the set-off reserve, commingling reserve and the maintenance reserve remain unfunded subject to a downgrade of LeasePlan, leaving a liquidity risk. Per 31 December 2018, the exposure at risk is listed in the below table:

Credit rating downgrades of LeasePlan would result in a maximum additional total outflow of EUR 270 million illustrated in the table below.

Transaction- LONG TERM Rating Sensitivities (4) As at 31 December 2018, in millions of euros	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
Bumper 7	49	Baa2/BBB/BBB/-	7	-	-	7	55
Bumper 8	46	-/BBB/BBB/BBBL	-	-	-	-	46
Bumper 9	3	Baa3/-/-/BBBL	-	-	61	61	63
Bumper 10	3	Baa3/-/-/BBBL	-	-	53	53	55
Bumper 11	3	Baa3/BBB/BBB/BBBL	63	-	-	63	66
Bumper AU	4	Baa3/BBB-/BBB-/	57	-	-	57	61
Bumper NL 2018	2	Baa3/BBB-/BBB-/	30	-	-	30	32
TOTAL INCREMENTAL DEPOSITS	108	-	156	-	114	270	378

Table 36: 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 as the service providers 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 and reference is made to Note 26 Debt securities issued of the Annual Report.

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

8.1 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).

8.2 LEASEPLAN'S GROUP REMUNERATION FRAMEWORK

The Group Remuneration Framework (the "Framework") of LeasePlan is designed to provide appropriate, restrained and sustainable remuneration for all employees in support of LeasePlan's long-term strategy, risk appetite, objectives and values.

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.

8.3 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;
- Fixed and variable remuneration will be used to align individual performance with strategy and objectives.
- 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, measurable, attainable, relevant and time- bound;
- Variable remuneration can never exceed 100% of fixed remuneration. For staff who are employed by one of the Dutch operating companies this maximum is further capped at 20% on average;
- Pension schemes are recognised in accordance with the applicable accounting standards. LeasePlan does not award discretionary pension benefits as part of the variable remuneration;
- Other benefits for staff are provided in line with local market practice;
- Severance payments reflect performance over time and do not reward for failure or misconduct. For LeasePlan's daily policymaker's severance payments are capped at 100% of fixed remuneration;
- Claw back and malus provisions are applicable to all variable remuneration awarded;

8.3.1 Privacy and Compliance

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 Management, 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 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;
- PSUs have a retention period of one year after vesting.
- For variable remuneration that deviates from the Framework, approval is required by the (Remuneration Committee of the) Supervisory Board.

8.3.2 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, considering the relevant international context;
- Managing Board members are entitled to a variable remuneration of 50% at target and 100% at maximum, with the exception of the chief risk officer, being a control function, who is subject to a 50% maximum.
- Each member Managing Board Member has agreed to voluntarily cap its variable remuneration at 20% of its base salary until a change of control, asset sale, winding-up or IPO ("Settlement") and to fully waive any possible rights under the relevant remuneration policies of the Company to a variable remuneration that would exceed such 20% cap for the period until Settlement, which waiver has been accepted by the Supervisory Board.
- Managing Board members are appointed for the duration of four years.
- 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 monthly.

8.3.3 Remuneration governance

The remuneration governance within LeasePlan is as follows.

The (Remuneration Committee of the) Supervisory Board

The main responsibilities of the Remuneration Committee of the Supervisory Board concerning the Framework are the following:

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

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

The Managing Board

The main responsibilities of the Managing Board concerning the Framework are the following:

- Developing and adopting the Framework;
- Recommending fixed and variable remuneration levels/payments for Identified Staff, other than for Managing Board members, in line with the Framework;
- Setting the financial and non-financial targets 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 Resource department (HR).

8.4 PERFORMANCE TARGETS

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

After the performance year the performance achievement of the Identified Staff is reviewed by HR. Separately, the Control Functions Risk and Compliance perform an ex ante risk analysis and report their findings to the (Remuneration Committee of the) Supervisory Board.

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

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

Strategy	Financial growth		Growth in volume, efficiency and customer satisfaction	
	Financial		Non-Financial	
Target	Net Result	Return on Equity (MB only)	Weighted Fleet Growth	One LP + Trim

Table 37: Overview of the global performance targets

For all targets, a threshold and stretch level is defined. In addition, 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, including those for the chief risk officer, should be "function specific" according to the financial services regulation in order to exclude any targets that may create a conflict of interest.

8.5 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 Management 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 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 Group Risk Committees;
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 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).

8.6 EXECUTION LEASEPLAN'S REMUNERATION FRAMEWORK IN 2018

In 2018, the LeasePlan's Remuneration Framework is updated to remain in alignment with relevant regulations (i.e., CRD IV, CRR, DCC, Banking Code, EBA Guidelines, EBA Governance Guidelines, FSA), the organisational changes and corporate strategy.

For 2019, the LeasePlan's Remuneration Framework is updated to align with the long-term focus of our corporate strategy, including target alignment with managing board, an increase in the deferred part of the variable remuneration of Identified Staff and a larger LeasePlan population receiving variable pay in non-cash elements, i.e. PSUs.

8.7 2018 REMUNERATION IDENTIFIED STAFF

In 2018 the Identified Staff population within LeasePlan consisted of 70 positions. The selection is performed and approved by the (Remuneration 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 2018.

Remuneration awarded to Identified Staff relating to 2018, in thousands of euros	Managing Board Corporate Senior Management				Other Identified Staff	
	Direct	Deferred and conditional	Direct	Deferred and conditional	Direct	Deferred and conditional
Fixed remuneration						
Cash	4,147	NA	3,610	NA	10,171	NA
Variable remuneration						
Cash	247	247	717	717	1,553	1,553
Non-cash instruments (PSUs)	165	165	478	478	1,035	1,035

Table 38: Fixed and variable remuneration awarded to Identified Staff

Actual payments variable remuneration to Identified Staff in 2018, in thousands of euros	Managing Board	Corporate Senior Management	Other Identified Staff
Cash	276	-	830
Non-cash instruments (PSUs)	177	-	493
Reduced through performance adjustments	-	-	-

Table 39: Actual payments variable remuneration

Total amount of outstanding (deferred) remuneration for Identified Staff in 2018, in thousands of euros	Managing Board		Corporate Senior Management		Other Identified Staff	
	Vested	Unvested	Vested	Unvested	Vested	Unvested
Cash	NA	196	NA	689	NA	2,175
Non-cash instruments (PSUs)	304	216	837	680	2,363	2,153

Table 40: Variable remuneration vested in 2018

Total number of Identified Staff remunerated 1 million or more	Aggregated number
1 million -1.5 million	-
1.5 million -2.0 million	1
2.0 million -2.5 million	-

Table 41: Total number of Identified Staff remunerated 1 million or more

Sign on awards	No of	
In thousands of euros	beneficiaries	Total amount
Managing Board / Corporate Senior Management	1	70
Other Identified Staff	-	-

Table 42: Overview 'sign-on' awards

Severance payments	No of	
In thousands of euros	beneficiaries	Total amount
Managing Board/Corporate Senior Management/Other Identified Staff	7	3,882

Table 43: Overview severance payments

The highest individual severance payment awarded in 2018 was EUR 1,021 thousand.

More remuneration information can be found in:

- Remuneration Report 2018 –information about the remuneration policy and remuneration governance within LeasePlan;
- Note 5 of the consolidated Financial Statements as included in the Annual Report: Staff expenses;
- Note 25 of the consolidated Financial Statements as included in the Annual Report: Trade and other payables and deferred income;
- Note 33 of the consolidated Financial Statements as included in the Annual Report: Managing Board and Supervisory Board Remuneration.



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