LeasePlan announces Q1 2022 results

AMSTERDAM, the Netherlands, 11 May 2022 – LeasePlan Corporation N.V. ("LeasePlan"; the "Company"), one of the world's leading Car-as-a-Service ("CaaS") companies, today reports its Q1 2022 results.

Q1 2022 financial highlights

- **Net result** of EUR 360 million (+99.4%), which includes a net EUR 85 million positive mark-to-market impact arising from derivatives used for hedging
- **Underlying net result** of EUR 281 million (+69.1%), representing another strong quarter of growth and performance
- **Serviced fleet** growth of 6.3% to a total of 1.9 million vehicles with LeasePlan's Q1 2022 order book reaching a new historic high
- **Underlying Lease and Additional Services gross profit** of EUR 398 million (+8.7%) with strong performance across all services
- **PLDV and End of Contract Fees Gross Profit** of EUR 199 million (+209.7%) driven by continued strong demand for used-cars
- **Operating expenses** of EUR 235 million (+11.1%) due to investments in growth and continued investments in our digital platforms
- Quarter-end **liquidity buffer** of EUR 6.1 billion
- Following the announcement of the proposed acquisition by ALD of LeasePlan, LeasePlan's shareholders and LeasePlan signed a **framework agreement** with ALD and Société Générale on 22 April 2022. This framework agreement is a binding agreement which confirms the terms of the transaction as disclosed earlier this year[1]

Key numbers[2,3]

	Q1 2022	Q1 2021	% YoY Growth
VOLUME			
Serviced fleet (thousands), as at 31 March	1,867.6	1,757.2	6.3%
Numbers of vehicles sold (thousands)	58.1	75.5	–23.1%
PROFITABILITY			
- Underlying net result from continued operations	280.9	178.2	57.6%
- Underlying net result from discontinued operations[2]	–	–12.2	n.m.
Underlying net result (EUR Million)	280.9	166.1	69.1%
Net result (EUR Million)	360.1	180.6	99.4%
Underlying return on equity[3]	19.7%	11.5%	

[1] The signing of the framework agreement follows the completion of the process of information and consultation of the relevant works councils. The transaction is expected to close by the end of 2022, subject to customary closing conditions (e.g. regulatory and anti-trust approvals). On 6 January 2022 LeasePlan signed a Memorandum of Understanding with ALD and Société Générale to create a leading global player in mobility – see press release on LeasePlan website: ALD proposed acquisition of LeasePlan – Creation of a leading global player in mobility.

[2] Financial statements including historical periods are adjusted for the divestment of LeasePlan Australia and New Zealand to SG Fleet (transaction closed as per 1 September 2021) and the carve-out of CarNext operations in 7 countries into a newly independent CarNext (as per 1 July 2021) which subsequently was combined with Constellation Automotive Group in October 2021. The results of LeasePlan Australia and New Zealand are included in the *financial statements – Underlying net result from discontinued operations* up to August 2021. The results of the carved out entities of CarNext are included in the *financial statements – Underlying net result from discontinued operations* up to June 2021.

[3] Underlying RoE is based on last-twelve-month underlying net result and equity excluding the additional Tier 1 instrument. Including the AT1, RoE is 18.4% for Q1 2022 and 11.0% for Q1 2021.

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

"LeasePlan continued to deliver outstanding results in the first quarter of 2022 as it operates in one of the most attractive industries.

We expect strong growth as evidenced by our all-time high order book and current fleet growth of 6.3%. Our used car proposition has never been so popular, driven by continued demand for second hand cars and the increasing uptake of used-car leasing services. The transition to zero emission mobility is also driving growth, with 1 in 4 of our new deliveries now being an electric vehicle.

Looking ahead, we are excited by the opportunities that the proposed combination with ALD will bring for LeasePlan and the mobility sector. The combined company will be well positioned to ride the subscription megatrend, lead the shift to electric mobility and be at the forefront of the digital revolution. The combined company will also bring together the best talents in the industry to capture the opportunities of the fast growing mobility market."

Financial Performance[4]

In millions of euros, unless otherwise stated	Q1 2022	Q1 2021	% YoY Growth
Lease & Additional Services income	1,681.2	1,592.2	5.6%
Vehicle Sales and End of contract fees	909.3	872.5	4.2%
Revenues	**2,590.5**	**2,464.7**	**5.1%**
Underlying cost of revenues	**1,993.8**	**2,034.5**	**−2.0%**
Lease Services	173.5	153.7	12.9%
Fleet Management & other Services	58.3	50.5	15.4%
Repair & Maintenance Services	73.8	72.5	1.8%
Damage Services and Insurance	92.5	89.3	3.5%
Underlying Lease and Additional Services gross profit	**398.1**	**366.1**	**8.7%**
End of contract fees	28.3	37.7	−24.8%
Profit/Loss on disposal of vehicles	170.3	26.5	543.2%
Profit/Loss on disposal of vehicles and End of contract fees gross profit	**198.6**	**64.1**	**209.7%**
Underlying gross profit	**596.7**	**430.2**	**38.7%**
Underlying operating expenses	235.2	211.6	11.1%
Other income	2.4	–	
Share of profit of investments accounted for using the equity method	1.3	1.0	n.m.
Underlying profit before tax	**365.2**	**219.5**	**66.3%**
Underlying tax	84.3	41.3	104.0%
Underlying net result from continuing operations	**280.9**	**178.2**	**57.6%**
Underlying net result from discontinued operations[4]	**–**	**−12.2**	**n.m.**
Underlying net result	**280.9**	**166.1**	**69.1%**
Underlying adjustments	79.2	14.5	n.m.
Reported net result	**360.1**	**180.6**	**99.4%**
Staff (FTE's at period end)	8,122	7,614	6.7%

[4] Financial statements including historical periods are adjusted for the divestment of LeasePlan Australia and New Zealand to SG Fleet (transaction closed as per 1 September 2021) and the carve-out of CarNext operations in 7 countries into a newly independent CarNext (as per 1 July 2021) which subsequently was combined with Constellation Automotive Group in October 2021. The results of LeasePlan Australia and New Zealand are included in the *financial statements – Underlying net result from discontinued operations* up to August 2021. The results of the carved out entities of CarNext are included in the *financial statements – Underlying net result from discontinued operations* up to June 2021.

Serviced fleet growth of 6.3% to a total of 1.9 million vehicles with LeasePlan's Q1 2022 order book reaching a new record high, partially driven by the semiconductor shortage which has delayed new car deliveries.

Revenues increased by 5.1% to EUR 2,590 million. **Lease and Additional Services income** was up by 5.6% to EUR 1,681 million due to fleet growth and additional services from fleet mix. **Vehicle Sales and End of contract fees** were up by 4.2% to EUR 909 million (despite -23.1% less vehicles sold) due to the continued strong used-car market partially driven by the semiconductor shortage.

Underlying Lease and Additional Services gross profit was up 8.7% to EUR 398 million mainly driven by an increased lease margin, strong insurance results and a reduced provision for expected credit losses.

PLDV and EOCF gross profit was up 209.7% to EUR 199 million, primarily driven by continued strong demand for used-cars despite a lower number of vehicles sold.

Underlying operating expenses were up 11.1% to EUR 235 million due to investments in growth and continued investments in our digital platforms.

The underlying tax rate was up 4.3 percentage points to 23.1% driven by the blend of statutory tax rates and the phasing out of the favourable impact of the Italian super-depreciation facility.

Underlying net result was up 69.1% to EUR 281 million driven by strong results in our core leasing business and a higher PLDV and EOCF gross profit.

Reported net result was up 99.4% to EUR 360 million, including EUR 79 million underlying adjustments from a net EUR 85 million positive mark-to-market impact arising from derivatives used for hedging, partially offset by a net EUR 8 million costs mainly related to our transition to ECB supervision.

Operational Highlights

LeasePlan delivered an exceptionally strong performance in its Car-as-a-Service business in Q1, supported by strong fleet growth (6.3%), strong demand for used-cars, as well as increased uptake of our added-value leasing services, such as insurance. LeasePlan's order book again reached a historic high and, although the ongoing semiconductor shortage has delayed delivery of some new orders, the company continued to meet customer demand through its relationships with OEMs, as well as contract extensions and used-car leasing.

On the strategic front, LeasePlan's digital transformation continued to gather pace, including the unification of all digital marketing activities onto one NextGen platform, enabling targeted lead generation and conversion for our fast-growing Private and SME segments, as well as the further rollout of automated self-service TCO analytics for our international customers. LeasePlan also continued the execution of its 'Driving to Zero' sustainability strategy in the quarter, with electric cars and plug-in hybrids representing 25% of all new deliveries[5] in Q1 2022. Going forward, LeasePlan's EV offering will be further strengthened by its new collaboration with VinFast, which will see LeasePlan become the preferred leasing partner for VinFast cars in Germany, France and the Netherlands. A major proofpoint of our electric vehicle offering came in February 2022, with the signing of a new partnership with ISS, one of the world's largest facility management companies, to electrify its entire fleet of 20,000 vehicles globally.

In March 2022 LeasePlan announced that, given the continuing war in Ukraine, it has taken the decision to wind down its operations in Russia and will not take any new orders at this time.

Funding and Capital Position

This quarter saw LeasePlan return to the secured market with the pricing of a EUR 500 million benchmark public transaction supported by underlying lease and residual value receivables from its French portfolio. In senior unsecured format the company chose this quarter to return to the private placement market to selectively tap diversified pockets of demand, on a matched funded basis, especially for those currencies for which LeasePlan has a natural demand. Starting in March 2022 the private placement volumes were modest for the quarter (EUR 54 million) but this market can be expected to complement our issuing activity for 2022. Retail deposits grew modestly with an increase of EUR 185 million, finishing the quarter with a balance at the Retail bank of EUR 10.4 billion. The resulting quarter-end liquidity buffer was a robust EUR 6.1 billion made up of EUR 4.8 billion cash balances as well as access to the undrawn EUR 1.375 billion RCF.

The CET1 ratio as per 31 March 2022 is 14.7%[6] calculated at the regulatory sub-consolidated level (LeasePlan Corporation N.V. consolidated). At this sub-consolidated level, the Total Capital ratio is 16.8% which is equal to the Tier 1 capital ratio[7]. In January 2022, LeasePlan Corporation N.V. has paid a (interim) dividend in the amount of EUR 372 million to its shareholder LP Group B.V. Following the approval of the 2021 annual accounts in March 2022, a final dividend amounting to EUR 609 million has also been declared.

There have been no new rating actions in the period beyond those already communicated in LeasePlan's Q4 press release on February 11, 2022.

[5] Definition aligned to industry practices from vehicle orders to deliveries, specifically: operational lease deliveries (activations) of Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles (passenger vehicles in EU22 countries, excluding LCVs, scooters and trucks).

[6] To keep pace with the growth in TREA, we have added a further EUR 80 million of the Q1 2022 net results to CET1 capital.

[7] CET1 ratio at the regulatory Consolidated level (LP Group B.V. consolidated) is 14.9% and CET1 ratio at the regulatory Solo level (LeasePlan Corporation N.V.) is 14.6% as of 31 March 2022.

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About LeasePlan

LeasePlan is a global leader in Car-as-a-Service, with approximately 1.9 million vehicles under management in 29 countries. LeasePlan purchases, funds and manages new vehicles for its customers, providing a complete end-to-end service for a typical contract duration of three to four years. LeasePlan is committed to taking a leadership role in the transition to zero-emission mobility and has set itself the ambitious goal of achieving net zero tailpipe emissions from its funded fleet by 2030. With nearly 60 years' experience, LeasePlan's mission is to provide what's next in sustainable mobility so our customers can focus on what's next for them. Find out more at www.leaseplan.com/corporate

Condensed consolidated interim financial statements

Condensed consolidated statement of profit or loss

For the period ended 31 March

In thousands of euros	Note	Q1 2022	Q1 2021*
Operating lease income		1,026,862	989,712
Finance lease and Other interest income		27,325	24,066
Additional services income		626,966	578,436
Vehicle sales and End of contract fees		909,321	872,463
Revenues	2	**2,590,474**	**2,464,678**
Depreciation cars		811,471	777,745
Finance cost		67,480	70,805
Unrealised (gains)/losses on financial instruments		−114,934	−13,122
Impairment charges on loans and receivables		1,734	7,147
Lease cost		765,751	842,575
Additional services cost		402,415	360,674
Vehicle and Disposal cost		710,688	808,336
Direct cost of revenues	2	**1,878,854**	**2,011,585**
Lease services		288,436	171,203
Additional services		224,551	217,763
Profit/Loss on disposal of vehicles and End of contract fees		198,633	64,127
Gross profit	2	**711,620**	**453,093**
Staff expenses		140,082	129,674
Other operating expenses		83,194	62,779
Other depreciation and amortisation		21,162	21,414
Total operating expenses		**244,438**	**213,866**
Share of profit of investments accounted for using the equity method		1,280	966
Other income		3,190	–
Profit before tax		**471,651**	**240,193**
Income tax expenses		111,571	47,464
Net result from continuing operations		**360,080**	**192,728**
Net result from discontinued operations		**–**	**−12,172**
Net result for the period		**360,080**	**180,556**
Attributable to:			
Equity holders of parent		350,911	171,439
Holders of AT1 capital securities		9,169	9,169
Non-controlling interest		–	−52

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

*Comparative information has been represented due to the carve out of the CarNext business. Please refer to Note 1 Segment information.

Condensed consolidated statement of comprehensive income

For the period ended 31 March

In thousands of euros	**Q1 2022**	**Q1 2021***
Net result	360,080	180,556
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Changes in cash flow hedges, before tax	–	913
Income tax on cash flow hedges	–	–228
Subtotal changes in cash flow hedges, net of income tax	**–**	**685**
Exchange rate differences	9,056	27,257
Other comprehensive income, net of income tax	**9,056**	**27,942**
Total comprehensive income for the year	**369,135**	**208,498**
Comprehensive income attributable to:		
Owners of the parent	359,966	199,381
Holders of AT1 capital securities	9,169	9,169
Non-controlling interest	–	–52

Comprehensive income attributable to owners of the parent arises from:		
Continuing operations	359,966	205,643
Discontinued operations	–	–6,262

*Comparative information has been represented due to the carve out of the CarNext business. Please refer to Note 1 Segment information.

Condensed consolidated statement of financial position

In thousands of euros	Note	31 March 2022	31 December 2021
Assets			
Cash and balances at central banks	3	4,235,443	5,447,685
Investments in equity and debt securities		178,866	177,220
Receivables from financial institutions	4	748,826	687,651
Derivative financial instruments	5	271,060	176,167
Other receivables and prepayments		1,054,173	1,036,805
Inventories	6	324,885	370,605
Corporate income tax receivable		11,404	18,063
Loans to investments accounted for using the equity method		175,500	200,000
Lease receivables from clients	7	3,586,211	3,492,981
Property and equipment under operating lease, rental fleet and vehicles available for lease	8	19,995,778	19,739,908
Other property and equipment	9	301,003	296,515
Investments accounted for using the equity method		18,364	16,716
Intangible assets		388,227	351,511
Deferred tax asset		193,186	238,147
Total assets		**31,482,926**	**32,249,975**

Condensed consolidated statement of financial position - *continued*

In thousands of euros	Note	**31 March 2022**	**31 December 2021**
Liabilities			
Funds entrusted	10	10,521,110	10,334,671
Derivative financial instruments	5	219,925	108,417
Trade and other payables and Deferred income		2,625,291	3,059,927
Corporate income tax payable		56,351	33,046
Borrowings from financial institutions	11	3,184,482	3,324,010
Loans from associates and jointly controlled entities		7,888	25,000
Lease liabilities	9	233,587	236,085
Debt securities issued	12	8,499,087	9,401,924
Provisions		595,889	581,713
Deferred tax liabilities		390,288	365,290
Total liabilities		**26,333,898**	**27,470,083**
Equity			
Share capital		71,586	71,586
Share premium		506,398	506,398
Other reserves		−138,816	−147,872
Retained earnings		4,202,754	3,851,843
Equity of owners of the parent		**4,641,921**	**4,281,955**
AT1 capital securities		507,106	497,937
Total equity		**5,149,027**	**4,779,892**
Total equity and liabilities		**31,482,926**	**32,249,975**

Condensed consolidated statement of changes in equity

In thousands of euros	Share capital	Share premium	Other reserves	Retained earnings	Equity of owners of the parent	AT1 capital securities	Non-controlling interest	Total equity
Balance as at 1 January 2021	**71,586**	**506,398**	**–141,382**	**3,243,734**	**3,680,335**	**497,937**	**–47**	**4,178,225**
Net result	–	–	–	180,608	180,608	–	–52	180,556
Transfer - accrued interest on AT1 capital securities	–	–	–	–9,169	–9,169	9,169	–	–
Other comprehensive income	–	–	27,942	–	27,942	–	–	27,942
Total comprehensive income	**–**	**–**	**27,942**	**171,439**	**199,381**	**9,169**	**–52**	**208,498**
Balance as at 31 March 2021	**71,586**	**506,398**	**–113,440**	**3,415,173**	**3,879,716**	**507,106**	**–99**	**4,386,724**
Balance as at 1 January 2022	**71,586**	**506,398**	**–147,872**	**3,851,843**	**4,281,955**	**497,937**	**–**	**4,779,892**
Net result	–	–	–	360,080	360,080	–	–	360,080
Transfer - accrued interest on AT1 capital securities	–	–	–	–9,169	–9,169	9,169	–	–
Other comprehensive income	–	–	9,056	–	9,056	–	–	9,056
Total comprehensive income	**–**	**–**	**9,056**	**350,911**	**359,966**	**9,169**	**–**	**369,135**
Balance as at 31 March 2022	**71,586**	**506,398**	**–138,816**	**4,202,754**	**4,641,921**	**507,106**	**–**	**5,149,027**

Accrued interest in 2022 on AT1 capital securities amounts to EUR 9.1 million. The total interest amount of EUR 12.5 million, that includes EUR 3.4 million accrued in 2021, is payable in May 2022, therefore as at the reporting date this amount does not yet represent a liability.

Condensed consolidated statement of cash flows

For the period ended 31 March

In thousands of euros	Note	**2022**	**2021**
Operating activities			
Net result		**360,080**	**180,556**
Adjustments			
Interest income and expense		40,155	45,075
Other financial (gain)		–2,433	–
Impairment charges on receivables		1,734	7,160
Valuation allowance on inventory		814	–2,192
Depreciation and impairment operating lease portfolio and rental fleet	8	852,299	844,968
Insurance expense		101,467	80,063
Depreciation other property plant and equipment		12,894	17,982
Amortisation and impairment on intangibles		8,268	9,945
Share of profit in equity accounted investments		–1,280	–966
Financial instruments at fair value through profit and loss		–115,691	–18,786
Income tax expense		111,571	41,103
Changes in			
Provisions		–88,085	–85,928
Derivative financial instruments		–15,411	–33,193
Trade and other payables and other receivables		–114,690	–104,675
Inventories		304,288	210,484
Amounts received disposing objects under operating lease	8	515,561	386,327
Amounts paid acquiring objects under operating lease	8	–1,840,298	–1,669,282
Acquired new finance leases		–293,537	–221,544
Repayment finance leases		259,940	283,687
Income taxes received		1,381	4,868
Income taxes paid		–14,584	–15,268
Interest received		27,495	28,568
Interest paid		–70,887	–75,415
Net cash inflow/(outflow) from operating activities		**41,051**	**–86,463**

Condensed consolidated statement of cash flows – *continued*

For the period ended 31 March

In thousands of euros	Note	2022	2021
Investing activities			
Net investment in equity and debt securities		–889	–404
Loans to equity accounted investments		–	–14,000
Redemption on loans to equity accounted investments		24,500	16,500
Dividend received from ass. JVs and other equity investments		2,433	–
Proceeds from sale of other property and equipment		4,487	2,463
Acquisition of other property and equipment		–14,755	–8,107
Acquisition of intangibles assets		–44,801	–33,240
Net cash outflow from investing activities		**–29,025**	**–36,788**
Financing activities			
Receipt from receivables from financial institutions		200,048	197,077
Balances deposited to financial institutions		–217,015	–194,847
Receipt of borrowings from financial institutions		705,132	666,955
Repayment of borrowings from financial institutions		–834,269	–664,598
Receipt of funds entrusted		752,690	843,882
Repayment of funds entrusted		–566,251	–720,621
Receipt of debt securities		53,761	1,449,567
Repayment of debt securities		–837,837	–970,286
Payment of lease liabilities		–10,225	–11,929
Dividends paid to Company's shareholders		–372,432	–
Net cash (outflow)/inflow from financing activities		**–1,126,398**	**595,200**
Cash and balances with banks as at 1 January		**5,862,200**	**5,557,401**
Net movement in cash and balances with banks		–1,114,372	471,949
Exchange gains/(losses) on cash and balances at banks		153	–467
Cash and balances with banks as at 31 March	3	**4,747,981**	**6,028,883**

General notes

General information

LeasePlan Corporation N.V.
LeasePlan Corporation N.V. (the "Company") is a company domiciled in Amsterdam, the Netherlands, where its statutory seat is located. The address of its registered office is Gustav Mahlerlaan 360, 1082 ME Amsterdam. The condensed consolidated interim financial statements of the Company as at 31 March 2022 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in investments accounted for using the equity method. The Group consists of an international network of companies engaged in fleet management and mobility services, mainly through operating leasing and car remarketing.
At 31 March 2022, the Group employed over 8,000 people worldwide and had offices in 29 countries. There were no major changes in the Groups' composition during the reporting period.

The Company has held a banking licence in the Netherlands since 1993 and is under the direct supervision of the European Central Bank.

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

Ownership of the Company

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

- **ADIA:** Since 1976, the Abu Dhabi Investment Authority (ADIA) has been prudently investing funds on behalf of the Government of Abu Dhabi, with a focus on long-term value creation. ADIA manages a global investment portfolio that is diversified across more than two dozen asset classes and sub categories, including quoted equities, fixed income, real estate, private equity, alternatives and infrastructure.
- **ATP:** ATP was established in 1964 and is Denmark's, and one of Europe's, largest pension funds.
- **ELQ Investors VIII Ltd:** The Company's ultimate parent is The Goldman Sachs Group.
- **GIC:** GIC is a leading global investment firm with well over US$100 billion in assets under management. Established in 1981, the firm manages Singapore's foreign reserves and is positioned for long-term and flexible investments across a wide range of asset classes, including public equities, fixed income, real estate and private equity. In private equity, GIC invests through funds as well as directly in companies, partnering with fund managers and management teams to help businesses achieve their objectives. GIC employs more than 1,800 people.
- **PGGM:** PGGM is a cooperative Dutch pension fund service provider. Institutional clients are offered asset management, pension fund management, policy advice and management support. Either alone or together with strategic partners, PGGM develops innovative future provisions by linking together pension, care, housing and work.
- **TDR Capital:** TDR Capital LLP is a highly selective private equity firm with a track record of investing in businesses. TDR Capital LLP was founded in 2002 and currently manages funds totalling over EUR 13.0 billion on behalf of a range of sophisticated investors.

Basis of preparation

The condensed consolidated interim financial statements for the period ended 31 March 2022 have been prepared in accordance with IAS 34, “Interim financial reporting” as adopted by the European Union (EU). The condensed consolidated interim financial statements have been prepared on the same basis as, and should be read in conjunction with, the annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS and its interpretations as adopted by the European Union, with the exception of the new and amended accounting standards described below. These condensed consolidated interim financial statements do not include the “company financial statements”. The annual company financial statements are included in the Group’s Annual report for the year ended 31 December 2021.

The condensed consolidated interim financial statements for the period ended 31 March 2022 of the Group have been prepared on a going concern basis.

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

Accounting policies

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

Adoption of new and amended accounting standards effective as per 1 January 2022

The following amendments to existing standards (IFRS 3, IAS 16, IAS 37, Annual improvements 2018-2020) endorsed by the EU, became effective for the reporting period beginning 1 January 2022. Those amendments do not have any significant impact on shareholders’ equity nor comprehensive income of the Group.

Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework

The amendments are intended to update a reference to the Conceptual Framework without significantly changing requirements of IFRS 3. Also the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and introduce a ‘directly related cost approach’. These costs include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract and allocation of indirect overheads is no longer allowed.

IAS 16 Property, Plant and Equipment

This amendment is not applicable to the Group.

Annual Improvements 2018-2020

These changes are not expected to be material for LeasePlan.

- IFRS 1 First-time Adoption of IFRS is not applicable to the Group.
- IFRS 9 amendment clarifies which fees to include in assessment of a modification.
- IAS 16 change in illustrative example for lease incentives in the payments from the lessor relating to leasehold improvements.
- IAS 41 Agriculture is not applicable to the Group.

New and amended relevant accounting standards effective after 1 January 2023

IFRS 17 – 'Insurance contracts'

The Group will implement IFRS 17 'Insurance Contracts' (as issued by the IASB on 18 May 2017) including Amendments to IFRS 17 (issued on 25 June 2020). The standard will be effective after 1 January 2023 and is endorsed by the EU as per 19 November 2021.

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

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

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows).
- A Contractual Service Margin (CSM) that is deferring any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in profit or loss over the service period (i.e. coverage period).
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- A simplified premium allocation approach may be applied for contracts that meet specific conditions. An important condition is that the coverage of the contracts does not exceed one year. The premium allocation approach is quite similar to current accounting under IFRS 4 for non-life products.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income is based on the concept of services provided during the period.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures will provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The Group is currently assessing the impact on shareholders' equity and comprehensive income due to adoption of IFRS 17. Most of the insurance contracts have a coverage period of one year or less and therefore the Group opts to apply the premium allocation approach. The changes in revenue recognition and measurement of insurance liabilities under the new standard, such as requirements for initial recognition, discounting, risk adjustment and allocation of overhead expenses are considered to have no significant impact on equity and comprehensive income.

Other changes

The following amendments to standards, endorsed by the EU, become effective after 1 January 2023. Those changes relate to:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021).
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021).

The following amendments to standards are not yet endorsed by the EU and become effective after 1 January 2023. Those changes relate to:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current (issued on 23 January 2020 and 15 July 2020). The IASB has issued an exposure draft to defer the effective date from 1 January 2023 to 1 January 2024.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021).

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

Use of judgements and estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that impact the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2021.

Seasonality and cyclicality

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

Financial risk management

All amounts are in thousands of euros, unless stated otherwise

Recent developments

Given the continuing war in Ukraine, LeasePlan has taken the decision to wind down its operations in Russia and will not take any new orders at this time. LeasePlan is committed to taking care of its colleagues and customers in the region throughout this process. Currently it is too early to identify any impact on the business of LeasePlan. As at 31 March 2022 LeasePlan's exposure amounts to EUR 45 million (equity and loans). Based on the actual FX rate as of date of publication, this is close to EUR 55 million.
From day one of the crisis, LeasePlan has been active in providing humanitarian assistance to those impacted and displaced by the war, including our colleagues and business partners in the region. This included launching a global campaign to raise funds for the Red Cross, as well as supporting dedicated teams of LeasePlanners who have gone to the Ukrainian border to deliver aid and provide refugees with transport to safe zones within the EU.

Risks and uncertainties

In 2022, LeasePlan updated risk universe (taxonomy) to increase the coverage on risk types and events based on the ORX standard[8]. The updated risk universe categorises three main types on risks: financial, non-financial and strategic. Financial risks are categorized for asset risk, credit risk, treasury risk, motor insurance risk; non-financial risks contain operational risk, information risk, compliance risk, human resources risk, reporting risk, change failure risk and legal risk; while strategic risk is a separate risk type. Of the twelve risk categories, asset risk, credit risk, operational risk, liquidity risk (which is part of treasury risk) are considered to be primary risks for 2022. The condensed consolidated interim financial statements do not include all financial risk management information and disclosures as required for the annual financial statements; these disclosures should be read in conjunction with the Group's consolidated financial statements, for the year ended 31 December 2021.

Based on the main risk areas, we have summarised material risks and uncertainties that are relevant to the expectations of LeasePlan's continuity for the period of 12 months after the preparation of this Report.

- LeasePlan may suffer from adverse developments in the automotive industry, including regarding diesel vehicles, and the other markets directly related to its business. Technology changes could have a material adverse effect on the business, financial condition and results of its operations
- LeasePlan relies on internal and external information and technological systems to manage its operations and is exposed to risk of loss resulting from breaches of security, system or control failures, inadequate or failed processes, human error, business interruptions and external events. In addition, LeasePlan is subject to the risk of cybercrime by employees or third parties
- LeasePlan is subject to bank regulation, and changes in regulations or to its regulatory capital requirements can influence its business, financial condition, results of operations and liquidity position
- LeasePlan is currently working on a high number of projects and initiatives related to regulatory enhancement programmes which could affect our business, financial condition and results of operations
- For regulatory governance and compliance we need to attract and retain sufficiently qualified personnel to manage increasing regulatory requirements. Not having the required number of resources could have an impact on the deliverables
- For model development, the maturity of the model landscape and risk oversight quality of (historic) data is important. Data quality issues could have an adverse impact on the reliability of the output delivered by the models
- The intended merger with ALD will increase pressure on employee retention and our ability to attract new employees
- LeasePlan is exposed to emerging risks of uncertain external events or developments that could pose a significant threat to our business. These risks could include political tensions that might have negative impacts on our operations in certain countries

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

To manage and mitigate risk in each of these risk categories and related subcategories, LeasePlan has implemented a variety of key processes. For asset risk, mitigants include interim adjustments and end-of-contract fees, as well as multi-channel and cross-border sales. For operational risk, internal and external fraud controls are examples of mitigants. For liquidity risk, we have matched funding, our

[8] Operational Riskdata eXchange Association (ORX) is operational risk management association in the financial services sector

diversified funding platform and healthy liquidity buffers as mitigants. For credit risk, mitigants include risk modelling, debtor management and default monitoring. For operational risk, Incident Management and Action Tracking (IMAT), Risk control self-assessments, providing adequate and frequent training to personnel, raising awareness and standardizing and automating processes.

In addition to the above risks, we have begun assessing climate and environmental changes which may cause risks to our business, in line with the expectations of the ECB. To this end, we have begun to follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In 2022, LeasePlan will also implement an updated taxonomy to increase the coverage on risk types and events based on the ORX standard.

A. Asset risk

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

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

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

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

The exposure to residual values as at the end of March 2022 amounted to EUR 14.0 billion (year-end 2021: EUR 13.8 billion).

B. Liquidity risk

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

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

C. Credit risk

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

The Group's definition of default is aligned with the regulatory definition. From 2021, a customer is reported as default as prescribed by the guidelines[9] on the application of the definition of default. For purposes of assessing, recognising and reporting defaults, a customer shall be considered to be in default when either one or both of the following events occur:

i. the Local LP entity considers the customer unlikely to pay ('UTP') and/or

ii. the customer is past due more than 90 consecutive days on any material credit obligation.

This new definition of default has led to an increase in defaulted customers during the first quarters of 2021. However, the impact on our provision level is zero given that the increase in defaults will be triggered by the customers past due for more than 90 consecutive days. For these customers, provision levels were already in line with the current provisioning for customers that have material overdue amounts. Since Q4 2021 the defaulted customers are decreasing again due to stricter procedures related to collections and default management.

For the implementation of the new definition of default, LeasePlan followed a two-step approach. The first step was implementing the new definition of default, which was done as of the 1 of January 2021. The second step is updating our regulatory models. These updated models have been sent to the regulator and LeasePlan is awaiting the model assessment process of the regulator.
The total TREA of LeasePlan has increased by EUR 0.6 billion as per Q1 2022 compared with TREA of EUR 22.5 billion as per Q4 2021 mainly due to the growth in the off balance sheet exposures, the recalculation of the operational risk capital and currency risk requirement.

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

D. Operational risk

Operational risk within LeasePlan involves the risk of a positive, negative or potential loss resulting from inadequate or failed internal processes, human behavior, and systems or external incidents. The following risk categories are part of operational risk:

- Business continuity
- Internal fraud
- External fraud
- Physical security and safety
- Transaction processing and execution
- Third party
- Intragroup arrangement
- Model risk

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 is included under the Pillar 1 capital and represents the total exposure to non-financial risks as per new risk taxonomy; the total risk exposure amount on the Standardised Approach (STD). As of 31 March 2022, under Pillar 1 the operational risk regulatory capital requirement is EUR 220 million (year-end 2021: EUR 193 million).

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

Specific notes

All amounts are in thousands of euros, unless stated otherwise

1 Segment information

LeasePlan's core business activity consist of providing leasing and fleet management services, including the purchase, financing, insurance, maintenance and remarketing of vehicles, to external customers. The Group offers a mono-line product through all its LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. The Group's key management is responsible for allocating resources to the segments and assesses its performance.
In 2021 LeasePlan Australia, LeasePlan New Zealand and CarNext B.V. and its subsidiaries have been sold and were classified as discontinued operations (as per 31 March 2021 the Australian and New Zealand businesses and as per 30 June 2021 CarNext) and presented under a separate caption of the Profit or loss (net result from discontinued operations) in the tables below. LeasePlan Australia and LeasePlan New Zealand were included in the segment Rest of the world and CarNext B.V. was included in the segment Europe.

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

- **Europe**

Geographies in this segment are all European countries where the Group operates including Turkey, Russia and United Arab Emirates.

- **Rest of the world**

Geographies in this segment are Brazil, India, Mexico and the United States. In 2021 Australia and New Zealand were included in this segment under the discontinued operations caption.

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

	Europe		**Rest of the world**		**Total**	
In millions of euros	**Q1 2022**	**Q1 2021**	**Q1 2022**	**Q1 2021**	**Q1 2022**	**Q1 2021**
Serviced fleet (in thousands) at period end	**1,527**	**1,437**	**341**	**424**	**1,868**	**1,862**
Revenues	**2,411**	**2,342**	**180**	**122**	**2,590**	**2,465**
Finance lease and Other interest income	19	15	9	9	27	24
Finance cost	57	59	11	11	67	71
Car and other depreciation and amortisation	798	771	36	32	834	802
Underlying taxes	73	37	11	4	84	41
Underlying net result from continuing operations	**250**	**165**	**31**	**13**	**281**	**177**
Underlying net result from discontinued operations	–	−20	–	8	–	−12
Underlying net result	**250**	**145**	**31**	**21**	**281**	**166**
Total assets	28,291	27,863	3,192	4,023	31,483	31,886
Total liabilities	23,709	23,893	2,625	3,606	26,334	27,499

The revenue from sale of vehicles to external customers realised through continuing CarNext business amounts to EUR 67.1 million (EUR 68.7 million as per 31 March 2021) and revenue from sale of vehicles to external customers realised through CaaS amounts to EUR 747.4 million (EUR 831.3 million as per 31 March 2021).

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

	FTE's (average)		Underlying Revenues		Lease Contracts	
	In Units		In millions of euros		In millions of euros	
Country of activity	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Netherlands	1,934	1,728	334	236	2,945	2,846
United Kingdom	515	510	310	313	3,100	2,920
Italy	507	531	308	290	2,145	1,962
Other	5,135	5,731	1,638	1,625	14,278	13,236
As at 31 March	**8,090**	**8,501**	**2,590**	**2,465**	**22,468**	**20,965**

Alternative Performance Measures

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

The reconciliation from IFRS measures to Alternative Performance Measures for the three months ended March 31, 2022 and 2021 is included in the tables below:

In thousands of euros	IFRS results 31 March 2022	Underlying adjustments			Underlying results 31 March 2022
		Restructuring and other special items *	Unrealised results on financial instruments	Asset impairments and valuation allowance**	
Revenues	**2,590,474**				**2,590,474**
Direct cost of revenues	1,878,854	–	114,934	–	1,993,789
Gross profit	**711,620**	**–**	**−114,934**	**–**	**596,686**
Total operating expenses	244,438	−10,538	–	1,295	235,195
Other income	3,190		−757		2,433
Share of profit of investments accounted for using the equity method	1,280				1,280
Profit before tax	**471,651**	**10,538**	**−115,691**	**−1,295**	**365,204**
Income tax expenses	111,571	2,626	−29,574	−324	84,299
Net result from continuing operations	**360,080**	**7,912**	**−86,117**	**−971**	**280,905**
Net result for the period	**360,080**	**7,912**	**−86,117**	**−971**	**280,905**

*Includes professional consultancy costs related to ECB transition (EUR 7.8 million) and other consulting (EUR 2.7 million) for a total of EUR 10.5 million before tax (EUR 7.9 million after tax).

**Includes impairment release on non current assets for a total of EUR 1.3 million before tax (EUR 1.0 million after tax).

In thousands of euros	IFRS results 31 March 2021	Underlying adjustments			Underlying results 31 March 2021
		Restructuring and other special items *	Unrealised results on financial instruments	Asset impairments and valuation allowance**	
Revenues	**2,464,678**				**2,464,678**
Direct cost of revenues	2,011,585	–	18,551	4,347	2,034,482
Gross profit	**453,093**	**–**	**−18,551**	**−4,347**	**430,196**
Total operating expenses	213,866	−1,139		−1,110	211,617
Share of profit of investments accounted for using the equity method	966				966
Profit before tax	**240,193**	**1,139**	**−18,551**	**−3,237**	**219,544**
Income tax expenses	47,464	201	−5,799	−548	41,317
Net result from continuing operations	**192,728**	**938**	**−12,751**	**−2,688**	**178,227**
Net result from discontinued operations	−12,172	5,553	−5,537		−12,156
Net result for the period	**180,556**	**6,491**	**−18,288**	**−2,688**	**166,071**

*Includes other consulting for a total of EUR 1.1 million before tax (EUR 0.9 million after tax). EUR 5.5 million (net of tax) of professional consultancy costs of CarNext B.V. have been reclassified to the caption Net result from discontinued operations.

**Includes lease contracts impairment reversal on defaulted operating lease customers (EUR 4.3 million) and right-of-use assets impairment (EUR 1.1 million) for a total of EUR 3.2 million before tax (EUR 2.7 million after tax).

2 Revenues and direct cost of revenues

Revenues

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

In thousands of euros	Q1 2022	Q1 2021
Operating lease income	1,026,862	989,712
Finance lease and Other interest income	27,325	24,066
Additional services income	626,966	578,436
Vehicle sales and End of contract fees	909,321	872,463
Revenues	**2,590,474**	**2,464,678**

Finance lease and Other interest income for the three months period ended 31 March 2022, includes an amount of EUR 2.9 million (3M 2021: EUR 2.4 million) related to Other interest income.

Operating lease income for the three months period ended 31 March 2022, includes an amount of EUR 174.8 million (3M 2021: EUR 167.8 million) related to interest income.

Direct cost of revenues

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

In thousands of euros	Note	Q1 2022	Q1 2021
Depreciation cars		811,754	779,329
Impairment reversal operating lease assets *	8	–283	–1,584
Finance cost		67,480	70,805
Unrealised (gains)/losses on financial instruments		–114,934	–13,122
Impairment charges on loans and receivables		1,734	7,147
Lease cost		765,751	842,575
Additional services cost		402,415	360,674
Vehicle and Disposal costs	6	710,688	808,336
Direct cost of revenues		**1,878,854**	**2,011,585**

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

Gross profit (net lease income and vehicles sales income)

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

In thousands of euros	Note	Q1 2022	Q1 2021
Lease services		173,219	156,498
Impairment reversal operating lease assets *	8	283	1,584
Unrealised gains/(losses) on financial instruments		114,934	13,122
Lease		**288,436**	**171,203**
Fleet management and other services		58,289	55,931
Repair and maintenance services		73,809	72,488
Damage services and Insurance		92,453	89,343
Additional services		**224,551**	**217,763**
End of contract fees		28,331	37,651
Profit/(loss) on disposed vehicles (PLDV)	6	170,302	26,476
Profit/(loss) on disposed vehicles and End of contract fees		**198,633**	**64,127**
Gross profit		**711,620**	**453,093**

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

Net finance income

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

In thousands of euros	Q1 2022	Q1 2021
Operating lease - interest income	174,824	167,758
Finance lease and Other interest income	27,325	24,066
Finance cost	−67,480	−70,805
Net interest income	**134,669**	**121,019**
Unrealised gains/(losses) on financial instruments	114,934	13,122
Impairment charges on loans and receivables	−1,734	−7,147
Net finance income	**247,869**	**126,994**

3 Cashflow statement – cash and cash equivalents

In thousands of euros	31 March 2022	31 March 2021
Cash and balances at central banks	4,235,443	5,515,777
Deposits with banks	457,328	473,234
Call money, cash at banks	161,119	196,464
Bank overdrafts	−105,909	−171,588
Cash and cash equivalents excluding those related to assets held for sale	**4,747,981**	**6,013,887**
Cash and cash equivalents related to assets held for sale	–	14,996
Balance for the purpose of the statement of cash flows	**4,747,981**	**6,028,883**

All cash and balances at (central) banks are available at call except for the mandatory reserve deposits at the Dutch Central Bank. The mandatory reserve deposits amounting to EUR 96.7 million (31 March 2021: EUR 91.5 million) are not used in the Group's day-to-day operations and form part of the 'Cash and balances at central banks'.

As at 31 March 2021, an amount of EUR 15 million was related to the cash portion of LeasePlan Australia and LeasePlan New Zealand, classified as assets held for sale.

The Cash and balances at central banks and Bank overdraft decreased over the period 31 March 2022 to 31 March 2021, mainly as a consequence of higher bond redemption than bond issuance and volatility in derivative markets .

4 Receivables from financial institutions

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

In thousands of euros	31 March 2022	31 December 2021
Deposits with banks	457,328	387,268
Call money, cash at banks	161,119	186,903
Cash collaterals deposited for securitisation transactions	47,212	56,429
Cash collaterals deposited for derivative financial instruments	79,183	53,128
Other cash collateral deposited	3,984	3,923
Total	**748,826**	**687,651**

The maturity analysis is as follows:

In thousands of euros	31 March 2022	31 December 2021
Three months or less	702,637	632,563
Longer than three months, less than a year	24,174	31,189
Longer than a year, less than five years	21,983	23,866
Longer than five years	32	34
Total	**748,826**	**687,651**

The receivables from financial institutions all reside in Stage 1, there is no significant increase in credit risk as at 31 March 2022. The allowance for expected credit losses amounts to EUR 0.4 million (31 December 2021: EUR 0.4 million).

5 Derivative financial instruments

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

	31 March 2022			31 December 2021		
	Notional amounts	**Fair value**		**Notional amounts**	**Fair value**	
In thousands of euros		Assets	Liabilities		Assets	Liabilities
Fair value hedge						
Interest rate swaps	6,292,838	19,511	150,151	6,774,611	51,715	40,147
Cross currency swaps	52,031	381	436	78,263	–	2,862
Total Derivatives in hedge	**6,344,869**	**19,893**	**150,588**	**6,852,875**	**51,715**	**43,009**
Interest rate swaps	22,317,151	164,426	33,953	26,664,647	56,840	24,717
Cross currency swaps/forwards	4,659,561	86,741	35,384	4,718,169	67,612	40,692
Derivatives not in hedge	**26,976,712**	**251,167**	**69,337**	**31,382,815**	**124,451**	**65,409**
Total	**33,321,580**	**271,060**	**219,925**	**38,235,690**	**176,167**	**108,417**

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

In thousands of euros	**Q1 2022**	**Q1 2021**
Derivatives not in hedges	113,425	11,054
Derivatives fair value hedging instruments	−144,075	−23,280
Financial liabilities fair value hedged items	145,584	25,348
Hedge ineffectiveness fair value hedges	1,509	2,068
Unrealised gains/(losses) on financial instruments	**114,934**	**13,122**

6 Inventories

In thousands of euros	Note	31 March 2022	31 December 2021
Cars and trucks from terminated lease contracts		257,290	280,463
Valuation allowance	2	−1,916	−1,102
Carrying amount cars and trucks from terminated lease contracts		**255,374**	**279,361**
New cars and trucks in stock		50,278	57,184
Other inventories		19,232	34,061
Total		**324,885**	**370,605**

In line with our expectations, the beneficial pricing of the used-car market continued in Q1 2022.

Compared to 31 December 2021 the valuation allowance for inventory increased by EUR 0.8 million to EUR 1.9 million, or 0.7% of the gross book value of cars and trucks from terminated lease contracts. The allowance represents the impact of the write down to the lower net realisable value of the inventories. The increase is booked on the Vehicle and disposal costs report line in the Direct cost of revenues.

The sensitivity of an additional 1% decline in used-cars prices will translate into EUR 0.1 million additional allowance for inventory. The 1% decline is not a linear variable.

7 Lease receivables from clients

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

In thousands of euros	31 March 2022	31 December 2021
Amounts receivable under finance lease	2,846,776	2,784,194
Trade receivables	821,162	791,454
Impairment	−81,727	−82,667
Total	**3,586,211**	**3,492,981**

The impairment allowance of EUR 81.7 million (year-end 2021: EUR 82.7 million) includes EUR 7.3 million (year-end 2021: EUR 6.5 million) related to invoices under commercial disputes and EUR 74.5 million (year-end 2021: EUR 76.2 million) of expected credit losses (ECL) recognised under IFRS 9.

Impairment allowance

The ECL allowances include lifetime expected credit losses amounting to EUR 15.1 million (year-end 2021: EUR 15.9 million) for non credit impaired lease receivables and EUR 59.4 million (year-end 2021: EUR 60.2 million) for credit impaired lease receivables. In 2022 changes in the ECL allowance mainly relate to net remeasurements on existing contracts and ECL on new contracts recognised during the period.

The Group uses the macroeconomic information and forecasts from data provider IHS Markit as input to its expected credit loss models, next to developments in parameters such as defaults and amounts overdue. As the macroeconomic forecasts issued by IHS Markit during Q1 2022 very closely follow the Baseline scenario and no scenario reflecting new risks stemming from Ukrainian war was issued, the Group has not updated the applied scenarios.

The Group keeps applying a 100% weighting to a pessimistic scenario in each country, due to the continued uncertainties, disruptions and worsened outlook caused by Ukrainian war. The base scenario assumes a gradual recovery in 2022, the optimistic scenario assumes a more rapid rebound and the pessimistic scenario assumes a weaker recovery.

If a 100% optimistic scenario is applied, the ECL allowance for non-credit impaired lease receivables is EUR 4.0 million lower. The sensitivity of credit impaired lease receivables to a decline in value of collateral is not material as the allowance is covering almost the total exposure and collateral values are insignificant.

The maturity analysis is as follows:

In thousands of euros	**31 March 2022**	**31 December 2021**
Three months or less	1,215,065	1,143,727
Longer than three months, less than a year	852,855	834,098
Longer than a year, less than five years	1,587,316	1,583,329
Longer than five years	12,703	14,493
Impairment	–81,727	–82,667
Total	**3,586,211**	**3,492,981**

A part of the receivables under finance lease contracts is encumbered as a result of the asset backed securitisation transactions concluded by the Group. The total value of the securitised financial leased assets amounts to EUR 337 million (year-end 2021: EUR 332 million) (see note 8).

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

In thousands of euros	Operating lease	Rental fleet	Vehicles available for lease	Total
Carrying amount as at 1 January 2021	**18,706,745**	**179,677**	**304,963**	**19,191,386**
Purchases/additions	1,524,444	17,005	280,678	1,822,127
Disposals	−370,713	−15,614	–	−386,327
Transfer from vehicles available for lease	304,963	–	−304,963	–
Transfer to inventories	−408,847	–	–	−408,847
Depreciation	−837,915	−8,637	–	−846,552
Impairment charge	−1,372	–	–	−1,372
Impairment reversal	2,956	–	–	2,956
Transfer to assets held for sale/sale of subsidiary	−576,839	–	–	−576,839
Currency translation adjustments	165,535	697	–	166,232
Carrying amount as at 31 March 2021	**18,508,958**	**173,129**	**280,678**	**18,962,765**
Cost	25,441,540	224,603	280,678	25,946,820
Accumulated depreciation	−6,932,581	−51,474	–	−6,984,055
Carrying amount as at 31 March 2021	**18,508,958**	**173,129**	**280,678**	**18,962,765**
Transfer to assets held for sale/sale of subsidiary	13,891	–	–	13,891
Purchases/additions	4,906,108	146,590	381,305	5,434,002
Disposals	−2,203,505	−14,496	–	−2,218,001
Transfer from vehicles available for lease	280,678	–	−280,678	–
Transfer to inventories	128,385	–	–	128,385
Depreciation	−2,509,962	−33,373	–	−2,543,336
Impairment charge	−1,634	–	–	−1,634
Impairment reversal	4,597	–	–	4,597
Currency translation adjustments	−39,152	−3,418	1,811	−40,759
Carrying amount as at 31 December 2021	**19,088,362**	**268,431**	**383,115**	**19,739,908**
Cost	26,390,760	344,695	383,115	27,118,571
Accumulated depreciation	−7,302,399	−76,264	–	−7,378,663
Carrying amount as at 31 December 2021	**19,088,362**	**268,431**	**383,115**	**19,739,908**
Purchases/additions	1,439,805	55,622	344,870	1,840,298
Disposals	−508,533	−7,028	–	−515,561
Transfer from vehicles available for lease	383,115	–	−383,115	–
Transfer to inventories	−257,290	–	–	−257,290
Depreciation	−839,302	−13,279	–	−852,582
Impairment charge	−1,819	–	–	−1,819
Impairment reversal	2,102	–	–	2,102
Currency translation adjustments	40,534	−1,052	1,241	40,722
Carrying amount as at 31 March 2022	**19,346,973**	**302,693**	**346,111**	**19,995,778**
Cost	26,821,798	387,751	346,111	27,555,660
Accumulated depreciation	−7,474,825	−85,058	–	−7,559,883
Carrying amount as at 31 March 2022	**19,346,973**	**302,693**	**346,111**	**19,995,778**

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

Impairment

The net impairment reversal for the three-months period ended 31 March 2021 amounted to EUR 1.6 million and for year end 2021 amounted to EUR 4.5 million, both related to reversal of book value losses on early terminated cars for defaulted operating lease customers.

The net impairment reversal for the three-months period ended 31 March 2022 amounts to EUR 0.2 million related to reversal of book value losses on early terminated cars for defaulted operating lease customers.

The impairment analysis is based on an assessment of the value in use of all lease contracts. For our projections of cash flows, including the cash flows from residual values upon termination of the lease contract, we have considered the (negative) impact of the COVID-19 outbreak as history and 2022 onwards outlook business as usual back to pre-COVID level. The recoverable amount related to impaired lease agreements amounted to EUR 1.3 billion as at 31 March 2022 (31 December 2021: EUR 1.4 billion).

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

The sensitivity of an additional 1% decline in used-car prices of the impaired lease contracts will translate into EUR 7 million additional impairment for the total remaining duration.

Asset backed securitisation transactions

The Group concluded a number of asset backed securitisation transactions hereinafter identified as the Bumper transactions. These transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies (which are included in the consolidated financial statements of the Company). As a result of this sale this caption includes encumbered (securitised) operating lease assets amounting to EUR 2.2 billion (year-end 2021: EUR 2.3 billion).

9 Other property and equipment

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

In thousands of euros	31 March 2022	31 December 2021
Owned	93,405	88,053
Leased	207,597	208,462
Total	**301,003**	**296,515**

Leased assets mainly include property such as buildings and IT and other equipment. In Q1 2022 an amount of EUR 1.3 million has been booked related to impairments reversal/charge.

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

In thousands of euros	31 March 2022	31 December 2021
Not longer than a year	37,828	35,763
Longer than a year	195,759	200,323
Total	**233,587**	**236,085**

10 Funds entrusted

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

In thousands of euros	31 March 2022	31 December 2021
Three months or less	7,476,577	6,985,563
Longer than three months, less than a year	1,804,211	2,017,759
Longer than a year, less than five years	1,240,322	1,331,334
Longer than five years	–	14
Total	**10,521,110**	**10,334,671**

Savings deposits raised by LeasePlan Bank amounts to EUR 10.4 billion (year-end 2021: EUR 10.2 billion) of which 37.5% (year-end 2021: 39.4%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a banking licence in the Netherlands. LeasePlan Bank also operates on the German savings deposit market with a cross border offering from the Netherlands.

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

In thousands of euros	31 March 2022	31 December 2021
Three months or less	0.02%	0.03%
Longer than three months, less than a year	0.36%	0.38%
Longer than a year, less than five years	0.71%	0.73%

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

11 Borrowings from financial institutions

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

In thousands of euros	31 March 2022	31 December 2021
On demand	105,908	159,656
Three months or less	350,760	377,242
Longer than three months, less than a year	635,849	648,347
Longer than a year, less than five years	2,091,966	2,138,766
Total	**3,184,482**	**3,324,010**

12 Debt securities issued

This item includes negotiable, interest bearing securities.

In thousands of euros	31 March 2022	31 December 2021
Bond and notes - originated from securitisation transactions	1,697,332	1,850,740
Bonds and notes - other	6,938,703	7,542,547
Bonds and notes - other (fair value adjustments)	−136,948	8,636
Balance as at reporting date	**8,499,087**	**9,401,924**

There is no pledge nor security for these debt securities except for the bonds and notes which are originating from securitisation transactions. Interest rates have risen in the year due to the changing economic environment which has resulted in the value of low yielding bonds falling, resulting in a higher FV adjustment to bonds in hedge.
The average interest rate applicable to the outstanding bonds and notes is 1.2% as of 31 March 2022 (year-end 2021: 1.1%).

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

In thousands of euros	31 March 2022	31 December 2021
Three months or less	252,215	839,988
Longer than three months, less than a year	1,536,586	1,526,992
Longer than a year, less than five years	6,605,141	6,923,409
Longer than five years	105,145	111,535
Total	**8,499,087**	**9,401,924**

The caption ‘Bonds and notes – originated from securitisation transactions’ include notes from Bumper UK 2019-I, Bumper DE S.A. 2019-I, Bumper BE, Bumper NL 2020-1 B.V. and Bumper UK 2021-1.

13 Commitments

The Group entered into commitments in connection with the forward purchase of property and equipment under operating lease and rental fleet amounting to EUR 5.5 billion as at the balance sheet date (year-end 2021: EUR 4.8 billion). The increase is driven by a high order book impacted by semiconductor chips shortages initially caused by COVID-19 and currently by the continuing war between Ukraine and Russia. These commitments are entered into in the ordinary course of business and the majority is back-to-back matched with lease contracts entered into with customers.

The Group has issued guarantees to the total value of EUR 417 million (year-end 2021: EUR 412 million) of which EUR 415 million (year-end 2021: EUR 411 million) is related to residual value guarantees issued to clients.

Credit facilities have been concluded with investments accounted for using the equity method amounting to EUR 200.0 million (year-end 2021: EUR 200.0 million) of which EUR 175.5 million (year-end 2021: EUR 200.0 million) is drawn as at 31 March 2022.

14 Related parties

Identity of related parties

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

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

TDR Capital has a controlling interest in Constellation Automotive Group. In October 2021 Constellation Automotive Group, which already had a controlling interest in British Car Auction (BCA), acquired LeasePlan's participating interest in CN Group B.V. and brought all entities in Constellation Automotive Holdings. In return LeasePlan obtained newly issued ordinary shares in Constellation Automotive Holdings. LeasePlan continues doing business with BCA and CN Group B.V. and selling ex-lease vehicles on an arm's length basis under a long term service agreement. The result of the transactions with Constellation Automotive Holdings for the first three months of 2022 is not material at Group's level. The amount of accounts receivables outstanding with Constellation Automotive Holdings is EUR 13 million. As at 31 March 2022, sales revenues from transactions with Constellation Automotive Holdings amount to EUR 0.2 billion.

All business relations with investments accounted for using the equity method are in the ordinary course of business and handled on normal market terms. As of 31 March 2022, an amount of EUR 175.5 million (year-end 2021: EUR 200.0 million) is provided as loans to investments accounted for using the equity method.

15 Fair value of financial instruments

The table below summarises the Group's financial assets and financial liabilities, of which the derivatives are measured at fair value and the other financial assets and other financial liabilities are measured at amortised cost on the balance sheet as at 31 March 2022. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value of financial instruments

As at 31 March 2022	**Carrying value**		**Fair value**		
In thousands of euros		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
Derivatives financial instruments in hedge	19,893	–	19,893	–	19,893
Derivatives financial instruments not in hedge	251,167	–	251,167	–	251,167
Investments in equity securities	134,582	72,082	–	62,500	134,582
Financial assets not measured at fair value					
Cash and balances at central banks	4,235,443				
Investments in debt securities	44,283	43,759	–	–	43,759
Receivables from financial institutions	748,826				
Lease receivables from clients	3,586,211	–	3,570,402	–	3,570,402
Loans to investments using the equity method	175,500	–	177,729	–	177,729
Investments in equity accounted investments	18,364				
Other receivables and prepayments	327,015	–	327,015	–	327,015
Total financial assets	**9,541,286**	**115,841**	**4,346,206**	**62,500**	**4,524,547**
Financial liabilities measured at fair value					
Derivatives financial instruments in hedge	150,588	–	150,588	–	150,588
Derivatives financial instruments not in hedge	69,337	–	69,337	–	69,337
Financial liabilities not measured at fair value					
Funds entrusted	10,521,110	–	10,467,233	–	10,467,233
Trade and other payables and deferred income	881,480				
Borrowings from financial institutions	3,184,482	–	3,181,693	–	3,181,693
Debt securities issued	8,499,087	–	8,657,259	–	8,657,259
Loans from investments using the equity method	7,888				
Total financial liabilities	**23,313,972**	**–**	**22,526,109**	**–**	**22,526,109**

Fair value of financial instruments

As at 31 December 2021	Carrying value		Fair value		
In thousands of euros		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivatives financial instruments in hedge	51,715	–	51,715	–	51,715
Derivatives financial instruments not in hedge	124,451	–	124,451	–	124,451
Investments in equity securities	133,826	71,326	–	62,500	133,826
Financial assets not measured at fair value					
Cash and balances at central banks	5,447,685				
Investments in debt securities	43,394	43,788	–	–	43,788
Receivables from financial institutions	687,651				
Lease receivables from clients	3,492,981	–	3,450,053	–	3,450,053
Loans to investments using the equity method	200,000	–	204,200	–	204,200
Investments in equity accounted investments	16,716				
Other receivables and prepayments	338,930	–	338,930	–	338,930
Total financial assets	**10,537,349**	**115,114**	**4,169,350**	**62,500**	**4,346,964**
Financial liabilities measured at fair value					
Derivatives financial instruments in hedge	43,009	–	43,009	–	43,009
Derivatives financial instruments not in hedge	65,409	–	65,409	–	65,409
Financial liabilities not measured at fair value					
Funds entrusted	10,334,671	–	10,375,499	–	10,375,499
Trade and other payables and deferred income	918,565				
Borrowings from financial institutions	3,324,010	–	3,335,665	–	3,335,665
Debt securities issued	9,401,924	–	9,590,006	–	9,590,006
Loans from equity investments	25,000				
Total financial liabilities	**24,112,588**	**–**	**23,409,587**	**–**	**23,409,587**

For certain other receivables (Rebates and bonuses and commissions receivable, Reclaimable damages and Interest to be received) and payables (Trade payables and Interest payable) with a remaining term well below one year, the carrying value is deemed to reflect the fair value.

There were no changes in valuation techniques during the year nor transfers between levels.

Financial instruments in level 1
The fair value of level 1 financial instruments is based on quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
The equity investment in SG Fleet and investments in debt securities are measured using level 1 input.

Financial instruments in level 2

Level 2 inputs are inputs other than quoted market prices included within level I. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximise the use of observable market input data available and rely only for insignificant input on entity specific estimates. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of the interest rate swaps and cross currency swaps calculated as the present value of the estimated future cash flows based on observable yield curves at commonly quoted intervals, while considering the current creditworthiness of the counterparties.
- The yield curve for all collateralised derivatives is based on the overnight index swap (OIS) rate (the vast majority of the Group's derivatives are collateralised, and therefore the necessity for other observable market inputs such as CVA, DVA, FVA adjustments is negated).
- The valuation methodology of the cross-currency swaps includes a liquidity premium (which swaps less liquid currencies into those that are considered more liquid in the market and vice versa).
- The counterparty's Probability of Default is estimated using market CDS spreads resulting in credit valuation adjustments.
- The Group's own creditworthiness and Probability of Default are estimated using input such as secondary spreads and cost of funding curve as well as information from counterparties resulting in a debit valuation adjustment.
- Other techniques, such as discounted cash flow analysis based on observable interest rates or yield curves at commonly quoted intervals, are used to determine the fair value for the remaining financial instruments.

Financial instruments in level 3

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

The equity securities in Constellation Automotive Holdings S.a.r.l., included in Investments in equity securities, are measured using a level 3 fair value.

For subsequent measurement of the equity investment in Constellation Automotive Holding S.a.r.l. the Group applies a level 3 market approach using an enterprise value to revenue multiple observed in the market for comparable companies to Constellation Automotive Holdings S.a.r.l. business being valued. The deal multiple implied in the initial transaction price at 4 October 2021 was compared to the enterprise value to revenue multiples of the group of listed peer companies at that date. A company-specific discount compared to the market multiple was determined as at 4 October 2021 to reflect the characteristics of Constellation Automotive Holdings S.a.r.l. and is applied to adjust the market multiple in subsequent measurement. Relevant assumptions such as market multiple, company specific discount and peer group are reviewed in subsequent reporting periods. The net debt position of Constellation Automotive Holdings S.a.r.l. that impacts the equity value is updated every reporting period.

In order to avoid not representative volatility and to reflect the inherent uncertainty around market valuations, the Group applies the initial deal multiple in the valuation as at 31 March 2022 as the market multiple did not change outside a corridor of +/-10% of the initial multiple.
The fair value of the share in Constellation Automotive Holdings S.a.r.L as at 31 March 2022 is EUR 62.5 million.

The sensitivity of the fair value to a change in the multiple of 10% amounts to approximately EUR 10 million.

16 Interest Rate Benchmark Reform

The Group is well advanced in the process of the transition from the IBOR-based instruments to alternative reference rate (ARR) instruments. The transition from USD, CHF and GBP Libor to ARRs has been broadly completed as at 31 December 2021. As of 1 January 2022 the ARRs SOFR, SARON, SONIA and swap rates derived from SOFR, SONIA, SARON are used solely as the interest rate benchmarks for all new interest-bearing financiel instruments and lease contracts. Spread adjustments based on historical differences between LIBOR and ARR's have been applied aiming to make transition to the new rates result neutral for the Group and clients. Some USD Libors (Overnight, 1M, 3M, 6M, 12M) will continue to be published and used by the group companies to re-price floating rate leases and derivatives concluded before 31 December 2021 until the end of June 2023.
The impact of changing IBOR rates in ARR's is not material as our interest rate risk policy prescribes matched funding which is monitored closely from a risk management perspective.

Any developments in replacing IBOR-based instruments to ARR's in other jurisdictions are continuously monitored. As at the balance sheet date other relevant interest rate benchmarks the Group applies are expected to continue for the foreseeable future. Those rates are calculated and administrated in accordance with the European Union Benchmarks Regulation requirements. This allows market participants to continue to use those reference rates for both existing and new contracts.

Only IBOR rates that cease to be applicable as announced by local legislation of contracts that have yet to transition to an alternative benchmark rate (unreformed rates) are included in the tables below.

The table below indicates the nominal amount in Euro and weighted average maturity of derivatives in hedging relationships that will be affected by USD Libor reform, as at 31 March 2022. The derivative hedging instruments' nominal amount provides a close approximation to the extent of the risk exposure the Group manages through hedging relationships included in the derivative financial instruments in the statement of financial position.

Local currency amounts	Nominal amount (in million)	Average maturity (years)
Interest rate swaps		
USD Libor	703	2.5

The following table shows the total amounts in Euro of unreformed derivative financial instruments not in hedging relationships at 31 March 2022 that expire after the transition date of June 2023.

Derivatives financial instruments not in hedge - Nominal amount (in million)	**USD LIBOR**
Derivatives financial instruments assets	85.7

The following table shows the total amounts in Euro of unreformed non-derivative financial assets and liabilities at 31 March 2022 that expire after the transition date of June 2023.

Financial assets and liabilities (in million)	**USD LIBOR**
Lease receivables from clients	581.5
Debt securities issued	36.1

The lease receivables have transition rules from USD Libor to ARR's in the contract.

17 Contingent assets and liabilities

As at 31 March 2022, LeasePlan has made available to companies for which a non-controlling interest is held, a credit facility of EUR 5.6 million, that has not been drawn as at the reporting date.

The probability of any inflow of economic benefits arising from the contingent assets is difficult to estimate and remote. Accordingly, no asset is recognised in the balance sheet.

18 Events occurring after balance sheet date

No material events occurred after 31 March 2022, that require disclosure in accordance with IFRS, nor events affecting the financial position of the Group as at 31 March 2022 or the result for the three months period ended 31 March 2022.

Responsibility statement

Managing Board's responsibility for financial reporting

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

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

The company's 31 March 2022 condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and results of the Company and the subsidiaries included in the consolidation as a whole.

Amsterdam, 11 May 2022

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

Independent auditor’s review report

Independent auditor's review report

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

Our conclusion

We have reviewed the accompanying condensed consolidated interim financial statements as at 31 March 2022 of LeasePlan Corporation N.V. (or hereafter: the "Company") based in Amsterdam as set out on pages 6 to 39. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The condensed consolidated interim financial statements comprise:

1 the condensed consolidated statement of financial position as at 31 March 2022;

2 the condensed consolidated statements of profit or loss and comprehensive income, the condensed consolidated statements of changes in equity, and cash flows for the three-month period ended 31 March 2022; and

3 the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our conclusion

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

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

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

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

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

KPMG

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

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

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

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

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

Our review included among others:

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

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

Amstelveen, 11 May 2022

KPMG Accountants N.V.

B.M. Herngreen RA

Glossary

AFM

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

AT1

Additional Tier 1 capital securities.

B2C runrate

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

CaaS

Car as a Service.

DNB

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

Digital LeasePlan

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

ECB

European Central Bank.

EOCF

End of contract fees.

EV

Electric vehicle.

LCV

Light commercial vehicles.

LeasePlan Bank

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

NCI

Non-controlling interests.

PLDV

Profit-and-loss on Disposal of Vehicles.

RMT

Repair, maintenance and tyres.

RoW

Rest of the world.

RV

Residual value of a vehicle.

SARON

Swiss Average Rate Overnight the overnight interest rate of the secured money market for Swiss francs.

SOFR

Secured Overnight Financing Rate is a benchmark interest rate for dollar-denominated derivatives and loans that is replacing the London interbank offered rate (LIBOR).

SONIA

Sterling Overnight Index Average is the interest rate applied to bank transactions in the British Sterling Market during off hours.

TREA

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