LeasePlan Pillar 3 Report 2021

Contents

1 Introduction

1.1 KEY METRICS

The following table contains an overview of LeasePlan's prudential regulatory metrics in accordance with CRR Article 447 (a) to (g) and CRR Article 438 (b).

Ref[1]	In millions of euros	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20
	Available capital (own funds)					
1	Common Equity Tier 1 (CET1) capital	3,346	3,330	3,281	3,298	3,301
2	Tier 1 capital	3,697	3,667	3,625	3,623	3,624
3	Total capital	3,777	3,743	3,702	3,695	3,704
	Risk-weighted exposure amounts (RWA)					
4	Total RWA	22,483	21,565	21,782	20,519	19,735
	Capital ratios (as a percentage of RWA)					
5	Common Equity Tier 1 ratio (%)	14.88%	15.44%	15.06%	16.07%	16.70%
6	Tier 1 ratio (%)	16.44%	17.01%	16.64%	17.66%	18.40%
7	Total capital ratio (%)	16.80%	17.36%	16.99%	18.01%	18.80%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of RWA)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	–	–	–	–	–
EU 7b	of which: to be made up of CET1 capital	–	–	–	–	–
EU 7c	of which: to be made up of Tier 1 capital	–	–	–	–	–
EU 7d	Total SREP own funds requirements (%)	11.90%	11.90%	11.90%	11.90%	13.00%
	Combined buffer and overall capital requirement (as a percentage of RWA)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	–	–	–	–	–
9	Institution specific countercyclical capital buffer (%)	0.05%	0.05%	0.05%	0.05%	0.05%
EU 9a	Systemic risk buffer (%)	–	–	–	–	–
10	Global Systemically Important Institution buffer (%)	–	–	–	–	–
EU 10a	Other Systemically Important Institution buffer (%)	–	–	–	–	–
11	Combined buffer requirement (%)	2.55%	2.55%	2.55%	2.55%	2.55%
EU 11a	Overall capital requirements (%)					
12	CET1 available after meeting the total SREP own funds requirements (%)	2.35%	2.91%	2.55%	3.56%	3.20%
	Leverage ratio					
13	Total exposure measure	37,265	36,295	35,502	34,994	33,678
14	Leverage ratio (%)	9.92%	10.10%	10.21%	10.35%	10.80%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	–	–	–	–	–
EU 14b	of which: to be made up of CET1 capital (percentage points)	–	–	–	–	–
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%		

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

1 Introduction *continued*

Ref[1]	In millions of euros	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	–	–	–	–	–
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%		
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value – average)	5,350	5,291	4,858	4,809	5,721
EU 16a	Cash outflows – Total weighted value	2,464	2,243	2,330	1,896	2,019
EU 16b	Cash inflows – Total weighted value	161	602	348	588	733
16	Total net cash outflows (adjusted value)	2,303	1,641	1,982	1,603	1,352
17	Liquidity Coverage Ratio (%)	232.30%	322.40%	245.00%	300.00%	423.00%
	Net Stable Funding Ratio					
18	Total available stable funding	24,714	24,965	24,421		
19	Total required stable funding	19,191	18,397	19,188		
20	NSFR ratio (%)	128.78%	135.70%	127.27%		

Table 1: EU KM1 – Key metrics

For more information please refer to sections 'Own funds and Capital requirements', 'Leverage' and 'Liquidity' of this report.

1 Introduction *continued*

1.2 GENERAL REQUIREMENTS FOR DISCLOSURES

LeasePlan has prepared the Pillar 3 disclosures in accordance with Part Eight of the Capital Requirements Regulation (EU) No. 575/2013 (CRR), amended by Regulation (EU) 2019/876 (CRR II), Part Eight Title I, Article 431 (3). LeasePlan adopts a formal disclosure policy in accordance with CRR Article 431.3, to comply with the disclosure requirements laid down in Title II and III of Part Eight, Articles 435-455.

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.

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.

Following the outbreak of the Covid-19 pandemic, the European Banking Authority (EBA) announced temporary additional reporting and disclosure requirements concerning payment moratoria and forbearance measures related to the Covid-19 outbreak. The additional Covid-19 disclosures are a part of LeasePlan's Pillar 3 disclosures.

Pillar 3 disclosure frequency and report structure

LeasePlan publishes a 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. Unless the context requires otherwise, 'Pillar 3 Report' means LeasePlan's Pillar 3 Report 2021 and 'Annual Report' means LeasePlan's Annual Report 2021.

Pillar 3 disclosure requirements may be met by inclusion in the Annual Report released by LeasePlan. Where we adopt this approach, references are provided to the relevant sections and pages of the Annual Report. Based upon our assessment we believe that our risk disclosures presented throughout this Pillar 3 Report in conjunction with the Annual Report appropriately and comprehensively convey our overall risk profile.

The annual Pillar 3 Report comprises quantitative and qualitative information required under Part Eight of the Capital Requirements Regulation (EU) No. 575/2013. In this report LeasePlan mainly covers information relating to risk, capital, leverage and liquidity. This report should be read in conjunction with the Annual Report in which LeasePlan's risk profile is disclosed based on IFRS disclosure requirements.

This report includes implementation of the CRR II related EBA templates that came into force from June 2021. 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 change to European Central Bank (ECB) are not applicable to our activities, we omit them.

All tables are as of 31 December 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.

Assurance

The Pillar 3 disclosures are governed by the Group's Pillar 3 Disclosure Policy as approved by the Managing Board on the advice of the Policy Committee. The Group's Pillar 3 Disclosure Policy is to ensure that our risk disclosures are in compliance with the applicable regulatory disclosure standards. The Pillar 3 Disclosure Policy defines the overall roles and responsibilities, and sets up the disclosure preparation process based upon a set of internally defined processes. In line with the Group's Pillar 3 Disclosure Policy, if the Group considers to omit certain disclosures due to these disclosures being classified as immaterial, proprietary or confidential, then it will be stated accordingly in the Pillar 3 Report in the related disclosures.

LeasePlan applies materiality in relation to the disclosure requirements under Article 432(1) of the CRR and requirements laid out in EBA/GL/2014/14. The Pillar 3 Disclosure Policy incorporates LeasePlan's approach to materiality assessments.

LeasePlan does not define explicit quantitative criteria to determine materiality and does not apply any materiality threshold for Pillar 3 assessments. LeasePlan performs the materiality assessment mainly based on qualitative approaches in terms of the nature of a given piece of information. When assessing the materiality, LeasePlan consider its specific characteristics, activities, risks and risk profile. LeasePlan determines materiality on dynamic concept depending on the evolution of risks. Therefore, materiality may be applied differently to different disclosures over time based on ad-hoc re-assessments. While assessing materiality, LeasePlan also takes into consideration its business model and size as well as its long-term strategy.

For both qualitative and quantitative disclosure requirements, LeasePlan evaluates the materiality of disclosures on a regular basis, at least once a year, at the level of each individual disclosure requirement as laid down in Part Eight of Regulation (EU) No 575/2013.

The disclosure information or a set of requirements that are not reported due to immateriality, shall be evidently mentioned in the Pillar 3 disclosures. In the Pillar 3 Report 2021, no disclosures have been omitted due to immateriality.

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

1 Introduction *continued*

Reference table

CRR Article	Disclosure	Pillar 3 Report 2021	Annual Report 2021
435	Disclosure of risk management objectives and policies	Sections 2 and 3	Risk management Governance FRM: A. Risk approach FRM: C. Risk management framework
436	Disclosure of the scope of application	Section 1.3	SN: 1
437	Disclosure of own funds	Section 5	FRM: B. Capital management
438	Disclosure of own funds requirements and risk-weighted exposure amounts	Section 5	FRM: B. Capital management
439	Disclosure of exposures to counterparty credit risk	Section 9	FRM: D. Risks
440	Disclosure of countercyclical capital buffers	Section 5.4	FRM: B. Capital management
441	Disclosure of indicators of global systemic importance	Not applicable	Not applicable
442	Disclosure of exposures to credit risk and dilution risk	Section 8	FRM: D. Risks
443	Disclosure of encumbered and unencumbered assets	Section 12.1	FRM: D. Risks
444	Disclosure of the use of the Standardised Approach (use of ECAIs)	Section 8	FRM: D. Risks
445	Disclosure of exposure to market risk	Section 10	FRM: D. Risks
446	Disclosure of operational risk management	Section 11	FRM: D. Risks
447	Disclosure of key metrics	Section 1.1	SN: 21, 36
448	Disclosure of exposures to interest rate risk on positions not held in the trading book	Section 12.4	FRM: D. Risks
449	Disclosure of exposures to securitisation positions	Section 12.2	SN: 15, 20, 21, 29, 40; NCFS: 13 General notes
450	Disclosure of remuneration policy	Section 13	SN: 6, 25, 35 Remuneration report
451	Disclosure of the leverage ratio	Section 6	Not applicable
451a	Disclosure of liquidity requirements	Section 7	Risk management FRM: D. Risks
452	Disclosure of the use of the IRB Approach to credit risk	Section 8.4	FRM: D. Risks
453	Disclosure of the use of credit risk mitigation techniques	Section 8.2	FRM: D. Risks
454	Disclosure of the use of the Advanced Measurement Approaches to operational risk	Not applicable	Not applicable
455	Use of internal market risk models	Not applicable	Not applicable

Table 2: Reference table between CRR Articles, Pillar 3 Report and Annual Report[2]

2 *Specific notes in the Annual Report = SN; Risk management section of the financial statements in Annual Report = FRM; Notes to the company financial statements = NCFS.*

1 Introduction *continued*

1.3 SCOPE OF APPLICATION

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 2021. For an overview of the principal subsidiaries of LP Group B.V. reference is made to section ***Specific note 2*** – Country to country reporting; and section 'List of principal consolidated participating interests' of the LP Group B.V. Annual Report 2021.

From a prudential consolidation perspective, all entities that are considered in the accounting basis of consolidation of LP Group B.V., which also includes all entities in scope of the accounting consolidation on LeasePlan Corporation N.V., are in scope of the prudential consolidation of LeasePlan Corporation N.V. and are hence in scope of supervision by the European Central Bank.

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

The starting point of the CRR/Capital requirements directive (CRD IV) prudential scope of application is the consolidation scope of LeasePlan, according to the International Financial Reporting Standards (IFRS).

From a control and governance perspective, LeasePlan Corporation N.V. ensures prudent operation of the LeasePlan entities. The LeasePlan entities are integrated into the overall risk management framework and are required to operate within the risk appetite. LeasePlan Corporation N.V. has 100% ownership of the shares in LeasePlan entities and is entitled to appoint or dismiss the LeasePlan entities' management. For further detail reference is made to section ***Specific note 2*** – Country by country reporting and ***Specific note 23*** – Investments accounted for using the equity method under financial statements in the Annual Report.

1 Introduction *continued*

The following table provides information as referred to in CRR Article 436 (b), and contains an outline of the differences in the scopes of consolidation – entity by entity of LeasePlan.

As at 31 December 2021		Method of regulatory consolidation					
Name of the entity	**Method of accounting consolidation**	**Full consolidation**	**Proportional consolidation**	**Equity method**	**Neither consolidated nor deducted**	**Deducted**	**Description of the entity**
LeasePlan Hungaria Gepjarmupark Kezelo es Fiannszirozo Reszvenytarsasag	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Emirates LLC	Equity method			X			Financial corporations other than credit institutions
LeasePlan Osterreich Fuhrparkmanagement GmbH	Full consolidation	X					Financial corporations other than credit institutions
Lease Plan USA LT	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Digital B.V.	Full consolidation	X					Financial corporations other than credit institutions
Accident Management Services AMS B.V.	Full consolidation	X					Financial corporations other than credit institutions
Transport Plan B.V.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Norge A/S	Full consolidation	X					Financial corporations other than credit institutions
Flottenmanagement GmbH	Equity method			X			Financial corporations other than credit institutions
Lease Plan Brasil Ltda	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Rechtshulp B.V.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Versicherungsvermittlung GmbH	Full consolidation	X					Financial corporations other than credit institutions
Dial Vehicle Management Services Limited	Full consolidation	X					Financial corporations other than credit institutions
Claims Management Sverige AB	Full consolidation	X					Financial corporations other than credit institutions
Garanthia Plan SL	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Deutschland GmbH	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Finance BV	Full consolidation	X					Financial corporations other than credit institutions
Fleet Cover Sociedad mediacao de seguros lda	Full consolidation	X					Financial corporations other than credit institutions
Network Vehicles Limited Services LLC	Full consolidation	X					Financial corporations other than credit institutions
Firenta BV	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan UK Limited	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Nederland NV	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Fleet Management Polska Sp zoo	Full consolidation	X					Financial corporations other than credit institutions
all in AG	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Romania S.R.L.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Hellas Commercial Vehicle Leasing and Fleet Management Services Single Member S.A.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Sverige AB	Full consolidation	X					Financial corporations other than credit institutions

1 Introduction *continued*

As at 31 December 2021 Name of the entity	Method of accounting consolidation	Method of regulatory consolidation: Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
LeasePlan Luxembourg S.A.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Portugal Comercio e Aluguer de Automoveis e Equipamentos Unipessoal Lda	Full consolidation	X					Financial corporations other than credit institutions
InsurancePlan sro	Full consolidation	X					Financial corporations other than credit institutions
Lease Beheer Vastgoed B.V.	Full consolidation	X					Real estate activities
Inula Holding UK Ltd	Full consolidation	X					Financial corporations other than credit institutions
Lease Concept of Puerto Rico Inc	Full consolidation	X					Financial corporations other than credit institutions
Lean Autovermietung GmbH	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Danmark A/S	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Services GmbH	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Truck N.V.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Schweiz AG	Full consolidation	X					Financial corporations other than credit institutions
Network Vehicles Limited	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan CN Holding B.V.	Full consolidation	X					Financial corporations other than credit institutions
Lease Plan Fleet Man Services Ireland Ltd	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Rus Limited Liability Company	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan India Private Ltd	Full consolidation	X					Financial corporations other than credit institutions
Internal Fleet Purchasing Limited	Full consolidation	X					Financial corporations other than credit institutions
Automotive Leasing Ltd	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Partnerships and Alliances	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Fleet Management India Pvt Ltd	Full consolidation	X					Financial corporations other than credit institutions
Fleet Insurance Plan sro	Full consolidation	X					Financial corporations other than credit institutions
Dial contracts Limited	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Corporation N.V.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Servicios S.A.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Slovakia s.r.o.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Acceptance Corp	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Mexico S.A. de C.V.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Ceska Republika s.r.o.	Full consolidation	X					Financial corporations other than credit institutions
Euro Insurances DAC	Full consolidation	X					Financial corporations other than credit institutions

1 Introduction *continued*

As at 31 December 2021		Method of regulatory consolidation					
Name of the entity	**Method of accounting consolidation**	**Full consolidation**	**Proportional consolidation**	**Equity method**	**Neither consolidated nor deducted**	**Deducted**	**Description of the entity**
LeasePlan France S.A.S.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Fleet Management N.V.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan USA Inc.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Information Services Ltd	Full consolidation	X					Information service activities
LeasePlan Arrendamento Mercantil SA	Full consolidation	X					Financial corporations other than credit institutions
PLease S.C.S.	Equity method			X			Financial corporations other than credit institutions
Accident Management Services SRL	Full consolidation	X					Financial corporations other than credit institutions
Neville Leasing Inc	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Italia S.p.A.	Full consolidation	X					Financial corporations other than credit institutions
Fleet Accident Management Services Sp. z.o.o.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Service Center S.R.L.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Otomotiv Servis ve Ticaret A.S.	Full consolidation	X					Financial corporations other than credit institutions
GLS Gestion Location Service SAS	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Finland Oy	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan USA Insurance LLC	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Global B.V.	Full consolidation	X					Financial corporations other than credit institutions
AALH Participaties B.V.	Full consolidation	X					Financial corporations other than credit institutions
Lease Beheer Holding B.V.	Full consolidation	X					Financial corporations other than credit institutions
Administrative and Management Services	Full consolidation	X					Financial corporations other than credit institutions
Societe de Courtages d Assurances	Full consolidation	X					Financial corporations other than credit institutions

Table 3: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)[3]

3 LeasePlan has a waiver in place setting out specific conditions that allows LeasePlan to include Euro Insurances DAC in the Prudential Scope of Consolidation.

2 Risk management

LeasePlan is governed by a two-tier board structure comprised of a Supervisory Board and a Managing Board. The core risk management responsibilities are embedded in the Managing Board. The Supervisory Board approves the risk strategy, risk appetite and monitors the risk profile and governance. All other decisions with respect to risk management are in the approval authority of the Managing Board, which has delegated certain tasks to other parts of the organisation like the Group risk management department and various risk committees (reference is made to section 'Risk Committee' of this report).

All key risks are managed through a risk framework, approved by the Managing Board. The risk framework consists of elements described in the Risk Management Cycle and the Risk Decision Framework.

LeasePlan's main risk management activities comprise risk profile identification, risk appetite setting, risk and control assessment, and a feedback link to the overall strategy via measurement, monitoring and reporting. The Managing Board has implemented risk policies for all LeasePlan entities pursuant to LeasePlan's risk management strategy. The policies describe the minimum activities, controls and tools that must be in place within all LeasePlan entities. It is the responsibility of local management to ensure personnel are kept informed of strategy and policies relevant to them and compliance with these policies. A policy attestation process is in place to regularly monitor policy compliance with the key risk policies.

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

Disclosures regarding risk management objectives, strategies, processes, policies, organisation and committee structure, reporting and information flows, are further detailed per risk area in the Annual Report. References are made to the Strategic report, Governance report and Financial Risk Management chapter in the Annual Report.

Statement of the Managing Board

The information provided by LeasePlan in the Pillar 3 Report is subject to the same level of internal review and internal control processes as the information provided by LeasePlan in the Annual Report. Please refer to the section 'Statement of the Managing Board' under the Governance section of the Annual Report.

3 Governance arrangements

3.1 MANAGEMENT BODY DIRECTORSHIPS AND RECRUITMENT

The number of directorships held by members of the management body in accordance with CRR Article 435 (2) (a), is published in the section 'Governance & Leadership' of the Annual Report (please refer to sub-sections 'Governance structure' and 'Report from the Supervisory Board', respectively). Any of the additional directorships are not approved by any authority but monitored closely by LeasePlan.

The recruitment policy for the selection of members of the management body in accordance with CRR Article 435 (2) (b), is published in the section 'Report from the Supervisory Board' sub-sections therein 'Assessment of the Supervisory Board' and ' Composition and reporting by committees' of the Annual Report.

3.2 DIVERSITY, EQUITY & INCLUSION

From 2020, the updated Global Diversity, Equity & Inclusion Policy is a part of the People & Performance strategy in all LeasePlan countries. We are convinced that diversity, equity and inclusion kindles innovation and helps us to take more balanced decisions. We added equity to the basics of our strategy since we believe true equity implies that an individual may need to experience or receive something different (not equal) in order to maintain and experience fairness and access. To support our inclusive culture where everybody gets an equal chance to be a successful and happy member of our organisation, we have set-up a community platform of representatives from each country/entity, to actively foster diversity, equity and inclusion (DE&I Community).

We have focused our activities on fostering a sense of belonging and engagement by:

- Following-up on the charter 'Talent to the Top' to monitor gender balance at all levels and have KPMG give assurance on the process;
- Enrolling up to 40 employees in the mentoring/coaching programme for talent to the top, in the past years, linking them with an external mentor to support their development as leaders;
- Pushing various LinkedIn Learnings on inclusion, unconscious bias (even mandatory in some countries) and local training for awareness and engagement on the DE&I topic in all our entities;
- Including DE&I questions in the Global Engagement Survey and supporting the use of Pulse surveys in all entities to get regular updates on employees' needs and experiences to improve the employee experience and engagement;
- Promoting the obligation on managers to have the ongoing dialogue in the Performance Management cycle to support all employees in achieving their goals and developing their best selves.

We have clear policies for our Supervisory Board (SB), Managing Board (MB) and Executive Committee (ExCo) on DE&I. We aim for an inclusive culture for our entire organisation and have developed an updated strategy for DE&I with a dedicated DE&I director as part of the P&P team and supported by the wider ESG (Environment, Social & Governance) team.

The charter, Talent to the Top, enables us to track and trace our progress for gender diversity in succession to our top 3 layers of the organisation (i.e. 3 layers of leaders below the MB). Our Group-wide goal for the representation of women in our top 3 layers for over 30% has been achieved. We envision the diversity of the SB, MB and ExCo broader than gender; it includes but is not restricted to e.g. background, age, skills, knowledge and personality. LeasePlan's SB, MB and ExCo are diverse in this perspective. We also follow the newly introduced suitability policy for the future nominations for the SB, MB and ExCo, where gender diversity is included as a target (30%).

Via People Data Management we have the broadest insights into our people data which enables us to monitor promotions, succession and the diversity of all our management teams. Our Chief People & Performance structurally reviews the numbers to be able to track & trace our progress on the diversity of talents.

For 2022, we are committed to cultivating an inclusive culture and environment. We are formalising our strategy and pushing for results and improved awareness on all DE&I elements within LeasePlan.

For further details regarding DE&I reference is made to the 'Diversity, Equity & inclusion' and 'Governance & Leadership' sections of the Annual Report.

3 Governance arrangements *continued*

3.3 RISK COMMITTEE

LeasePlan is governed by a two-tier board structure comprised of a Supervisory Board and a Managing Board.

The Supervisory Board has appointed a dedicated Risk Committee to advise it on several risk related items. In 2021, Supervisory Board Risk Committee meetings were held five times during the year.

In addition, LeasePlan's Executive Committee, which consists of the Managing Board, the cluster heads and a number of other senior officers of the Group, is responsible for the operational management of LeasePlan. The core risk management responsibilities are embedded in the Managing Board. Risk related decisions, except for the risk matters that fall under the final decision authority of the Supervisory Board, are in the approval authority of the statutory Managing Board (MB). The Managing Board is supported by several committees: the Group Risk Committee (GRC), the Group Model Risk Committee (GMRC) and the Asset and Liability Committee (ALCO).

The GRC is a dedicated committee consisting of the MB, consisting of all MB member, senior managers like all Executive Committee, Group Audit SVP and Head of Compliance, and has delegated specific authorities to sub-committees, such as the Combined Risk & Pricing Committee (CRPC) and Asset Management Committee (AMC). The CRPC's main tasks are to take decisions on the credit proposals exceeding the authority of the underwriting team and deciding on pricing and profitability proposals.

In 2021, Group Risk Committee meetings were held 11 times during the year. As at 31 December 2021 the Group Risk Committee comprises seven members. To achieve its objective the GRC fulfils a wide variety of tasks like monitoring and managing of the actual risk profile against the risk appetite and risk strategy.

The main task of the GRC is to enable controlled risk taking and inform the management body on regulatory compliance. The key mandate and purpose of the GRC is to monitor risk exposures and emerging risks in compliance with the risk appetite. The GMRC has delegated authority to oversee the Group risk models in the domain of credit risk, asset risk, operational risk, strategic risk and stress testing. Next to the dedicated risk committees, the risk function also is represented in the ALCO. The ALCO has a delegated authority to take decisions in the field of funding strategy, liquidity management, capital allocation and structuring.

Risk reporting and measurement systems

Our risk measurement systems support regulatory reporting and external disclosures, as well as internal management reporting across the different risk areas such as asset, credit, market, liquidity, and operational risks. The risk infrastructure incorporates the relevant legal entities and business divisions and provides the basis for reporting on risk positions, capital adequacy and limit, threshold, or target utilisation to the relevant functions on a regular and ad-hoc basis. Established units within Finance, Risk and LeasePlan Digital assume responsibility for measurement, analysis and reporting of risk while promoting sufficient quality and integrity of risk-related data. Our internal risk management systems are reviewed by Group Audit following a risk-based audit approach.

In monthly committee meetings LeasePlan reports on Group level per risk type including the following aspects:

- LeasePlan monitors risks taken against risk appetite and risk-reward considerations on various levels across the Group;
- Risk reporting is required to be accurate and complete to ensure, across material financial and non-financial risks, the organisation's risk profile is easily and well understood to facilitate controlled risk taking;
- Delegated risk committees of the MB, such as the GRC and the AMC receive regular reporting (as well as ad-hoc reporting as required);
- Dedicated teams proactively manage material financial and non-financial risks and these teams must ensure that required management information is in place to enable proactive (risk) identification and management of (un)acceptable risks.

In applying these principles, LeasePlan made substantial progress in developing a common basis for all risk reports to minimise individual reporting efforts to allow us to provide consistent information.

LeasePlan identifies a large number of metrics within its risk measurement systems which support regulatory reporting and external disclosures, as well as internal management reporting across risk types. For the ten most critical risks LeasePlan places an appetite. The Risk Appetite Statement (RAS) represents the overall risk LeasePlan is able and willing to assume in order to achieve its strategic objectives. It is defined by quantitative and qualitative metrics, and related behaviours. The risk appetite is set annually in accordance with the Risk Strategy by using specific risk tolerance levels as determined in the risk strategy for all relevant risks categories. Depending on the risk metric, compliance with the risk appetite is monitored on at least a quarterly basis.

The Managing Board is required to submit LeasePlan's RAS to the Supervisory Board for approval in case of material changes to the Group's risk appetite and tolerance. Before submission to the Supervisory Board for approval, explicit sign-off on the Risk Strategy and Risk Appetite Statement by the Managing Board itself is also required.

The Managing Board, through the GRC, monitors, reviews, and challenges the actual performance against the RAS on (at least) a quarterly basis. Reports are shared with senior management on regular basis for discussion and/or decision making.

3 Governance arrangements *continued*

To fulfil these reporting requirements LeasePlan has developed standardised reports on risk and capital management that are used to provide senior management with information relating to our risk profile and are the following:

- A comprehensive report across all risk types of the RAS is provided to the Group Risk Committee and to the Risk Committee of the Supervisory Board. This report includes as a minimum all material risk developments, deviations, and potential future breaches.
- An overview of our liquidity and solvency/leverage position is presented to the GRC and the ALCO as a combined effort of Group Risk, Group Finance and Strategic Finance at least on a quarterly basis. It comprises information on key metrics including CRR/CRD IV Common Equity Tier 1 ratio, an overview of our current funding and liquidity status and the liquidity stress test results and contingency measures.
- Group-wide stress tests are performed once a year (or more frequently if required). They are reported to and discussed in the ALCO and escalated to the GRC if deemed necessary. The stressed key performance indicators are benchmarked against the Group Risk Appetite thresholds.

While the above reports are used at a Group level to monitor and review the risk profile of LeasePlan, there are other, supplementing standard and ad-hoc management dashboards that are being used to monitor and control the risk profile.

In addition to periodic and ad-hoc reporting on the Group's risk situation to internal management, communication also includes external risk reports filed in accordance with legal and supervisory requirements. This includes reports on the performance of the indicators selected.

For further information on the Risk Committee please refer to sections 'Report from the Supervisory Board' and 'Risk management' of the Annual Report.

4 Reconciliation Annual Report and Pillar 3

Looking through the levels of consolidation, from a risk, regulatory reporting, control and governance perspective, LeasePlan concludes that the outcome of the capital adequacy assessment of LeasePlan and its entities is not materially different to the outcome of such assessment at sub-consolidated level (LeasePlan Corporation N.V.).

The table below provides the differences between the accounting scope and the scope of prudential consolidation in accordance with CRR Article 436 (c).

			Carrying values of items:				
As at 31 December 2021, in millions of euros	**Carrying values as reported in published financial statements**	**Carrying values under scope of prudential consolidation**	**Subject to the credit risk framework**	**Subject to the CCR framework**	**Subject to the securitisation framework**	**Subject to the market risk framework**	**Not subject to own funds requirements or subject to deduction from own funds**
Breakdown by asset classes according to the balance sheet in the published financial statements							
Cash and balances at central banks	5,448	5,448	5,448	–	–	–	–
Bonds and notes held	43	43	43	–	–	–	–
Receivables from financial institutions	688	688	635	53	–	–	–
Derivative financial instruments	176	176	–	176	–	–	–
Other receivables and prepayments	1,037	1,032	1,037	–	–	–	–
Inventories	371	371	371	–	–	–	–
Loans to investments accounted for using the equity method	200	200	200	–	–	–	–
Corporate income tax receivable	18	18	18	–	–	–	–
Lease receivables from clients	3,493	3,493	3,493	–	–	–	–
Property and equipment under operating lease & rental fleet	19,740	19,740	19,740	–	–	–	–
Other property and equipment	297	297	297	–	–	–	–
Investments accounted for using the equity method	17	33	17	–	–	–	17
Intangible assets	352	672	56	–	–	–	616
Deferred tax assets	238	238	145	–	–	–	93
Assets classified as held for sale	–	–	–	–	–	–	–
Equity instruments at fair value (through P&L)	134	134	134	–	–	–	–
Total assets	**32,250**	**32,582**	**31,633**	**229**	**–**	**–**	**726**
Breakdown by liability classes according to the balance sheet in the published financial statements							
Trade and other payables and Deferred income	3,060	2,685	–	–	–	–	–
Borrowings from financial institutions	3,324	3,324	–	–	–	–	–
Derivative financial instruments	108	108	–	108	–	–	–
Funds entrusted	10,335	10,335	–	43	–	–	–
Debt securities issued	9,402	9,402	–	–	–	–	–
Provisions	582	582	–	–	–	–	–
Corporate income tax payable	33	33	–	–	–	–	–
Deferred tax liabilities	365	404	–	–	–	–	–
Lease liabilities	236	236	–	–	–	–	–
Loans from associates & JCE	25	25	–	–	–	–	–
Total liabilities	**27,470**	**27,134**	**–**	**151**	**–**	**–**	**–**

Table 4: EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

4 Reconciliation Annual Report and Pillar 3 *continued*

The differences in carrying values between the published financial statements and under scope of the prudential scope of consolidation are due to the positions of LP Group B.V. which mainly relate to intangible assets in relation to the acquisition of LeasePlan Corporation N.V.

All carrying values as covered in both the accounting and prudential scope of consolidation relate to the values as captured in LeasePlan's accounting and consolidation system (SAP BPC). These carrying values are subject to LeasePlan's internal control environment and assurance procedures including the audit of the external auditor.

Carrying values (covered in multiple sections of this report as part of capital requirements) relates to the goodwill on our 'Investments accounted for using the equity method', 'Intangible assets' (including goodwill) and 'Deferred tax assets' which are in full (e.g. goodwill) or in part (e.g. deferred tax assets) subject to deductions from own funds and, hence, presented in the respective column.

The table below provides the main sources of differences between regulatory exposure amounts and carrying values in financial statements in accordance with CRR Article 436 (d).

			Items subject to:			
As at 31 December 2021, in millions of euros		**Total**	**Credit risk framework**	**Securitisation framework**	**CCR framework**	**Market risk framework**
1	Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	32,582	31,633	–	229	–
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	–151	–	–	–151	–
3	**Total net amount under the scope of prudential consolidation**	**32,431**	**31,633**	**–**	**78**	**–**
4	Off-balance-sheet amounts	5,222	5,222	–	–	–
5	Differences in valuations	400	20	–	379	–
6	Differences due to different netting rules, other than those already included in row 2	–23	5.7	–	–28	–
7	Differences due to consideration of provisions	–	–	–	–	–
8	Differences due to the use of credit risk mitigation techniques (CRMs)	–	–	–	–	–
9	Differences due to credit conversion factors	–	–	–	–	–
10	Differences due to securitisation with risk transfer	–	–	–	–	–
11	Other differences	–725	–	–	–	–
12	**Exposure amounts considered for regulatory purposes**	**37,305**	**36,881**	**–**	**429**	**–**

Table 5: EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

5 Own funds and capital requirements

5.1 CAPITAL REQUIREMENTS

The following table is in accordance with CRR Article 438 (d) and illustrates the breakdown of RWA/TREA, minimum capital requirements under Part Three, Title I, Chapter 1 of the CRR:

		Total risk exposure amounts (TREA)		Total own funds requirements
In millions of euros		**Dec-21**	**Sep-21**	**Dec-21**
1	Credit risk (excluding CCR)	19,475	18,625	1,558
2	Of which the standardised approach	6,107	5,988	489
3	Of which the Foundation IRB (F-IRB) approach	–	–	–
4	Of which slotting approach	–	–	–
EU 4a	Of which equities under the simple riskweighted approach	231	–	19
5	Of which the Advanced IRB (A-IRB) approach	13,368	12,637	1,069
6	Counterparty credit risk – CCR	156	115	12
7	Of which the standardised approach	104	76	8
8	Of which internal model method (IMM)	–	–	–
EU 8a	Of which exposures to a CCP	5	5	0
EU 8b	Of which credit valuation adjustment – CVA	52	39	4
9	Of which other CCR	0	–	0
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)	440	413	35
21	Of which the standardised approach	440	413	35
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)[4]	562	718	29
29	**Total**	**22,483**	**21,565**	**1,799**

Table 6: EU OV1 – Overview of risk weighted exposure amounts

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

5 Own funds and capital requirements *continued*

In December 2021, the exposure for other non-credit obligation assets was EUR 15,043 million compared with EUR 13,921 million in September 2021. In 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 DNB and ECB.

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

		Exposure value		RWA	
	In millions of euros	**Dec-21**	**Sep-21**	**Dec-21**	**Sep-21**
1	Residual value related exposures	9,571	9,001	6,516	6,147
2	Property and equipment	353	345	353	345
3	Lease commitments	3,308	2807	1150	951
4	Other assets	1,811	1,767	2,390	2,293
5	**Total other (non-credit) obligation assets**	**15,043**	**13,921**	**10,408**	**9,736**

Table 7: ONCOA

5.2 COMPOSITION OF REGULATORY OWN FUNDS

Capital management

LeasePlan's approach for capital management is driven by the Internal Capital Adequacy Assessment Process (ICAAP). ICAAP is an internal review requirement which comprises strategies and processes to assess and maintain, on an ongoing basis, the amounts, types and distribution of internal capital considered adequate to cover the nature and level of the risks to which LeasePlan Corporation N.V. (LeasePlan) is or might be exposed.

The objectives of the ICAAP are:

- identifying and measuring the risks that LeasePlan is exposed to and that threaten LeasePlan in realising its strategic objectives;
- assessing capital adequacy by reviewing regulatory and internal (economic) capital required in relation to risks LeasePlan is exposed to and in relation to its strategy;
- assessing LeasePlan's resilience to severe adverse (financial) events by performing integrated stress testing.

The ICAAP is annually submitted to the ECB as part of the Supervisory Review and Evaluation Process (SREP). The SREP aims to capture an overall picture of an institution's risk profile as adequately as possible, considering risks and their mitigants. If inadequate, it can lead to decisions about supervisory measures to be taken. The adequacy of the internal capital is approved by the Managing Board.

LeasePlan has not published the result of the ICAAP and composition of the additional own funds. The minimum requirement for own funds and eligible liabilities is equal to the own funds requirement.

Capital position

The level of capital has remained stable over the year with minimal changes due to changes in foreign exchange reserves positions and the addition of EUR 76.5 million 2021 net results to CET1 capital. On Total Risk Exposure Amount we have seen an overall increase in TREA which is due to the application of the new Definition of Default as at 1 January 2021, growth in the overall business and ageing of the current leases due to limited supply of new vehicles which also impacts the level of TREA for new orders placed. The divestments in our participations in Australia, New Zealand and CarNext have had limited impact on TREA due to the high risk weight on the remaining equity investments we have in these participations.

With a stable capital base and increasing TREA, we have observed a decrease in the capital ratios which are, as at 31 December 2021, above all internal and external minimum requirement levels.

5 Own funds and capital requirements *continued*

The table below sets out the capital resources as referred to in CRR Article 437 (a), (d), (e) and (f).

As at 31 December, in millions of euros		Dec-21	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	3,532	1 + 2
2	Retained earnings	591	4
3	Accumulated other comprehensive income (and other reserves)	–137	3
EU-3a	Funds for general banking risk	–	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	–	
5	Minority interests (amount allowed in consolidated CET1)	–	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	77	4
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**4,062**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	–0.3	
8	Intangible assets (net of related tax liability) (negative amount)	–594	6
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	–93	7
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	–	
12	Negative amounts resulting from the calculation of expected loss amounts	–1	
13	Any increase in equity that results from securitised assets (negative amount)	–	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	–	
15	Defined-benefit pension fund assets (negative amount)	–	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	–	
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	–	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	–	
22	Amount exceeding the 17.65% threshold (negative amount)	–	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	–	
25	of which: deferred tax assets arising from temporary differences	–	
EU-25a	Losses for the current financial year (negative amount)	–	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	–	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	–	
27a	Other regulatory adjustments	–28	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**–716**	
29	**Common Equity Tier 1 (CET1) capital**	**3,346**	
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	–	

5 Own funds and capital requirements *continued*

As at 31 December, in millions of euros		Dec-21	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	–	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	–	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	–	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	351	5
35	of which: instruments issued by subsidiaries subject to phase out	–	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**351**	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	–	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	–	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	–	
42a	Other regulatory adjustments to AT1 capital	–	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	–	
44	**Additional Tier 1 (AT1) capital**	**351**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**3,697**	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	–	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	–	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	–	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	–	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	80	5
49	of which: instruments issued by subsidiaries subject to phase out	–	
50	Credit risk adjustments	–	
51	**Tier 2 (T2) capital before regulatory adjustments**	**80**	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	–	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	–	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	–	
EU-56b	Other regulatory adjustments to T2 capital	–	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	–	
58	**Tier 2 (T2) capital**	**80**	
59	**Total capital (TC = T1 + T2)**	**3,777**	
60	**Total Risk exposure amount**	**22,483**	

5 Own funds and capital requirements *continued*

As at 31 December, in millions of euros		Dec-21	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	14.88%	
62	Tier 1 capital	16.44%	
63	Total capital	16.80%	
64	Institution CET1 overall capital requirements	9.24%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.05%	
67	of which: systemic risk buffer requirement	–	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	–	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	–	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**8.19%**	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	–	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	79	8
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	145	7 + 8
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	–	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	78	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	–	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	15	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	–	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	–	
82	Current cap on AT1 instruments subject to phase out arrangements	–	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	
84	Current cap on T2 instruments subject to phase out arrangements	–	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	–	

Table 8: EU CC1 – Composition of regulatory own funds[5]

5 In row 2, the 'Retained earnings' excludes the results for the year attributable to the parent. Adding, these results (EUR 965 million) to row 6 'Common Equity Tier 1 (CET1) capital before regulatory adjustments' allows for reconciliation with 'Equity of owners of the parent' under regulatory scope of consolidation as included in row 33 of table 5: 'EU CC2 – Reconciliation of regulatory own funds to balance sheet in the financial statements'.

5 Own funds and capital requirements *continued*

The table below sets out the reconciliation between the accounting and regulatory consolidation with references showing the linkage between this table and CC1.

As at 31 December, in millions of euros		Balance sheet as in published financial statements[6] Dec-21	Under regulatory scope of consolidation[7] Dec-21	Reference[8]
	Assets – Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash and balances at central banks	5,448	5,448	
2	Investments in equity and debt securities	177	177	
3	Receivables from financial institutions	688	688	
4	Derivative financial instruments	176	176	
5	Other receivables and prepayments	1,037	1,032	
6	Inventories	371	371	
7	Lease receivables from clients	3,493	3,493	
8	Property and equipment under operating lease & Rental fleet	19,740	19,740	
9	Other property and equipment	297	297	
10	Loans to equity accounted investments	200	200	
11	Investments in equity accounted investments	17	33	8
12	Intangible assets	352	672	6
13	Corporate income tax receivable	18	18	
14	Deferred tax asset	238	238	7
15	Assets classified as held-for-sale	–	–	
16	**Total assets**	**32,250**	**32,582**	
	Liabilities – Breakdown by liability classes according to the balance sheet in the published financial statements			
17	Trade and other payables and Deferred income	3,060	2,685	
18	Borrowings from financial institutions	3,324	3,324	
19	Derivative financial instruments	108	108	
20	Funds entrusted	10,335	10,335	
21	Debt securities issued	9,402	9,402	
22	Lease liabilities	236	236	
23	Loans from subsidiaries	25	25	
24	Provisions	582	582	
25	Corporate income tax payable	33	33	
26	Deferred tax liabilities	365	404	
27	Liabilities classified as held-for-sale	–	–	
28	**Total liabilities**	**27,470**	**27,134**	
	Shareholders' equity			
29	Share capital	72	100	1
30	Share premium	506	3,432	2
31	Other reserves	–148	–137	3
32	Retained earnings	3,852	1,556	4
33	Equity of owners of the parent	4,282	4,950	
34	AT1 capital – securities	498	–	
35	Holders of AT1 capital securities	–	498	5
36	Other non-controlling interest	–	–	
37	**Total shareholders' equity**	**4,780**	**5,448**	

Table 9: EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

6 Balance sheet as in published financial statements for LeasePlan Corporation N.V.
7 Under regulatory scope of consolidation that is for LP Group B.V.
8 Cross-referenced to the corresponding rows in template EU CC1.

5 Own funds and capital requirements *continued*

5.3 MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS

As at 31 December 2021, in millions of euros

1	**Issuer**	**LeasePlan Corporation N.V.**	**LP Group B.V.**
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS2003473829	N/A
2a	Public or private placement	Public	Private
3	Governing law(s) of the instrument	Dutch law	Dutch law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A
Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Additional Tier 1	Common Equity Tier 1
5	Post-transitional CRR rules	Additional Tier 1	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/solo&(sub-)consolidated	Solo and (sub-)Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	AT1 EU 575/2013 Article 52	Ordinary shares
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 431 million	EUR 100 million
9	Nominal amount of instrument	EUR 500 million (as of most recent reporting date)	EUR 1
EU-9a	Issue price	1	N/A
EU-9b	Redemption price	1	N/A
10	Accounting classification	Equity	Equity
11	Original date of issuance	43614	N/A
12	Perpetual or dated	Perpetual	N/A
13	Original maturity date	No maturity	N/A
14	Issuer call subject to prior supervisory approval	Yes	N/A
15	Optional call date, contingent call dates and redemption amount	29 May 2024, regulatory & tax call (prevailing principle amount)	N/A
16	Subsequent call dates, if applicable	Callable on each date which falls 5, or an integral multiple of 5, years after 29 May 2024	N/A
Coupons/dividends			
17	Fixed or floating dividend/coupon	Fixed, subject to reset on the first call date and each reset date thereafter	N/A
18	Coupon rate and any related index	7.375% per annum	N/A
19	Existence of a dividend stopper	No	N/A
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	N/A
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	N/A
21	Existence of step up or other incentive to redeem	No	N/A
22	Noncumulative or cumulative	Non-cumulative	N/A
23	Convertible or non-convertible	Non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A

5 Own funds and capital requirements *continued*

As at 31 December 2021, in millions of euros

30	Write-down features	Yes	N/A
31	If write-down, write-down trigger(s)	5.125% CET1	N/A
32	If write-down, full or partial	Partial	N/A
33	If write-down, permanent or temporary	Temporary	N/A
34	If temporary write-down, description of write-up mechanism	Subject to profit MDA and maximum write-up amount	N/A
34a	Type of subordination (only for eligible liabilities)	Statutory	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	Second, after CET1	First
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Deeply subordinated, junior to Tier 2	N/A
36	Non-compliant transitioned features	No	N/A
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	https://www.leaseplan.com/corporate/~/media/Files/L/Leaseplan/documents/lp-corporation-nv-additional-tier-1-prospectus-2019.pdf	N/A

Table 10: EU CCA – Main features of regulatory own funds instruments and eligible liabilities instruments[9]

9 *The Amount recognised in regulatory capital of EUR 431 million represents the amount included in Total Capital, taking into account the applicable minority interest deduction following CRR Article 87. The amount recognised in Tier 1 capital is EUR 351 million after taking into account the applicable minority interest deduction following CRR Article 85.*

5 Own funds, and capital requirements *continued*

5.4 CAPITAL BUFFERS

As at 31 December 2021, LeasePlan holds 0.05% of its TREA as countercyclical capital buffer (CCyB); this is equivalent to EUR 11 million of the EUR 22,483 million TREA compared to CCyB in June 2021 of 0.05%, EUR 10 million of EUR 21,782. LeasePlan's capital conservation buffer consists of CET1 capital equal to 2.5% of its TREA, this is equivalent to EUR 544.5 million of TREA.

The CCyB is part of a set of macroprudential instruments, designed to help counter pro-cyclicality in the financial system. Anticipating the impact of the Covid-19 pandemic several countries have decided to reduce the CCyB rates resulting in a decrease of the countercyclical buffer requirement of LeasePlan to 0.05%.

The table below is the geographical distribution of credit exposures relevant for CCyB in accordance with CRR Article 440 (a).

As at 31 December 2021, in millions of euros		General credit exposures		Relevant credit exposures – Market risk				Own funds requirements						
010	Breakdown by country:	Exposure value under the SA	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Trading book exposures for internal models	Securitisation exposures value for non-trading book	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
1	Australia	1	–	–	–	–	1	–	–	–	–	1	0.01%	0.00%
2	Austria	49	125	–	–	–	173	5	–	–	5	64	0.80%	0.00%
3	Belgium	280	357	–	–	–	637	19	–	–	19	243	3.02%	0.00%
4	Brazil	6	45	–	–	–	50	1	–	–	1	10	0.13%	0.00%
5	Czech Republic	56	141	–	–	–	197	6	–	–	6	78	0.97%	0.50%
6	Denmark	127	300	–	–	–	427	10	–	–	10	126	1.57%	0.00%
7	Finland	68	161	–	–	–	229	5	–	–	5	60	0.75%	0.00%
8	France	858	634	–	–	–	1,492	68	–	–	68	856	10.64%	0.00%
9	Germany	487	719	–	–	–	1,205	38	–	–	38	478	5.93%	0.00%
10	Greece	273	110	–	–	–	383	16	–	–	16	198	2.46%	0.00%
11	Hong Kong	–	–	–	–	–	–	–	–	–	–	–	0.00%	0.00%
12	Hungary	48	62	–	–	–	109	4	–	–	4	49	0.60%	0.00%
13	India	4	65	–	–	–	70	4	–	–	4	49	0.60%	0.00%
14	Ireland	58	131	–	–	–	189	6	–	–	6	79	0.98%	0.00%
15	Italy	1,621	533	–	–	–	2,154	118	–	–	118	1,474	18.31%	0.00%
16	Luxembourg	70	45	–	–	–	115	5	–	–	5	58	0.72%	0.50%
17	Mexico	9	83	–	–	–	92	3	–	–	3	39	0.48%	0.00%
18	Netherlands	1,264	1,106	–	–	–	2,370	78	–	–	78	978	12.15%	0.00%
19	Norway	400	316	–	–	–	715	22	–	–	22	281	3.49%	1.00%
20	Poland	111	132	–	–	–	243	10	–	–	10	125	1.55%	0.00%
21	Portugal	362	436	–	–	–	798	24	–	–	24	305	3.79%	0.00%
22	Romania	19	590	–	–	–	610	3	–	–	3	32	0.40%	0.00%

5 Own funds, and capital requirements *continued*

As at 31 December 2021, in millions of euros		General credit exposures		Relevant credit exposures – Market risk				Own funds requirements						
010	Breakdown by country:	Exposure value under the SA	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Trading book exposures for internal models	Securitisation exposures value for non-trading book	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
23	Russian Federation	3	18	–	–	–	21	1	–	–	1	11	0.13%	0.00%
24	Slovakia	12	61	–	–	–	73	3	–	–	3	38	0.47%	1.00%
25	Spain	663	400	–	–	–	1,063	50	–	–	50	629	7.82%	0.00%
26	Sweden	48	184	–	–	–	232	5	–	–	5	61	0.76%	0.00%
27	Switzerland	8	74	–	–	–	82	5	–	–	5	61	0.76%	0.00%
28	Turkey	76	21	–	–	–	97	4	–	–	4	54	0.67%	0.00%
29	United Arabic Emirates	–	15	–	–	–	15	3	–	–	3	38	0.47%	0.00%
30	United Kingdom	1,091	873	–	–	–	1,963	87	–	–	87	1,083	13.46%	0.00%
31	United States	100	1,575	–	–	–	1,675	39	–	–	39	490	6.09%	0.00%
020	**Total**	**8,167**	**9,314**	**–**	**–**	**–**	**17,481**	**644**	**–**	**–**	**644**	**8,049**	**100.00%**	

Table 11: EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

The following table shows an overview of our countercyclical exposure and buffer requirements in accordance with CRR Article 440 (b).

In millions of euros		Dec-21	Jun-21
1	Total risk exposure amount	22,483	21,782
2	Institution specific countercyclical buffer rate	0.05%	0.05%
3	Institution specific countercyclical buffer requirement	11	10

Table 12: EU CCyB2 – Amount of institution-specific countercyclical capital buffer

6 Leverage

The leverage ratio is calculated based on the requirements of CRR/CRD IV. The leverage ratio as at 31 December 2021 is 9.9% (was 10.2% on 30 June 2021), whereas the regulatory minimum level of the leverage ratio is 3.0%. LeasePlan constantly monitors its leverage ratio and the development of the on- and off-balance sheet exposures and eligible Tier 1 capital, in order to comply with the minimum requirement of 3%.

LeasePlan's risk of excessive leverage is low given relatively high average risk weights. Therefore, the leverage ratio can be expected to structurally be above the requirement of 3%. For this reason, maturity mismatches and asset encumbrance are not actively taken into account in managing the risk of excessive leverage.

The main drivers of the change in leverage ratio compared to June 2021 are similar to the changes in the capital ratio and a result of an increase in exposures due to growth of the business and orders whilst having a stable capital base.

In accordance with CRR Article 451, a breakdown of the leverage ratio components is provided in the following three tables.

In millions of euros		**Dec-21**	**Jun-21**
1	Total assets as per published financial statements	32,249	31,796
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	332	−4
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	–	–
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	–	–
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	–	–
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	–	–
7	Adjustment for eligible cash pooling transactions	–	–
8	Adjustment for derivative financial instruments	219	264
9	Adjustment for securities financing transactions (SFTs)	–	–
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	5,221	4,195
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	–	–
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	–	–
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	–	–
12	Other adjustments	−756	−749
13	**Total exposure measure**	**37,265**	**35,502**

Table 13: EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

6 Leverage *continued*

In millions of euros		Dec-21	Jun-21
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	32,373	31,642
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	–	–
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	–	–
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	–	–
5	(General credit risk adjustments to on-balance sheet items)	–	–
6	(Asset amounts deducted in determining Tier 1 capital)	–725	–730
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	31,649	30,911
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	35	49
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	–	–
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	359	347
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	–	–
EU-9b	Exposure determined under Original Exposure Method	–	–
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	–	–
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	–	–
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	–	–
11	Adjusted effective notional amount of written credit derivatives	–	–
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	–	–
13	**Total derivatives exposures**	**395**	**395**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	–	–
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	–	–
16	Counterparty credit risk exposure for SFT assets	–	–
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	–	–
17	Agent transaction exposures	–	–
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	–	–
18	**Total securities financing transaction exposures**	**–**	**–**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	5,221	4,195
20	(Adjustments for conversion to credit equivalent amounts)	–	–
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	–	–
22	**Off-balance sheet exposures**	**5,221**	**4,195**
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	–	–
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	–	–
EU-22c	(Excluded exposures of public development banks (or units) – Public sector investments)	–	–
EU-22d	(Excluded exposures of public development banks (or units) – Promotional loans)	–	–
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	–	–
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	–	–
EU-22g	(Excluded excess collateral deposited at triparty agents)	–	–
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	–	–
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	–	–
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	–	–
EU-22k	(Total exempted exposures)	–	–

6 Leverage *continued*

In millions of euros		Dec-21	Jun-21
	Capital and total exposure measure		
23	**Tier 1 capital**	**3,697**	**3,625**
24	**Total exposure measure**	**37,265**	**35,502**
	Leverage ratio		
25	Leverage ratio (%)	9.92%	10.21%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.92%	10.21%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.92%	10.21%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	–	–
EU-26b	of which: to be made up of CET1 capital	–	–
27	Leverage ratio buffer requirement (%)	–	–
EU-27a	Overall leverage ratio requirement (%)	3.00%	–
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	–	–
	Disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	–	–
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	–	–
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	37,265	35,502
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	37,265	35,502
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.92%	10.21%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.92%	3.00%

Table 14: EU LR2 – LRCom: Leverage ratio common disclosure

In millions of euros		Dec-21	Jun-21
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**32,373**	**31,642**
EU-2	Trading book exposures	–	–
EU-3	Banking book exposures, of which:	32,373	31,642
EU-4	Covered bonds	–	–
EU-5	Exposures treated as sovereigns	5,948	5,431
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	–	–
EU-7	Institutions	694	837
EU-8	Secured by mortgages of immovable properties	–	–
EU-9	Retail exposures	719	683
EU-10	Corporates	7,806	7,867
EU-11	Exposures in default	445	435
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	16,761	16,389

Table 15: EU LR3 – LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

7 Liquidity

Within LeasePlan, 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 decreased to 288% in Q4 2021 from 322% in Q3 2021, driven by slightly lower HQLA and slightly higher net outflows. The regulatory minimum level of the LCR is 100%. HQLA are held only in the form of central bank cash deposits.

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

The liquidity management is centralised within LPTY and incorporated in LeasePlan's monthly funding planning process. LeasePlan Corporation N.V. holds a revolving credit facility with a consortium of 11 banks (EUR 1.4 billion) maturing in November 2024. As at 31 December 2021, no amounts were drawn under this facility.

Reference is made to the section Risk management sub-section D. Risks of the Annual Report for.

- Strategies and process in the management of liquidity risk (under liquidity risk policy);
- The structure and organisation of the liquidity risk management function (under treasury risk management structure and organisation);
- A description of the degree of centralisation of liquidity risk management (under treasury risk management structure and organisation);
- Scope and nature of liquidity risk reporting (under liquidity risk policy);
- Policies for hedging and mitigation of liquidity risk (under liquidity risk policy);
- An outline of the Liquidity Contingency Plan (under treasury risk management structure and organisation);
- An explanation of how stress testing is used (under treasury risk management structure and organisation and liquidity risk measurement);
- A declaration by the Managing Board that the liquidity risk management activities are adequate and a concise liquidity risk statement (under liquidity risk policy).

7 Liquidity *continued*

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 is 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**	**Dec-21**	**Sep-21**	**Jun-21**	**Mar-21**	**Dec-21**	**Sep-21**	**Jun-21**	**Mar-21**
EU 1b	Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					5,180	5,291	4,858	4,809
Cash – outflows									
2	Retail deposits and deposits from small business customers, of which:	6,274	6,438	6,197	5,942	627	644	620	594
3	Stable deposits	–	–	–	–	–	–	–	–
4	Less stable deposits	6,274	6,438	6,197	5,942	627	644	620	594
5	Unsecured wholesale funding	30	485	690	396	26	483	687	394
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–	–	–	–	–	–	–
7	Non-operational deposits (all counterparties)	8	416	365	368	4	414	363	367
8	Unsecured debt	65	69	325	28	65	69	325	28
9	Secured wholesale funding					94	188	68	67
10	Additional requirements	121	113	113	146	102	90	92	127
11	Outflows related to derivative exposures and other collateral requirements	99	87	90	125	99	87	90	125
12	Outflows related to loss of funding on debt products	–	–	–	–	–	–	–	–
13	Credit and liquidity facilities	22	26	23	21	2	3	2	2
14	Other contractual funding obligations	600	838	862	714	600	838	862	714
15	Other contingent funding obligations	731	–	–	–	731	–	–	–
16	**Total Cash Outflows**					**2,180**	**2,243**	**2,330**	**1,896**
Cash – Inflows									
17	Secured lending (e.g. reverse repos)	–	–	–	–	–	–	–	–
18	Inflows from fully performing exposures	313	–	–	–	258	–	–	–
19	Other cash inflows	99	671	417	371	99	602	348	294
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**	**411**	**671**	**417**	**371**	**356**	**602**	**348**	**294**
EU-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
EU-20b	Inflows subject to 90% cap	–	–	–	–	–	–	–	–
EU-20c	Inflows subject to 75% cap	411	671	417	371	356	602	348	294
Total Adjusted Value									
EU-21	**Liquidity Buffer**					**5,180**	**5,291**	**4,858**	**4,809**
22	**Total Net Cash Outflows**					**1,824**	**1,641**	**1,982**	**1,603**
23	**Liquidity Coverage Ratio**					**288.4%**	**322.4%**	**245.1%**	**300.0%**

Table 16: EU LIQ1 – Quantitative information of LCR

7 Liquidity *continued*

The below table states the minimum net stable funding ratio ('NSFR') requirement in accordance with Article 451a(3).

As at 31 December, in millions of euros		**Unweighted value by residual maturity**				**Weighted value**
		No maturity	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	
Available stable funding (ASF) Items						
1	Capital items and instruments	3,777	–	–	–	3,777
2	Own funds	3,777	–	–	–	3,777
3	Other capital instruments		–	–	–	–
4	Retail deposits		7,934	1,049	1,266	9,351
5	Stable deposits		–	–	–	–
6	Less stable deposits		7,934	1,049	1,266	9,351
7	Wholesale funding:		3,306	2,577	9,656	10,980
8	Operational deposits		–	–	–	–
9	Other wholesale funding		3,306	2,577	9,656	10,980
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	–	43	–	606	606
12	NSFR derivative liabilities	–	–	–	–	–
13	All other liabilities and capital instruments not included in the above categories		43	–	606	606
14	**Total available stable funding (ASF)**					**24,714**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					5,350
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		–	–	–	–
17	Performing loans and securities:		4,765	3,829	14,195	16,493
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		–	–	–	–
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		353	199	715	850
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		4,411	3,630	13,480	15,643
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		–	–	–	–
22	Performing residential mortgages, of which:		–	–	–	–
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		–	–	–	–
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		–	–	–	–
25	Interdependent assets		–	–	–	–
26	Other assets:	–	1,932	62	1,604	2,698
27	Physical traded commodities				–	–
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		35	–	–	30
29	NSFR derivative assets		42	–	–	42
30	NSFR derivative liabilities before deduction of variation margin posted		15	–	–	1
31	All other assets not included in the above categories		1,840	62	1,604	2,625
32	Off-balance sheet items		–	–	–	–
33	**Total RSF**					**19,191**
34	**Net Stable Funding Ratio (%)**					**128.8%**

Table 17: EU LIQ2 – Net Stable Funding Ratio

8 Credit risk

This section provides information about the exposures subject to credit risk framework and details regarding the exposures relevant for determining LeasePlan's regulatory capital requirement and credit quality of assets.

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 amounts receivable under finance lease contracts. For amounts receivable under finance lease contracts credit risk is mitigated by the underlying value of the available collateral (i.e. leased object).

Credit Risk Framework

LeasePlan has a Credit Risk Management framework, including policies and processes, defined that includes the requirements and boundaries to manage and control the credit risk in LeasePlan. This framework is created in alignment with articles provided in the EBA Guidelines on loan origination and monitoring under consideration of relevant articles of CRR. Implementing this updated framework throughout the whole of LeasePlan is a significant task and is in progress at this moment, expected to be completed by the end of 2022/early 2023.

LeasePlan has an 'open' appetite for credit risk, which translates to a strategy to maintain a growing credit profitable portfolio with a controllable risk profile in which LeasePlan understands the expected impact of bad debt costs on the profitability, capital and reputation and as a means to serve our customers well. Limits are in place regarding concentrations and capital consumption in line with the appetite. These limits are proposed by a combination of 1st and 2nd line specialist/risk owners and decided on by Managing Board/Executive Committee.

Group Risk ensures the Managing Board and the Supervisory Board are made aware of all material risk developments. Reporting on credit risk exposures and credit risk management is done via monthly reports to all ExCo members, structurally in the Group Risk Committee and Supervisory Board Risk Committee, and ad-hoc where deemed relevant by the 1st and 2nd line risk owners.

Risk management function

Credit risk management is done both at a central level and a local level. At central level this sits within the Financial Risk Management team, which is responsible for, amongst others, the global policies, global portfolio monitoring and the approval of the larger credit requests. At a local level the adherence to the global policies, monitoring of the local portfolio and decisioning on all (local) credit requests is done, amongst other tasks.

The Group Risk Committee of LeasePlan delegates authority for the decisioning on credit requests and for the decisioning on loan and provisioning strategy for defaulted customers towards the local entities through the Risk Authority Letter.

Risk governance, and therefore also credit risk governance, is based on the three lines of defence model as set out in the EBA Guidelines on Internal Governance (GL 2017/11). This model distinguishes between functions that own and manage risks (first line), functions that oversee and advise on risk management practices (second line) and functions that provide internal assurance (third line). The following overview outlines the composition and responsibilities of the key parties involved in executing the three lines within LeasePlan:

1st line	2nd line	3rd line	External assurance and supervision	
Group & local management	Risk Management function Privacy & Compliance function	Group audit	External auditor	ECB CBI AFM Others

Default definition

The Group's definition of default is aligned with the regulatory definition. From 2021, a customer is reported as in default as prescribed by the guidelines on the application of the definition of default. For purposes of assessing, recognising and reporting defaults, a customer shall 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 limited given that the increase in defaults is triggered by the customers past due for more than 90 consecutive days without any UTP indications. For these customers, provision levels were already in line with the provisioning for customers that have material overdue amounts.

For more information on the new definition of default and its impact please refer to the section D. Risks in financial statements of the Annual Report 2021.

8 Credit risk *continued*

Past due and impaired exposures

Receivables from clients are individually assessed on indications of impairment (specific credit risk adjustment). The sources for such indications can be internal (such as internal credit rating/score, payment behaviour and receivable ageing) or external (such as external credit ratings and solvency information). Impairment is recognised when the collection of receivables is at risk and when the recoverable amount is lower than the carrying amount of the receivable, also taking into account cash collateral and the fact that LeasePlan retains legal ownership of the leased asset until transfer of such ownership at the end of the lease contract. Receivables from clients less than 90 days past due are not considered to be impaired, unless other information is available to indicate the contrary. LeasePlan does not account for any general credit risk adjustments.

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

LeasePlan applies the same definitions, of 'past due' and 'impairment' as used for accounting purposes in the Annual Report

LeasePlan's definition of a restructured exposure equals the definition of exposures with forbearance measures as defined in CRR Article 47b. LeasePlan considers an exposure forborne if all of the following requirements are met:

1. A modification of the previous terms and conditions of a contract ('contract modification') has been granted; and
2. The contract modification was granted to a customer experiencing or about to experience financial difficulty; and
3. The contract modification would not have been granted had the customer not been experiencing financial difficulty.

Where the contract modification:

a) results in a difference in favour of the debtor between the modified terms of the contract and the previous terms of the contract; and/or
b) After modification, the contract includes more favourable terms than other debtors with a similar risk profile could have obtained from the local LP entity at that time.

8.1 CREDIT QUALITY OF ASSETS

The below table shows performing and non-performing exposures and related provisions in accordance with Article 442 (c) and (e). Loans comprise lease portfolio, trade receivables and loans to LeasePlan entities and third parties. Off-balance sheet exposures represent the commitments on replacement of the lease portfolio. The table provides an overview of the performing and non-performing exposures per exposure class. By far most of the exposure, both performing and non-performing, is within the non-financial corporations. The majority of LeasePlan customers, at least in terms of exposure, are larger corporations which classify as non-financial corporations in the table.

Within LeasePlan the average lease contract has a total maturity of 3 to 4 years. The remaining maturity decreases during the lifetime of the contract and therefore nearly all exposure value falls within either the '<= 1 year' or the '>1 year <= 5 years' bucket.

8 Credit risk *continued*

As at 31 December 2021, in millions of euros		Gross carrying amount/nominal amount – Performing exposures			Gross carrying amount/nominal amount – Non-performing exposures			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions – Performing exposures – accumulated impairment and provisions			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions – Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	Collateral and financial guarantees received	
		Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3		On performing exposures	On non-performing exposures
005	**Cash balances at central banks and other demand deposits**	5,634	5,634	–	–	–	–	–	–	–	–	–	–	–	–	–
010	**Loans and advances**	4,562	4,562	–	116	–	116	–22	–22	–	–61	–	–61	–	–	–
020	Central banks	1	1	–	–	–	–	–	–	–	–	–	–	–	–	–
030	General governments	52	52	–	4	–	4	–	–	–	–1	–	–1	–	–	–
040	Credit institutions	506	506	–	–	–	–	–	–	–	–	–	–	–	–	–
050	Other financial corporations	395	395	–	1	–	1	–4	–4	–	–	–	–	–	–	–
060	Non-financial corporations	3,515	3,515	–	108	–	108	–17	–17	–	–57	–	–57	–	–	–
070	Of which SMEs	84	84	–	5	–	5	–1	–1	–	–1	–	–1	–	–	–
080	Households	92	92	–	3	–	3	–1	–1	–	–2	–	–2	–	–	–
090	**Debt securities**	44	44	–	–	–	–	–	–	–	–	–	–	–	–	–
100	Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
110	General governments	5	5	–	–	–	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	11	11	–	–	–	–	–	–	–	–	–	–	–	–	–
130	Other financial corporations	2	2	–	–	–	–	–	–	–	–	–	–	–	–	–
140	Non-financial corporations	26	26	–	–	–	–	–	–	–	–	–	–	–	–	–
150	**Off-balance-sheet exposures**	5,228	5,228	–	–	–	–	–	–	–	–	–	–		–	–
160	Central banks	–	–	–	–	–	–	–	–	–	–	–	–		–	–
170	General governments	–	–	–	–	–	–	–	–	–	–	–	–		–	–
180	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–		–	–
190	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–		–	–
200	Non-financial corporations	5,228	5,228	–	–	–	–	–	–	–	–	–	–		–	–
210	Households	–	–	–	–	–	–	–	–	–	–	–	–		–	–
220	**Total**	**15,468**	**15,468**	**–**	**116**	**–**	**116**	**–22**	**–22**	**–**	**–61**	**–**	**–61**	**–**	**–**	**–**

Table 18: EU CR1 – Performing and non-performing exposures and related provisions

8 Credit risk *continued*

The below table shows maturity of exposures in accordance with Article 442 (g).

As at 31 December 2021, in millions of euros		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	400	2,522	1,658	14	–	4,595
2	Debt securities	–	11	32	–	–	44
3	**Total**	**400**	**2,534**	**1,691**	**14**	**–**	**4,639**

Table 19: EU CR1-A – Maturity of exposures

The below table is in accordance with Article 442 (f). During 2021, the stock of non-performing loans and advances has decreased since the outflow was higher than the inflow during the period.

As at 31 December 2021, in millions of euros		Gross carrying amount
010	Initial stock of non-performing loans and advances	159
020	Inflows to non-performing portfolios	96
030	Outflows from non-performing portfolios	–34
040	Outflows due to write-offs	–
050	Outflow due to other situations	–105
060	**Final stock of non-performing loans and advances**	**116**

Table 20: EU CR2: Changes in the stock of non-performing loans and advances

The below table is in accordance with Article 442 (c). Similar to the performing and non-performing exposures table, the majority of the forborne exposure is within the non-financial corporation bucket. The part of non-performing forborne exposures is limited to EUR 28 million in total.

As at 31 December 2021, in millions of euros		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne	Total	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures	Total	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	287	28	28	28	–1	–13	–	–
020	Central banks	–	–	–	–	–	–	–	–
030	General governments	–	–	–	–	–	–	–	–
040	Credit institutions	–	–	–	–	–	–	–	–
050	Other financial corporations	–	–	–	–	–	–	–	–
060	Non-financial corporations	286	28	28	28	–1	–13	–	–
070	Households	1	–	–	–	–	–	–	–
080	Debt securities	–	–	–	–	–	–	–	–
090	Loan commitments given	–	–	–	–	–	–	–	–
100	**Total**	**287**	**28**	**28**	**28**	**–1**	**–13**	**–**	**–**

Table 21: EU CQ1: Credit quality of forborne exposures

8 Credit risk *continued*

The below table is in accordance with Article 442 (d). It shows the days past due of the exposures in several buckets, split per classification. Everything past due more than 90 days is considered both defaulted and non-performing as the definition of the two is the same within LeasePlan. By far the majority of the exposure is not past due or past due less than 30 days. There are no exposures past due more than 2 years as in general the exposures are written-off if non-performing for more than 1 year.

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
As at 31 December 2021, in millions of euros		**Total**	**Not past due or past due ≤ 30 days**	**Past due > 30 days ≤ 90 days**	**Total**	**Unlikely to pay that are not past due or are past due ≤ 90 days**	**Past due > 90 days ≤ 180 days**	**Past due > 180 days ≤ 1 year**	**Past due > 1 year ≤ 2 years**	**Past due > 2 years ≤ 5 years**	**Past due > 5 years ≤ 7 years**	**Past due > 7 years**	**Of which defaulted**
005	Cash balances at central banks and other demand deposits	5,634	5,634	–	–	–	–	–	–	–	–	–	–
010	Loans and advances	4,562	4,514	47	116	54	21	21	20	–	–	–	116
020	Central banks	1	1	–	–	–	–	–	–	–	–	–	–
030	General governments	52	52	1	4	1	1	1	1	–	–	–	4
040	Credit institutions	506	506	–	–	–	–	–	–	–	–	–	–
050	Other financial corporations	395	395	–	1	–	–	–	–	–	–	–	1
060	Non-financial corporations	3,515	3,469	46	108	51	19	19	18	–	–	–	108
070	Of which SMEs	84	83	1	5	2	–	1	1	–	–	–	5
080	Households	92	91	1	3	2	–	1	1	–	–	–	3
090	Debt securities	44	44	–	–	–	–	–	–	–	–	–	–
100	Central banks	–	–	–	–	–	–	–	–	–	–	–	–
110	General governments	5	5	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	11	11	–	–	–	–	–	–	–	–	–	–
130	Other financial corporations	2	2	–	–	–	–	–	–	–	–	–	–
140	Non-financial corporations	26	26	–	–	–	–	–	–	–	–	–	–
150	**Off-balance-sheet exposures**	5,228			–								–
160	Central banks	–			–								–
170	General governments	–			–								–
180	Credit institutions	–			–								–
190	Other financial corporations	–			–								–
200	Non-financial corporations	5,228			–								–
210	Households	–			–								–
220	**Total**	**15,468**	**10,192**	**47**	**116**	**54**	**21**	**21**	**20**	**–**	**–**	**–**	**116**

Table 22: EU CQ3: Credit quality of performing and non-performing exposures by past due days

8 Credit risk *continued*

The below table shows the quality of non-performing exposures by geography in accordance with Article 442 (c) and (e). The majority of the finance lease contracts are located in the United States, while the main contributors of the non-performing exposures are France and Italy.

		Gross carrying/nominal amount						
			Of which non-performing					
As at 31 December 2021, in millions of euros		Total	Total	Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	**On-balance-sheet exposures**							
1	Austria	27	2	2	27	–1		–
2	Belgium	130	3	3	130	–1		–
3	Czech Republic	37	5	5	37	–5		–
4	Denmark	51	–	–	51	–		–
5	Finland	56	–	–	56	–		–
6	France	462	21	21	462	–11		–
7	Germany	328	15	15	328	–1		–
8	Greece	51	1	1	51	–1		–
9	Hungary	7	–	–	7	–		–
10	Ireland	458	–	–	458	–		–
11	Italy	153	22	22	153	–18		–
12	Luxembourg	67	–	–	67	–		–
13	Netherlands	192	3	3	192	–8		–
14	Norway	121	–	–	121	–		–
15	Poland	26	3	3	26	–2		–
16	Portugal	114	1	1	114	–1		–
17	Romania	7	1	1	7	–		–
18	Russian Federation	5	–	–	5	–		–
19	Slovakia	25	–	–	25	–		–
20	Spain	187	9	9	187	–6		–
21	Sweden	91	–	–	91	–		–
22	Switzerland	22	5	5	22	–		–
23	Turkey	4	–	–	4	–		–
24	United Kingdom	708	14	14	708	–15		–
25	United States	1,356	–	–	1,356	–3		–
26	Australia	2	–	–	2	–		–
27	Brazil	7	–	–	7	–		–
28	Canada	1	–	–	1	–		–
29	Hong Kong	1	–	–	1	–		–
30	India	13	9	9	13	–9		–
31	Jersey	–	–	–	–	–		–
32	Mexico	11	–	–	11	–		–
33	New Zealand	1	–	–	1	–		–

8 Credit risk *continued*

As at 31 December 2021, in millions of euros		Gross carrying/nominal amount					Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing					
		Total	Total	Of which defaulted	Of which subject to impairment	Accumulated impairment		
080	**Off-balance-sheet exposures**							
1	Austria	76	–	–			–	
2	Belgium	333	–	–			–	
3	Czech Republic	101	–	–			–	
4	Denmark	150	–	–			–	
5	Finland	84	–	–			–	
6	France	582	–	–			–	
7	Germany	440	–	–			–	
8	Greece	126	–	–			–	
9	Hungary	49	–	–			–	
10	Ireland	38	–	–			–	
11	Italy	706	–	–			–	
12	Luxembourg	36	–	–			–	
13	Netherlands	386	–	–			–	
14	Norway	284	–	–			–	
15	Poland	114	–	–			–	
16	Portugal	344	–	–			–	
17	Romania	17	–	–			–	
18	Russian Federation	11	–	–			–	
19	Slovakia	31	–	–			–	
20	Spain	250	–	–			–	
21	Sweden	99	–	–			–	
22	Switzerland	33	–	–			–	
23	Turkey	8	–	–			–	
24	United Kingdom	342	–	–			–	
25	United States	532	–	–			–	
26	Australia	–	–	–			–	
27	Brazil	40	–	–			–	
28	Canada	–	–	–			–	
29	Hong Kong	–	–	–			–	
30	India	8	–	–			–	
31	Jersey	–	–	–			–	
32	Mexico	8	–	–			–	
33	New Zealand	–	–	–			–	
150	**Total**	**9,950**	**116**	**116**	**4,722**	**–83**	**–**	**–**

Table 23: EU CQ4: Quality of non-performing exposures by geography

8 Credit risk *continued*

The below table is in accordance with Article 442 (c) and (e). The most exposure is within the industries Wholesale and retail trade and Manufacturing, while the majority of the non-performing exposure is within the Transport and storage industry due to individual customers. There is no increased credit risk identified due to the industry the customer is in.

		Gross carrying/nominal amount					Accumulated negative changes in fair value due to credit risk on non-performing exposure
			Of which non-performing				
As at 31 December 2021, in millions of euros		**Total**	**Total**	**Of which defaulted**	**Of which loans and advances subject to impairment**	**Accumulated impairment**	
010	Agriculture, forestry and fishing	14	1	1	14	–	–
020	Mining and quarrying	12	–	–	12	–	–
030	Manufacturing	770	7	7	770	−5	–
040	Electricity, gas, steam and air conditioning supply	17	1	1	17	–	–
050	Water supply	8	2	2	8	−2	–
060	Construction	376	20	20	376	−6	–
070	Wholesale and retail trade	1,107	14	14	1,107	−18	–
080	Transport and storage	484	39	39	484	−15	–
090	Accommodation and food service activities	4	–	–	4	–	–
100	Information and communication	31	–	–	31	–	–
110	Financial and insurance activities	–	–	–	–	–	–
120	Real estate activities	59	1	1	59	−1	–
130	Professional, scientific and technical activities	74	1	1	74	−1	–
140	Administrative and support service activities	473	13	13	473	−6	–
150	Public administration and defence, compulsory social security	–	–	–	–	–	–
160	Education	2	–	–	2	–	–
170	Human health services and social work activities	25	–	–	25	−1	–
180	Arts, entertainment and recreation	5	–	–	5	–	–
190	Other services	163	9	9	163	−17	–
200	**Total**	**3,623**	**108**	**108**	**3,623**	**−74**	**–**

Table 24: EU CQ5: Credit quality of loans and advances by industry

For LeasePlan, the ratio between the gross carrying amount of loans and advances that fall under CRR Article 47a(3) of Regulation (EU) No 575/2013 and the total gross carrying amount of loans and advances that fall under Article 47a(1) of Regulation (EU) No 575/2013, has fallen below the 5% threshold on three consecutive quarters during the four quarters prior to the disclosure reference date of 31 December 2021.

Templates EU CQ7: Collateral obtained by taking possession and execution processes and EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown are not applicable to LeasePlan as only the lease objects/vehicles are considered as credit risk mitigation technique for RWA calculations. The legal ownership for these lease objects/vehicles remains with LeasePlan during the lifetime of the lease contract, hence no additional possession or execution process is performed.

8 Credit risk *continued*

8.2 CREDIT RISK MITIGATION

LeasePlan distinguishes two types of collateral, namely the lease objects/vehicles and other credit protection (e.g. deposits, guarantees). The lease objects/vehicles are used in the capital calculations, while the other credit protections are only indirectly and implicitly taken into account via a lower LGD percentage.

In the 'Collateral Standard' the main requirements related to credit protection are included, which mainly consist of the following:

Lease objects/vehicles

This type of collateral considers the lease object/vehicle as collateral for the lease. The loan portfolio of LeasePlan, which predominantly consists of finance leases, is therefore considered to be collateralised.

For the object (e.g. vehicle) that is provided in relation to a lease where, regardless of the economic ownership, the legal title of the object is with LeasePlan until payment is made by customer to transfer the title and/or the lease is terminated and the object is returned to LeasePlan. Therefore there is legal certainty that collateral can always be used to mitigate the credit risk.

For valuation of the collateral LeasePlan distinguishes the approach by defaulted and non-defaulted customers. For non-defaulted customers the best estimate for the value of the object is the current book value of the lease on LeasePlan's balance sheet. The book value of performing contracts is periodically (i.e. on a quarterly basis) assessed and, if required, adjusted based on the requirements included in the accounting policy. Moreover, the book value diminishes over time to reflect the depreciation on the lease object and hence the collateral value. The book value of the lease is therefore considered the best estimate for performing customers.

For defaulted customers the collateral value is the value of the object that can be realised when sold to a third party effectively reflecting the current market value of the object ('market value'). The market value should be determined at the moment of default and updated over the lifetime of the default to properly reflect the exposure we have on defaulted customers which is not covered by value of the object. This update is performed at least on a quarterly basis. No haircut is used to reduce the value of the collateral.

Other credit protection

Next to the lease objects/vehicles, LeasePlan also accepts other collateral to mitigate the credit risk of the customers. Most used types of these collaterals are deposits, down payments and guarantees, usually from another subsidiary in the family tree (parent-child relation).

The legal certainty that the collateral can be called in case of a breach of the contract is verified by the local credit risk department and the 4-eye principle is included in the process to make sure this is correctly administrated in the Global Credit Risk Management System.

These types of collateral are considered to be based on the exchange of 'cash'. The value of the collateral should therefore be considered in line with the value of the collateral exchanged with the customer or counterparty. So the nominal value of the collateral is considered the valuation throughout the whole period the collateral is applicable.

For information on LeasePlan's master netting agreements refer to the disclosure in section 9 'Counterparty credit risk' of this document. It is LeasePlan's practice to execute ISDA agreements and CSAs with all of its derivative financial counterparties. LeasePlan's ISDAs cover:

- Interest rate swaps;
- Forward rate agreements;
- Currency swaps; and
- Currency forwards.

8 Credit risk *continued*

Concentration risk

In accordance with Capital Requirements Directive (CRD) Article 81, and in addition to the ongoing monitoring of credit quality trends in the portfolio, LeasePlan applies key focus on the assessment of potential concentration risks across counterparties, industries and countries. Limits related to these concentrations are included in the Risk Appetite Statement. LeasePlan calculates its Pillar 2 capital requirement for concentration risk based on the Herfindahl-Hirschman Index (HHI) on an annual basis to monitor any single exposure or group of related exposures with the potential to produce losses large enough to threaten the ability to maintain the core operations.

The table below shows the loans and advances and the part which is considered collateralised. The collateralised part is related to the finance lease portfolio which is, as explained above, considered collateralised.

			Secured carrying amount			
					Of which secured by financial guarantees	
As at 31 December 2021, in millions or euros		**Unsecured carrying amount**	**Total**	**Of which secured by collateral**	**Total**	**Of which secured by credit derivatives**
1	Loans and advances	10,312	2,784	2,784	–	–
2	Debt securities	44	–	–	–	
3	**Total**	**10,356**	**2,784**	**2,784**	**–**	**–**
4	Of which non-performing exposures	116	52	–	–	–
EU-5	Of which defaulted	–	52			

Table 25: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

8 Credit risk *continued*

8.3 STANDARDISED APPROACH

Use of external credit ratings

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

LeasePlan's rating	Description of the grade	External rating: Standard & Poor's equivalent
1	Prime	AAA/AA-
2A	Very Strong	A+
2B	Strong	A
2C	Relatively Strong	A-
3A	Very Acceptable	BBB+
3B	Acceptable	BBB
3C	Relatively Acceptable	BBB-
4A	Very Sufficient	BB+
4B	Sufficient	BB
4C	Relatively Sufficient	BB-
5A	Somewhat Weak – Special Attention	B+
5B	Weak – Special Attention	B
5C	Very Weak – Watch	B-
6A	Sub-Standard – Watch	CCC+/C

Table 26: Mapping of LeasePlan's rating and external credit rating

LeasePlan does not use an issuer or an issue credit assessment to determine the risk weight to be assigned to an exposure not included in the trading book in accordance with Article 139 of Chapter 2 of Title II of Part Three CRR.

LeasePlan complies with the standard association published by the EBA regarding the alphanumerical scale of each nominated ECAI/ECA with the risk weights that correspond with the credit quality steps as set out in Chapter 2 of Title II of Part Three CRR.

Exposures under the standardised approach

LeasePlan does not use any other credit risk mitigation technique which is required under disclosures for template 'EU CR4 – Standardised approach – Credit risk exposure and CRM effects'. Please refer to section Credit Risk Mitigation of this report for further information.

8 Credit risk *continued*

Exposures by asset classes and risk weights

The relatively high amounts in the risk weight category 'other items' is the result of the residual value part of the total exposure which is risk weighted according to the 1/t formula (Article 134.7) where T is the rounded contractual remainder of the leased contract.

As at 31 December 2021, in millions of euros		Risk weight																
Exposure classes		**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1250%**	**Others**	**Total**	**Of which unrated**
1	Central governments or central banks	5,822	–	–	–	4	–	46	–	–	4	–	145	–	–	–	6,023	1
2	Regional government or local authorities	7	–	–	–	–	–	10	–	–	1	–	–	–	–	–	18	1
3	Public sector entities	–	–	–	–	41	–	11	–	–	0	–	–	–	–	–	53	0
4	Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	International organisations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Institutions	–	226	–	–	579	–	276	–	–	41	1	–	–	–	–	694	25
7	Corporates	–	–	–	–	3	–	11	–	–	1,533	–	–	–	–	–	1,548	1,502
8	Retail exposures	–	–	–	–	–	–	–	–	458	–	–	–	–	–	–	458	458
9	Exposures secured by mortgages on immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Exposures in default	–	–	–	–	–	–	–	–	–	6	23	–	–	–	–	29	12
11	Exposures associated with particularly high risk	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	Covered bonds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Units or shares in collective investment undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
16	Other items	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6,132	6,132	6,132
17	**Total**	**5,829**	**226**	**–**	**–**	**628**	**–**	**355**	**–**	**458**	**1,585**	**25**	**145**	**–**	**–**	**6,132**	**14,954**	**8,131**

Table 27: EU CR5 – Standardised approach

8 Credit risk *continued*

8.4 INTERNAL RATINGS BASED (IRB) APPROACH

Internal models

Effective 1 December 2008, LeasePlan implemented Advanced Internal Rating Based (A-IRB) models for calculating the regulatory capital requirement for credit risk for its corporate fleet. Effective 1 January 2014 LeasePlan implemented AIRB models for the retail portfolios in the United Kingdom and the Netherlands. LeasePlan is authorised to use IRB for their Corporate customers, Retail NL (SME) and Retail UK (SME/Private Lease).

With the new definition of default being live as at 1 January 2021 (see section Default definition of this report) the characteristics (PD, LGD, EAD) related to defaults have also changed. Therefore the regulatory models used to determine the PD, LGD and EAD of a client have been redeveloped. These new models have been sent to the regulator and LeasePlan is awaiting the model assessment process of the regulator. Until the models are approved by the regulator the models based on the previous definition of default are still used and the numbers in the following tables of this chapter are based on those models. The applications of the old models in combination with the new definition of default leads to an overstatement in TREA and credit risk capital. The TREA for credit risk also includes an add on imposed by the regulator because LeasePlan applies IRB models on a different (old) default definition. The introduction of the new definition of default in combination with LeasePlan's current LGD model doesn't allow for adequate backtesting.

8 Credit risk *continued*

Overview of the main parameters of portfolios under the IRB approach

The table below shows the IRB approach – Credit risk exposures by PD range and exposure class between Corporate and Retail Small-Medium-Enterprises and Other enterprises, in accordance with CRR Articles 452(g)(i)-(v).

As at 31 December 2021, in millions of euros PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
A-IRB												
Corporate – SME												
0.00 to <0.15	152	–	1	152	0.1%	1,583	27.2%	3.00	19	12.2%	0	0
0.00 to <0.10	109	–	1	109	0.0%	1,119	27.2%	3.00	11	9.9%	0	0
0.10 to <0.15	43	–	1	43	0.1%	464	27.2%	2.00	8	18.1%	0	0
0.15 to <0.25	45	–	1	45	0.2%	502	26.5%	3.00	11	23.3%	0	0
0.25 to <0.50	47	–	1	47	0.4%	383	29.8%	3.00	19	39.6%	0	0
0.50 to <0.75	18	–	1	18	0.7%	220	24.9%	2.00	7	37.3%	0	0
0.75 to <2.50	12	–	1	12	1.4%	187	26.4%	3.00	6	49.3%	0	0
0.75 to <1.75	9	–	1	9	1.2%	121	27.2%	3.00	5	50.5%	0	0
1.75 to <2.5	3	–	1	3	2.0%	66	23.6%	3.00	1	45.1%	0	0
2.50 to <10.00	2	–	1	2	3.2%	46	21.4%	2.00	1	45.2%	0	0
2.5 to <5	2	–	1	2	3.1%	43	21.3%	2.00	1	44.7%	0	0
5 to <10	0	–	1	0	7.8%	3	28.0%	2.00	0	68.8%	0	0
10.00 to <100.00	0	–	1	0	13.4%	4	29.4%	2.00	0	103.9%	0	0
10 to <20	0	–	1	0	13.4%	4	29.4%	2.00	0	103.9%	0	0
20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
100.00 (Default)	4	–	1	4	100.0%	42	35.0%	1.00	13	323.1%	0	0
Subtotal	**282**	**–**	**1**	**282**	**1.7%**	**2,967**	**27.4%**	**2.56**	**75**	**26.7%**	**0**	**0**

8 Credit risk *continued*

As at 31 December 2021, in millions of euros PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Corporate – Other												
0.00 to <0.15	3,572	–	1	3,572	0.1%	13,791	27.6%	3.00	670	18.7%	1	–1
0.00 to <0.10	2,277	–	1	2,277	0.1%	9,434	28.3%	3.00	346	15.2%	0	0
0.10 to <0.15	1,295	–	1	1,295	0.1%	4,357	26.4%	3.00	324	25.0%	0	0
0.15 to <0.25	806	–	1	806	0.2%	4,373	27.4%	3.00	239	29.7%	1	0
0.25 to <0.50	971	–	1	971	0.4%	4,140	29.3%	3.00	407	41.9%	1	–1
0.50 to <0.75	342	–	1	342	0.7%	2,508	29.3%	3.00	180	52.8%	1	–1
0.75 to <2.50	232	–	1	232	1.4%	2,617	31.9%	2.00	163	70.1%	1	–1
0.75 to <1.75	155	–	1	155	1.2%	1,620	31.6%	3.00	103	66.1%	1	0
1.75 to <2.5	77	–	1	77	2.0%	997	32.4%	2.00	60	78.0%	0	0
2.50 to <10.00	57	–	1	57	3.5%	673	26.3%	1.00	37	64.8%	1	0
2.5 to <5	53	–	1	53	3.1%	581	25.5%	1.00	32	60.2%	0	0
5 to <10	5	–	1	5	7.8%	92	36.1%	2.00	5	117.4%	0	0
10.00 to <100.00	1	–	1	1	13.4%	31	38.3%	3.00	1	124.3%	0	0
10 to <20	1	–	1	1	13.4%	31	38.3%	3.00	1	124.3%	0	0
20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
100.00 (Default)	197	–	1	197	100.0%	3,607	36.8%	2.00	629	318.8%	28	–28
Subtotal	**6,178**	**–**	**1**	**6,178**	**3.5%**	**31,740**	**30.9%**	**2.88**	**2,325**	**37.6%**	**33**	**–33**
Retail – Other SME												
0.00 to <0.15	1	–	1	1	0.0%	41	30.4%	3.00	0	3.1%	0	0
0.00 to <0.10	1	–	1	1	0.0%	41	30.4%	3.00	0	3.1%	0	0
0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	–
0.25 to <0.50	3	–	1	3	0.5%	77	30.5%	3.00	1	21.7%	0	0
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	–
0.75 to <2.50	26	–	1	26	1.5%	671	30.6%	3.00	9	35.9%	0	0
0.75 to <1.75	22	–	1	22	1.4%	585	30.6%	3.00	8	35.4%	0	0
1.75 to <2.5	4	–	1	4	2.1%	86	30.6%	3.00	1	39.5%	0	0

8 Credit risk *continued*

As at 31 December 2021, in millions of euros PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
2.50 to <10.00	39	–	1	39	5.6%	1,281	29.0%	3.00	17	44.1%	1	–1
2.5 to <5	17	–	1	17	3.1%	442	30.6%	3.00	7	43.7%	0	0
5 to <10	22	–	1	22	7.5%	839	27.9%	3.00	10	44.4%	0	0
10.00 to <100.00	26	–	1	26	16.9%	2,292	25.5%	2.00	13	51.3%	1	–1
10 to <20	21	–	1	21	13.7%	1,789	25.4%	2.00	10	49.3%	1	–1
20 to <30	3	–	1	3	22.0%	442	26.0%	2.00	2	59.8%	0	0
30.00 to <100.00	1	–	1	1	54.5%	61	25.6%	2.00	1	59.7%	0	0
100.00 (Default)	0	–	1	0	100.0%	24	28.6%	1.00	1	277.8%	0	0
Subtotal	**94**	**–**	**1**	**94**	**7.7%**	**4,386**	**28.5%**	**1.88**	**41**	**43.6%**	**2**	**–2**
Retail – Other non-SME												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
0.00 to <0.10	–	–	–	–	–	–	–	–	–	–	–	–
0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	–
0.75 to <1.75	–	–	–	–	–	–	–	–	–	–	–	–
1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
2.50 to <10.00	147	–	1	147	4.5%	33,031	23.9%	2.00	54	36.7%	2	–1
2.5 to <5	78	–	1	78	3.0%	15,155	23.3%	3.00	27	34.4%	1	0
5 to <10	68	–	1	68	6.1%	17,876	24.6%	2.00	27	39.4%	1	–1
10.00 to <100.00	20	–	1	20	18.4%	5,312	24.9%	2.00	11	51.4%	1	–1
10 to <20	17	–	1	17	13.1%	4,463	25.1%	2.00	8	49.4%	1	0
20 to <30	1	–	1	1	20.6%	348	27.0%	2.00	1	64.5%	0	0
30.00 to <100.00	3	–	1	3	49.8%	501	22.6%	3.00	2	57.8%	0	0
100.00 (Default)	1	–	1	1	100.0%	188	25.9%	2.00	2	238.4%	0	0
Subtotal	**168**	**–**	**1**	**168**	**6.8%**	**38,531**	**24.0%**	**2.41**	**67**	**39.8%**	**3**	**–2**
Total (all exposures classes)	**6,722**	**–**	**1**	**6,722**	**3.5%**	**77,624**	**28.2%**	**2.85**	**2,508**	**37.3%**	**38**	**–37**

Table 28: EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

8 Credit risk *continued*

The table below shows the risk-weighted exposure amounts under the IRB Approach to credit risk in accordance with CRR Article 452 (b).

As at 31 December, in millions of euros		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
1	Central governments or central banks	–	6,094	100%	0%	0%
1.1	Of which Regional governments or local authorities		18	100%	0%	0%
1.2	Of which Public sector entities		53	100%	0%	0%
2	Institutions		1,123	100%	0%	0%
3	Corporates	6,460	8,007	19%	0%	81%
3.1	Of which Corporates – Specialised lending, excluding slotting approach		–	–	–	–
3.2	Of which Corporates – Specialised lending under slotting approach		–	–	–	–
4	Retail	263	720	64%	0%	36%
4.1	of which Retail – Secured by real estate SMEs		–	–	–	–
4.2	of which Retail – Secured by real estate non-SMEs		–	–	–	–
4.3	of which Retail – Qualifying revolving		–	–	–	–
4.4	of which Retail – Other SMEs		261	64%	0%	36%
4.5	of which Retail – Other non-SMEs		627	73%	0%	27%
5	Equity	151	151	0%	0%	100%
6	Other non-credit obligation assets	15,043	15,043	0%	0%	100%
7	**Total**	**21,916**	**31,138**	**30%**	**0%**	**70%**

Table 29: EU CR6-A – Scope of the use of IRB and SA approaches

Template EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques is not applicable to LeasePlan as only the lease objects/vehicles are considered as credit risk mitigation technique for RWA calculations. For these lease objects/vehicles the legal ownership remains with LeasePlan during the lifetime of the lease contract, hence, these do not qualify as funded credit protection in accordance with CRR Article 453 (g).

The following table shows the changes in risk weighted assets during 2021 for the assets under the IRB approach in accordance with CRR Article 438 (h):

		RWEA	
In millions of euros		**Dec-21**	**Sep-21**
1	Risk weighted exposure amount as at the end of the previous reporting period	12,637	12,848
2	Asset size (+/-)	695	−182
3	Asset quality (+/-)	−26	28
4	Model updates (+/-)	–	–
5	Methodology and policy (+/-)	–	–
6	Acquisitions and disposals (+/-)	–	−109
7	Foreign exchange movements (+/-)	3	11
8	Other (+/-)	58	42
9	**Risk weighted exposure amount as at the end of the reporting period**	**13,368**	**12,637**

Table 30: EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

The Credit risk RWA in the IRB portfolio increased to EUR 13,368 million in December 2021 from EUR 12,637 million in September 2021. The main drivers of the increase are explained as follows:

- **Asset size:** The asset size increased mainly due to new business and review of approach. As from Q4 2021, the residual value movement is considered as an isolated impact and included in Other because it is Non-credit obligation Assets (ONCOA) under IRB model.
- **Other:** This category includes mainly Equity under IRB approach and ONCOA. The increase is mainly related to car on order (ONCOA).

8 Credit risk *continued*

The following table shows the IRB approach – Back-testing of PD per exposure class in accordance with CRR Article 452 (h). LeasePlan makes use of only A-IRB approach and not the F-IRB approach. The table provides details of the percentage of risk weighted exposure amount of the relevant exposure class covered by the models for which back-testing results.

In the Corporate portfolio, the default rates increased mainly due to the introduction of the new definition of default. In the Retail portfolio, the default rates are lower caused by intensified collection process and recovering from Covid-19.

As at 31 December 2021, in millions of euros	Number of obligors at the end of previous year					
PD Range by Exposure class	Total	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
A-IRB						
Total						
0.00 to <0.15	18239	12.0	0.07%	0.08%	0.08%	0.31%
0.00 to <0.10	12,821.0	9.0	0.07%	0.05%	0.06%	0.27%
0.10 to <0.15	5,418.0	3.0	0.06%	0.14%	0.14%	0.60%
0.15 to <0.25	5,871.0	19.0	0.32%	0.23%	0.23%	0.66%
0.25 to <0.50	5,228.0	8.0	0.15%	0.39%	0.39%	0.53%
0.50 to <0.75	3,451.0	14.0	0.41%	0.71%	0.71%	1.04%
0.75 to <2.50	4,164.0	13.0	0.31%	1.45%	1.48%	1.03%
0.75 to <1.75	2,867.0	9.0	0.31%	1.21%	1.23%	0.94%
1.75 to <2.5	1,297.0	4.0	0.31%	1.97%	1.98%	1.24%
2.50 to <10.00	35,364.0	34.0	0.10%	4.42%	4.85%	2.00%
2.5 to <5	14,316.0	8.0	0.06%	3.08%	3.13%	1.58%
5 to <10	21,048.0	26.0	0.12%	6.54%	6.21%	3.14%
10.00 to <100.00	9,754.0	90.0	0.92%	17.50%	17.19%	4.02%
10 to <20	8,212.0	19.0	0.23%	13.44%	13.40%	3.33%
20 to <30	1,039.0	5.0	0.48%	21.60%	21.07%	4.35%
30.00 to <100.00	503.0	66.0	13.12%	51.39%	53.26%	22.79%
100.00 (Default)	5,742.0	78.0	1.36%	100.00%	100.00%	9.82%
Corporate – SME						
0.00 to <0.15	2023	–	0.00%	0.08%	0.08%	0.33%
0.00 to <0.10	1,415.0	–	0.00%	0.05%	0.05%	0.24%
0.10 to <0.15	608.0	–	0.00%	0.14%	0.14%	0.51%
0.15 to <0.25	603.0	2.0	0.33%	0.23%	0.23%	0.41%
0.25 to <0.50	517.0	–	0.00%	0.39%	0.39%	0.65%
0.50 to <0.75	350.0	1.0	0.29%	0.71%	0.71%	0.78%
0.75 to <2.50	280.0	1.0	0.36%	1.35%	1.47%	1.10%
0.75 to <1.75	165.0	1.0	0.61%	1.18%	1.18%	0.99%
1.75 to <2.5	115.0	–	0.00%	1.97%	1.97%	1.27%
2.50 to <10.00	70.0	–	0.00%	3.20%	3.63%	2.32%
2.5 to <5	59.0	–	0.00%	3.09%	3.35%	2.04%
5 to <10	11.0	–	0.00%	7.80%	7.80%	4.67%
10.00 to <100.00	2.0	–	0.00%	13.38%	13.38%	1.66%
10 to <20	2.0	–	0.00%	13.38%	13.38%	1.66%
20 to <30	–	–	0.00%	0.00%	0.00%	0.00%
30.00 to <100.00	–	–	0.00%	0.00%	0.00%	0.00%
100.00 (Default)	71.0	–	0.00%	100.00%	100.00%	100.00%

8 Credit risk *continued*

As at 31 December 2021, in millions of euros PD Range by Exposure class	Number of obligors at the end of previous year Total	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Corporate – Other						
0.00 to <0.15	16,136.0	12.0	0.07%	0.09%	0.08%	0.59%
0.00 to <0.10	11,326.0	9.0	0.08%	0.05%	0.06%	0.54%
0.10 to <0.15	4,810.0	3.0	0.06%	0.14%	0.14%	0.68%
0.15 to <0.25	5,268.0	17.0	0.32%	0.23%	0.23%	0.91%
0.25 to <0.50	4,614.0	8.0	0.17%	0.39%	0.39%	0.90%
0.50 to <0.75	3,101.0	13.0	0.42%	0.71%	0.71%	1.30%
0.75 to <2.50	3,117.0	12.0	0.39%	1.44%	1.48%	1.85%
0.75 to <1.75	2,037.0	8.0	0.39%	1.18%	1.18%	1.56%
1.75 to <2.5	1,080.0	4.0	0.37%	1.97%	1.97%	2.40%
2.50 to <10.00	870.0	4.0	0.46%	3.48%	4.10%	3.46%
2.5 to <5	754.0	4.0	0.53%	3.10%	3.53%	3.24%
5 to <10	116.0	–	0.00%	7.80%	7.80%	4.91%
10.00 to <100.00	66.0	1.0	1.52%	13.38%	13.38%	6.24%
10 to <20	66.0	1.0	1.52%	13.38%	13.38%	6.24%
20 to <30	–	–	0.00%	0.00%	0.00%	0.00%
30.00 to <100.00	–	–	0.00%	0.00%	0.00%	0.00%
100.00 (Default)	5,314.0	75.0	1.41%	100.00%	100.00%	100.00%
Retail – SME						
0.00 to <0.15	80.0	–	0.00%	0.03%	0.03%	0.04%
0.00 to <0.10	80.0	–	0.00%	0.03%	0.03%	0.04%
0.10 to <0.15	–	–	0.00%	0.00%	0.00%	0.00%
0.15 to <0.25	–	–	0.00%	0.00%	0.00%	0.00%
0.25 to <0.50	97.0	–	0.00%	0.47%	0.47%	0.09%
0.50 to <0.75	–	–	0.00%	0.00%	0.00%	0.00%
0.75 to <2.50	767.0	–	0.00%	1.53%	1.49%	0.32%
0.75 to <1.75	665.0	–	0.00%	1.45%	1.40%	0.33%
1.75 to <2.5	102.0	–	0.00%	2.08%	2.08%	0.25%
2.50 to <10.00	1,354.0	2.0	0.15%	5.64%	5.97%	1.14%
2.5 to <5	491.0	2.0	0.41%	3.13%	3.15%	0.61%
5 to <10	863.0	–	0.00%	7.54%	7.49%	1.44%
10.00 to <100.00	3,318.0	23.0	0.69%	16.95%	17.13%	3.57%
10 to <20	2,515.0	3.0	0.12%	13.69%	14.42%	2.55%
20 to <30	662.0	4.0	0.60%	21.96%	21.41%	3.76%
30.00 to <100.00	141.0	16.0	11.35%	54.49%	56.61%	17.99%
100.00 (Default)	96.0	1.0	1.04%	100.00%	100.00%	100.00%

8 Credit risk *continued*

As at 31 December 2021, in millions of euros PD Range by Exposure class	Number of obligors at the end of previous year Total	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Retail – Other						
0.00 to <0.15	–	–	–	–	–	–
0.00 to <0.10	–	–	–	–	–	–
0.10 to <0.15	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–
0.75 to <1.75	–	–	–	–	–	–
1.75 to <2.5	–	–	–	–	–	–
2.50 to <10.00	33,070.0	28.0	0.08%	4.48%	4.83%	1.08%
2.5 to <5	13,012.0	2.0	0.02%	3.05%	3.11%	0.45%
5 to <10	20,058.0	26.0	0.13%	6.13%	6.15%	1.54%
10.00 to <100.00	6,368.0	66.0	1.04%	18.37%	17.25%	4.62%
10 to <20	5,629.0	15.0	0.27%	13.13%	12.99%	2.88%
20 to <30	377.0	1.0	0.27%	20.63%	20.62%	4.94%
30.00 to <100.00	362.0	50.0	13.81%	49.83%	52.77%	27.59%
100.00 (Default)	261.0	2.0	0.77%	100.00%	100.00%	100.00%

Table 31: EU CR9 –IRB approach – Back-testing of PD per exposure class (fixed PD scale)

8 Credit risk *continued*

In addition to table EU CR9, in the table below LeasePlan provides further information in accordance with CRR Article 180 (1) (f) for PD estimation and only for PD estimates in accordance with the same CRR Article.

As at 31 December 2021, in millions of euros PD Range by Exposure class	External rating equivalent (S&P)	External rating equivalent (Moody's)	Number of obligors at the end of previous year Total	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
Corporate – SME							
0.0003	AAA to A+	Aaa to A1	495	12	2.27%	0.03%	0.38%
0.0005	A	A2	368	12	2.88%	0.05%	0.51%
0.0008	A-	A3	430	9	1.92%	0.08%	0.54%
0.0014	BBB+	Baa1	551	15	2.47%	0.14%	0.62%
0.0023	BBB	Baa2	532	20	3.32%	0.23%	0.80%
0.0039	BBB-	Baa3	453	16	3.09%	0.39%	0.86%
0.0071	BB+	Ba1	283	15	4.29%	0.71%	1.39%
0.0118	BB	Ba2	136	6	3.64%	1.18%	1.19%
0.0197	BB-	Ba3	104	2	1.74%	1.97%	1.33%
0.0293	B+	B1	30	2	5.00%	2.93%	1.91%
0.0483	B	B2	14	2	10.53%	4.83%	2.82%
0.078	B-	B3	6	0	0.00%	7.80%	0.95%
0.1338	CCC+ to C	Caa1 to C	2	0	0.00%	13.38%	3.70%
1	–	–	8	–	–	100.00%	–
Corporate – Other							
0.0003	AAA to A+	Aaa to A1	3,014	132	3.9%	0.0%	0.4%
0.0005	A	A2	3,104	138	4.0%	0.1%	0.5%
0.0008	A-	A3	3,917	168	3.8%	0.1%	0.5%
0.0014	BBB+	Baa1	4,262	197	4.1%	0.1%	0.6%
0.0023	BBB	Baa2	4,677	245	4.7%	0.2%	0.8%
0.0039	BBB-	Baa3	4,095	230	5.0%	0.4%	0.9%
0.0071	BB+	Ba1	2,681	181	5.8%	0.7%	1.4%
0.0118	BB	Ba2	1,750	132	6.5%	1.2%	1.2%
0.0197	BB-	Ba3	935	64	5.9%	2.0%	1.3%
0.0293	B+	B1	421	39	7.4%	2.9%	1.9%
0.0483	B	B2	172	20	8.7%	4.8%	2.8%
0.078	B-	B3	84	7	6.0%	7.8%	1.0%
0.1338	CCC+ to C	Caa1 to C	37	5	7.6%	13.4%	3.7%
1	–	–	1,761	–	–	100.0%	–
Retail – SME							
0.00 to <0.15	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
Retail – Other							
0.00 to <0.15	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–

Table 32: EU CR9.1 –IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)

8 Credit risk *continued*

8.5 EQUITY EXPOSURES UNDER THE SIMPLE RISK-WEIGHTED APPROACH

In 2021 LeasePlan lost control of the CarNext business included in CarNext B.V. in two subsequent transactions. On 1 July 2021 LeasePlan contributed CarNext B.V. to CN Group B.V. in return for newly issued shares. A consortium of investors contributed cash to CN Group B.V. In that transaction LeasePlan lost control and retained a non-controlling interest in CN Group B.V. with significant influence.
In October 2021 the non-controlling interest in CN Group B.V. has been acquired by Constellation Automotive Holdings S.a.r.l. in return for newly issued ordinary shares and LeasePlan retains an equity investment in Constellation Automotive Holdings S.a.r.l. without significant influence. This equity exposure is risk weighted against 370%.

On 1 September 2021 LeasePlan sold its subsidiaries LeasePlan Australia and LeasePlan New Zealand to SG Fleet Group. LeasePlan retains an equity investment in SG Fleet. This equity exposure is an investment in a Financial Sector Entity and is considered in relation to the respective CET1 deduction thresholds. As these thresholds are not breached, this exposure is risk weighted against 250% in accordance with CRR Article 48.

As at 31 December 2021, in millions of euros	Equity exposures under the simple risk-weighted approach					
Categories	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**Risk weighted exposure amount**	**Expected loss amount**
Private equity exposures	–	–	190%	–	–	–
Exchange-traded equity exposures	–	–	290%	–	–	–
Other equity exposures	62.5	–	370%	62.5	231.25	–
Total	62.5	–	–	62.5	231.25	–

Table 33: EU CR10.5 – Equity exposures under the simple risk-weighted approach

9 Counterparty credit risk

Counterparty credit risk (CCR) arises from LeasePlan's business activities in derivatives transactions. The risk-based capital charges for CCR under Basel III cover two important characteristics of CCR: the risk of counterparty default and a credit valuation adjustment (CVA). The Basel III reforms introduced a new capital charge for the risk of loss due to the deterioration in the creditworthiness of the counterparty to a derivatives transaction. This potential mark-to-market loss is known as CVA risk. It captures changes in counterparty credit spreads and other market risk factors.

Methodology

LeasePlan complies with the CRR requirements on contractual netting in the territories in which it has derivative positions. The contractual netting is applicable to all centrally cleared and over-the-counter (OTC) derivatives. As a consequence, the exposure and corresponding capital requirements for the qualifying contracts are at the counterparty level instead of individual contract level. In addition to the netting requirements, LeasePlan also complies with the CRR requirements with respect to our positions with our central clearing counterparty, resulting in a lower capital requirement for our centrally cleared derivatives.

LeasePlan's TREA/RWA in relation to derivative exposures are split into the following categories:

- Counterparty credit risk;
- CVA.

LeasePlan applies the standardised approach for counterparty credit risk (SA-CCR) to calculate the exposure at default for derivatives. This approach consists of a replacement cost and a potential future exposure and considers a multiplier, differentiates between margined and non-margined trades and recognises netting and hedging benefits as well as collateralisation.

LeasePlan is required to hold additional capital due to CVA risk arising from OTC derivatives. In order to calculate the CVA capital charge LeasePlan uses the standardised formula in line with Article 384 of Regulation (EU) 575/2013. CVA means an adjustment to the mid-market valuation of the portfolio of transactions with a counterparty. That adjustment reflects the current market value of the credit risk of the counterparty to the institution but does not reflect the current market value of the credit risk of the institution to the counterparty.

Master netting agreements

It is LeasePlan's practice to execute standard internationally recognised documents such as International Swaps and Derivatives Association (ISDA) agreements and Credit Support Annexes (CSAs) with all of its derivative financial counterparties. In addition, LeasePlan has Cleared Derivatives Execution Agreements (CDEAs) with its principal interbank derivative counterparties enabling LeasePlan to clear eligible derivatives through an EU approved and regulated central counterparty (LeasePlan uses the London Clearing House (LCH) which is completed through a 'Clearing Broker'; LeasePlan's clearing broker is HSBC France). If a derivative contract cannot be cleared through a central counterparty, a CSA serves to limit the potential cost of replacing that contract at market price in the event of a default by the financial counterparty. All of LeasePlan's interbank derivatives are covered by CDEAs or CSAs and are hence collateralised. Collateral calls are agreed with the counterparty and settled as cash collateral on a daily basis i.e. the net market value of the outstanding derivative transactions. The agreed amount is either transferred by the counterparty to LeasePlan or paid by LeasePlan to the counterparty. Counterparty credit risk mitigating measures have the effect of reducing the exposure amount calculation according to the CRR II/CRD V rules.

Other relevant risk management policy objectives

It is LeasePlan's policy to match the contract portfolio with funding to minimise liquidity, interest rate and FX risks. When an entity enters into a new lease contract with a counterparty, they should immediately match the funding profile of the asset and liability to ensure the contract is matched from a liquidity, interest rate and currency perspective. The entity may enter into a funding contract with:

- LeasePlan Treasury (LPTY); or
- Local bank in accordance with the Funding Policy.

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

- Interest rate swaps;
- Forward rate agreements;
- Currency swaps; and
- Currency forwards.

The use of other derivatives requires specific approval by the ALCO. For all derivative trades, counterparty considerations are set by the counterparty risk standard.

9 Counterparty credit risk *continued*

As at 31 December 2021, a credit rating downgrade will have no impact on the Group's CSAs covering its interbank derivative positions. Only LeasePlan's Bumper securitisation related financial instruments contain a rating trigger, for the required disclosures under CRR Article 439 (d) (reference is made to section 12.2 Exposure to securitisation positions of this report).

Based on the standardised approach LeasePlan holds EUR 8 million for CCR and EUR 4 million capital for credit valuation adjustment (CVA) charge under Pillar 1 as at 31 December 2021. In 2021, LeasePlan applied the standardised approach methodology for calculating CCR under CRR II. This resulted in a higher exposure value, RWEA and capital requirement compared to prior reporting periods.

In the table below, LeasePlan provides information as referred to in CRR Article 439 (f), (g) and (k).

As at 31 December 2021, in millions of euros		**Replacement cost (RC)**	**Potential future exposure (PFE)**	**EEPE**	**Alpha used for computing regulatory exposure value**	**Exposure value pre-CRM**	**Exposure value post-CRM**	**Exposure value**	**RWEA**
EU-1	EU – Original Exposure Method (for derivatives)	–	–		1.4	–	–	–	–
EU-2	EU – Simplified SA-CCR (for derivatives)	–	–		1.4	–	–	–	–
1	SA-CCR (for derivatives)	25	120		1.4	166	145	203	100
2	IMM (for derivatives and SFTs)			–	–	–	–	–	–
2a	Of which securities financing transactions netting sets			–		–	–	–	–
2b	Of which derivatives and long settlement transactions netting sets			–		–	–	–	–
2c	Of which from contractual cross-product netting sets			–		–	–	–	–
3	Financial collateral simple method (for SFTs)					–	–	–	–
4	Financial collateral comprehensive method (for SFTs)					–	–	–	–
5	VaR for SFTs					–	–	–	–
6	**Total**					**166**	**145**	**203**	**100**

Table 34: EU CCR1 – Analysis of CCR exposure by approach[10]

In the table below, LeasePlan provides information as referred to in CRR Article 439 (h). The higher exposure value at December 2021 versus June 2021 is explained by marginally higher replacement cost and potential future exposure in respect of LeasePlan's financial counterparties.

		Dec-21		**Jun-21**	
In millions of euros		**Exposure value**	**RWEA**	**Exposure value**	**RWEA**
1	Total transactions subject to the Advanced method	–	–	–	–
2	(i) VaR component (including the 3× multiplier)		–		–
3	(ii) stressed VaR component (including the 3× multiplier)		–		–
4	Transactions subject to the Standardised method	429	52	395	51
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	–	–	–	–
5	**Total transactions subject to own funds requirements for CVA risk**	**429**	**52**	**395**	**51**

Table 35: EU CCR2 – Transactions subject to own funds requirements for CVA risk

10 LeasePlan has a waiver in place setting out specific conditions that allows LeasePlan to include Euro Insurances DAC in the Prudential Scope of Consolidation.

9 Counterparty credit risk *continued*

The following table presents information on the risk-weighting of CCR exposures under the standardised approach by regulatory portfolio as referred to in CRR Article 444 (e).

As at 31 December 2021, in millions of euros		Risk weight											Total exposure value
Exposure classes		**0%**	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Other**	
1	Central governments or central banks	–	–	–	–	–	–	–	–	–	–	–	–
2	Regional government or local authorities	–	–	–	–	–	–	–	–	–	–	–	–
3	Public sector entities	–	–	–	–	–	–	–	–	–	–	–	–
4	Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–
5	International organisations	–	–	–	–	–	–	–	–	–	–	–	–
6	Institutions	–	226	–	–	6	197	–	–	–	–	–	429
7	Corporates	–	–	–	–	–	–	–	–	–	–	–	–
8	Retail	–	–	–	–	–	–	–	–	–	–	–	–
9	Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–
10	Other items	–	–	–	–	–	–	–	–	–	–	–	–
11	**Total exposure value**	**–**	**226**	**–**	**–**	**6**	**197**	**–**	**–**	**–**	**–**	**–**	**429**

Table 36: EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

In the table below LeasePlan provides insight on the composition of collateral for exposures to CCR as referred to in CRR Article 439 (e).

		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
As at 31 December 2021, in millions of euros		**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**
1	Cash – domestic currency	43	–	53	–	–	–	–	–
2	Cash – other currencies	35	–	–	–	–	–	–	–
3	Domestic sovereign debt	–	–	–	–	–	–	–	–
4	Other sovereign debt	–	–	–	–	–	–	–	–
5	Government agency debt	–	–	–	–	–	–	–	–
6	Corporate bonds	–	–	–	–	–	–	–	–
7	Equity securities	–	–	–	–	–	–	–	–
8	Other collateral	–	–	–	–	–	–	–	–
9	**Total**	**79**	**–**	**53**	**–**	**–**	**–**	**–**	**–**

Table 37: EU CCR5– Composition of collateral for CCR exposures

9 Counterparty credit risk *continued*

In the table below LeasePlan provides insight into exposures to qualifying central counterparties (QCCPs) and non-QCCPs as referred to in CRR Article 439 (i). Exposures to QCCPs remained broadly flat between June and December 2021.

		Dec-21		Jun-21	
In millions of euros		Exposure value	RWEA	Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**5**		**4**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	226	5	220	4
3	(i) OTC derivatives	226	5	220	4
4	(ii) Exchange-traded derivatives	–	–	–	–
5	(iii) SFTs	–	–	–	–
6	(iv) Netting sets where cross-product netting has been approved	–	–	–	–
7	Segregated initial margin	35		28	
8	Non-segregated initial margin	–	–	–	–
9	Prefunded default fund contributions	–	–	–	–
10	Unfunded default fund contributions	–	–	–	–
11	**Exposures to non-QCCPs (total)**		**–**	**–**	**–**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	–	–	–	–
13	(i) OTC derivatives	–	–	–	–
14	(ii) Exchange-traded derivatives	–	–	–	–
15	(iii) SFTs	–	–	–	–
16	(iv) Netting sets where cross-product netting has been approved	–	–	–	–
17	Segregated initial margin	–		–	
18	Non-segregated initial margin	–	–	–	–
19	Prefunded default fund contributions	–	–	–	–
20	Unfunded default fund contributions	–	–	–	–

Table 38: EU CCR8 – Exposures to CCPs[11]

11 *In the table, the Exposure Value and RWEA in the comparative Jun-21 figures under 'Exposures to non-QCCPs (total)' has been restated to zero vis-à-vis the disclosure in the LeasePlan Corporation Pillar 3 Half Year Report 2021, as LeasePlan only has exposure to QCCPs (LCH) and no exposure to non-QCCPs.*

10 Market risk

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

As a result of global coverage, LeasePlan is exposed to several currencies besides its reporting currency (euro). The objective of LeasePlan's Currency Risk Management Policy is to protect its CET1 ratio against movements in exchange rates. In order to reduce FX risk LeasePlan deliberately takes long positions in foreign currencies, being net investments in subsidiaries, to protect its CET1 capital ratio. The logic behind this is that if the CET1 ratio of an entity operating in a foreign currency is the same as that for LeasePlan, FX-driven movements in assets and equity allocated to the foreign currency will cancel each other out, thereby limiting the impact on LeasePlan's CET1 ratio. In other words, an FX shock will shift the Total TREA and CET1 capital in the same direction, limiting the impact on the CET1 ratio.

In the table below LeasePlan provides insight into the market risk under the standardised approach where LeasePlan runs FX risk only:

		RWEA	
	In millions of euros	**Dec-21**	**Jun-21**
Outright products		–	–
1	Interest rate risk (general and specific)	–	–
2	Equity risk (general and specific)	–	–
3	Foreign exchange risk	440	508
4	Commodity risk	–	–
Options			
5	Simplified approach	–	–
6	Delta-plus method	–	–
7	Scenario approach	–	–
8	Securitisation (specific risk)	–	–
9	**Total**	**440**	**508**

Table 39: EU MR1 – Market risk under the standardised approach

10 Market risk *continued*

10.1 FX RISK

LeasePlan has the following approach regarding FX risk:

- **Ratio protection:** Protect the CET1 ratio rather than the absolute CET1 capital amount. LeasePlan hedges against the adverse effect of foreign currencies on LeasePlan's capital adequacy ratio, by deliberately taking structural equity positions, to match the entities' CET1 ratio with LeasePlan's CET1 ratio;
- **Matched funding:** the assets on the entities' balance sheet should always be financed in the same currency in which the lease contracts are denominated; and
- **Structural positions:** the positions in non-euro currencies are of a non-trading and structural nature.

As a result, LeasePlan's CET1 ratio is not (or in a limited way) affected by changes in the exchange rates it is exposed to. LeasePlan is aware that some currency exposure remains, for business and practical reasons, and that the exposure is not fully mitigated. As LeasePlan invests equity in various countries' local currencies there is a risk that the equity invested and result for the year become less or more valuable due to currency exchange movements.

Although LeasePlan consciously accepts this risk, adequate monitoring of absolute equity positions is in place; to control the risk exposure. LeasePlan's FX positions mainly consist of equity investments in subsidiaries.

Since LeasePlan's currency risk management is built on ratio protection, residual risks arise from mismatches between the entities' CET1 ratios compared to the consolidated CET1 ratio. Residual risks are avoided as far as possible, but any residual risks arising from structural FX positions are quantified and capitalised in the ICAAP. The parameters used to calculate the residual risk are TREA and CET1 capital on local and consolidated level.

Only the mismatches of entities with FX exposures are capitalised. The mismatch of entities with euro exposures is not capitalised, since the euro is LeasePlan's reporting currency. Furthermore, LeasePlan does not hold a trading book. FX positions are deliberately taken to manage the CET1 ratio, whereas related asset and liability positions are resulting from the LeasePlan business strategy to have a global footprint. In addition, the front-office employees' targets are aligned with this risk appetite; remuneration structures do not incentivise structural FX positions becoming a profit centre.

In the context of FX risk as part of Market Risk under Pillar I LeasePlan applies CRR Article 352(2) for its structural FX positions. This article allows LeasePlan to exclude, from its net open currency positions, any position that is deliberately taken to hedge against the adverse effect of the exchange rate on LeasePlan's ratios, in accordance with Article 92(1). LeasePlan has applied for permission to apply the structural FX waiver under EBA Guidelines as of 31 March 2022. This waiver request is currently under JST review.

The regulatory capital requirement is calculated by applying a 10% instantaneous presumed currency shock on all currencies against the euro; whereas TREA is calculated as the sum of all relative currency exposures, being the absolute mismatch between the entities' CET1 ratios compared to the consolidated CET1 ratio. Risks not captured under the ratio protection approach are for capital calculation purposes considered under Article 92(1).

The Pillar 1 exposure as at 31 December 2021 results in a capital requirement of EUR 35 million (2020: EUR 34 million).

10 Market risk *continued*

10.2 ASSET RISK

Asset risk capital

Asset risk in the context of regulatory capital calculations considers the residual value risk LeasePlan is exposed to on its leased assets.

Under Pillar 1 of the CRR/CRD IV regime, asset risk is considered part of credit risk with 1/t formula applied for risk-weighting of the residual value position of LeasePlan's risk-bearing leased assets. The regulatory capital related to residual values amounts to EUR 740 million (1/t) as at the end of 2021.

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

LeasePlan defines the economic capital for residual risk as the capital required to cover the losses on residual value risk-bearing leased assets in a 1-in-1000-year event, i.e. the 99.9 percentile.

Nominal exposure value

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

	Total asset risk exposure	
In millions of euros	**Dec-21**	**Dec-20**
Future lease payments	8,951	8,582
Residual value	13,748	13,525
Total	**22,699**	**22,107**

Table 40: Residual value position total lease portfolio

10 Market risk *continued*

The tables below illustrate the distribution of total residual value exposure across the LeasePlan entities and across the makes currently in LeasePlan's portfolio (both per top 10 and other). LeasePlan believes the concentration risk is limited due to its multi-national and make-independent strategy. In geographic terms the largest exposure per entity at the end of 2021 amounts to 14.2% of LeasePlan's total exposure compared to 13.1% at the end of 2020. In 2021, the degrees of concentration in terms of make can also be considered limited as the largest exposure amounts to 11.9 % of LeasePlan's total exposure (compared to 12.9% at the end of 2020).

	Total residual value risk exposure	
In millions of euros	**Dec-21**	**Dec-20**
LPUK	1,950	1,766
LPNL	1,755	1,678
LPIT	1,466	1,370
LPDE	1,240	1,246
LPFR	1,206	1,173
LPES	963	883
LPPT	766	756
LPNO	678	611
LPBE	644	622
LPGR	345	270
Other	2,736	3,151
Total	**13,748**	**13,525**

Table 41: Residual value risk exposure per leasing entity[12]

	Total residual value risk exposure	
In millions of euros	**Dec-21**	**Dec-20**
Volkswagen	1,639	1,626
Ford	1,274	1,246
Mercedes-Benz	1,270	1,193
Peugeot	1,148	995
BMW	1,044	1,012
Audi	931	927
Renault	887	898
Skoda	770	685
Volvo	716	668
Toyota	672	529
Other	3,398	3,745
Total	**13,748**	**13,525**

Table 42: Residual value risk exposure per make

12 *In the asset risk section, the residual value is IRB and standardised approach related. In section 'Own funds and Capital Requirements' of this report, the residual value exposure within ONCOA exposures are only IRB approach related.*

11 Operational risk

Operational risk definition

Operational risk within LeasePlan involves the risk of a positive, negative or potential loss resulting from inadequate or failed internal processes, human behaviour, and systems or external incidents. Business continuity risk, financial reporting risk, model risk, and human resources risk are also classified as operational risk categories. Some of the risk categories have separate policies and standards. Operational risk is part of the Non-Financial Risk Management domain within LeasePlan.

Operational risk management structure and organisation

The Group's operational risk policy, as set by the Group Risk Committee (GRC), states that local management is responsible for managing the operational risks in their local entity. An operational risk role is appointed as a second line function for each entity, which is the driving force behind the increase in risk awareness and the improvement of operational risk management within the local entity. Group Risk management is responsible for monitoring the operational risk profile and the collation and validation of operational risk reporting. Group Risk management analyses the operational risk incidents reported by local entities and the performance against the risk appetite and reports subsequently to the GRC on a monthly basis and on a quarterly basis to the Risk Committee of the Supervisory Board. This report includes the operational risk position of the Group.

Operational risk loss reporting

To ensure that operational risk losses are consistently reported and monitored at Group level, the local entities are required to report all operational risk incidents above the amount of EUR 1,000 (gross impact). Reporting of incidents below this threshold is encouraged. The Group distinguishes between gross impact (the maximum estimated impact known at the moment of identification, irrespective of any potential recovery) and net impact (gross impact minus recovered amounts).

Group Risk ensures the Managing Board and the Supervisory Board are made aware of all material risk developments. Within LeasePlan, the risk types as included in the Risk Type Universe are considered on an integrated basis. The Group Risk function is responsible for aggregating these risk types and providing an integral view.

Risk mitigation

The overall impact of the mitigating activities is assessed by analysing the frequency and impact of operational losses prior to and after implementation of controls. A process is in place to ensure that mitigating measures are implemented within the agreed timelines.

Based on LeasePlan's risk profile, experience and appetite, insurance coverage is in place for the main high impact, low likelihood events that are inherent to the environment LeasePlan is operating in. Current insurance policies consist of several separate programmes (e.g. General Liability and Property Damage) and participation is mandatory for local entities.

Operational risk measurement

Within LeasePlan measurement translates to analysis of:

- Operational risk incidents reported in the GRC tool;
- Follow up of mitigating actions;
- Management of operational risk appetite thresholds;
- Review of key performance and risk indicators and their evolution over time; and
- Completion of test plans for business continuity management.

LeasePlan applies the Standardised Approach[13] (TSA) to determine the own funds requirement for operational risk. The risk management framework provides the basis for the process of measuring operational risk in order to determine the own funds requirement ('operational risk measurement system'). The internal operational loss data, incident management and action tracking from the ORM processes are reported to senior management at both local and global level via the risk committee structures.

13 LeasePlan does not use the Advanced measurement approach (AMA).

11 Operational risk *continued*

Operational risk is included under the Pillar 1 capital and total risk exposure amount on the Standardised Approach. In 2021, under Pillar 1 the operational risk regulatory capital requirement is EUR 193 million (for 2020: EUR 203 million).

The table below provides information on the calculation of own fund requirements for operational risk.

As at 31 December 2021, in millions of euros		Unweighted value by residual maturity				
Banking activities		**Year-3**	**Year-2**	**Last year**	**Own funds requirements**	**Risk exposure amount**
1	Banking activities subject to basic indicator approach (BIA)	–	–	–	–	–
2	Banking activities subject to standardised (TSA)/ alternative standardised (ASA) approaches	1,409	1,360	1,160	193	2,412
3	Subject to TSA:	1,409	1,360	1,160		
4	Subject to ASA:	–	–	–		
5	Banking activities subject to advanced measurement approaches AMA	–	–	–	–	–

Table 43: EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts

For further details regarding operational risk management reference is made to the sections Risk Management of the Annual Report and Financial risk management sub section D: Risks of the financial statements in the Annual Report.

12 Other disclosures

12.1 ENCUMBERED AND UNENCUMBERED ASSETS

The encumbrance of assets is a standard element of LeasePlan's business. LeasePlan treats any asset as 'encumbered' if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn. On 31 December 2021, EUR 2.8 billion (2020: EUR 3.5 billion) of LeasePlan's total assets were encumbered. The total asset encumbrance ratio per year-end 2021 was 8.5% (2020: 11.2%). The encumbered on-balance sheet items are mainly due to the collateralisation of derivatives positions and funding related transactions, such as securitisations. The decrease in the encumbered assets and encumbrance ratio are due to fewer assets being included in the securitisation programmes.

LeasePlan has assets which are encumbered following the securitisation of future receivables in its Bumper securitisation programme. LeasePlan has set the maximum asset encumbrance level at 30% of its balance sheet total, and encumbrance due to securitisation is currently only applied in the following jurisdictions: Belgium (BE), Germany (DE), France (FR), Netherlands (NL) and United Kingdom (UK). The main purpose of the asset encumbrance is to ensure that investors in the senior notes in the Bumper programme would be protected against any future receivables and the assets underlying those receivables getting trapped in the bankrupt estate of an LP subsidiary.

The table below provides further details on the assets encumbrance in accordance with CRR Article 443.

		Carrying amount of unencumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
As at 31 December 2021, in millions of euros		**Total**	**of which notionally eligible EHQLA and HQLA**	**Total**	**of which notionally eligible EHQLA and HQLA**	**Total**	**of which EHQLA and HQLA**	**Total**	**of which EHQLA and HQLA**
010	Assets of the disclosing institution	2,792	–	–	–	29,790	5,536	–	–
030	Equity instruments	–	–	–	–	134	–	134	–
040	Debt securities	–	–	–	–	44	–	44	–
050	of which: covered bonds	–	–	–	–	–	–	–	–
060	of which: securitisations	–	–	–	–	–	–	–	–
070	of which: issued by general governments	–	–	–	–	5	–	5	–
080	of which: issued by financial corporations	–	–	–	–	13	–	13	–
090	of which: issued by non-financial corporations	–	–	–	–	26	–	26	–
120	Other assets	2,792	–	–	–	29,612	5,536	–	–

Table 44: EU AE1 – Encumbered and unencumbered assets

12 Other disclosures *continued*

As at 31 December 2021, in millions of euros		Fair value of encumbered collateral received or own debt securities issued		Unencumbered – Fair value of collateral received or own debt securities issued available for encumbrance	
		Total	of which notionally eligible EHQLA and HQLA	Total	of which EHQLA and HQLA
130	**Collateral received by the disclosing institution**	**187**	**–**	**–**	**–**
140	Loans on demand	–	–	–	–
150	Equity instruments	–	–	–	–
160	Debt securities	–	–	–	–
170	of which: covered bonds	–	–	–	–
180	of which: securitisations	–	–	–	–
190	of which: issued by general governments	–	–	–	–
200	of which: issued by financial corporations	–	–	–	–
210	of which: issued by non-financial corporations	–	–	–	–
220	Loans and advances other than loans on demand	–	–	–	–
230	Other collateral received	187	–	–	–
240	**Own debt securities issued other than own covered bonds or securitisations**	**–**	**–**	**–**	**–**
241	**Own covered bonds and securitisations issued and not yet pledged**			**–**	**–**
250	**Total assets, collateral received and own debt securities issued**	**2,978**	**–**		

Table 45: EU AE2 – Collateral received and own debt securities issued

In millions of euros		Matching liabilities, contingent liabilities or securities lent		Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered	
		Dec-21	Dec-20	Dec-21	Dec-20
010	Carrying amount of selected financial liabilities	1,959	2,608	2,830	3,527

Table 46: EU AE3 – Sources of encumbrance

12 Other disclosures *continued*

12.2 EXPOSURE TO SECURITISATION POSITIONS

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

As at 31 December 2021, LeasePlan has five asset-backed securitisation transactions outstanding: publicly placed: Bumper UK 2019-I (2019), Bumper DE 2019-I (2019) , Bumper NL 2020-1 (2020), Bumper UK 2021-1 (2021) and Bumper BE 01 (2021). The publicly tradeable transactions are rated by a combination of DBRS, Fitch, Moody's and/or S&P.

All securitisation transactions involve the sale to special purpose entities (SPE) of future lease instalment receivables and related residual value receivables originated by LeasePlan Group entities to its lessees. Debt securities are issued by these SPEs to finance the purchase of these future receivables. The senior notes in each securitisation transaction are sold to external investors and the subordinated obligations in each securitisation transaction are retained by the relevant LeasePlan entity and/or LeasePlan Corporation.

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

Counterparty credit risk is primarily linked to the interest rate swaps that are utilised in the Bumper transactions to structure the funds obtained to the desired interest profile. The risks resulting from these transactions are considered limited in this context since swaps are concluded with counterparties/financial institutions with a minimum single A rating. These counterparties have a Credit Support Annex (CSA) in place with the Bumper SPE and there are counterparty replacement triggers in place. Furthermore, the swap counterparty will enter into a back to back swap with LPC, with a two-sided CSA. In addition, credit risk is applicable to the account bank of the Bumper entity, albeit that given the rated nature of the deal, the minimum rating of the account bank being single A and similar replacement triggers being in place as for the swap counterparties, the actual credit risk is mitigated.

Liquidity risk in securitisation transactions is limited to the funding of reserves and the application of a replenishment period. Several types of cash reserves are applicable within the structure (liquidity reserve, set-off reserve, commingling reserve and maintenance reserve). The liquidity reserve is funded on closing of a transaction and throughout the life of the transaction. The funding of the other reserves depends on the rating of LeasePlan as determined by the rating agencies rating the transaction.

With the current rating of LeasePlan, the set-off reserve, commingling reserve and the maintenance reserve of Bumper UK 2019-I are fully funded, as well as the set-off reserve and the maintenance reserve of Bumper NL 2020-1. For the other transactions, the set-off reserve, the maintenance reserve and the commingling reserve as well as the commingling reserve for Bumper NL 2020-1 remain unfunded subject to a downgrade of LeasePlan, resulting in a liquidity risk. As at 31 December 2021, the exposure at risk is listed in the below table.

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

Transaction – Long-term rating sensitivities (4), as at 31 December 2021, in millions of euros	Current Deposits	Rating Triggers (M/S/F/D)	1 notch LT downgrade of LPC	2 notches LT downgrade of LPC	3 notches LT downgrade of LPC	Maximum Additional Deposits	Maximum Deposits
Bumper DE 2019-1	2	Baa3/–/–/BBBL	–	–	44	44	46
Bumper UK 2019-1	31	–/BBB/–/BBBL	–	–	–	–	31
Bumper NL 2020-1	16	Baa3/–/BBB– en F2/–	13	–	–	13	29
Bumper UK 2021-1	3	Baa3/–/–/BBBL	–	–	29	29	32
Bumper BE 01 (2021)	3	Baa3/–/–/BBBL	–	–	32	32	35
Total Incremental Deposits	**55**		**13**	**–**	**105**	**118**	**173**

Table 47: Maximum additional total outflow in case of credit rating downgrades of LeasePlan

12 Other disclosures *continued*

A typical Bumper transaction has a one-year replenishment period during which the funding obtained externally will stay constant. A severe deterioration of the performance of the securitised portfolio could trigger an early amortisation event. The redemption then required will always be in line with the redemption of the underlying portfolio. Through early warning indicator reporting LeasePlan monitors the potential liquidity risk from early amortisation triggers and breaches of reserve triggers.

Operational risk is related to the cooperation with third parties associated as service providers on a Bumper transaction.

LeasePlan does not have re-securitisation programmes, nor does it perform securitisation programmes for third parties. More information regarding LeasePlan's securitisation transactions can be found at: www.bumperfinance.com and reference is made to ***Specific note 29*** – Debt securities issued under financial statements in the Annual Report.

LeasePlan's securitisation vehicles, the Bumper programme, do not meet the criteria for significant risk transfer as required for traditional securitisations as defined in Article 244.2. Also, the vehicles are not considered a synthetic securitisations as referred to in Article 245. Therefore, LeasePlan does not calculate risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 5 (i.e. TREA calculation for securitisation positions) of the own funds requirements. Since LeasePlan does not fulfil these requirements, the securitisation transactions are concluded to support the diversification of funding and do not serve the purpose of capital reduction. LeasePlan applies the so called 'look through principle' with respect to its securitisations. This means that LeasePlan does not exclude its securitised assets from the calculation of its TREA amount. Securitised assets are risk weighted as if they were not securitised.

For details regarding LeasePlan's accounting principles in respect of securitisation transactions reference is made to the section General notes, Summary of significant accounting policies, of the Annual Report.

12.3 CAPITAL REQUIREMENTS FOR ASSOCIATES AND JOINT VENTURES

LeasePlan has two joint ventures: PLease S.C.S. and LeasePlan Emirates LLC.

The table below provides insight into the book value, risk-weight and capital requirement of the joint ventures. The equity positions are risk weighted against 250% in accordance with CRR requirements. For details regarding the fair value, impairments and (un) realised gains and losses regarding these positions reference is made to the Annual Report (***Specific note 21*** – Investments accounted for using the equity method, and ***Specific note 36*** – Fair value of financial instruments).

	Dec-21			Dec-20		
As at 31 December, in millions of euros	**Exposure**	**RWA**	**Capital requirement**	**Exposure**	**RWA**	**Capital requirement**
Joint ventures	17	42	3	16	41	3
Total	**17**	**42**	**3**	**16**	**41**	**3**

Table 48: Overview of capital requirements associates and joint ventures

12 Other disclosures *continued*

12.4 INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

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

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

LeasePlan manages its interest rate risk in the banking book framework mainly based on matching and monitoring the typical run-off profile of interest-bearing assets and liabilities. This principle is supported by:

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

LeasePlan monitors mismatches between the typical run-off profile of interest-bearing assets and liabilities on a monthly basis, based on limits defined in the risk appetite statement and interest rate risk policy. In addition, LeasePlan applies the Equity at Risk (EQAR) and Earnings at Risk (EAR) metrics in its IRRBB governance framework. The EQAR measure captures the impact on the solvency of LeasePlan, whereas EAR measures the loss in net interest earnings in a given time horizon. LeasePlan measures IRRBB based on the EQAR and EAR measures on a monthly basis.

Reference is made to the Financial Risk Management chapter, section D. Risks of the Annual Report for:

- Quantitative disclosures regarding LeasePlan entities' interest rate exposure as per reporting date (not including LeasePlan's central treasury and LPB positions), resulting from covering interest-bearing assets by (non-) interest bearing liabilities (under interest rate risk measurement);
- Disclosures regarding the impact of a gradual movement in interest rates on LeasePlan's profitability and the effect of a sudden parallel shift to the yield curve on the LeasePlan's capital (under interest rate risk measurement);
- A description of LeasePlan's overall IRRBB management and mitigation strategies (under interest rate risk policy);
- A description of the interest rate shocks used to estimate IRRBB exposures (under interest rate risk measurement);
- A high-level description of how LeasePlan hedges IRRBB and hedge accounting practices (under interest rate risk policy and derivatives and hedge accounting sections);
- A high-level description of modelling assumptions, including assumptions on the maturity of flexible savings (under interest rate risk policy);
- An explanation of significant variations in IRRBB measures since previous disclosures (under interest rate risk measurement).
- The nature of the interest rate risk and the key assumptions (including assumptions regarding loan prepayments and behaviour of non-maturity deposits) in accordance with CRR Article 448 (a) are detailed under section D. Risks sub-sections 'Interest rate risk policy' and 'Interest rate risk measurement' of the financial statements in the Annual Report.

12 Other disclosures *continued*

The below two tables summarise (i) the impact of a 200-basis points interest rate shock on the Group's earnings at risk and equity at risk; and (ii) the impact of a gradual movement in interest rates on the Group's Economic Value of Equity, broken down by currency. For further details please refer to section D. Risks sub-section 'Interest rate risk measurement' of the financial statements in the Annual Report.

As at 31 December 2021, in millions of euros	Earnings at risk						
	EUR	GBP	TRY	USD	AUD	Other	Total
Effect within 1 year							
-200bps	11.3	1.3	0.1	-0.3	0.0	1.6	14.0
+200bps	-11.4	-1.3	-0.1	0.3	0.0	-1.6	-14.1
Effect within 2 year							
-200bps	35.3	5.2	2.8	-4.9	0.0	6.1	44.6
+200bps	-35.8	-5.3	-7.2	5.3	0.0	-6.1	-49.0

As at 31 December 2020, in millions of euros	Earnings at risk						
	EUR	GBP	TRY	USD	AUD	Other	Total
Effect within 1 year							
-200bps	6.9	0.5	0.3	0.1	0.2	1.3	9.4
+200bps	-6.9	-0.5	-0.3	-0.1	-0.2	-1.3	-9.4
Effect within 2 year							
-200bps	25.6	2.2	0.0	1.0	1.1	3.6	33.5
+200bps	-25.9	-2.2	0.0	-1.0	-1.1	-3.5	-33.7

Table 49: Gradual shock on the yield curve

As at 31 December 2021, in millions of euros	Equity at risk						
	EUR	GBP	TRY	USD	AUD	Other	Total
-200bps	93.1	22.6	2.9	6.5	0.0	19.4	144.5
+200bps	-85.0	-20.7	-2.7	-6.3	0.0	-18.0	-132.7

As at 31 December 2020, in millions of euros	Equity at risk						
	EUR	GBP	TRY	USD	AUD	Other	Total
-200bps	120.0	29.4	-1.0	3.5	17.9	22.4	192.1
+200bps	-110.3	-26.8	1.0	-3.6	-16.5	-20.7	-177.0

Table 50: Impact of gradual movements in interest rates on Economic Value of Equity

The following table provides information relating to interest rate risks of non-trading book activities.

Supervisory shock scenarios as at 31 December 2021, in millions of euros		Changes of the economic value of equity		Changes of the net interest income	
		Current period	Last period	Current period	Last period
1	Parallel up	–132.7	–177	14	9.4
2	Parallel down	144.5	192.1	–14.1	–9.4
3	Steepener	–86.7	–117.3		
4	Flattener	93.3	125.7		
5	Short rates up	–50.1	–77.1		
6	Short rates down	51.6	79.8		

Table 51: EU IRRBB1 – Interest rate risks of non-trading book activities

12 Other disclosures *continued*

12.5 MEASURES IN CONTEXT OF COVID-19 PANDEMIC

Despite national lockdowns and other Covid related measures in 2021, the impacts of Covid-19 on the credit risk of clients noticed in 2021 is limited. For more information on Covid-19 please refer to ***Specific note 1*** 'Covid-19 impact' in the financial statements of the Annual Report.

Covid-19 template 1 below provides details on loans and advances subject to EBA-compliant moratoria (legislative and non-legislative). The template provides a breakdown of the gross carrying amount and the related loss allowances by the status of the exposure (performing and non-performing). The total non-performing exposure subject to moratorium of EUR 2 million is evidence of the fact that the credit risk of clients due to Covid-19 is limited.

	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing			Non performing			Total	Performing			Non performing			
As at 31 December 2021, in millions of euros	Total	Total Performing	Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Total Non performing	Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Total	Total Performing	Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Total Non Performing	Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
1 Loans and advances subject to moratorium	20	18	18	–	2	2	2	–1	–	–	–	–	–	–	2
2 of which: Households	9	8	8	–	1	1	1	–	–	–	–	–	–	–	1
3 of which: Collateralised by residential immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4 of which: Non-financial corporations	11	10	10	–	1	1	1	–	–	–	–	–	–	–	1
5 of which: Small and Medium-sized Enterprises	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6 of which: Collateralised by commercial immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table 52: Covid-19 Template 1 – Information on loans and advances subject to legislative and non-legislative moratoria

12 Other disclosures *continued*

Covid-19 template 2 below provides further details on the type of eligible moratoria, the different sectors and industries in which the eligible moratoria are applied for loans and advances that meet the requirements described in paragraph 10 of the EBA Guidelines[14] on moratoria and an overview on the number of obligors and gross carrying amount of loans and advances.

			Gross carrying amount								
						Residual maturity of moratoria					
	As at 31 December 2021, in millions of euros	**Number of obligors**	**Total**	**Of which: legislative moratoria**	**Of which: expired**	**<= 3 months**	**> 3 months <= 6 months**	**> 6 months <= 9 months**	**> 9 months <= 12 months**	**> 1 year**
1	Loans and advances for which moratorium was offered	3,912	20							
2	Loans and advances subject to moratorium (granted)	3,912	20	–	20					
3	of which: Households		9	–	9	–	–	–	–	–
4	of which: Collateralised by residential immovable property		–	–	–	–	–	–	–	–
5	of which: Non-financial corporations		11	–	11	–	–	–	–	–
6	of which: Small and Medium-sized Enterprises		–	–	–	–	–	–	–	–
7	of which: Collateralised by commercial immovable property		–	–	–	–	–	–	–	–

Table 53: Covid-19 Template 2 – Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria[15]

14 Guidelines on legislative and non-legislative payment moratoria EBA/GL/2020/02 and EBA/GL/2020/15.
15 Number of obligors is in absolute figures.

13 Remuneration

LeasePlan's Group Remuneration Framework, remuneration policy, including the remuneration committee and activities, remuneration strategy and remuneration details of LeasePlan's Identified Staff[16], Supervisory Board and Managing Board, are set out in the section Remuneration Report of the Annual Report 2021.

For remuneration policy disclosure in accordance with CRR Article 450 (1) points (a), (b), (c), (d), (e), (f), (j), (k) and Article 450(2), please refer to sections 'Report from the Supervisory Board' and 'Remuneration Report' under Governance & leadership in our Annual Report 2021.

The following table contains an overview of remuneration awarded for the financial year in accordance with CRR Article 450 (1) point (h) (i)-(ii).

As at 31 December 2021, in euros		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration					
1	Number of identified staff	–	3	7	45
2	Total fixed remuneration	839,500	3,479,990	3,310,000	8,626,722
3	Of which: cash-based	839,500	3,479,990	3,310,000	8,626,722
EU-4a	Of which: shares or equivalent ownership interests	–	–	–	–
5	Of which: share-linked instruments or equivalent non-cash instruments	–	–	–	–
EU-5x	Of which: other instruments	–	–	–	–
7	Of which: other forms	–	–	–	–
Variable remuneration					
9	Number of identified staff	–	3	7	45
10	Total variable remuneration	–	1,392,000	1,324,000	6,680,754
11	Of which: cash-based	–	556,800	529,600	3,340,377
12	Of which: deferred	–	278,400	264,800	1,670,189
EU-13a	Of which: shares or equivalent ownership interests	–	–	–	–
EU-14a	Of which: deferred	–	–	–	–
EU-13b	Of which: share-linked instruments or equivalent non-cash instruments	–	835,200	794,400	3,340,377
EU-14b	Of which: deferred	–	417,600	397,200	1,670,189
EU-14x	Of which: other instruments	–	–	–	–
EU-14y	Of which: deferred	–	–	–	–
15	Of which: other forms	–	–	–	–
16	Of which: deferred	–	–	–	–
17	**Total remuneration**	**839,500**	**4,871,990**	**4,634,000**	**15,307,476**

Table 54: EU REM1 – Remuneration awarded for the financial year

16 *LeasePlan's staff members who have a material impact on the risk profile of LeasePlan Corporation (i.e. Identified Staff). Number of identified staff in the tables are absolute figures.*

13 Remuneration *continued*

The following table contains an overview of remuneration awarded for the financial year in accordance with CRR Article 450 (1) point (h) (v)-(vii).

As at 31 December 2021, in euros	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards	–	–	–	–
1 Guaranteed variable remuneration awards – Number of identified staff	–	–	–	–
2 Guaranteed variable remuneration awards – Total amount	–	–	–	–
3 Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	–	–	–	–
Severance payments awarded in previous periods, that have been paid out during the financial year	–	–	–	–
4 Severance payments awarded in previous periods, that have been paid out during the financial year – Number of identified staff	–	–	–	1
5 Severance payments awarded in previous periods, that have been paid out during the financial year – Total amount	–	–	–	340,972
Severance payments awarded during the financial year	–	–	–	–
6 Severance payments awarded during the financial year – Number of identified staff	–	–	–	–
7 Severance payments awarded during the financial year – Total amount	–	–	–	–
8 Of which paid during the financial year	–	–	–	–
9 Of which deferred	–	–	–	–
10 Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	–	–	–	–
11 Of which highest payment that has been awarded to a single person	–	–	–	–

Table 55: EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

13 Remuneration *continued*

The following table contains an overview of deferred remuneration for the financial year in accordance with CRR Article 450 (1) point (h) (iii)-(iv).

	As at 31 December 2021, in euros	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	–	–	–	–	–	–	–	–
2	Cash-based	–	–	–	–	–	–	–	–
3	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
4	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
5	Other instruments	–	–	–	–	–	–	–	–
6	Other forms	–	–	–	–	–	–	–	–
7	MB Management function	1,086,191	225,632	860,560	–	–	–	203,637	113,659
8	Cash-based	349,087	111,973	237,114	–	–	–	203,637	–
9	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
10	Share-linked instruments or equivalent non-cash instruments	737,104	113,659	623,446	–	–	–	–	113,659
11	Other instruments	–	–	–	–	–	–	–	–
12	Other forms	–	–	–	–	–	–	–	–
13	Other senior management	1,808,716	533,775	1,274,941	–	–	–	494,864	257,538
14	Cash-based	689,791	276,238	413,554	–	–	–	380,544	–
15	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
16	Share-linked instruments or equivalent non-cash instruments	1,118,925	257,538	861,387	–	–	–	114,320	257,538
17	Other instruments	–	–	–	–	–	–	–	–
18	Other forms	–	–	–	–	–	–	–	–
19	Other identified staff	6,280,713	2,085,622	4,195,091	–	–	–	2,105,721	637,187
20	Cash-based	3,408,462	1,448,435	1,960,027	–	–	–	1,981,722	–
21	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
22	Share-linked instruments or equivalent non-cash instruments	2,872,251	637,187	2,235,064	–	–	–	124,000	637,187
23	Other instruments	–	–	–	–	–	–	–	–
24	Other forms	–	–	–	–	–	–	–	–
25	**Total amount**	**9,175,621**	**2,845,029**	**6,330,592**	**–**	**–**	**–**	**2,804,223**	**1,008,383**

Table 56: EU REM3 – Deferred remuneration

13 Remuneration *continued*

The following table contains an overview of remuneration awarded for the financial year in accordance with CRR Article 450 (1) point (i).

	As at 31 December 2021, in euros	**Identified staff that are high earners as set out in Article 450(i) CRR**
1	1 000 000 to below 1 500 000	1
2	1 500 000 to below 2 000 000	1
3	2 000 000 to below 2 500 000	1
4	2 500 000 to below 3 000 000	–
5	3 000 000 to below 3 500 000	–
6	3 500 000 to below 4 000 000	–
7	4 000 000 to below 4 500 000	–
8	4 500 000 to below 5 000 000	–
9	5 000 000 to below 6 000 000	–
10	6 000 000 to below 7 000 000	–
11	7 000 000 to below 8 000 000	–
12	8 000 000 and above	–

Table 57: EU REM4 – Remuneration of 1 million EUR or more per year

13 Remuneration *continued*

The following table contains an overview of remuneration awarded broken down in business areas for the financial year in accordance with CRR Article 450 (1) point (g).

		Management body remuneration			Business areas						
	As at 31 December 2021, in euros	**MB Supervisory function**	**MB Management function**	**Total MB**	**Investment banking**	**Retail banking**	**Asset management**	**Corporate functions**	**Independent internal control functions**	**All other**	**Total**
1	**Total number of identified staff**										**55**
2	Of which: members of the MB	–	3	3							
3	Of which: other senior management				–	–	–	6	1	–	
4	Of which: other identified staff				–	–	–	4	15	26	
5	**Total remuneration of identified staff**	**839,500**	**4,871,990**	**5,711,490**	**–**	**–**	**–**	**6,198,020**	**3,379,099**	**10,364,357**	
6	Of which: variable remuneration	–	1,392,000	1,392,000	–	–	–	2,064,008	1,104,366	4,836,380	
7	Of which: fixed remuneration	839,500	3,479,990	4,319,490	–	–	–	4,134,012	2,274,733	5,527,977	

Table 58: EU REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

More remuneration information can be found in the Annual Report under sections:

- Remuneration Report 2021 – information about the remuneration policy and remuneration governance within LeasePlan;
- ***Specific note 6*** 'Staff expenses' as included in the consolidated financial statements;
- ***Specific note 27*** 'Trade and other payables and deferred income' as included in the consolidated financial statements;
- ***Specific note 37*** 'Related parties' as included in the consolidated financial statements.

Glossary

ASF	Available Stable Funding
CCP	Central Clearing Counterparty
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1. Mostly refers to capital held by a bank or financial institution
CET1 Ratio	Compares capital against assets
CRR	Capital Requirements Regulation
CSD	Central Securities Depositories
CVA	Credit Valuation Adjustment
DNB	The Dutch Central Bank (De Nederlandsche Bank N.V.)
EBA	European Banking Authority
ECB	European Central Bank
FX Risk	Foreign Exchange Risk
HQLA	High Quality Liquid Assets
IRB Approach	Internal Ratings Based Approach
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LPTY	LeasePlan Treasury team
ONCOA	Other Non-Credit Obligation Assets
ORM	Operational risk management
PD	Probability of Default
QCCP	Qualifying central counterparty
RSF	Required Stable Funding
RWA	Risk-Weighted Assets
SEC-ERBA	Securitisation External Ratings Based Approach
SEC-IRBA	Securitisation Internal Ratings Based Approach
SEC-SA	Standardised Approach
SFT	Securities Financing Transactions
SREP	Supervisory Review and Evaluation Process
SteerCo	Steering Committee
TC	Total Capital
TREA	Total Risk Exposure Amount

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