LeasePlan announces Q3 2021 results

AMSTERDAM, the Netherlands, 10 November 2021 – LeasePlan Corporation N.V. ("LeasePlan"; the "Company"), one of the world's leading Car-as-a-Service ("CaaS") companies, today reports its Q3 results.

Q3 2021 financial highlights

- **Net result** of EUR 420 million (+316.0%) including a EUR 213 million book gain from the divestment of LeasePlan Australia and New Zealand and the carve-out of CarNext
- **Underlying net result** of EUR 208 million (+88.6%) of which EUR 201 million from **continued operations** representing strong Car-as-a-Service performance and EUR 7 million from **discontinued operations**
- **Serviced fleet** of 1.8 million vehicles (+2.4%) with LeasePlan's Q3 2021 order book reaching a new record high, partially driven by the semiconductor shortage which has delayed new car deliveries
- **Underlying Lease and Additional Services gross profit** of EUR 370 million (+24.3%) with strong performance across all services
- **PLDV and End of Contract Fees Gross Profit** of EUR 131 million (+193.2% despite -12.6% lower amount of vehicles sold) primarily driven by continued strong used-car pricing
- **Operating expenses** of EUR 227 million (+13.9%) due to continued investments in our digital platforms and relatively low expenses in Q3 2020 due to COVID-19-related cost measures
- Quarter-end **liquidity buffer** of EUR 8.3 billion

Key numbers[1,2,3]

	Q3 2021	Q3 2020	% YoY Growth	9M 2021	9M 2020	% YoY Growth
VOLUME						
Serviced fleet (thousands), as at 30 September				1,782.7	1,741.4	2.4%
Numbers of vehicles sold (thousands)	58.2	66.6	−12.6%	207.1	194.3	6.6%
PROFITABILITY						
- Underlying net result from continued operations	200.8	118.7	69.2%	575.8	342.8	67.9%
- Underlying net result from discontinued operations	7.0	−8.5	n.m.	−24.4	−25.8	n.m.
Underlying net result (EUR Million)	207.9	110.2	88.6%	551.3	317.1	73.9%
Net result (EUR Million)[2]	420.3	101.0	316.0%	775.3	207.6	273.5%
Underlying return on equity[3]				15.5%	11.4%	

[1] Financial statements including historical periods are adjusted for the divestment of LeasePlan Australia and New Zealand to SG Fleet (transaction closed as per 1 September 2021) and the carve-out of CarNext operations in 7 countries (representing approximately 70% of CarNext's 2020 full year revenues) into a newly independent CarNext (as per 1 July 2021). The results of LeasePlan Australia and New Zealand are included in the *financial statements – Underlying net result from discontinued operations* up to August 2021. The results of the carved out entities of CarNext are included in the *financial statements – Underlying net result from discontinued operations* up to June 2021.
[2] Net result includes a EUR 213 million book gain from the divestment of LeasePlan Australia and New Zealand and the carve-out of CarNext.
[3] Underlying RoE is based on last-twelve-month underlying net result and equity excluding the additional Tier 1 instrument. Including the AT1, RoE is 14.6% for Q3 2021 and 10.9% for Q3 2020.

Commenting on the third quarter results, Tex Gunning, CEO of LeasePlan, said:

"Our record-breaking results show that LeasePlan has successfully emerged from the pandemic and is ready for a new era of accelerated growth, with private car subscriptions more popular than ever. Fleet growth has shown an upward trend across our key segments, while credit impairments were lower than expected – both sure signs that our high quality customer base is getting back to normal. Our order book remains at record high levels, and although the chip shortage is delaying delivery of some new cars, we are keeping customers moving by offering popular pre-configured vehicles, used car leasing and contract extensions.

LeasePlan's digital transformation also remains on track, with the continued rollout of new modules in our Next Generation Digital Architecture, such as our cloud-based customer service and fleet data management platforms. This industry-leading approach will ensure we are well placed to deliver on growing customer demand, providing digital services at digital cost levels, as the chip crisis eases.

While we are proud of our growth and financial performance, we believe there is no existence without coexistence. That is why we recently launched our ambitious next generation sustainability strategy – 'Driving to Zero' – at the UN climate change conference in Glasgow. This broadens our focus from EVs to the entire ESG agenda, and introduces new commitments around all the issues that matter to our stakeholders: GHG emissions, diversity & inclusion and ethical supply chains. Just as LeasePlan led the industry in the transition to zero emission mobility, we hope our new approach will also inspire other responsible corporations to take concrete action towards a more sustainable and inclusive world."

Financial Performance[4]

In millions of euros, unless otherwise stated	Q3 2021	Q3 2020	% YoY Growth	9M 2021	9M 2020	% YoY Growth
Lease & Additional Services income	1,599.5	1,563.8	2.3%	4,771.2	4,829.4	−1.2%
Vehicle Sales and End of contract fees	1,020.5	802.3	27.2%	2,756.7	2,258.0	22.1%
Revenues	**2,620.0**	**2,366.1**	**10.7%**	**7,527.9**	**7,087.4**	**6.2%**
Underlying cost of revenues	**2,119.4**	**2,023.9**	**4.7%**	**6,135.0**	**6,078.6**	**0.9%**
Lease Services	159.2	119.0	33.8%	470.1	383.1	22.7%
Fleet Management & other Services	51.6	39.1	31.9%	155.0	143.9	7.7%
Repair & Maintenance Services	69.9	65.6	6.6%	217.0	205.9	5.4%
Damage Services and Insurance	89.2	73.8	20.8%	262.1	250.0	4.8%
Underlying Lease and Additional Services gross profit	**369.9**	**297.5**	**24.3%**	**1,104.2**	**982.9**	**12.3%**
End of contract fees	27.9	32.1	−13.1%	98.0	99.2	−1.2%
Profit/Loss on disposal of vehicles	102.8	12.5	724.4%	190.8	−73.2	n.m.
Profit/Loss on disposal of vehicles and End of contract fees gross profit	**130.7**	**44.6**	**193.2%**	**288.7**	**25.9**	**1013.2%**
Underlying gross profit	**500.7**	**342.1**	**46.3%**	**1,392.9**	**1,008.9**	**38.1%**
Underlying operating expenses	226.6	199.0	13.9%	657.2	596.1	10.3%
Share of profit of investments accounted for using the equity method	−8.4	0.8	n.m.	−6.5	2.6	n.m.
Underlying profit before tax	**265.6**	**144.1**	**84.4%**	**729.2**	**415.5**	**75.5%**
Underlying tax	64.8	25.4	155.2%	153.4	72.7	111.0%
Underlying net result from continued operations	**200.8**	**118.7**	**69.2%**	**575.8**	**342.8**	**67.9%**
Underlying net result from discontinued operations	**7.0**	**−8.5**	**n.m.**	**−24.4**	**−25.8**	**n.m.**
Underlying net result	**207.9**	**110.2**	**88.6%**	**551.3**	**317.1**	**73.9%**
Underlying adjustments	212.5	−9.2	n.m.	224.0	−109.5	n.m.
Reported net result	**420.3**	**101.0**	**316.0%**	**775.3**	**207.6**	**273.5%**
Staff (FTE's at period end)				7,914	7,499	5.5%

[4] Financial statements including historical periods are adjusted for the divestment of LeasePlan Australia and New Zealand to SG Fleet (transaction closed as per 1 September 2021) and the carve-out of CarNext operations in 7 countries (representing approximately 70% of CarNext's 2020 full year revenues) into a newly independent CarNext (as per 1 July 2021). The results of LeasePlan Australia and New Zealand are included in the *financial statements – Underlying net result from discontinued operations* up to August 2021. The results of the carved out entities of CarNext are included in the *financial statements – Underlying net result from discontinued operations* up to June 2021.

Serviced fleet of 1.8 million vehicles (+2.4%) with LeasePlan's Q3 2021 order book reaching a new record high, partially driven by the semiconductor shortage which has delayed new car deliveries.

Revenues increased by 10.7% to EUR 2,620 million. **Lease and Additional Services income** was up by 2.3% to EUR 1,599 million due to fleet growth and additional services from fleet mix. **Vehicle Sales and End of contract fees** were up by 27.2% to EUR 1,020 million (despite -12.6% lower amount of vehicles sold) due to the continued strong used-car market partially driven by the semiconductor shortage.

Underlying Lease and Additional Services gross profit was up 24.3% to EUR 370 million mainly driven by an increased lease margin, strong insurance results and a reduced provision for expected credit losses. The lower provision reflects the updated IFRS 9 estimated-credit-loss calculations and lower default levels.

PLDV and EOCF gross profit was up to EUR 131 million primarily driven by continued strong used-car pricing.

Underlying operating expenses were up 13.9% to EUR 227 million due to continued investments in our digital platforms and relatively low expenses in Q3 2020 due to COVID-19-related cost measures.

Share of profit on investments accounted for using the equity method of EUR – 8 million mainly containing results from the carved out CarNext entities.

The underlying tax rate was up 6.8 percentage points to 24.4% driven by the blend of statutory tax rates and the phasing out of the favourable impact of the Italian super-depreciation facility.

Underlying net result from continued operations was up by 69.2% to EUR 201 million driven by strong results in our core leasing business and a higher PLDV and EOCF gross profit.

Underlying net result from discontinued operations[5] of EUR 7 million containing the operational results of LeasePlan Australia and New Zealand which were divested to SG Fleet (announced on 31 March 2021). The transaction was closed in September 2021.

Underlying net result was up 88.6% to EUR 208 million due to strong performance across all services and continued strong used-car pricing.

Reported net result was up 316.0% to EUR 420 million including EUR 212 million underlying adjustments arising from a EUR 127 million book gain on the divestment of LeasePlan Australia and New Zealand, a EUR 86 million book gain arising from the carve-out of CarNext and a EUR 17 million positive mark-to-market result on derivatives partially offset by EUR 11 million costs related to the CarNext BU set-up and ECB transition.

[5] Financial statements including historical periods are adjusted for the divestment of LeasePlan Australia and New Zealand to SG Fleet (transaction closed as per 1 September 2021) and the carve-out of CarNext operations in 7 countries (representing approximately 70% of CarNext's 2020 full year revenues) into a newly independent CarNext (as per 1 July 2021). The results of LeasePlan Australia and New Zealand are included in the *financial statements – Underlying net result from discontinued operations* up to August 2021. The results of the carved out entities of CarNext are included in the *financial statements – Underlying net result from discontinued operations* up to June 2021.

Operational Highlights

LeasePlan delivered an exceptionally strong performance in its Car-as-a-Service business in Q3, supported by solid fleet growth across all key segments, especially private lease, as business activity returns to normal and drivers continue to opt for safe, private mobility. Demand for delivery vehicles remained high, especially our eLCV proposition, which grew 22% compared to Q2. Despite the ongoing semiconductor shortage, which has delayed delivery of some new orders, LeasePlan continued to deliver on customer demand through its strong relationships with OEMs and access to pre-configured models, as well as its used-car leasing offering and contract extensions. LeasePlan also continued to make strides in its transition to a fully digital business model, including by folding countries into its new NextGen modules for data management and cloud-based customer service.

On the sustainability front, new orders for electric cars and plug-in hybrids increasing to a record 20.5%[6]. Building on its successful EV strategy, LeasePlan launched its ambitious new 'Driving to Zero' sustainability strategy to achieve net zero Greenhouse Gas (GHG) emissions across its global operations (scopes 1, 2 & 3), and act decisively to address the most important ESG issues facing business today: climate change, diversity & inclusion and ethical supply chains. The new strategy builds on LeasePlan's industry-leading commitment to achieve net zero emissions from its funded fleet by 2030, announced at the launch of the EV100 organisation in 2017.

LeasePlan's 'Driving to Zero' sustainability strategy is available **here**.

Funding and Capital Position

In the third quarter, LeasePlan was active across all of its funding levers. In the senior unsecured space, the group returned to the Green Bond market in August issuing a EUR 1 billion 5-year fixed rate note with a coupon of 0.25%. In line with the group's 5-year Green Bond (EUR 1 billion) in Q1, this transaction was well supported both in terms of order volumes and number of dedicated green investors participating across jurisdictions. The final orderbook was of high quality and granularity, with over 150 investors participating. This issuance brings the total amount of LeasePlan Green Bonds to EUR 3 billion, highlighting the continued support for the group's Green Finance Framework and its ambition to transition to zero-emission mobility. The ABS franchise was also active in September where the group successfully priced its inaugural public transaction in Belgium. This transaction was well received by investors and oversubscription in both A and B tranches resulted in EUR 533 million in secured funding for the group[7]. In addition to unsecured and secured funding, retail bank deposits increased by EUR 376 million over the quarter, resulting in a liquidity buffer of EUR 8.3 billion as per 30 September 2021. This buffer consists of cash balances as well as access to the group's undrawn EUR 1.5 billion committed revolving credit facility.

The CET1 ratio as per 30 September 2021 is 15.4%[8] calculated at the regulatory sub-consolidated level (LeasePlan Corporation N.V. consolidated). At this sub-consolidated level, the Total Capital ratio is 17.7% which is equal to the Tier 1 capital ratio[9].

On 20 September 2021 , Fitch Ratings revised the outlook on LeasePlan Corporation N.V.'s Long-Term Issuer Default Rating (IDR) to Stable from Negative and affirmed the IDR at 'BBB+' and Viability Rating (VR) at 'bbb+'.

[6] New orders of Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles (private Vehicles and Light Commercial Vehicles), excluding USA.

[7] Bumper BE-1 2021 settled on 14 October 2021.

[8] CET1 and Total Capital ratios at all regulatory levels are excluding the YTD 2021 interim net result.

[9] CET1 ratio at the regulatory Consolidated level (LP Group BV consolidated) is 15.4% and CET1 ratio at the regulatory Solo level (LeasePlan Corporation N.V.) is 15.6% as of 30 September 2021.

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About LeasePlan

LeasePlan is a global leader in Car-as-a-Service, with approximately 1.8 million vehicles under management in 29 countries. LeasePlan purchases, funds and manages new vehicles for its customers, providing a complete end-to-end service for a typical contract duration of three to four years. LeasePlan is committed to taking a leadership role in the transition to zero-emission mobility and has set itself the ambitious goal of achieving net zero emissions from its funded fleet by 2030. With over 50 years' experience, LeasePlan's mission is to provide what's next in sustainable mobility so our customers can focus on what's next for them. Find out more at www.leaseplan.com/corporate

Condensed consolidated interim financial statements

Condensed consolidated statement of profit or loss

For the period ended 30 September

In thousands of euros	Note	Q3 2021	Q3 2020*	9M 2021	9M 2020*
Operating lease income		1,004,788	980,239	2,993,057	2,993,851
Finance lease and Other interest income		23,271	24,975	71,313	75,887
Additional services income		571,480	558,569	1,706,785	1,759,689
Vehicle sales and End of contract fees		1,020,498	802,268	2,756,729	2,258,021
Revenues	2	**2,620,037**	**2,366,052**	**7,527,883**	**7,087,448**
Depreciation cars		793,379	780,862	2,358,974	2,429,360
Finance cost		74,067	80,573	216,236	244,073
Unrealised (gains)/losses on financial instruments		–12,373	–12,790	–28,341	–8,610
Impairment charges on loans and receivables		1,359	24,959	14,629	62,782
Lease cost		856,432	873,604	2,561,498	2,727,604
Additional services cost		358,543	396,406	1,056,482	1,191,912
Vehicle and Disposal cost		889,774	755,736	2,468,005	2,266,782
Direct cost of revenues	2	**2,104,749**	**2,025,746**	**6,085,985**	**6,186,298**
Lease services		171,627	131,610	502,871	342,134
Additional services		212,937	162,163	650,303	567,776
Profit/Loss on disposal of vehicles and End of contract fees		130,724	46,533	288,724	–8,761
Gross profit	2	**515,288**	**340,306**	**1,441,898**	**901,150**
Staff expenses		139,130	122,729	403,362	376,570
Other operating expenses		77,897	59,870	207,082	174,223
Other depreciation and amortisation		23,410	22,022	64,424	61,610
Total operating expenses		**240,437**	**204,621**	**674,868**	**612,402**
Share of profit of investments accounted for using the equity method		–8,447	803	–6,531	2,640
Other income		2,669	92	2,669	92
Profit before tax		**269,072**	**136,580**	**763,168**	**291,480**
Income tax expenses		65,667	24,214	161,931	42,449
Net result from continuing operations		**203,405**	**112,365**	**601,237**	**249,030**
Net result from discontinued operations	3	**216,941**	**–11,330**	**174,084**	**–41,443**
Net result for the period		**420,346**	**101,036**	**775,322**	**207,587**
Attributable to:					
Equity holders of parent		411,247	91,826	747,932	180,131
Holders of AT1 capital securities		9,220	9,220	27,605	27,624
Non-controlling interest		–121	–10	–215	–167

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

*Comparative information has been represented due to discontinued operations. See note 3.

Condensed consolidated statement of comprehensive income

For the period ended 30 September

In thousands of euros	Q3 2021	Q3 2020*	9M 2021	9M 2020*
Net result	420,346	101,036	775,322	207,587
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Changes in cash flow hedges, before tax	–	1,029	1,744	2,410
Income tax on cash flow hedges	–	–135	–436	–586
Subtotal changes in cash flow hedges, net of income tax	**–**	**894**	**1,308**	**1,824**
Exchange rate differences	8,368	–35,244	25,530	–114,419
Other comprehensive income, net of income tax	**8,368**	**–34,350**	**26,839**	**–112,595**
Total comprehensive income for the year	**428,714**	**66,686**	**802,160**	**94,992**
Comprehensive income attributable to:				
Owners of the parent	419,616	57,476	774,770	67,536
Holders of AT1 capital securities	9,220	9,220	27,605	27,624
Non-controlling interest	–121	–10	–215	–167

Comprehensive income attributable to owners of the parent arises from:				
Continuing operations	204,927	70,600	602,790	116,949
Discontinued operations	214,689	–13,124	171,980	–49,413

*Comparative information has been represented due to discontinued operations. See note 3.

Condensed consolidated statement of financial position

In thousands of euros	Note	30 September 2021	31 December 2020
Assets			
Cash and balances at central banks	4	6,318,182	5,169,103
Investments in equity and debt securities		127,018	24,273
Receivables from financial institutions	5	708,863	671,264
Derivative financial instruments	6	128,353	171,054
Other receivables and prepayments		863,176	1,023,686
Inventories	7	282,344	448,133
Corporate income tax receivable		16,028	48,418
Loans to equity accounted investments		173,500	175,500
Lease receivables from clients	8	3,155,181	3,136,556
Property and equipment under operating lease, rental fleet and vehicles available for lease	9	19,342,344	19,191,386
Other property and equipment	10	301,144	387,705
Equity accounted investments		68,436	16,337
Intangible assets		310,837	262,785
Deferred tax asset		275,519	288,696
Assets classified as held-for-sale		1,294	1,222
Total assets		**32,072,219**	**31,016,117**

Condensed consolidated statement of financial position - *continued*

In thousands of euros	Note	**30 September 2021**	**31 December 2020**
Liabilities			
Funds entrusted	11	10,469,532	9,212,495
Derivative financial instruments	6	82,232	150,371
Trade and other payables and Deferred income		2,432,463	2,584,847
Corporate income tax payable		59,284	39,180
Borrowings from financial institutions	12	3,313,701	3,560,531
Lease liabilities	10	240,055	308,140
Debt securities issued	13	9,574,532	10,084,252
Provisions		574,080	561,911
Deferred tax liabilities		364,394	336,164
Total liabilities		**27,110,274**	**26,837,891**
Equity			
Share capital		71,586	71,586
Share premium		506,398	506,398
Other reserves		−114,543	−141,382
Retained earnings		3,991,665	3,243,734
Equity of owners of the parent		**4,455,106**	**3,680,335**
AT1 capital securities		507,102	497,937
Non-controlling interest		−262	−47
Total equity		**4,961,946**	**4,178,225**
Total equity and liabilities		**32,072,219**	**31,016,117**

Condensed consolidated statement of changes in equity

In thousands of euros	Share capital	Share premium	Other reserves	Retained earnings	Equity of owners of the parent	AT1 capital securities	Non-controlling interest	Total equity
Balance as at 1 January 2020	**71,586**	**506,398**	**−43,125**	**3,027,862**	**3,562,720**	**497,919**	**–**	**4,060,639**
Net result	–	–	–	207,755	207,755	–	−167	207,587
Transfer - accrued interest on AT1 capital securities	–	–	–	−27,624	−27,624	27,624	–	–
Other comprehensive income	–	–	−112,595	–	−112,595	–	–	−112,595
Total comprehensive income	**–**	**–**	**−112,595**	**180,131**	**67,536**	**27,624**	**−167**	**94,992**
Incorporation of subsidiary with NCI	–	–	–	–	–	–	210	210
Interest coupon paid on AT1	–	–	–	–	–	−18,440	–	−18,440
Balance as at 30 September 2020	**71,586**	**506,398**	**−155,720**	**3,207,993**	**3,630,256**	**507,102**	**43**	**4,137,401**
Balance as at 1 January 2021	**71,586**	**506,398**	**−141,382**	**3,243,734**	**3,680,335**	**497,937**	**−47**	**4,178,225**
Net result	–	–	–	775,537	775,537	–	−215	775,322
Transfer - accrued interest on AT1 capital securities	–	–	–	−27,605	−27,605	27,605	–	–
Other comprehensive income	–	–	26,839	–	26,839	–	–	26,839
Total comprehensive income	**–**	**–**	**26,839**	**747,932**	**774,770**	**27,605**	**−215**	**802,160**
Interest coupon paid on AT1	–	–	–	–	–	−18,440	–	−18,440
Balance as at 30 September 2021	**71,586**	**506,398**	**−114,543**	**3,991,665**	**4,455,106**	**507,102**	**−262**	**4,961,946**

Accrued interest in 2021 on AT1 capital securities amounts to EUR 27.6 million. In May 2021 an amount of EUR 18.4 million was paid related to the period November 2020 - May 2021, including EUR 3.4 million accrued in 2020. The remaining part of EUR 9.2 million is payable in November 2021, therefore as at the reporting date this amount does not yet represent a liability.

Under Non-controlling interests are shown minority shares of Faraday Keys Holding B.V. (27.2%) as a result of the incorporation of PowerD B.V. during 2020.

Condensed consolidated statement of cash flows

For the period ended 30 September

In thousands of euros	Note	2021	2020
Operating activities			
Net result		**775,322**	**207,587**
Adjustments			
Interest income and expense		140,387	166,592
Impairment charges on receivables		14,953	62,581
Valuation allowance on inventory		−7,551	297
Depreciation and impairment operating lease portfolio and rental fleet	9	2,548,512	2,609,670
Insurance expense		245,623	251,825
Depreciation other property plant and equipment		46,731	53,020
Amortisation and impairment on intangibles		30,985	26,522
Share of profit in equity accounted investments		6,531	−2,640
Gain on sale of subsidiaries / associates		−213,477	–
Financial instruments at fair value through profit and loss		−35,782	−4,463
Income tax expense		147,656	26,677
Changes in			
Provisions		−219,605	−224,189
Derivative financial instruments		−46,377	−15,851
Trade and other payables and other receivables		67,389	531,912
Inventories		193,701	385,442
Amounts received disposing objects under operating lease	9	2,026,507	1,811,658
Amounts paid acquiring objects under operating lease	9	−5,377,084	−4,377,821
Acquired new finance leases		−971,935	−831,682
Repayment finance leases		837,071	869,399
Income taxes received		16,705	26,897
Income taxes paid		−63,719	−59,610
Interest received		82,407	89,866
Interest paid		−236,974	−258,312
Net cash inflow/(outflow) from operating activities		**7,977**	**1,345,379**

Condensed consolidated statement of cash flows – *continued*

For the period ended 30 September

In thousands of euros	Note	**2021**	**2020**
Investing activities			
Net investment in equity and debt securities		–20,044	–83
Loans to equity accounted investments		–59,000	–70,000
Redemption on loans to equity accounted investments		239,990	65,500
Dividend received from ass. JVs and other equity investments		4,694	–
Proceeds from disposal of subsidiaries		212,129	–
Proceeds from sale of other property and equipment		15,479	16,023
Acquisition of other property and equipment		–31,305	–33,954
Acquisition of intangibles assets		–112,427	–72,032
Net cash outflow from investing activities		**249,516**	**–94,547**
Financing activities			
Receipt from receivables from financial institutions		348,263	695,525
Balances deposited to financial institutions		–350,808	–655,018
Receipt of borrowings from financial institutions		2,193,242	3,150,598
Repayment of borrowings from financial institutions		–2,253,204	–3,486,380
Receipt of funds entrusted		3,175,686	2,097,654
Repayment of funds entrusted		–1,918,650	–552,373
Receipt of debt securities		2,574,997	1,779,393
Repayment of debt securities		–2,726,251	–2,094,388
Payment of lease liabilities		–34,346	–34,000
Interest paid AT1 capital securities		–18,440	–18,440
Net cash inflow from financing activities		**990,488**	**882,572**
Cash and balances with banks as at 1 January		**5,557,401**	**5,093,290**
Net movement in cash and balances with banks		1,247,981	2,133,404
Exchange gains/(losses) on cash and balances at banks		747	–2,281
Cash and balances with banks as at 30 September	4	**6,806,129**	**7,224,414**

General notes

General information

LeasePlan Corporation N.V.
LeasePlan Corporation N.V. (the "Company") is a company domiciled in Amsterdam, the Netherlands, where its statutory seat is located. The address of its registered office is Gustav Mahlerlaan 360, 1082 ME Amsterdam. The condensed consolidated interim financial statements of the Company as at 30 September 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in investments accounted for using the equity method. The Group consists of an international network of companies engaged in fleet management and mobility services, mainly through operating leasing and car remarketing.
At 30 September 2021, the Group employed 8,000 people worldwide and had offices in 29 countries. There were no major changes in the Groups' composition during the reporting period, except for the sale of Australian and New Zealand subsidiaries and the carve-out of CarNext (please refer to Note 3 Discontinued operations).

The Company has held a banking licence in the Netherlands since 1993 and was regulated by the Dutch Central Bank until 31 December 2020. As of 1 January 2021 LeasePlan has been reclassified from being a Less Significant Institution to a Significant Institution and is officially under the direct supervision of the European Central Bank.

The condensed consolidated interim financial statements have been reviewed, not audited.

Ownership of the Company

LP Group B.V. holds 100% of the Company's shares. LP Group B.V. represents a group of long-term investors. None of these investors alone has a direct or indirect controlling interest in the Company:

- ADIA: Since 1976, the Abu Dhabi Investment Authority (ADIA) has been prudently investing funds on behalf of the Government of Abu Dhabi, with a focus on long-term value creation. ADIA manages a global investment portfolio that is diversified across more than two dozen asset classes and sub categories, including quoted equities, fixed income, real estate, private equity, alternatives and infrastructure.
- ATP: ATP was established in 1964 and is Denmark's, and one of Europe's, largest pension funds.
- Broad Street Investments: A Singapore based Holding company.
- GIC: GIC is a leading global investment firm with well over US$100 billion in assets under management. Established in 1981, the firm manages Singapore's foreign reserves and is positioned for long-term and flexible investments across a wide range of asset classes, including public equities, fixed income, real estate, and private equity. In private equity, GIC invests through funds as well as directly in companies, partnering with fund managers and management teams to help businesses achieve their objectives. GIC employs more than 1,300 people.
- PGGM: PGGM is a cooperative Dutch pension fund service provider. Institutional clients are offered asset management, pension fund management, policy advice and management support either alone or together with strategic partners, PGGM develops innovative future provisions by linking together pension, care, housing and work.
- TDR Capital: TDR Capital LLP is a highly selective private equity firm with a track record of investing in businesses. TDR Capital LLP was founded in 2002 and currently manages funds totalling over EUR 8.0 billion on behalf of a range of sophisticated investors.

Basis of preparation

The condensed consolidated interim financial statements for the period ended 30 September 2021 have been prepared in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union (EU). The condensed consolidated interim financial statements have been prepared on the same basis as, and should be read in conjunction with, the annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS and its interpretations as adopted by the European Union, with the exception of the new and amended accounting standards described below. These condensed consolidated interim financial statements do not include the "company financial statements". The annual company financial statements are included in the Group's Annual report for the year ended 31 December 2020.

The condensed consolidated interim financial statements for the period ended 30 September 2021 of the Group have been prepared on a going concern basis.

Due to rounding, numbers presented throughout these interim financial statements may not add up precisely to the totals provided.

Accounting policies

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

Adoption of new and amended accounting standards effective as per 1 January 2021

The following new amendments to existing standards and interpretations, all endorsed by the EU, have been adopted by the Group as from 1 January 2021.

Interest Rate Benchmark Reform

In August 2020, the International accounting standards board issued interest rate benchmark reform - phase 2, which amends IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases", which are effective as per 1 January 2021. Those amendments provide a number of reliefs that are directly affected by interest rate benchmark reform applied by the Group:

- A change in the basis for determining the contractual cash flows of a financial asset, financial liability or leases for lessees that is required by IBOR reform is recognised by updating the effective interest rate of the financial asset or financial liability.
- When the IBOR phase 1 reliefs cease to apply, the Group amends the hedge documentation to reflect changes that are required by IBOR reform by the end of the reporting period during which the changes are made. Such amendments do not constitute a discontinuation.
- For the purposes of assessing the retrospective effectiveness of a hedge relationship on a cumulative basis, the Group may, on an individual hedge basis, reset to zero the cumulative fair value changes of the hedged item and hedging instrument when ceasing to apply the retrospective effectiveness assessment relief provided by the IBOR phase 1 amendments.
- When amending the hedge relationships for groups of items, hedged items are allocated to sub-groups based on the benchmark rate being hedged, and the benchmark rate for each sub-group is designated as the hedged risk.
- An alternative benchmark rate designated as a non-contractually specified risk component, that is not separately identifiable at the date when it is designated, is deemed to have met the requirements at that date if the entity reasonably expects that it will meet the requirements within a period of 24 months from the date of first designation. The 24-month period will apply to each alternative benchmark rate separately.

Those amendments have no significant impact on the condensed consolidated interim financial statements.

The Group is in the process of the transition from the IBOR-based instruments to alternative reference rate (ARR) instruments, which will be finalised at the end of 2021. An implementation team is set up sponsored by the CFO and is led by senior representatives from

functions amongst the Group including Strategic Finance, Legal, Treasury, Finance, Risk and Operations. The implementation team performs periodic updates to management.
The Group monitors further developments in these rates and determines the implications to the Group considering the impact on amongst others financial instruments, issued notes and the lease portfolio.

The Group is investigating and adapting to new regulations with respect to, but not limited to:
- The impact on financial instruments, derivatives, issued notes and the potential impact on future cash flows and discounting.
- Engaging with external financial institutions and counterparts to assess and source ARRs to its current contracts term sheets.
- Potential impact of the IBOR reform to collateral agreements.
- Investigation of local contracts in all countries.
- A legal review of all contracts in terms of contractual triggers, such as fallback events and their impact.
- Investigation of the potential impact on the interest profit margin.
- The impact on internal processes like pricing of the Inter-company loans (funding provided by LeasePlan central Treasury to LeasePlan entities) and calculation of the internal interest benchmarks (Cost Of Borrowed Funds formula) used for pricing of the new vehicle leases, etc.
- The impact on various IT systems.

Main Achievements:
- Investigation of the (potential) impact on LeasePlan lease contracts has been completed
- Transition from LIBOR to the new benchmarks for the lease contracts denominated in USD, GBP, CHF has been agreed with impacted LeasePlan entities
- USD, GBP & CHF LIBOR and LIBOR referencing swap rates will be replaced by RFRs and RFRs based swap rates as a basis for interest rates in the new leases
- EUR denominated contracts are not impacted as they refer to EURIBOR (not to EUR LIBOR)
- Spread adjustments based on historical differences between LIBOR and RFR will be applied aiming to make transition to the new rates P/L neutral for both sides
- Generic (currency independent) fallback language describing transition rules from IBOR to RFRs in other currencies has been drafted and it will added to the new (renewed) international Master Lease Agreements.

Nest steps:
- Finalize contract amendments with clients by the end of 2021
- Apply new benchmarks (including spread adjustments) in LeasePlan International COBF formula
- Finalize amendments of the I/C facility agreements between LeasePlan Treasury and LeasePlan US, LeasePlan UK, LeasePlan Switzerland
- All new benchmarks (RFRs and RFRs derived swap rates) to be added to Bloomberg (daily) rate files

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform (referred to as an 'unreformed').

The table below indicates the nominal amount and weighted average maturity of derivatives in hedging relationships that will be affected by IBOR reform, analysed by interest basis as at 30 September 2021. The derivative hedging instruments' nominal amount provides a close approximation to the extent of the risk exposure the Group manages through hedging relationships included in the derivative financial instruments in the statement of financial position.

Local currency amounts	Nominal amount (in million)	Average maturity (years)
Interest rate swaps		
USD Libor	780	3,25

The following table shows the total amounts of unreformed non-derivative financial assets and liabilities at 30 September 2021.

Financial assets and liabilities	**USD LIBOR**	**CIBOR**
Non derivative financial assets - carrying value		
Lease receivables from clients	546,548	18,876
Non-derivative financial liabilities - carrying value		
Funds entrusted		610
Borrowings from financial institutions		223,072
Debt securities issued	69,031	

The table below shows the total amounts of unreformed derivative (not in hedge relationship) at 30 September 2021.

Derivatives financial instruments not in hedge - Nominal amount	**GBP LIBOR**	**USD LIBOR**
Derivatives financial instruments assets	732,798	172,577
Derivatives financial instruments liabilities	1,316,254	503,926

GBP, USD, CHF Libor will cease to be published from the end of 2021. Some USD Libors (O/N, 1M, 3M, 6M, 12M) will continue to be published until the end of June 2023. Swaps referring to GBP, USD, CHF Libor will not be used for any new transactions, the abolished Libors will be replaced by risk-free rates SONIA, SOFR, SARON respectively for the three aforementioned currencies. Those benchmarks will be used as a new basis for pricing swaps and it is widely expected that they will also serve as a benchmark for pricing of the cash-loan like products.

Other relevant significant interest rate benchmarks the Group applies, like Euribor, Pribor, BBSW, Nibor and Stibor, Bubor, Wibor will continue to be available for the foreseeable future. Those rates will be calculated and administrated in accordance with the European Union Benchmarks Regulation requirements. This allows market participants to continue to use those reference rates for both existing and new contracts.

Reclassification of Inventories in the presentation on the statement of financial position

Vehicles available for lease reported in the financial statement categories “Inventories” and ”Other receivables and prepayments” have been reclassified to “Property and equipment under operating lease and rental fleet” . This reclassification is the result of new business insights. We consider reporting of new vehicles bought for already signed lease contracts or bought with the intention to lease in the near future in the same category as lease contracts under operating lease and rental fleet more appropriate and providing more useful information to the users of our interim financial statement. The new vehicles bought were previously reported as part of Inventory or considered as a Prepayment for a future lease contract. These new vehicles are recognised at cost and not depreciated. We refer to the separate notes in this interim financial statement.

Segment information

In the segment information LeasePlan identifies Europe and Rest of the world as reportable segments. As per 31 December 2019 annual reporting LeasePlan started voluntarily segment reporting with respect to CarNext. As of 1 July 2021 CarNext was carved out resulting in a non-material part left within LeasePlan. Because of this change LeasePlan no longer reports the additional CarNext versus CaaS segmentation as per Q2 2021 financial statement. The revenue from external customers for CarNext and CaaS is disclosed in segment information.

Transactions between LeasePlan and operations of LeasePlan Australia and LeasePlan New Zealand are presented in external revenue and external expenses in discontinued operations after intercompany eliminations as LeasePlan has no significant continuous transactions with those entities after the sale.
Transactions between LeasePlan and CN Group B.V. are presented in continued operations after intercompany eliminations as LeasePlan continues significant transactions with CN Group B.V. after the sale of CarNext B.V.. The additional margin is reported in operating activities of discontinued operations of CarNext B.V..

The methodology for intercompany eliminations applied for CN Group B.V. is a change compared to the methodology applied in the interim financial statements reported as per 30 June 2021 where for CarNext the same methodology was applied as for the sale of LeasePlan Australia and LeasePlan New Zealand. Intercompany transactions are now eliminated in discontinued operations of CarNext B.V.. This change provides better insights in LeasePlan's continuing significant transactions with CarNext B.V. that are reported in revenue from continuing operations and will continue to be reported in LeasePlan's revenue in future reporting periods. Reference is made to note 3 Discontinued operations.

Other changes

The International accounting standards board continued the 2020 published amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021, effective as per 1 April 2021. Those amendments do not have any significant impact on shareholders' equity nor comprehensive income of the Group.

New and amended relevant accounting standards effective after 1 January 2022

IFRS 17 – 'Insurance contracts'

The Group will implement IFRS 17 'Insurance Contracts' (as issued by the IASB on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020). The standards have not yet been EU endorsed and will be effective as of 1 January 2023.

IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts, which was issued in 2005.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows).
- A Contractual Service Margin (CSM) that is deferring any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in profit or loss over the service period (i.e. coverage period).
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- A simplified premium allocation approach (PAA) may be applied for contracts that meet specific conditions. An important condition is that the coverage of the contracts does not exceed one year. The PAA is quite similar to current accounting under IFRS 4 for non-life products.

- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income is based on the concept of services provided during the period.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures will provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The Group initiated an implementation project and is performing an impact assessment on shareholders' equity and comprehensive income of IFRS 17. At this moment it is too early to disclose impact of the implementation as of 2023.

Other changes

The following amendments to standards are not yet endorsed by the EU and become effective after 1 January 2022. Those changes relate to:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current (issued on 23 January 2020 and 15 July 2020). The IASB has issued an exposure draft to defer the effective date from 1 January 2022 to 1 January 2023.
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (issued 14 May 2020).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021).
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021).

These changes are not expected to have a significant impact on shareholders' equity nor comprehensive income of the Group.

Use of judgements and estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that impact the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

Seasonality and cyclicality

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

Financial risk management

All amounts are in thousands of euros, unless stated otherwise

Recent developments (COVID-19)

During the third quarter of 2021 LeasePlan experienced growth, mainly due to re-opening of the markets following vaccination programs. In 2021 LeasePlan achieved record high quarterly net results which were supported by a positive used-car market and lower than expected customer defaults due to our high quality customer base. In Q3 2021 serviced fleet was up 2.4% to 1.8 million vehicles combined with a record high orderbook. The growth of the order book (resulting in fleet growth) was impacted by OEM supply chain disruptions mainly coming from the global shortage of semiconductor chips initially caused by COVID-19. Nevertheless, the global shortage of semiconductor chips also had a positive impact on the used-car market. Due to less supply of used-cars, as customers are waiting longer for their new vehicles, this resulted in continued beneficial used-car pricing.

The favourable used-car pricing has led to a release of the valuation allowance for the nine-months ended 30 September 2021 of EUR 7.6 million to EUR 1.6 million. Please refer to note 7 Inventories for more information.

The impairment provision on Lease receivables from clients has decreased by EUR 7.4 million compared to year end 2020, including both a decrease of EUR 4.2 million due to lower invoices under commercial disputes and a lower ECL allowance of EUR 3.3 million. An amount of EUR 14.6 million of impairment charge on loans and receivables is booked for the nine months ending 30 September. Information on critical assumptions, parameters and related sensitivities are disclosed in note 8 Lease receivables from clients.

Operating lease assets impairment includes a net amount of EUR 4.2 million impairment reversal related to book value losses on early terminated cars for defaulted operating lease customers. Please refer to note 9 Property and equipment under operating lease, rental fleet and vehicles available for lease for more information.

Risks and uncertainties

The Group recognises ten risk management areas, which are broadly divided into two categories: financial and non-financial risks. Financial risks being asset risk, credit risk, treasury risk, motor insurance risk; and non-financial risks being operational risk, information risk, strategic risk, reputational risk, compliance risk, and legal risk. Of the ten risk management areas, asset risk, credit risk, operational risk, liquidity risk (which is part of treasury risk) are considered to be primary risks. The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required for the annual financial statements; these disclosures should be read in conjunction with the Group's consolidated financial statements, for the year ended 31 December 2020.

We have various strategic projects which are focused on managing or mitigating each of these risk categories and related subcategories in a better way. For asset risk, mitigants include interim adjustments and end-of contract fees, as well as multi-channel and cross-border sales. For liquidity risk, we have matched funding, our diversified funding platform and healthy liquidity buffers as mitigants. For credit risk, mitigants include credit protection (both funded and unfunded), debtor management and default monitoring. For operational risk, Incident Management and Action Tracking (IMAT), Risk control self assessments, providing adequate and frequent training to personnel, raising awareness and standardizing and automating processes are examples of mitigants. In addition to the above risks, we have begun assessing the risks to LeasePlan and its stakeholders that are associated with the transition to zero emissions mobility (and other climate-related risks). To this end, we began to follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) set up by the Financial Stability Board (FSB).

Few risks and uncertainties that are relevant to LeasePlan's continuity for the period of 12 months including the third quarter of 2021.

- LeasePlan relies on internal and external information and technological systems to manage its operations and is exposed to risk of loss resulting from breaches of security, system or control failures, inadequate or failed processes, human error, business interruptions and external events. In addition, LeasePlan is subject to the risk of cybercrime by employees or third parties.
- LeasePlan is subject to bank regulation, and changes in this regulation could have an impact on our regulatory capital requirement, influencing our business, financial condition, results of operations and liquidity.
- High number of current projects and initiatives necessary to implement our transition to a more digital business model, next to a number of regulatory programmes which could affect our business, financial condition and results of operations. Also, for regulatory governance and compliance we need to attract and retain sufficiently qualified personnel to manage increasing regulatory requirements. Not having the required number of qualified resources in combination with the workload could have an impact on the deliverables.
- LeasePlan expects that in the coming months, the measures that have been put in place by the government to mitigate the (financial) impact of the COVID-19 pandemic on organizations will be phased out. This decision could potentially have consequences for our customers, some of them may find themselves in financial difficulties, making it difficult to continue to meet their financial obligations. This is expected to affect the smaller companies (SME) in particular. LeasePlan expects the (financial) impact of the withdrawal of COVID-19 measures to be small.
- For model development, the maturity of the model landscape and risk oversight quality of (historic) data is important. Data quality issues could have an adverse impact on the reliability of the output delivered by the models.

LeasePlan believes these are the risk categories which could hinder the company in achieving its strategic and financial business objectives. This may, however, not include all the risks that may ultimately affect LeasePlan.

A. Asset risk

The Group defines asset risk as the combination of residual value risks and risks on RMT services. Residual value risk is considered the main risk and is defined as the Group's exposure to potential losses due to the resale value of assets declining below the estimates made at lease inception minus risk mitigation. For residual value risk the Group also makes the distinction between market risks that are related to developments in the used car market and non-market risks that do not directly relate to market development. The risk related to RMT is the Group's exposure to potential loss due to the actual costs of the services, repair and maintenance and tyres (over the entire contractual period) exceeding the estimates made at lease inception.

The Group has a number of risk mitigating measures in place to manage and mitigate the exposure to non-market residual value risk. These measures allow the Group to adjust its pricing of contracts to compensate for the effects of (interim) deviations from the contractual mileage and duration terms by customers or allow for charging of fees to compensate for excessive wear and tear to the vehicle and excess mileages at contract-end. These measures therefore mitigate the asset risk associated with deviations from the original contract terms.

On a quarterly basis, the Group assesses its exposure to asset risk and evaluates the outcomes against its risk appetite. This assessment also determines the amount of capital that is required as a buffer against residual value market risks. Furthermore, the Group's local leasing companies also assess the exposures and expected results on their local existing lease portfolio for future years using a globally harmonised methodology, assessing the current contracted portfolio against the latest expectations regarding future market prices.

The effects of the potential negative developments in the used-car market are partially mitigated by the multi-channel approach, which allows further diversifications and optimisation of the revenues generated from the sale of second-hand cars.

The exposure to residual values as at the end of September 2021 amounted to EUR 13.8 billion (year-end 2020: EUR 13.5 billion).

B. Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its obligations for (re)payments, due to a mismatch between the run-off of its assets and liabilities.

Liquidity risk is managed by pursuing a diversified funding strategy, seeking to attract funding that matches the estimated run-off profile of the leased assets and maintaining an adequate liquidity buffer. The matched funding principle is applied both at a consolidated group and at subsidiary level considering specific mismatch tolerance levels. The Group maintains a liquidity buffer that includes cash balances and a committed (standby) credit facility to safeguard its ability to continue to write new business also if under stress temporarily no new funding can be obtained from financial markets. The Group maintains a number of stress scenarios addressing idiosyncratic and market wide risk drivers in both specific and combined scenarios. The overall regulatory liquidity buffer is intended to be sufficient to ensure that under management assumption-based stress at least 9 months can be survived and under regulatory assumption-based stress at least 6 months can be survived.

C. Credit risk

As a result of its normal business activities, the Group is exposed to credit risk, which is the risk that a counterparty will not be able to fulfil its financial obligations when due. In the Group's core business, this credit risk mainly relates to lease receivables from clients. Lease receivables from clients consist of trade receivables and future lease payments, which is the part of the lease the customer needs to repay during the contract duration. At any moment time this is the cumulative future depreciation amounts excluding the optional lumpsum at the end of the lease. For the future lease payments credit risk is mitigated by the underlying value of the available collateral (i.e. leased object).

To intensify the control of receivables a program was set up aimed at structural prevention of overdues, while realising quick wins and mitigating COVID-19 consequences at the same time. This program was earlier governed by a senior level SteerCo, and currently carried out as Business as Usual (BaU) process by a dedicated department.

The Group's definition of default is aligned with the regulatory definition. From 2021, a customer is reported as default as prescribed by the guidelines[10] on the application of the definition of default. For purposes of assessing, recognising and reporting defaults, a customer shall be considered to be in default when either one or both of the following events occur:

i. the Local LP entity considers the customer unlikely to pay ('UTP') and/or
ii. the customer is past due more than 90 consecutive days on any material credit obligation.

This new definition of default has led to an increase in defaulted customers. However, the impact on our provision level is zero given that the increase in defaults will be triggered by the customers past due for more than 90 consecutive days. For these customers, provision levels were already in line with the current provisioning for customers that have material overdue amounts.

For the implementation of the new definition of default, LeasePlan followed a two-step approach. The first step was implementing the new definition of default, which was done as of the 1 of January 2021. The second step is updating our regulatory models. These updated models have been sent to the regulator and LeasePlan is awaiting the model assessment process of the regulator. As a result of this two-step approach, the combination of the new definition of default and applying the current regulatory models, together with regular changes in the lease portfolio, the total TREA of LeasePlan has increased by EUR 1,835 million as per Q3 2021 compared with Q4 2020.

In addition, the Group is exposed to credit risk originating from its banking and treasury activities, which includes deposits placed with financial institutions and hedging instruments, such as derivatives and reinsurance activities. Finally, the Group is exposed to credit risk because of insurance activities as well as to rebates and bonuses to be received from vehicle manufacturers and other suppliers.

Weekly default reporting is in place. Next to this, the limits for financial counterparties are monitored weekly and the Group monitors daily several market developments as Early Warning Indicators to advise on any adjustments of these limits.

[10] Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013

D. Operational risk

Operational risk involves the risk of negative or potential loss resulting from inadequate or failed internal processes, human behaviour and systems or from external incidents. Business continuity risk, financial reporting risk, model risk and HR risk are within the scope of LeasePlan's operational risk management. Legal, compliance, information risk and reputational risks are covered, managed and investigated under individual separate frameworks.

Operational risk is included under the Pillar 1 capital and total risk exposure amount on the Standardised Approach (STD). As of 30 September 2021, under Pillar 1 the operational risk regulatory capital requirement is EUR 193million (for year-end 2020 STD: EUR 203 million).

Specific notes

All amounts are in thousands of euros, unless stated otherwise

1 Segment information

LeasePlan's core business activity consist of providing leasing and fleet management services, including the purchase, financing, insurance, maintenance and remarketing of vehicles, to external customers. The Group offers a mono-line product through all its LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. The Group's key management is responsible for allocating resources to the segments and assesses its performance.
LeasePlan Australia, LeasePlan New Zealand and CarNext B.V. and its subsidiaries are discontinued operations and are presented under a separate caption of the Profit or loss (net result from discontinued operations) in the tables below (see note 3). LeasePlan Australia and LeasePlan New Zealand have been divested as per 1 September 2021; both operations were included in the segment Rest of the world. CarNext B.V. has been carved-out from LeasePlan as per 1 July 2021; it was included in the segment Europe.

Segments
The Group identified Europe and Rest of the world as reportable segments. Operating segments are reported in accordance with the internal reporting provided to the Group's key management In addition to the leasing and fleet management services, the vehicle sales are identified as separate Business line (please refer to Basis of preparation for more information).

- **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 Brazil, India, Mexico and the United States. Australia and New Zealand are included in discontinued operations.

The performance of the segments is measured based on the combination of IFRS and Alternative Performance Measures, such as serviced fleet, revenue and underlying net result. The Alternative Performance Measures are obtained from the internal system of management accounting. This provides management with a comprehensive view of the performance of the segments. Inter-segment transactions are at arm's length and not presented separately given their insignificance. All revenues are from external customers.

	Europe		Rest of the world		Total	
In millions of euros	**9M 2021**	**9M 2020**	**9M 2021**	**9M 2020**	**9M 2021**	**9M 2020**
Serviced fleet (in thousands) at period end	**1,453**	**1,440**	**329**	**408**	**1,783**	**1,848**
Revenues	**7,148**	**6,643**	**380**	**444**	**7,528**	**7,087**
Finance lease and Other interest income	44	42	27	34	71	76
Finance cost	178	190	38	54	216	244
Car and other depreciation and amortisation	2,331	2,340	95	98	2,427	2,437
Underlying taxes	136	67	18	5	153	73
Underlying net result from continuing operations	**537**	**311**	**39**	**32**	**576**	**343**
Underlying net result from discontinued operations	−49	−50	25	24	−24	−26
Underlying net result	**487**	**264**	**64**	**53**	**551**	**317**
Total assets	29,529	28,074	2,544	3,891	32,072	31,964
Total liabilities	24,913	24,483	2,197	3,344	27,110	27,827

The revenue from sale of vehicles to external customers realised through continuing CarNext business amounts to EUR 233.4 million (EUR 1.4 million as per 30 September 2020) and revenue from sale of vehicles to external customers realised through CaaS amounts to EUR 2,325 million (EUR 2,157 million as per 30 September 2020).

The table below presents information about the main countries in which the Group is active. The Netherlands is the domicile country of the Group.

	FTE's (average)		Underlying Revenues		Lease Contracts	
	In Units		In millions of euros		In millions of euros	
Country of activity	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
United Kingdom	535	547	983	844	3,022	2,663
Netherlands	1,847	1,552	930	949	2,850	2,773
Italy	531	525	883	826	2,122	1,850
Other	5,633	5,499	4,732	4,468	13,506	13,758
As at 30 September	**8,546**	**8,123**	**7,528**	**7,087**	**21,500**	**21,044**

Alternative Performance Measures

In addition to IFRS financial measures, the Group uses certain Alternative Performance Measures to present and discuss our underlying performance and value creation. To arrive at Underlying net result, Net result is adjusted for impacts related to unrealised results on financial instruments, asset impairments, gain on sale of subisidiaries, restructuring expenses and other special items (like consultancy costs) which arise from events or transactions that management considers distinct from regular operating activities.

The reconciliation from IFRS measures to Alternative Performance Measures for the nine months ended September 30, 2021 and 2020 is included in the tables below:

In thousands of euros	IFRS results 30 September 2021	Underlying adjustments			Underlying results 30 September 2021
		Restructuring and other special items *	Unrealised results on financial instruments	Asset impairments and valuation allowance**	
Revenues	**7,527,883**				**7,527,883**
Direct cost of revenues	6,085,985	–	44,585	4,404	6,134,973
Gross profit	**1,441,898**	**–**	**–44,585**	**–4,404**	**1,392,910**
Total operating expenses	674,868	–16,556	–	–1,097	657,215
Other income	2,669		–2,669		–
Share of profit of investments accounted for using the equity method	–6,531				–6,531
Profit before tax	**763,168**	**16,556**	**–47,254**	**–3,307**	**729,164**
Income tax expenses	161,931	4,663	–12,646	–554	153,395
Net result from continuing operations	**601,237**	**11,893**	**–34,608**	**–2,753**	**575,769**
Net result from discontinued operations	174,084	–194,088	–4,442		–24,446
Net result for the period	**775,322**	**–182,195**	**–39,050**	**–2,753**	**551,323**

*Includes professional consultancy costs related to CarNext (EUR 7.8 million) and other consulting (EUR 8.7 million) for a total of EUR 16.5 million before tax (EUR 11.8 million after tax). EUR 194.1 million (net of tax) included in Net result from discontinued operations relates to EUR 212.0 million of gain on sale of subdisiaries, EUR 4.0 million of costs related to discontinued operations included in the sale transactions and EUR 13.9 million of professional consultancy costs of CarNext B.V. reclassified to this caption.

**Includes lease contracts impairment reversal on defaulted operating lease customers (EUR 4.4 million) and impairment charge on non current assets (EUR 1.1 million) for a total of EUR 3.3 million before tax (EUR 2.8 million after tax).

In thousands of euros	IFRS results 30 September 2020	Underlying adjustments			Underlying results 30 September 2020
		Restructuring and other special items *	Unrealised results on financial instruments	Asset impairments and valuation allowance**	
Revenues	**7,087,448**				**7,087,448**
Direct cost of revenues	6,186,298	–	–23,481	–84,231	6,078,585
Gross profit	**901,150**	**–**	**23,481**	**84,231**	**1,008,863**
Total operating expenses	612,402	–12,214		–4,110	596,078
Other income	92			–	92
Share of profit of investments accounted for using the equity method	2,640				2,640
Profit before tax	**291,480**	**12,214**	**23,481**	**88,342**	**415,517**
Income tax expenses	42,449	1,886	6,194	22,166	72,695
Net result from continuing operations	**249,030**	**10,328**	**17,288**	**66,176**	**342,822**
Net result from discontinued operations	–41,443	12,565	3,110		–25,768
Net result for the period	**207,587**	**22,892**	**20,398**	**66,176**	**317,054**

*Includes professional consultancy costs related to CarNext (EUR 4.1 million) and other consulting (EUR 8.7 million) for a total of EUR 12.2 million before tax (EUR 10.3 million after tax). EUR 12.5 million (net of tax) of professional consultancy costs of CarNext B.V. have been reclassified to the caption Net result from discontinued operations.

**Includes operating lease assets impairment (EUR 49.5 million), valuation allowance of inventory (EUR 34.6 million net of EUR 2 million release in Q3) as this amount significantly increased due to the COVID-19 market disruption which is clearly distinct from the regular operating performance , IT projects impairment (EUR 2.5 million) and leased buildings impairment (EUR 1.6 million) for a total of EUR 88.3 million before tax (EUR 66.2 million after tax).

2 Revenues and direct cost of revenues

Revenues

Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

In thousands of euros	Q3 2021	Q3 2020	9M 2021	9M 2020
Operating lease income	1,004,788	980,239	2,993,057	2,993,851
Finance lease and Other interest income	23,271	24,975	71,313	75,887
Additional services income	571,480	558,569	1,706,785	1,759,689
Vehicle sales and End of contract fees	1,020,498	802,268	2,756,729	2,258,021
Revenues	**2,620,037**	**2,366,052**	**7,527,883**	**7,087,448**

Finance lease and Other interest income for the nine months period ended 30 September 2021, includes an amount of EUR 7.2 million (9M 2020: EUR 7.7 million) related to Other interest income.

Operating lease income for the nine months period ended 30 September 2021, includes an amount of EUR 512.0 million (9M 2020: EUR 508.1 million) related to interest income.

Direct cost of revenues

Direct cost of revenues comprises the costs associated with providing the above-mentioned lease and additional services, the sale of vehicles and related finance cost and impairment charges.

In thousands of euros	Note	Q3 2021	Q3 2020	9M 2021	9M 2020
Depreciation cars		788,853	780,685	2,363,138	2,379,825
Impairment charge operating lease assets *	9	4,526	176	−4,164	49,535
Finance cost		74,067	80,573	216,236	244,073
Unrealised (gains)/losses on financial instruments		−12,373	−12,790	−28,341	−8,610
Impairment charges on loans and receivables		1,359	24,959	14,629	62,782
Lease cost		856,432	873,604	2,561,498	2,727,604
Additional services cost		358,543	396,406	1,056,482	1,191,912
Vehicle and Disposal costs	7	889,774	755,736	2,468,005	2,266,782
Direct cost of revenues		**2,104,749**	**2,025,746**	**6,085,985**	**6,186,298**

(*) Impairment charge operating lease assets is included in line-item Depreciation cars in the consolidated statement of profit or loss.

Gross profit (net lease income and vehicles sales income)

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

In thousands of euros	Note	Q3 2021	Q3 2020	9M 2021	9M 2020
Lease services		163,780	118,997	470,366	383,059
Impairment charge operating lease assets *	9	−4,526	−176	4,164	−49,535
Unrealised gains/(losses) on financial instruments		12,373	12,790	28,341	8,610
Lease		**171,627**	**131,610**	**502,871**	**342,134**
Fleet management and other services		53,805	22,714	171,219	111,850
Repair and maintenance services		69,926	65,622	217,012	205,934
Damage services and Insurance		89,205	73,827	262,072	249,992
Additional services		**212,937**	**162,163**	**650,303**	**567,776**
End of contract fees		27,894	32,117	97,964	99,173
Profit/(loss) on disposed vehicles (PLDV)	7	102,830	14,416	190,760	−107,934
Profit/(loss) on disposed vehicles and End of contract fees		**130,724**	**46,533**	**288,724**	**−8,761**
Gross profit		**515,288**	**340,306**	**1,441,898**	**901,150**

(*) Impairment charge operating lease assets is included in line-item Depreciation cars in the consolidated statement of profit or loss.

Net finance income

As part of the analysis of the revenues and direct cost of revenues LeasePlan also considers the net finance income as relevant metric for financial reporting purposes. The net finance income is presented below:

In thousands of euros	Q3 2021	Q3 2020	9M 2021	9M 2020
Operating lease - interest income	173,573	162,281	511,997	508,143
Finance lease and Other interest income	23,271	24,975	71,313	75,887
Finance cost	−74,067	−80,573	−216,236	−244,073
Net interest income	**122,777**	**106,684**	**367,074**	**339,958**
Unrealised gains/(losses) on financial instruments	12,373	12,790	28,341	8,610
Impairment charges on loans and receivables	−1,359	−24,959	−14,629	−62,782
Net finance income	**133,791**	**94,514**	**380,786**	**285,786**

3 Discontinued operations

On 1 September 2021 LeasePlan sold its subsidiaries LeasePlan Australia and LeasePlan New Zealand to SG Fleet Group. The two subsidiaries were classified as held-for-sale and reported as discontinued operations in previous quarters of 2021. LeasePlan recognised a gain on the sale as the difference between the consideration received and the carrying amount of the net asset value of the Australian and New Zealand operations at the date of the sale. LeasePlan retained an equity investment in SG Fleet without significant influence measured at fair value at the date of the sale. This equity investment is classified as fair value through P&L recognised in the caption Investment in equity and debt securities in the balance sheet. As the shares of SG Fleet are public market traded, a level 1 fair valuation is applied (please refer to Note 16 Fair value of financial instruments).

On 1 July 2021 LeasePlan contributed CarNext B.V. to CN Group B.V. and a consortium of investors contributed cash to CN Group B.V. and received newly issued shares. LeasePlan lost control and retained a non-controlling interest in CN Group B.V. with significant influence. CarNext B.V. was classified as held-for-sale and reported as discontinued operations as per Q2 2021. LeasePlan recognised a gain on the transaction as the difference between the consideration received and the carrying amount of net asset value of CarNext B.V. at the date of the transaction. The participation in CN Group B.V. is measured applying the equity method. Under this method, on initial recognition the investment is recognised at cost, which is the fair value of the investment in CN Group B.V. at the date of loss of control.

The comparative condensed consolidated statement of profit or loss and other comprehensive income have been re-presented to show the discontinued operation separately from continuing operations.

The profit of the period is attributable entirely to the owners of the company:

In thousands of euros	Q3 2021	Q3 2020	9M 2021	9M 2020
External revenues	**56,829**	**140,900**	**467,650**	**398,402**
External expenses	**−50,987**	**−156,718**	**−519,924**	**−455,617**
Income tax expenses	−983	4,489	14,275	15,772
Results from operating activities	**4,859**	**−11,330**	**−37,998**	**−41,443**
Gain on sale of discontinued operation, after tax	212,082	–	212,082	–
Net result from discontinued operations	**216,941**	**−11,330**	**174,084**	**−41,443**

* EUR 126 million book gain on the divestment of LeasePlan Australia and New Zealand and EUR 86 million book gain arising from the carve-out of CarNext

The net result from discontinued operations is attributable entirely to the owners of the company.

Cash flow from (used in) discontinued operations:

	30 September 2021	30 September 2020
Net cash inflow/(outflow) from operating activities	-12,906	30,307
Net cash inflow/(outflow) from investing activities	294,907	8,463
Net cash inflow/outflow from financing activities	−3,788	−26,451
Net movement in cash and balances with banks	**278,213**	**12,318**

Composition of gain on sale of discontinued operations, after tax:

	30 September 2021
Consideration received	
- Cash	305,716
- Investment in equity securities and investments accounted for using the equity method	142,532
Net asset value and related costs of discontinued operations	(234,770)
Gain on sale of subsidiaries	213,478
Income tax expenses on gain on sale of discontinued operations	(1,396)
Gain on sale of discontinued operations, after tax	**212,082**

4 Cashflow statement – cash and cash equivalents

In thousands of euros	30 September 2021	30 September 2020
Cash and balances at central banks	6,318,182	6,673,351
Deposits with banks	426,651	400,108
Call money, cash at banks	170,935	253,587
Bank overdrafts	−109,639	−102,633
Balance for the purpose of the statement of cash flows	**6,806,129**	**7,224,414**

All cash and balances at (central) banks are available at call except for the mandatory reserve deposits at the Dutch Central Bank. The mandatory reserve deposits amounting to EUR 97.6 million (30 September 2020: EUR 90.0 million) are not used in the Group's day-to-day operations and form part of the 'Cash and balances at central banks'.
The Cash and balances at central banks decreased over the period 30 September 2021 to 30 September 2020, mainly as a consequence of the activities of securing the liquidity position during 2020, and due to public bond maturities .

5 Receivables from financial institutions

This caption includes amounts receivable from Dutch and foreign banks. Amounts receivable from financial institutions includes call money and current account bank balances that form part of the cash and balances with banks in the cash flow statement.

In thousands of euros	30 September 2021	31 December 2020
Deposits with banks	426,651	380,617
Call money, cash at banks	170,935	179,897
Cash collaterals deposited for securitisation transactions	57,202	63,957
Cash collaterals deposited for derivative financial instruments	50,611	43,095
Other cash collateral deposited	3,464	3,697
Total	**708,863**	**671,264**

The maturity analysis is as follows:

In thousands of euros	30 September 2021	31 December 2020
Three months or less	655,761	612,412
Longer than three months, less than a year	9,265	9,792
Longer than a year, less than five years	43,838	48,840
Longer than five years	–	220
Total	**708,863**	**671,264**

The receivables from financial institutions all reside in Stage 1, there is no significant increase in credit risk as at 30 September 2021. The allowance for expected credit losses amounts to EUR 0.4 million (31 December 2020: EUR 0.4 million).

6 Derivative financial instruments

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

	30 September 2021			31 December 2020		
	Notional amounts	**Fair value**		**Notional amounts**	**Fair value**	
In thousands of euros		Assets	Liabilities		Assets	Liabilities
Fair value hedge						
Interest rate swaps	6,799,711	72,721	15,990	5,625,472	109,259	2,410
Cross currency swaps	78,263	–	2,691	148,811	1,194	4,570
Cash flow hedges						
Interest rate swaps	–	–	–	771,608	32	2,778
Total Derivatives in hedge	**6,877,975**	**72,721**	**18,681**	**6,545,891**	**110,486**	**9,758**
Interest rate swaps	21,585,945	20,459	30,138	21,379,122	14,038	70,591
Cross currency swaps/forwards	4,373,981	35,173	33,413	4,155,032	46,530	70,022
Derivatives not in hedge	**25,959,926**	**55,632**	**63,551**	**25,534,154**	**60,568**	**140,613**
Total	**32,837,901**	**128,353**	**82,232**	**32,080,045**	**171,054**	**150,371**

The fair value is based on the price including accrued interest (dirty price). The unrealised gains/losses on financial instruments recognised in the statement of profit or loss are as follows:

In thousands of euros	**Q3 2021**	**Q3 2020**	**9M 2021**	**9M 2020**
Derivatives not in hedges	11,707	17,059	27,115	9,215
Derivatives fair value hedging instruments	−16,185	−2,402	−53,428	61,274
Financial liabilities fair value hedged items	16,851	−1,868	54,654	−61,880
Hedge ineffectiveness fair value hedges	666	−4,270	1,227	−605
Unrealised gains/(losses) on financial instruments	**12,373**	**12,790**	**28,341**	**8,610**

7 Inventories

In thousands of euros	Note	30 September 2021	31 December 2020
Cars and trucks from terminated lease contracts		230,197	402,286
Valuation allowance	2	−1,597	−9,148
Carrying amount cars and trucks from terminated lease contracts		**228,600**	**393,138**
New cars and trucks in stock		26,385	15,220
Other inventories		27,360	39,775
Total		**282,344**	**448,133**

During 2020, the COVID-19 pandemic caused high levels of disruption to the functioning of used-car markets across the world, with many markets effectively shut and others experiencing abruptly reduced levels of demand and dislocations to used-car prices. In 2021 we have seen the used-car market recovering leading to beneficial pricing, despite a second wave of country lockdowns which caused temporary store closures across our core markets.

Compared to 31 December 2020 the valuation allowance for inventory decreased by EUR 7.6 million to EUR 1.6 million, or 1% of the gross book value of cars and trucks from terminated lease contracts. The allowance represents the impact of the write down to the lower net realisable value of the inventories. The release is booked on the Vehicle and disposal costs report line in the Direct cost of revenues.

The sensitivity of an additional 1% decline in used-cars prices will translate into EUR 0.5 million additional allowance for inventory. The 1% decline is not a linear variable.

For prior period comparatives a reclassification has been made for the amount of EUR 168 million of vehicles available for lease reported in inventories to Property and equipment under operating lease and rental fleet. Please refer to Basis of preparation.

8 Lease receivables from clients

This item includes amounts receivable under finance lease contracts and trade receivables mainly related to operating lease, after deduction of allowances for impairment.
Trade receivables represent unpaid, current lease receivables under existing operating lease contracts or receivables related to inventory sales.

In thousands of euros	30 September 2021	31 December 2020
Amounts receivable under finance lease	2,513,374	2,575,086
Trade receivables	723,077	650,217
Impairment	−81,270	−88,747
Total	**3,155,181**	**3,136,556**

The impairment allowance of EUR 81.3 million (year-end 2020: EUR 88.7 million) includes EUR 6.3 million (year-end 2020: EUR 10.5 million) related to invoices under commercial disputes and EUR 75.0 million (year-end 2020: EUR 78.3 million) of expected credit losses (ECL) recognised under IFRS 9.

The ECL allowances include lifetime expected credit losses amounting to EUR 13.2 million (year-end 2020: EUR 16.8 million) for non credit impaired lease receivables and EUR 61.8 million (year-end 2020: EUR 61.4 million) for credit impaired lease receivables.

The Group has updated the ECL calculations for non credit impaired lease receivables with revised macro-economic projections of Gross Domestic Product, unemployment rates and central bank interest rates for each relevant country with the latest available data as at 30

September 2021. The Group uses the macroeconomic information and forecasts from data provider IHS Markit as input to its expected credit loss models, next to developments in parameters such as defaults and amounts overdue.

The Group applied a 100% weighting to a pessimistic scenario in each country, due to the continued uncertainty around COVID pandemic at the end of September 2021. The base scenario assumes a gradual recovery in 2021, the optimistic scenario assumes a more rapid rebound and the pessimistic scenario assumes a weaker recovery. These updated calculations resulted in an ECL allowance reversal for non-credit impaired lease receivables of EUR 3.6 million compared to the calculations based on the assumptions applied as at 31 December 2020.

If a 100% optimistic scenario is applied, the ECL allowance for non-credit impaired lease receivables is EUR 1.3 million lower.

The sensitivity of credit impaired lease receivables to a decline in value of collateral is not material as the allowance is covering almost the total exposure and collateral values are insignificant.

The maturity analysis is as follows:

In thousands of euros	**30 September 2021**	**31 December 2020**
Three months or less	1,083,303	1,027,553
Longer than three months, less than a year	739,221	780,726
Longer than a year, less than five years	1,399,801	1,399,523
Longer than five years	14,126	17,502
Impairment	−81,270	−88,747
Total	**3,155,181**	**3,136,556**

A part of the receivables under finance lease contracts is encumbered as a result of the asset backed securitisation transactions concluded by the Group. The total value of the securitised financial leased assets amounts to EUR 313 million (year-end 2020: EUR 450 million) (see note 9).

9 Property and equipment under operating lease, rental fleet and vehicles available for lease

In thousands of euros	Operating lease	Rental fleet	Vehicles available for lease*	Total
Carrying amount as at 1 January 2020	**19,122,501**	**217,573**	**306,783**	**19,646,856**
Purchases/additions	4,102,031	53,174	222,616	4,377,821
Disposals	−1,749,506	−62,152	–	−1,811,658
Transfer from vehicles available for lease	306,783	–	−306,783	–
Transfer to inventories	−308,363	–	–	−308,363
Depreciation	−2,532,852	−27,284	–	−2,560,135
Impairment charge	−52,768	–	–	−52,768
Impairment reversal	3,233	–	–	3,233
Currency translation adjustments	−540,051	−5,705	–	−545,756
Carrying amount as at 30 September 2020	**18,351,008**	**175,606**	**222,616**	**18,749,230**
Cost	25,362,151	224,735	222,616	25,809,501
Accumulated depreciation	−7,011,143	−49,129	–	−7,060,271
Carrying amount as at 30 September 2020	**18,351,008**	**175,606**	**222,616**	**18,749,230**
Purchases/additions	1,803,722	43,566	304,963	2,152,251
Disposals	−811,186	−29,423	–	−840,609
Transfer from vehicles available for lease	222,616	–	−222,616	–
Transfer to inventories	−93,923	–	–	−93,923
Depreciation	−828,168	−9,944	–	−838,112
Impairment charge	−45,196	–	–	−45,196
Impairment reversal	1,780	–	–	1,780
Currency translation adjustments	106,093	−127	–	105,966
Carrying amount as at 31 December 2020	**18,706,745**	**179,677**	**304,963**	**19,191,386**
Cost	25,835,836	228,129	304,963	26,368,929
Accumulated depreciation	−7,129,091	−48,452	–	−7,177,543
Carrying amount as at 31 December 2020	**18,706,745**	**179,677**	**304,963**	**19,191,386**
Sale of subsidiary	−552,857	–	–	−552,857
Purchases/additions	4,942,263	105,481	329,340	5,377,084
Disposals	−1,999,072	−27,436	–	−2,026,507
Transfer from vehicles available for lease	304,963	–	−304,963	–
Transfer to inventories	−230,197	–	–	−230,197
Depreciation	−2,523,798	−28,879	–	−2,552,677
Impairment charge	−4,259	–	–	−4,259
Impairment reversal	8,424	–	–	8,424
Currency translation adjustments	130,939	−51	1,059	131,948
Carrying amount as at 30 September 2021	**18,783,152**	**228,793**	**330,399**	**19,342,344**
Cost	25,854,276	294,569	330,399	26,479,244
Accumulated depreciation	−7,071,124	−65,776	–	−7,136,900
Carrying amount as at 30 September 2021	**18,783,152**	**228,793**	**330,399**	**19,342,344**

*Prior year amounts included in this column are related to the reclassification from inventories and other receivables and prepayments. Please refer to Basis of preparation for more information.

The depreciation of the rental fleet is included in the consolidated statement of profit or loss in the line-item “Additional services cost”.

Impairment

After the COVID-19 pandemic in 2020, which has caused high levels of disruption to the functioning of used-car markets across Europe, in 2021 we have seen the used-car market gradually recover across most of our core markets as B2B and B2C business activities resumed.

In the nine-months period ended 30 September 2020 the addition to impairments on Property and Equipment under Operating Lease (lease contracts) was EUR 52.7 million and was based on an assessment of the value in use of all lease contracts. For our projections of cash flows, including the cash flows from residual values upon termination of the lease contract, it was considered second hand car sales prices to gradually recover to pre-COVID price levels towards the end of 2020 and stabilise for the period thereafter.

The impairment charge as at 31 December 2020 amounted to EUR 97.9 million, including an impairment of EUR 65.3 million based on expected losses on the operating lease portfolio and loss making contracts and an impairment of EUR 32.6 million recognised for book value losses on early terminated cars for defaulted operating lease customers.

The net impairment reversal for the nine-months period ended 30 September 2021 amounted to EUR 4.1 million related to reversal of book value losses on early terminated cars for defaulted operating lease customers.

The impairment analysis is based on an assessment of the value in use of all lease contracts. For our projections of cash flows, including the cash flows from residual values upon termination of the lease contract, we have considered the (negative) impact of the COVID-19 outbreak as history and the longer term outlook business as usual.

The sensitivity of an additional 1% decline in used-car prices over the remaining useful life of lease contracts on the valuation of non-impaired lease contracts is not linear as it is also dependent on other contractual cash flows such as Service Income as well as the ability to mitigate losses for example through fleet extensions and optimisation of the channel mix (B2B, B2C, driver sales) over time.

The sensitivity of an additional 1% decline in used-car prices of the impaired lease contracts will translate into EUR 7.2 million additional impairment for the total remaining duration.

Asset backed securitisation transactions

The Group concluded a number of asset backed securitisation transactions hereinafter identified as the Bumper transactions. These transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies (which are included in the consolidated financial statements of the Company). As a result of this sale this caption includes encumbered (securitised) operating lease assets amounting to EUR 2.5 billion (year-end 2020: EUR 3.0 billion).

10 Other property and equipment

The composition between owned and leased assets is presented in the following table:

In thousands of euros	30 September 2021	31 December 2020
Owned	87,708	111,070
Leased	213,436	276,635
Total	**301,144**	**387,705**

Leased assets mainly include property such as buildings and IT and other equipment. In Q3 2021 an amount of EUR 0.6 million was booked related to impairments reversal recognised in 2020 on office spaces.

The maturity of the discounted finance lease liabilities is shown below:

In thousand of euros	30 September 2021	31 December 2020
Not longer than a year	35,520	43,764
Longer than a year	204,535	264,376
Total	**240,055**	**308,140**

11 Funds entrusted

This item includes non-subordinated loans from banks and savings deposits. The maturity analysis of these deposits is as follows:

In thousands of euros	30 September 2021	31 December 2020
Three months or less	6,896,361	6,408,841
Longer than three months, less than a year	2,237,319	1,719,161
Longer than a year, less than five years	1,335,835	1,084,399
Longer than five years	17	94
Total	**10,469,532**	**9,212,495**

Savings deposits raised by LeasePlan Bank amounts to EUR 10.4 billion (year-end 2020: EUR 9.1 billion) of which 39.0% (year-end 2020: 41.1%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a banking licence in the Netherlands. LeasePlan Bank also operates on the German savings deposit market with a cross border offering from the Netherlands.

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

In thousands of euros	30 September 2021	31 December 2020
Three months or less	0.03%	0.08%
Longer than three months, less than a year	0.39%	0.57%
Longer than a year, less than five years	0.74%	0.88%

The interest of the on-demand accounts is set monthly.

12 Borrowings from financial institutions

This item includes amounts owed to banks under government supervision. The maturity analysis of these loans is as follows:

In thousands of euros	30 September 2021	31 December 2020
On demand	109,639	172,216
Three months or less	358,921	419,691
Longer than three months, less than a year	863,288	1,208,749
Longer than a year, less than five years	1,981,854	1,759,875
Total	**3,313,701**	**3,560,531**

13 Debt securities issued

This item includes negotiable, interest bearing securities.

In thousands of euros	30 September 2021	31 December 2020
Bond and notes - originated from securitisation transactions	1,936,365	2,457,558
Bonds and notes - other	7,589,718	7,523,591
Bonds and notes - other (fair value adjustments)	48,449	103,103
Balance as at reporting date	**9,574,532**	**10,084,252**

There is no pledge nor security for these debt securities except for the bonds and notes which are originating from securitisation transactions. The average interest rate applicable to the outstanding bonds and notes is 1.1% as of 30 September 2021 (year-end 2020: 1.2%).

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

In thousands of euros	30 September 2021	31 December 2020
Three months or less	257,639	978,540
Longer than three months, less than a year	1,838,937	2,018,633
Longer than a year, less than five years	7,364,796	6,969,850
Longer than five years	113,161	117,229
Total	**9,574,532**	**10,084,252**

The caption ‘Bonds and notes – originated from securitisation transactions’ include notes from Bumper 10 France FCT, Bumper 9 (NL) Finance B.V., Bumper 8 (UK) Finance plc, Bumper UK 2019-I, Bumper DE S.A. 2019-I, Bumper BE 2020-I, Bumper NL 2020-1 B.V. and Bumper UK 2021-1.

In February 2021 a 5-year Green Bond was concluded for a total of EUR 1.0 billion. In March 2021, Bumper UK 2021-1 was concluded for a total of GBP 400 million of ABS notes. In August 2021 a 5-year Green Bond was concluded for a total of EUR 1.0 billion.

14 Commitments

The Group has entered into commitments in connection with the forward purchase of property and equipment under operating lease and rental fleet amounting to EUR 4.0 billion as at the balance sheet date (year-end 2020: EUR 2.7 billion). The increase is driven by high order book impacted by semiconductor chips shortage initially caused by COVID-19. These commitments are entered into in the ordinary course of business and the majority is back-to-back matched with lease contracts entered into with customers.

The Group has issued guarantees to the total value of EUR 402 million (year-end 2020: EUR 429 million) of which EUR 400 million (year-end 2020: EUR 428 million) is related to residual value guarantees issued to clients.

Credit facilities have been concluded with investments accounted for using the equity method amounting to EUR 200 million (year-end 2020: EUR 180 million) of which EUR 173.5 million (year-end 2020: EUR 175.5 million) is drawn as at 30 September 2021.

15 Related parties

Identity of related parties

Related parties and enterprises as defined by IAS 24, are parties and enterprises which can be influenced by the company or which can influence the company.

LP Group B.V. is the shareholder of the company. LP Group B.V. represents a group of long-term investors and includes ADIA, ATP, Broad Street Investments, GIC, PGGM and TDR Capital. None of these investors alone has a direct or indirect controlling interest in the company. The business relations between the company, LP Group B.V. and their (indirect) shareholders are handled on normal market terms.

In 2019 TDR Capital obtained a controlling interest in British Car Auction (BCA). LeasePlan Corporation N.V. has been doing business with BCA in the ordinary course of the business for a longer period of time all on arm’s length basis. Result of the transactions with BCA for the nine months period ended 30 September 2021 is not material at Group’s level.

On 1 July 2021 LeasePlan contributed CarNext B.V. to CN Group B.V. and retained a non-controlling interest in the former subsidiary. The transaction where LeasePlan recognised a gain of EUR 86 million was at arms-length. LeasePlan continues doing business with CN Group B.V. in the ordinary course of the business under a Long-Term Service Agreement on arm’s length basis. Result of the transactions with CarNext for the nine months period ended 30 September 2021 is not material at Group’s level.

All business relations with investments accounted for using the equity method are in the ordinary course of business and handled on normal market terms. As of 30 September 2021, an amount of EUR 173.5 million (year-end 2020: EUR 175.5 million) is provided as loans to investments accounted for using the equity method.

16 Fair value of financial instruments

The table below summarises the Group's financial assets and financial liabilities, of which the derivatives are measured at fair value and the other financial assets and other financial liabilities are measured at amortised cost on the balance sheet as at 30 September 2021. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value of financial instruments

As at 30 September 2021	**Carrying value**		**Fair value**	
In thousands of euros		**Level 1**	**Level 2**	**Total**
Financial assets measured at fair value				
Derivatives financial instruments in hedge	72,721	–	72,721	72,721
Derivatives financial instruments not in hedge	55,632	–	55,632	55,632
Financial assets not measured at fair value				
Cash and balances at central banks	6,318,182			
Investments in equity and debt securities	127,018	127,520	–	127,520
Receivables from financial institutions	708,863			
Lease receivables from clients	3,155,181	–	3,163,235	3,163,235
Loans to investments using the equity method	173,500	–	177,205	177,205
Investments in equity accounted investments	68,436			
Other receivables and prepayments	284,032	–	284,032	284,032
Assets held-for-sale	1,294			
Total financial assets	**10,964,859**	**127,520**	**3,752,826**	**3,880,345**
Financial liabilities measured at fair value				
Derivatives financial instruments in hedge	18,681	–	18,681	18,681
Derivatives financial instruments not in hedge	63,551	–	63,551	63,551
Financial liabilities not measured at fair value				
Funds entrusted	10,469,532	–	10,527,264	10,527,264
Trade and other payables and deferred income	806,318			
Borrowings from financial institutions	3,313,701	–	3,340,305	3,340,305
Debt securities issued	9,574,532	–	9,769,397	9,769,397
Total financial liabilities	**24,246,315**	**–**	**23,719,198**	**23,719,198**

Fair value of financial instruments

	Carrying value	Fair value		
As at 31 December 2020		Level 1	Level 2	Total
Financial assets measured at fair value				
Derivatives financial instruments in hedge	110,486	–	110,486	110,486
Derivatives financial instruments not in hedge	60,568	–	60,568	60,568
Financial assets not measured at fair value				
Cash and balances at central banks	5,169,103			
Investments in debt securities	24,273	24,743	–	24,743
Receivables from financial institutions	671,264			
Lease receivables from clients	3,136,556	–	3,165,784	3,165,784
Loans to investments using the equity method	175,500	–	178,923	178,923
Investments in equity accounted investments	16,337			
Other receivables and prepayments	316,018	–	316,027	316,027
Assets held-for-sale	1,222			
Total financial assets	**9,681,326**	**24,743**	**3,831,788**	**3,856,531**
Financial liabilities measured at fair value				
Derivatives financial instruments in hedge	9,758	–	9,758	9,758
Derivatives financial instruments not in hedge	140,613	–	140,613	140,613
Financial liabilities not measured at fair value				
Funds entrusted	9,212,495	–	9,265,742	9,265,742
Trade and other payables and deferred income	951,905			
Borrowings from financial institutions	3,560,531	–	3,592,458	3,592,458
Debt securities issued	10,084,252	–	10,287,344	10,287,344
Total financial liabilities	**23,959,554**	**–**	**23,295,914**	**23,295,914**

Financial instruments in level 1

The fair value of financial instruments that are traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. Cash and balances with central banks and Investments in equity and debt securities are the only financial instruments held that are included in level 1.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of the interest rate swaps and cross currency swaps calculated as the present value of the estimated future cash flows based on observable yield curves at commonly quoted intervals, while taking into account the current creditworthiness of the counterparties.
- The yield curve for all collateralised derivatives is based on the overnight index swap (OIS) rate (the vast majority of the Group's derivatives is collateralised and therefore the necessity for other observable market inputs such as CVA, DVA, FVA adjustments is negated).
- The valuation methodology of the cross currency swaps includes a liquidity premium (which swaps less liquid currencies into those that are considered more liquid in the market and vice versa).
- The counterparty's probability of default is estimated using market CDS spreads resulting in credit valuation adjustments.
- The Group's own creditworthiness and probability of default is estimated using input such as secondary spreads and cost of funding curve as well as information from counterparties resulting in a debit valuation adjustment.
- Other techniques such as discounted cash flow analysis based on observable yield curves at commonly quoted intervals, are used to determine the fair value for the remaining financial instruments.
- For certain other receivables (Rebates and bonuses and commissions receivable, Reclaimable damages and Interest to be received) and payables (Trade payables and Interest payable) with a remaining term well below one year, the carrying value is deemed to reflect the fair value.

The derivative financial instruments not in hedge are derivatives that mitigate interest rate risk and currency risk from an economic perspective but do not qualify for hedge accounting from an accounting perspective. The Group is not involved in active trading of derivatives.

Financial instruments in level 3

This category includes financial instruments whose fair value is determined using a valuation technique (e.g. a model) for which more than an insignificant part of the inputs in terms of the overall valuation are not market observable.
Unobservable in this context means that there is little or no current market data available from which to derive a price that an unrelated, informed buyer would purchase the asset or liability at. No financial instruments are included in this category.

17 Contingent assets and liabilities

As at 30 September 2021, guarantees had been provided on behalf of the consolidated direct and indirect subsidiaries in respect of commitments entered by those companies with an equivalent value of EUR2.0 billion (year-end 2020: EUR 2.2 billion). As at 30 September 2021 the drawn commitments at subsidiary level amount to EUR 1.1 billion and are disclosed as part of the Borrowings from financial institutions. The Company charges a guarantee fee to the respective direct and indirect subsidiaries based on normal market terms.
LeasePlan has made available to SG Fleet a credit facility of EUR 5.6 million (AUD 9 million), that has not been drawn as per 30 September (please refer to Note 3 Discontinued operations for more details on the transaction).
Subject to the sale of LeasePlan Australia and LeasePlan New Zealand to SG Fleet Group as per 1 September 2021, LeasePlan issued business warranties to SG Fleet for a limited amount of EUR 263 million (AUD 423 million) and maximum period of 21 months.

18 Events occurring after balance sheet date

As per 4 October 2021 Constellation Automotive Group acquired the participating interest in CN Group B.V. held by LeasePlan in return for newly issued ordinary shares in Constellation. This is a non-adjusting subsequent event. As a result of such transaction, Constellation and CarNext become part of the same group of shareholders, being the existing CarNext shareholders and existing Constellations shareholders.

No other material events occurred after 30 September 2021, that require disclosure in accordance with IFRS, nor events affecting the financial position of the Group as at 30 September 2021 or the result for the nine months period ended 30 September 2021.

Responsibility statement

Managing Board's responsibility for financial reporting

The Managing Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and responsible. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Managing Board, so that timeliness, completeness and correctness of external financial reporting are assured.

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

The company's 30 September 2021 condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and results of the Company and the subsidiaries included in the consolidation as a whole.

Amsterdam, 10 November 2021

Tex Gunning - Chairman of the Managing Board and CEO
Jochen Sutor – CRO
Toine van Doremalen - CFO

Independent auditor’s review report

KPMG

Independent auditor’s review report

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

Our conclusion

We have reviewed the accompanying condensed consolidated interim financial statements as at 30 September 2021 of LeasePlan Corporation N.V.(or hereafter: the “Company”) based in Amsterdam as set out on pages 6 to 41. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union.

The condensed consolidated interim financial statements comprise:

- the condensed consolidated statement of financial position as at 30 September 2021;
- the condensed consolidated statements of profit or loss and comprehensive income for three-month period and nine-month period then ended;
- the condensed consolidated statements of changes in equity, and cash flows for the nine-month period then ended; and
- the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, ‘Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit’ (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the ‘Our responsibilities for the review of the interim financial information’ section of our report.

We are independent of LeasePlan Corporation N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the Managing Board and the Supervisory Board for the condensed consolidated interim financial statements

The Managing Board is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the review of the condensed consolidated interim financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- obtaining an understanding of internal control, as it relates to the preparation of the condensed consolidated interim financial statements;
- making inquiries of management and others within the entity;
- applying analytical procedures with respect to information included in the condensed consolidated interim financial statements;
- obtaining assurance evidence that the condensed consolidated interim financial statements agree with, or reconcile to the entity's underlying accounting records;
- evaluating the assurance evidence obtained;
- considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;

— considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements; and

— considering whether the condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amstelveen, 10 November 2021

KPMG Accountants N.V.

B.M. Herngreen RA

Glossary

AFM
The Dutch Authority for the Financial Markets (AFM) has been responsible for supervising the operation of the financial markets since 1 March 2002.

AT1
Additional Tier 1 capital securities.

B2C runrate
Vehicles sold B2C as a share of total marketable vehicles over the latest reporting period.

CaaS
LeasePlan purchases, funds and manages vehicles for its customers, providing a complete end-to-end service through its Car-as-a-Service (CaaS) business for a typical contract duration of three to four years.

DNB
The Dutch Central Bank (De Nederlandsche Bank N.V.)

Digital LeasePlan
This programme aims to move the Group towards becoming a data driven company delivering digital car services steered by the latest digital technology of data analytics, artificial intelligence and algorithms.

ECB
European Central Bank.

EOCF
End of contract fees.

EV
Electric vehicle.

LCV
Light commercial vehicles.

LeasePlan Bank
The online retail deposit bank operated by LeasePlan Corporation N.V. under a banking licence from DNB.

NCI
Non-controlling interests.

PLDV
Profit-and-loss on Disposal of Vehicles.

RMT
Repair, maintenance and tyres.

RoW
Rest of the world.

RV
Residual value of a vehicle.

TREA
Total Risk Exposure Amount, defined by Article 92(3) of Regulation (EU) No 575/2013 (CRR).

UCaaS
CarNext.com has the option to re-lease used vehicles in the Used Car-as-a-Service (UCaaS) market.