



LeasePlan



LeasePlan
Pillar 3 Report
as of September 30, 2021

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1.1 Key Metrics

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

Ref ¹	in millions of euros	Sep-21	Jun-21	Mar-21	Dec-20	Sep-20
Available capital (own funds)						
1	Common Equity Tier 1 (CET1) capital ²	3,330	3,281	3,298	3,301	3,240
2	Tier 1 capital	3,667	3,625	3,623	3,624	3,557
3	Total capital	3,743	3,702	3,695	3,704	3,634
Risk-weighted exposure amounts (RWA)						
4	Total RWA	21,565	21,782	20,519	19,735	18,908
Capital ratios (as a percentage of RWA)						
5	Common Equity Tier 1 ratio (%)	15.4%	15.1%	16.1%	16.7%	17.1%
6	Tier 1 ratio (%)	17.0%	16.6%	17.7%	18.4%	18.8%
7	Total capital ratio (%)	17.4%	17.0%	18.0%	18.8%	19.2%
Combined buffer and overall capital requirement (as a percentage of RWA)						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Institution specific countercyclical capital buffer (%)	0.05%	0.05%	0.05%	0.05%	0.04%
10	Global Systemically Important Institution buffer (%)		-	-	-	-
11	Combined buffer requirement (%)	2.5%	2.5%	2.6%	2.6%	2.5%
12	CET1 available after meeting the total SREP ³ own funds requirements (%) ⁴	2.9%	2.6%	3.6%	3.2%	3.7%
Leverage ratio						
13	Total exposure measure	36,295	35,502	34,994	33,678	34,084
14	Leverage ratio (%)	10.1%	10.2%	10.4%	10.8%	10.4%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%			
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	5,291	4,858	4,809	5,721	6,602
EU 16a	Cash outflows - Total weighted value	2,243	2,330	1,896	2,019	1,961
EU 16b	Cash inflows - Total weighted value	602	348	588	733	733
16	Total net cash outflows (adjusted value)	1,641	1,982	1,603	1,352	1,229
17	Liquidity coverage ratio (%)	322.4%	245.0%	300.0%	423.0%	537.0%
Net Stable Funding Ratio						
18	Total available stable funding	24,965	24,421			
19	Total required stable funding	18,397	19,188			
20	NSFR ratio (%)	135.7%	127.3%			

Table 1: EU KM1 – Key metrics

¹ The references in this table and the subsequent tables are as prescribed in the relevant EBA template where applicable.

² In line with the ECB's recommendation LeasePlan has not paid out any interim dividends in the first half year of 2021. CET1 capital excludes the net (interim) results for the periods Q4 2020 up until and including Q3 2021.

³ Supervisory Review and Evaluation Process (SREP)

⁴ The 'CET1 meeting the total SREP own funds requirements (%)' (i.e. also taking into account meeting the Combined buffer requirement) after is calculated as the buffer to the Maximum Distributable Amount (MDA) trigger point.available

1.2 General requirements for disclosures

This report provides Pillar 3 disclosures for LeasePlan, prepared on a consolidated basis as required for LeasePlan Corporation N.V. by Article 13 of the CRR. The prudential consolidated level includes LP Group B.V. which holds 100% of the ordinary shares of LeasePlan Corporation N.V.. LP Group B.V. is a financial holding company as defined in Article 4 (20) of the CRR.

Whenever reference is made to “LeasePlan” or “the Group” reference is made to the same scope of consolidation as disclosed in the LP Group B.V. Annual Report 2020. For an overview of the principal subsidiaries of LP Group B.V. reference is made to “Specific Notes”, note 1 - Country to country reporting; and, “List of principal consolidated participating interests” of the LP Group B.V. Annual Report 2020

LeasePlan has prepared the Pillar 3 disclosures in accordance with the guidelines in the Capital Requirements Regulation (CRR) which was published under reference number 575/2013 on 26 June 2013 in the Official Journal of the European Union, while the supervised entities within its scope have been subject to it from 1 January 2014. The CRR is directly applicable within the European Union and is not transposed into national law.

The Basel III framework is built on three pillars:

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

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

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

The disclosures are made in accordance with Part Eight of the Capital Requirements Regulation (EU) No. 575/2013, amended by Regulation (EU) 2019/876 (CRR II), Part Eight Title I, Article 431 (3). LeasePlan has a formal disclosure policy to comply with the disclosure requirements laid down in Title II and III of Part Eight, Articles 435-455.

Pillar 3 recognises that market discipline has the potential to reinforce capital regulation and other supervisory efforts to promote safety and soundness in banks and financial systems. In accordance with CRR article 431.3, LeasePlan has adopted a formal disclosure policy to frame compliance with the disclosure requirements.

Pillar 3 disclosure frequency and report structure

LeasePlan publishes Pillar 3 Report quarterly, semi-annually and annually on our website (www.leaseplan.com/corporate), concurrently with the release of our Annual Report and Interim Reports. Pillar 3 requirements may be met by inclusion in other disclosure media. Where we adopt this approach, references are provided to the relevant pages of the interim report or to other documents.

This report includes the implementation of the CRR II related EBA templates. Therefore, where disclosures have been enhanced, or are new, the comparative numbers are not available in all the templates. Wherever specific rows and columns in the tables prescribed by the EBA or Basel are not applicable or immaterial to our activities, we omit them and follow the same approach for comparatives.

All tables are as of 30 September 2021 and in millions of euros, unless stated otherwise. Due to rounding, numbers presented throughout this document may not add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures.

2 Own Funds and Liquidity

2.1 Own funds

Minimum capital requirements

The following table illustrates the breakdown of RWA/TREA and minimum capital requirements under Part Three, Title I, Chapter 1 of the CRR:

in millions of euros		Total risk exposure amounts (TREA)		Total own funds requirements
		Sep-21	Jun-21	Sep-21
1	Credit risk (excluding CCR)	18,625	18,736	1,490
2	Of which the standardised approach	5,988	5,888	479
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	12,637	12,848	1,011
6	Counterparty credit risk - CCR	115	126	9
7	Of which the standardised approach	76	75	6
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	5	4	0
EU 8b	Of which credit valuation adjustment - CVA	39	51	3
9	Of which other CCR	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	413	508	33
21	Of which the standardised approach	413	508	33
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	2,412	2,412	193
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	2,412	2,412	193
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) ¹	718	538	57
29	Total	21,565	21,782	1,725

Table 2: EU OV1 - Overview of risk weighted exposure amounts (RWA)

¹ The row 'Amounts below the thresholds for deduction (subject to 250% risk weight)' is for information purpose only as per EBA template and is not considered in the Total amount.

In Sep 2021, the exposure for other non-credit obligation assets are EUR 13,921 million compared with Jun 2021 EUR 14,544 million. In main EBA credit risk templates, the other non-credit obligation assets are reported under a specific line item under the total IRB approach.

LeasePlan included the other non-credit obligation assets to align with the Total RWA/TREA amount reported in the COREP reporting to the ECB.

The following table illustrates the breakdown of LeasePlan's 'other non-credit obligation assets' (ONCOA).

in millions of euros		Exposure value		RWA	
		Sep-21	Jun-21	Sep-21	Jun-21
1	Residual value related exposures	9,001	9,346	6,147	6,336
2	Property and equipment	345	431	345	431
3	Lease commitments	2,807	2,750	951	896
4	Other assets	1,767	2,017	2,293	2,711
5	Total other (non-credit) obligation assets	13,921	14,544	9,736	10,373

Table 3: Breakdown of the Other non-credit obligation assets (ONCOA) ¹

¹ The residual value exposure related to Other non-credit obligation assets are only IRB approach related and calculated as part of asset risk.

2.2 Liquidity

2.2.1 Liquidity Risk Management

Within LeasePlan, the Liquidity Coverage Ratio (LCR) is mainly driven by the level of HQLA due to the funding transactions performed as well as the funding redemption profile. LeasePlan maintains a solid platform of diversified funding sources that include financing from debt capital markets, securitisation, bank credit lines and our LeasePlan internet savings bank in the Netherlands and Germany.

LeasePlan's LCR has increased to 322% in Q3 2021 from 245% in Q2 2021, primarily driven by higher HQLA (the regulatory minimum level of the LCR ratio is 100%). The higher HQLA level per Q3 largely reflects the unsecured debt issued during the quarter.

LeasePlan applies the matched funding principle in every currency and thereby avoids material mismatches in individual currencies.

The liquidity management is centralized within LeasePlan Treasury (LPTY) and incorporated in LeasePlan's monthly funding planning process. LeasePlan Corporation N.V. holds a revolving credit facility with a consortium of 12 banks (EUR 1.5 billion) maturing in November 2022. As per 30 September 2021, no amounts were drawn under this facility.

2.2.2 Liquidity Coverage Ratio

The below table, shows the breakdown of high quality liquid assets, cash inflows and cash outflows, on both an unweighted and weighted basis, that are used to derive the liquidity coverage ratio. This in accordance with Article 451a(2) and EBA Guidelines (EBA/GL/2017/01).

Consolidated Liquidity Coverage ratio common disclosure

in millions of euros		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	Sep-21	Jun-21	Mar-21	Dec-20	Sep-21	Jun-21	Mar-21	Dec-20
EU 1b	Number of data points used in the calculation of averages		3	3	3		3	3	3
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					5,291	4,858	4,809	5,721
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	6,438	6,197	5,942	5,368	644	620	594	537
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	6,438	6,197	5,942	5,368	644	620	594	537
5	Unsecured wholesale funding	485	690	396	502	483	687	394	501
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	416	365	368	317	414	363	367	315
8	Unsecured debt	69	325	28	185	69	325	28	185
9	Secured wholesale funding					188	68	67	48
10	Additional requirements	113	113	146	397	90	92	127	388
11	Outflows related to derivative exposures and other collateral requirements	87	90	125	387	87	90	125	387
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	26	23	21	10	3	2	2	1
14	Other contractual funding obligations	838	862	714	546	838	862	714	546
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	TOTAL CASH OUTFLOWS					2,243	2,330	1,896	2,019
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
19	Other cash inflows	671	417	371	765	602	348	294	668
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	671	417	371	765	602	348	294	668
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	671	417	371	765	602	348	294	668
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					5,291	4,858	4,809	5,721
22	TOTAL NET CASH OUTFLOWS					1,641	1,982	1,603	1,352
23	LIQUIDITY COVERAGE RATIO					322.4%	245.1%	300.0%	423.0%

Table 4: EU LIQ1 - Quantitative information of LCR

3 Credit Risk

The following table shows the changes in risk weighted assets during 2021 for the assets under the IRB approach:

as per 30 September 2021, in millions of euros		RWEA
1	Risk weighted exposure amount as at 30 June 2021	12,848
2	Asset size (+/-)	-182
3	Asset quality (+/-)	28
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-
6	Acquisitions and disposals (+/-)	-109
7	Foreign exchange movements (+/-)	11
8	Other (+/-)	42
9	Risk weighted exposure amount as at 30 September 2021	12,637

Table 5: EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

The Credit risk RWA in the IRB portfolio decreased to EUR 12,637 million in September 2021 from EUR 12,848 million in June 2021. The main drivers of the increase are explained as follows:

- Asset size: The asset size of portfolio decreased mainly related to other assets;
- Sale of the operations in Australia and New Zealand;
- Foreign exchange movement: The increase of RWA is mainly driven by the appreciation of Pound Sterling (GBP), US dollar (USD) and Norwegian krone (NOK), partially offset by the depreciation of Turkish Lira (TRY).
- Other: This category includes mainly Non credit risk items (ONCOA) and RWA add-on requested by DNB in relation to the 2020 SREP process.

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