LeasePlan
Pillar 3 Report 2022

Contents

1 Introduction

1.1 GENERAL REQUIREMENTS FOR DISCLOSURES

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

Whenever reference is made to 'LeasePlan' or 'the Group' reference is made to the same scope of consolidation as disclosed in the LP Group B.V. Annual Report 2022. LeasePlan Corporation N.V. has 100% ownership of the shares in LeasePlan entities that are included in the consolidation and is entitled to appoint or dismiss the LeasePlan entities' management. For an overview of the principal subsidiaries of LP Group B.V. reference is made to section ***Specific note 2*** – Country by country reporting; and section ***Other information note 2*** – 'List of principal consolidated participating interests' of the LP Group B.V. Annual Report 2022; this provides information as referred to in CRR Article 436 (b), and contains an outline of the differences in the scopes of consolidation – entity by entity of LeasePlan.

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

LeasePlan's Pillar 3 disclosures are in accordance with Part Eight of the Capital Requirements Regulation (EU) No. 575/2013 (CRR). LeasePlan adopts a formal disclosure policy in accordance with CRR Article 431.3, to comply with the disclosure requirements laid down in Title II and III of Part Eight, Articles 435-455. The Pillar 3 disclosures in this report are governed by the Group's Pillar 3 Disclosure Policy.

The Basel III framework is built on three pillars:

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

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

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

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

Pillar 3 disclosure frequency and report structure

LeasePlan publishes a Pillar 3 Report quarterly, semi-annually and annually on our website (www.leaseplan.com/corporate), concurrently with the release of our Annual Report and Interim Reports. Unless the context requires otherwise, 'Pillar 3 Report' means LeasePlan's Pillar 3 Report 2022 and 'Annual Report' means LeasePlan's Annual Report 2022.

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

The annual Pillar 3 Report comprises quantitative and qualitative information required under Part Eight of the CRR. In this report LeasePlan mainly covers information relating to risk, capital, leverage and liquidity. This report should be read in conjunction with the Annual Report in which LeasePlan's risk profile is disclosed based on IFRS disclosure requirements.

Wherever specific rows and columns in the tables prescribed by the EBA or Basel are not applicable to our activities, we omit them and follow the same approach for comparatives.

All tables are as at 31 December 2022 and in millions of euros, unless stated otherwise. Due to rounding, numbers presented throughout this document may not add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures.

1 Introduction *continued*

Assurance

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

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

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

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

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

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

Reference table

CRR Articles	Disclosures	Pillar 3 Report 2022	Annual Report 2022
Article 431	Disclosure requirements and policies	Section 1	Not applicable
Article 432	Non-material, proprietary or confidential information	Section 1	Not applicable
Article 433	Frequency and scope of disclosures	Section 1	Not applicable
Article 433a	Disclosures by large institutions	Section 1	Not applicable
Article 433b	Disclosures by small and non-complex institutions	Not applicable	Not applicable
Article 433c	Disclosures by other institutions	Not applicable	Not applicable
Article 434	Means of disclosures	Section 1	Not applicable
Article 434a	Uniform disclosure formats	Section 1	Not applicable
Article 435	Disclosure of risk management objectives and policies	Section 2	Risk management and Compliance Governance FRM: A. Risk Approach FRM: C. Risk management framework
Article 436	Disclosure of scope of application	Section 1.2	SN: 2
Article 437	Disclosure of own funds	Section 4	FRM: B. Capital management
Article 437a	Disclosure of own funds and eligible liabilities	Section 4	FRM: B. Capital management
Article 438	Disclosure of own funds requirements and risk-weighted exposure amounts	Section 4	FRM: B. Capital management
Article 439	Disclosure of exposure to counterparty credit risk	Section 8	FRM: D. Risk
Article 440	Disclosure of countercyclical capital buffers	Section 4.4	FRM: B. Capital management
Article 441	Disclosure of indicators of global systemic importance	Not applicable	Not applicable
Article 442	Disclosure of exposures to credit risk and dilution risk	Section 7	FRM: D. Risks
Article 443	Disclosure of encumbered and unencumbered assets	Section 12.1	FRM: D. Risks
Article 444	Disclosure of the use of the Standardised Approach	Section 7.3	FRM: D. Risks
Article 445	Disclosure of exposure to market risk	Section 9	FRM: D. Risks
Article 446	Disclosure of operational risk management	Section 10	FRM: D. Risks
Article 447	Disclosure of key metrics	Section 1.3	SN: 21, 36
Article 448	Disclosure of exposures to interest rate risk on positions not held in the trading book	Section 12.3	FRM: D. Risks

1 Introduction *continued*

CRR Articles	Disclosures	Pillar 3 Report 2022	Annual Report 2022
Article 449	Disclosure of exposures to securitisation positions	Section 12.2	SN: 15, 20, 21, 30, 40; NCFS: 13 General notes
Article 449a	Disclosure of environmental, social and governance risks (ESG risks)	Section 11	Sustainability Risk Management and Compliance
Article 450	Disclosure of remuneration policy	Section 13	SN: 6, 28, 37 Remuneration report
Article 451	Disclosure of the leverage ratio	Section 5	Not applicable
Article 451a	Disclosure of liquidity requirements	Section 6	Risk management and Compliance FRM: D. Risk
Article 452	Disclosure of the use of the IRB Approach to credit risk	Section 7.4	FRM: D. Risk
Article 453	Disclosure of the use of credit risk mitigation techniques	Section 7.2	FRM D. Risk
Article 454	Disclosure of the use of the Advanced Measurement Approaches to operational risk[1]	Not applicable	Not applicable
Article 455	Use of internal market risk models	Not applicable	Not applicable
Article 473a	IFRS 9 transitional arrangements[2]	Not applicable	Not applicable

Table 1: Reference table between CRR Articles, Pillar 3 Report and Annual Report[3]

1.2 SCOPE OF APPLICATION

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

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

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

As at 31 December 2022		Method of regulatory consolidation					
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
LeasePlan Danmark A/S	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan France S.A.S.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Schweiz AG	Full consolidation	X					Financial corporations other than credit institutions
Accident Management Services SRL	Full consolidation	X					Financial corporations other than credit institutions
Firenta BV	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Emirates LLC	Equity method			X			Financial corporations other than credit institutions
LeasePlan Brasil Ltda	Full consolidation	X					Financial corporations other than credit institutions
Claims Management Sverige AB	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Servicios S.A.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Service Center S.R.L.	Full consolidation	X					Non-financial corporations

1. *LeasePlan does not use the Advanced measurement approach (AMA).*
2. *LeasePlan's IFRS 9 ECLs as reported are considered to be 'fully loaded', hence CRR Article 473a is not applicable for LeasePlan.*
3. *Specific notes in the Annual Report = SN; Risk management section of the financial statements in Annual Report = FRM; Notes to the company financial statements = NCFS.*

1 Introduction *continued*

As at 31 December 2022		Method of regulatory consolidation					
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
LeasePlan Global B.V.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Norge A/S	Full consolidation	X					Financial corporations other than credit institutions
Administrative and Management Services SAS	Full consolidation	X					Non-financial corporations
LeasePlan Portugal Comercio e Aluguer de Automoveis e Equipamentos Unipessoal Lda	Full consolidation	X					Financial corporations other than credit institutions
Auto Claim Handling Denmark AS	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Deutschland GmbH	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Rus LLC	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Fleet Management Polska Sp zoo	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Mexico S.A. de C.V.	Full consolidation	X					Financial corporations other than credit institutions
Fleet Insurance Plan sro	Full consolidation	X					Financial corporations other than credit institutions
Accident Management Services Norge AS	Full consolidation	X					Financial corporations other than credit institutions
Transport Plan B.V.	Full consolidation	X					Financial corporations other than credit institutions
InsurancePlan sro	Full consolidation	X					Financial corporations other than credit institutions
Garanthia Plan SL	Full consolidation	X					Financial corporations other than credit institutions
all in AG	Full consolidation	X					Non-financial corporations
Fleet Accident Management Services Sp. z.o.o.	Full consolidation	X					Financial corporations other than credit institutions
Lease Beheer Vastgoed B.V.	Full consolidation	X					Non-financial corporations
LeasePlan Arrendamento Mercantil SA	Full consolidation	X					Financial corporations other than credit institutions
PLease S.C.S.	Equity method			X			Financial corporations other than credit institutions
LeasePlan Hungaria Gepjarmu Kezelo es Fiannszirozo Reszvenytersasag	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Italia S.p.A.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan CN Holding B.V.	Full consolidation	X					Non-financial corporations
Societe de Courtages d'Assurances Groupe SCAG SARL	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan UK Limited	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Digital B.V.	Full consolidation	X					Non-financial corporations
LeasePlan Slovakia s.r.o.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Luxembourg S.A.	Full consolidation	X					Financial corporations other than credit institutions
AALH Participaties B.V.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Corporation N.V.	Full consolidation	X					Credit institutions
LeasePlan Fleet Management Services Ireland Ltd	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Otomotiv Servis ve Ticaret A.S.	Full consolidation	X					Financial corporations other than credit institutions

1 Introduction *continued*

As at 31 December 2022 Name of the entity	Method of accounting consolidation	Method of regulatory consolidation Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
LeasePlan Romania S.R.L.	Full consolidation	X					Financial corporations other than credit institutions
Dial Contracts Limited	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Nederland N.V.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Finland Oy	Full consolidation	X					Financial corporations other than credit institutions
Lease Beheer Holding B.V.	Full consolidation	X					Non-financial corporations
LeasePlan Rechtshulp B.V.	Full consolidation	X					Non-financial corporations
Fleet Cover Sociedade Mediação de Seguros, Lda	Full consolidation	X					Financial corporations other than credit institutions
Euro Insurances Designated Activity Company	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Fleet Management India Pvt Ltd	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Truck N.V.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Finance B.V.	Full consolidation	X					Financial corporations other than credit institutions
Lean Autovermietung GmbH	Full consolidation	X					Financial corporations other than credit institutions
Accident Management Services B.V.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Osterreich Fuhrparkmanagement GmbH	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Versicherungsvermittlungs-gesellschaft mbH	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan India Private Ltd	Full consolidation	X					Financial corporations other than credit institutions
Internal Fleet Purchasing Limited	Full consolidation	X					Non-financial corporations
LeasePlan Services GmbH	Full consolidation	X					Non-financial corporations
LeasePlan Sverige AB	Full consolidation	X					Financial corporations other than credit institutions
Automotive Leasing Limited	Full consolidation	X					Financial corporations other than credit institutions
Dial Vehicle Management Services Limited	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Ceska Republika s.r.o.	Full consolidation	X					Financial corporations other than credit institutions
Flottenmanagement GmbH	Equity method			X			Non-financial corporations
LeasePlan Fleet Management N.V.	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Partnerships and Alliances	Full consolidation	X					Financial corporations other than credit institutions
LeasePlan Hellas Commercial Vehicle Leasing and Fleet Management Services Single Member S.A.	Full consolidation	X					Financial corporations other than credit institutions
Inula Holding UK Limited	Full consolidation	X					Financial corporations other than credit institutions
Network Vehicles Limited	Full consolidation	X					Non-financial corporations

Table 2: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)[4]

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

1 Introduction *continued*

1.3 KEY METRICS

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

Ref	In millions of euros	Dec-22	Sep-22	Jun-22	Mar-22	Dec-21
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	3,565	3,667	3,653	3,449	3,346
2	Tier 1 capital	3,898	4,015	3,993	3,817	3,697
3	Total capital	3,976	4,097	4,073	3,888	3,777
	Risk-weighted exposure amounts (RWEA)					
4	Total RWEA	22,482	24,390	23,758	23,142	22,483
	Capital ratios (as a percentage of risk-weighted exposure amounts)					
5	Common Equity Tier 1 ratio (%)	15.9%	15.0%	15.4%	14.9%	14.9%
6	Tier 1 ratio (%)	17.3%	16.5%	16.8%	16.5%	16.4%
7	Total capital ratio (%)	17.7%	16.8%	17.1%	16.8%	16.8%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amounts)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	–	–	–	–	–
EU 7b	of which: to be made up of CET1 capital	–	–	–	–	–
EU 7c	of which: to be made up of Tier 1 capital	–	–	–	–	–
EU 7d	Total SREP own funds requirements (%)	11.9%	11.9%	11.9%	11.9%	11.9%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amounts)					
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	–	–	–	–	–
9	Institution specific countercyclical capital buffer (%)	0.17%	0.09%	0.06%	0.05%	0.05%
EU 9a	Systemic risk buffer (%)	–	–	–	–	–
10	Global Systemically Important Institution buffer (%)	–	–	–	–	–
EU 10a	Other Systemically Important Institution buffer (%)	–	–	–	–	–
11	Combined buffer requirement (%)	2.7%	2.6%	2.6%	2.6%	2.5%
EU 11a	Overall capital requirements (%)	14.6%	14.5%	14.5%	14.5%	14.4%
12	CET1 available after meeting the total SREP own funds requirements (%)	3.1%	2.3%	2.7%	2.3%	2.4%
	Leverage ratio					
13	Total exposure measure	40,169	40,312	39,404	37,407	37,265
14	Leverage ratio (%)	9.70%	9.96%	10.13%	10.20%	9.92%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	–	–	–	–	–
EU 14b	of which: to be made up of CET1 capital (percentage points)	–	–	–	–	–
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	–	–	–	–	–
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value – average)	5,001	5,053	5,128	5,060	5,180
EU 16a	Cash outflows – Total weighted value	2,633	2,540	2,391	2,347	2,180
EU 16b	Cash inflows – Total weighted value	600	490	487	425	356
16	Total net cash outflows (adjusted value)	2,033	2,050	1,905	1,922	1,824
17	Liquidity Coverage Ratio (%)	246.0%	246.5%	269.2%	268.3%	288.4%
	Net Stable Funding Ratio					
18	Total available stable funding	24,940	24,927	25,471	24,841	24,714
19	Total required stable funding	19,247	20,267	19,887	19,392	19,191
20	NSFR ratio (%)	129.6%	123.0%	128.1%	128.1%	128.8%

Table 3: EU KM1 – Key metrics[5]

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

1 Introduction *continued*

As of 31 December 2022, the CET1 ratio at the regulatory consolidated level is 15.9%, the CET1 ratio at the regulatory sub-consolidated level (i.e. LeasePlan Group B.V. consolidated) is 15.6% and CET1 ratio at the regulatory solo level (LeasePlan Corporation N.V.) is 15.5%.

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

2 Risk management and governance

2.1 RISK MANAGEMENT

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

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

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

In line with banking industry best practice and the EBA Guidelines on Internal Governance (EBA/GL/2021/05), LeasePlan's risk management is based on three lines principles that are supported by investments in information technology and people to strengthen risk management across the organisation.

Disclosures regarding risk management objectives, strategies, processes, policies, organisation and committee structure, reporting and information flows, are further detailed for our (most) material risk areas in the Annual Report. References are made to the Strategic report, Governance report and Financial Risk Management chapter in the Annual Report.

Statement of the Managing Board

The information provided by LeasePlan in the Pillar 3 Report is subject to the same level of internal review and internal control processes as the information provided by LeasePlan in the Annual Report. For the approved risk statement by the Managing Board describing LeasePlan's overall risk profile associated with the business strategy in accordance with CRR Article 435 (1) (f), reference is made to the section 'Statement of the Managing Board' *page 109* under the Governance section of the Annual Report.

2.2 MANAGEMENT BODY DIRECTORSHIPS AND RECRUITMENT

The number of directorships held by members of the management body in accordance with CRR Article 435 (2) (a), is published in the section 'Governance & Leadership' of the Annual Report (please refer to sub-sections 'Executive Committee' on *pages 89 to 92*, and 'Supervisory Board', on *pages 93 to 95* respectively). Any of the additional directorships are not approved by any authority but monitored closely by LeasePlan.

The recruitment policy for the selection of members of the management body in accordance with CRR Article 435 (2) (b), is described in the section 'Report from the Supervisory Board' sub-sections therein '(Self-) assessment of the Supervisory Board' on *page 98* and 'Composition and reporting by committees' on *page 100* of the Annual Report.

2 Risk management and governance *continued*

2.3 DIVERSITY, EQUITY & INCLUSION

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

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

- Following-up on the charter 'Talent to the Top' to monitor gender balance at all levels and have KPMG give assurance on the process;
- Enrolling up to 50 employees in the mentoring/coaching programme for talent to the top, in the past years, linking them with an external mentor to support their development as leaders;
- Pushing various LinkedIn Learnings on inclusion, unconscious bias (even mandatory in some countries) and local training for awareness and engagement on the DE&I topic in all our entities;
- Including DE&I questions in the Global Engagement Survey and supporting the use of Pulse surveys in all entities to get regular updates on employees' needs and experiences to improve the employee experience and engagement;
- Promoting the obligation on managers to have ongoing dialogue in the Performance Management cycle to support all employees in achieving their goals and developing their best selves.

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

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

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

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

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

2.4 RISK COMMITTEES

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

The Supervisory Board has appointed a dedicated Risk Committee to advise it on several risk related items. In 2022, Supervisory Board Risk Committee meetings were held five times during the year.

In addition, LeasePlan's Executive Committee, which consists of the Managing Board, the cluster heads, and a number of other senior officers of the Group, is responsible for the operational management of LeasePlan. The core risk management responsibilities are embedded in the Managing Board. Risk related decisions, except for the risk matters that fall under the final decision authority of the Supervisory Board, are in the approval authority of the statutory Managing Board.

The Group Risk Committee (GRC) is a dedicated committee of the Managing Board, consisting of all ExCo members plus heads of control functions which are not a permanent part of the ExCo and has the objective to enable controlled risk taking and ensuring regulatory compliance. The GRC is chaired by the CRO and has delegated specific authorities to sub-committees.

In 2022, Group Risk Committee meetings were held 11 times during the year. To achieve its objective, the GRC fulfils a wide variety of tasks like monitoring and managing of the actual risk profile against the risk appetite and risk strategy. The key mandate and purpose of the GRC is to monitor risk exposures and emerging risks in compliance with the risk appetite.

Next to the dedicated risk committees, the risk function is also represented in the Asset and Liability Committee (ALCO). The ALCO has a delegated authority to take decisions in the field of funding strategy, liquidity management, capital allocation and structuring.

For further information on the Risk Committee please refer to sections 'Report from the Supervisory Board' on *page 97* of the Annual Report.

2 Risk management and governance *continued*

Risk reporting and measurement systems

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

In the monthly risk committee meetings, the committee is reported at Group level on material per risk type developments including the following aspects:

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

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

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

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

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

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

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

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

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

For further information on the Risk Committee please refer to sections 'Report from the Supervisory Board' on *page 97* and 'Risk management and Compliance' on *page 75* of the Annual Report.

3 Reconciliation Annual Report and Pillar 3

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

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

			Carrying values of items:				
As at 31 December 2022 in millions of euros	**Carrying values as reported in published financial statements**	**Carrying values under scope of prudential consolidation**	**Subject to the credit risk framework**	**Subject to the CCR framework**	**Subject to the securitisation framework**	**Subject to the market risk framework**	**Not subject to own funds requirements or subject to deduction from own funds**
Breakdown by asset classes according to the balance sheet in the published financial statements							
Cash and balances at central banks	7,117	7,117	7,117	–	–	–	–
Bonds and notes held	44	44	44	–	–	–	–
Receivables from financial institutions	888	1,262	1,038	224	–	–	–
Derivative financial instruments	545	545	–	545	–	–	–
Other receivables and prepayments	1,261	1,278	1,278	–	–	–	–
Inventories	265	283	283	–	–	–	–
Loans to investments accounted for using the equity method	111	111	111	–	–	–	–
Corporate income tax receivable	27	28	28	–	–	–	–
Lease receivables from clients	2,045	2,169	2,169	–	–	–	–
Property and equipment under operating lease (ol) & rental fleet	20,150	21,088	21,088	–	–	–	–
Other property and equipment	241	254	254	–	–	–	–
Investments accounted for using the equity method	18	34	18	–	–	–	16
Intangible assets	466	772	144	–	–	–	629
Deferred tax assets	138	87	74	–	–	–	13
Assets classified as held-for-sale	1,125	–	–	–	–	–	–
Equity instruments at fair value (through P&L)	79	79	79	–	–	–	–
Total assets	**34,520**	**35,151**	**33,724**	**769**	**–**	**–**	**657**
Breakdown by liability classes according to the balance sheet in the published financial statements							
Trade and other payables and deferred income	3,642	2,548	–	–	–	–	–
Borrowings from financial institutions	3,032	3,374	–	–	–	–	–
Derivative financial instruments	550	550	–	550	–	–	–
Funds entrusted	10,852	10,852	–	138	–	–	–
Debt securities issued	9,055	9,055	–	–	–	–	–
Provisions	622	625	–	–	–	–	–
Corporate income tax payable	45	45	–	–	–	–	–
Deferred tax liabilities	473	565	–	–	–	–	–
Lease liabilities	169	177	–	–	–	–	–
Loans from associates & JCE	–	–	–	–	–	–	–
Liabilities classified as held-for-sale	511	–	–	–	–	–	–
Total liabilities	**28,952**	**27,793**	**–**	**688**	**–**	**–**	**–**

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

3 Reconciliation Annual Report and Pillar 3 *continued*

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

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

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

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

			Items subject to:			
	As at 31 December 2022, in millions of euros	**Total**	**Credit risk framework**	**Securitisation framework**	**CCR framework**	**Market risk framework**
1	Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	35,151	33,724	–	769	–
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	−688	–	–	−688	–
3	Total net amount under the scope of prudential consolidation	34,462	33,724	–	81	–
4	Off-balance-sheet amounts	6,192	6,192	–	–	–
5	Differences in valuations	165	23	–	143	–
6	Differences due to different netting rules, other than those already included in row 2	7	–	–	7	–
7	Differences due to consideration of provisions	–	–	–	–	–
8	Differences due to the use of credit risk mitigation techniques (CRMs)	–	–	–	–	–
9	Differences due to credit conversion factors	–	–	–	–	–
10	Differences due to Securitisation with risk transfer	–	–	–	–	–
11	Other differences	−657	–	–	–	–
12	Exposure amounts considered for regulatory purposes	40,169	39,939	–	230	–

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

4 Own funds and capital requirements

4.1 CAPITAL REQUIREMENTS

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

		Total risk exposure amounts (TREA)		Total own funds requirements
In millions of euros		**Dec-22**	**Sep-22**	**Dec-22**
1	Credit risk (excluding CCR)	18,816	20,619	1,505
2	Of which the standardised approach	5,436	6,236	435
3	Of which the Foundation IRB (F-IRB) approach	–	–	–
4	Of which slotting approach	–	–	–
EU 4a	Of which equities under the simple riskweighted approach	99	105	8
5	Of which the Advanced IRB (A-IRB) approach	13,380	14,382	1,070
6	Counterparty credit risk – CCR	149	151	12
7	Of which the standardised approach	93	94	7
8	Of which internal model method (IMM)	–	–	–
EU 8a	Of which exposures to a CCP	1	1	–
EU 8b	Of which credit valuation adjustment – CVA	56	57	4
9	Of which other CCR	–	–	–
15	Settlement risk	–	–	–
16	Securitisation exposures in the non-trading book (after the cap)	–	–	–
17	Of which SEC-IRBA approach	–	–	–
18	Of which SEC-ERBA (including IAA)	–	–	–
19	Of which SEC-SA approach	–	–	–
EU 19a	Of which 1250%/deduction	–	–	–
20	Position, foreign exchange and commodities risks (Market risk)	767	870	61
21	Of which the standardised approach	767	870	61
22	Of which IMA	–	–	–
EU 22a	Large exposures	–	–	–
23	Operational risk	2,751	2,751	220
EU 23a	Of which basic indicator approach	–	–	–
EU 23b	Of which standardised approach	2,751	2,751	220
EU 23c	Of which advanced measurement approach	–	–	–
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	362	450	29
29	**Total**	**22,482**	**24,390**	**1,799**

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

6. *In row 24 'Amounts below the thresholds for deduction (subject to 250% risk weight)' is for information purposes only as per EBA template and is not considered in the Total amount.*

4 Own funds and capital requirements *continued*

In December 2022, the exposure for other non-credit obligation assets decreased by EUR 332 million to EUR 16,841 million compared with EUR 17,173 million in September 2022. This decrease is mainly due to the sale of LeasePlan USA in December 2022. In EBA credit risk templates, the other non-credit obligation assets are reported under a specific line item under the total IRB approach.

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

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

		Exposure value		RWA	
In millions of euros		**Dec-22**	**Sep-22**	**Dec-22**	**Sep-22**
1	Residual value related exposures	10,404	9,928	7,098	6,876
2	Property and equipment	397	424	397	424
3	Lease commitments	3,922	4,409	1,224	1,476
4	Other assets	2,118	2,411	2,575	2,931
5	**Total other (non-credit) obligation assets**	**16,841**	**17,173**	**11,294**	**11,707**

Table 7: Breakdown of the other non-credit obligation assets[7]

4.2 COMPOSITION OF REGULATORY OWN FUNDS

Capital management

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

The objectives of the ICAAP are:

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

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

Total risk exposure amount (TREA)

To determine risk-weighting, the Group applies the Advanced Internal Ratings Based (AIRB) approach for the corporate lease portfolio and trade receivables, and for the retail portfolios and trade receivables in the United Kingdom and the Netherlands. For the exposures related to governments, banks and other retail clients, the Group applies the Standardised Approach of the CRR/CRD IV framework.

LeasePlan has not published the result of the ICAAP and composition of the additional funds (Pillar 2 requirement). The minimum requirement for own funds and eligible liabilities is equal to the own funds requirement.

Capital position

The level of capital has increased over the year, mainly due to the application of the hyperinflation accounting that has been applied for our participation in Turkey (refer to LeasePlan's Q2 interim financial statements for more details). Another source of increase in the level of capital is the addition of EUR 82.7 million of net results for the period as part our CET1 capital as at 31 March 2022. No additional results have been added in 2022. The other main sources of changes in the level of capital are a result of lower deductions for deferred tax assets and software assets and an increase in the impact of the reserve related to foreign exchange differences.

On total risk exposure amount we have seen an a slight decrease which is mainly due to the divestment of LPUS. Overall, we have observed an increase in the capital ratios which are, as at 31 December 2022, above all internal and external minimum requirement levels.

For further information on LeasePlan's capital management please refer to financial statements section Risk Management B. – Capital management of the Annual Report.

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

4 Own funds and capital requirements *continued*

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

in millions of euros		Dec-22	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	3,532	1 + 2
2	Retained earnings	1,556	4
3	Accumulated other comprehensive income (and other reserves)	–53	3
EU-3a	Funds for general banking risk	–	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	–	
5	Minority interests (amount allowed in consolidated CET1)	–	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	661	4
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**5,696**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	–1	
8	Intangible assets (net of related tax liability) (negative amount)	–609	6
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	–13	7
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	–	
12	Negative amounts resulting from the calculation of expected loss amounts	–13	
13	Any increase in equity that results from securitised assets (negative amount)	–	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	–	
15	Defined-benefit pension fund assets (negative amount)	–	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	–	
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	–	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	–	
EU-20c	of which: securitisation positions (negative amount)	–	
EU-20d	of which: free deliveries (negative amount)	–	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	–	
22	Amount exceeding the 17.65% threshold (negative amount)	–	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	–	
25	of which: deferred tax assets arising from temporary differences	–	
EU-25a	Losses for the current financial year (negative amount)	–	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	–	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	–	
27a	Other regulatory adjustments	–1,496	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**–2,131**	
29	**Common Equity Tier 1 (CET1) capital**	**3,565**	

4 Own funds and capital requirements *continued*

in millions of euros		Dec-22	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	–	
31	of which: classified as equity under applicable accounting standards	–	
32	of which: classified as liabilities under applicable accounting standards	–	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	–	
EU-33a	Amount of qualifying items referred to in Article 494a (1) CRR subject to phase out from AT1	–	
EU-33b	Amount of qualifying items referred to in Article 494b (1) CRR subject to phase out from AT1	–	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	334	5
35	of which: instruments issued by subsidiaries subject to phase out	–	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**334**	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	–	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	–	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	–	
42a	Other regulatory adjustments to AT1 capital	–	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	–	
44	**Additional Tier 1 (AT1) capital**	**334**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**3,898**	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	–	
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	–	
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	–	
EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	–	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	78	5
49	of which: instruments issued by subsidiaries subject to phase out	–	
50	Credit risk adjustments	–	
51	**Tier 2 (T2) capital before regulatory adjustments**	**78**	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	–	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	–	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	–	
EU-56b	Other regulatory adjustments to T2 capital	–	

4 Own funds and capital requirements *continued*

in millions of euros		Dec-22	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
57	**Total regulatory adjustments to Tier 2 (T2) capital**	–	
58	**Tier 2 (T2) capital**	**78**	
59	**Total capital (TC = T1 + T2)**	**3,976**	
60	**Total Risk exposure amount**	**22,482**	
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	15.9%	
62	Tier 1 capital	17.3%	
63	Total capital	17.7%	
64	Institution CET1 overall capital requirements	9.4%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical capital buffer requirement	0.17%	
67	of which: systemic risk buffer requirement	–	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	–	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	2.2%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**5.8%**	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	–	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	70	8
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	74	7 + 8
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	–	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	69	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	–	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	11	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	–	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	–	
82	Current cap on AT1 instruments subject to phase out arrangements	–	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	
84	Current cap on T2 instruments subject to phase out arrangements	–	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	–	

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

8. *In row 2, the 'Retained earnings' is the previous years retained earnings eligible for own funds purposes and for instance excludes the majority of the results of the year attributable to the parent and therefore does not agree to the retained earnings in row 32 of table 9: 'EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements'.*

4 Own funds and capital requirements *continued*

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

in millions of euros		Balance sheet as in published financial statements[9] Dec-22	Under regulatory scope of consolidation[10] Dec-22	Reference[11]
	Assets – Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash and balances at central banks	7,117	7,117	
2	Investments in equity and debt securities	123	123	
3	Receivables from financial institutions	888	1,259	
4	Derivative financial instruments	545	545	
5	Other receivables and prepayments	1,261	1,257	
6	Inventories	265	265	
7	Lease receivables from clients	2,045	2,045	
8	Property and equipment under operating lease & Rental fleet	20,150	20,150	
9	Other property and equipment	241	241	
10	Loans to equity accounted investments	111	111	
11	Investments in equity accounted investments	18	34	8
12	Intangible assets	466	772	6
13	Corporate income tax receivable	27	27	
14	Deferred tax asset	138	138	7
15	Assets classified as held-for-sale	1,125	1,125	
16	**Total assets**	**34,520**	**35,211**	
	Liabilities – Breakdown by liability classes according to the balance sheet in the published financial statements			
17	Trade and other payables and Deferred income	3,642	2,447	
18	Borrowings from financial institutions	3,032	3,032	
19	Derivative financial instruments	550	550	
20	Funds entrusted	10,852	10,852	
21	Debt securities issued	9,055	9,055	
22	Lease liabilities	169	169	
23	Loans from subsidiaries	–	–	
24	Provisions	622	622	
25	Corporate income tax payable	45	45	
26	Deferred tax liabilities	473	509	
27	Liabilities classified as held-for-sale	511	511	
28	**Total liabilities**	**28,952**	**27,793**	
	Shareholders' equity			
29	Share capital	72	100	1
30	Share premium	506	3,432	2
31	Other reserves	−64	−53	3
32	Retained earnings	4,556	3,442	4
33	Equity of owners of the parent	5,070	6,920	
34	AT1 capital – securities	498	–	5
35	Holders of AT1 capital securities	–	498	
36	Other non-controlling interest	–	–	
37	**Total shareholders' equity**	**5,568**	**7,418**	

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

9. Balance sheet as published in the Annual report – Financial statements for LeasePlan Corporation N.V.
10. Under regulatory scope of consolidation that is for LP Group B.V.
11. Cross-referenced to the corresponding rows in table EU CC1.

4 Own funds and capital requirements *continued*

4.3 MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS

As at 31 December 2022

1	**Issuer**	**LeasePlan Corporation N.V.**	**LP Group B.V.**
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS2003473829	N/A
2a	Public or private placement	Public	Private
3	Governing law(s) of the instrument	Dutch law	Dutch law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A
Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Additional Tier 1	Common Equity Tier 1
5	Post-transitional CRR rules	Additional Tier 1	Common Equity Tier 1
6	Eligible at solo/(sub-) consolidated/solo and (sub-) consolidated	Solo and (sub-) consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	AT1 EU 575/2013 Article. 52	Ordinary shares
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 411 million	EUR 100 million
9	Nominal amount of instrument	EUR 500 million (as of most recent re-porting date)	EUR 1
EU-9a	Issue price	EUR 1	N/A
EU-9b	Redemption price	EUR 1	N/A
10	Accounting classification	Equity	Equity
11	Original date of issuance	29 May 2019	N/A
12	Perpetual or dated	Perpetual	N/A
13	Original maturity date	No maturity	N/A
14	Issuer call subject to prior supervisory approval	Yes	N/A
15	Optional call date, contingent call dates and redemption amount	29 May 2024, regulatory & tax call (prevailing principal amount)	N/A
16	Subsequent call dates, if applicable	Callable on each date which falls 5, or an integral multiple of 5, years after 29 May 2024	N/A
Coupons/dividends			
17	Fixed or floating dividend/coupon	Fixed, subject to reset on the first call date and each reset date thereafter	N/A
18	Coupon rate and any related index	7.375% per annum	N/A
19	Existence of a dividend stopper	No	N/A
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	N/A
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	N/A
21	Existence of step up or other incentive to redeem	No	N/A
22	Noncumulative or cumulative	Non-cumulative	N/A
23	Convertible or non-convertible	Non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	Yes	N/A
31	If write-down, write-down trigger(s)	5.125% CET1	N/A
32	If write-down, full or partial	Partial	N/A
33	If write-down, permanent or temporary	Temporary	N/A
34	If temporary write-down, description of write-up mechanism	Subject to profit MDA and maximum write-up amount	N/A

4 Own funds and capital requirements *continued*

As at 31 December 2022

34a	Type of subordination (only for eligible liabilities)	Legal	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	Second, after CET1	First
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Deeply subordinated, junior to Tier 2	N/A
36	Non-compliant transitioned features	No	N/A
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	https://www.leaseplan.com/corporate/~/media/Files/L/Leaseplan/documents/lp-corporation-nv-additional-tier-1-prospectus-2019.pdf	N/A

Table 10: EU CCA – Main features of regulatory own funds instruments and eligible liabilities instruments[12]

12. In row 8, the Amount recognised in regulatory capital of EUR 411 million represents the amount included in Total Capital, taking into account the applicable minority interest deduction following CRR Article 87. The amount recognised in Tier 1 capital is EUR 334 million after taking into account the applicable minority interest deduction following CRR Article 85.

4 Own funds and capital requirements *continued*

4.4 CAPITAL BUFFERS

As at 31 December, LeasePlan holds 0.17% of its TREA as countercyclical capital buffer (CCyB), this is equivalent to EUR 38 million TREA as compared to CCyB of 0.06% on 30 June 2022, which was EUR 15 million of the EUR 23,758 million TREA. The reason for change in the CCyB is partially due to changes in the eligible credit exposures, but the mainly due to increases in the CCyB rates set in various EU countries.

LeasePlan's capital conservation buffer remained constant and equal to 2.5% of its TREA: this is equivalent to EUR 562 million of TREA.

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

As at 31 December 2022, in millions of euros		General credit exposures		Relevant credit exposures – Market risk				Own funds requirements						
010	Breakdown by country:	Exposure value under the SA	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Trading book exposures for internal models	Securitisation exposures value for non-trading book	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
1	Austria	87	132	–	–	–	219	6	–	–	6	72	1.07%	0.00%
2	Belgium	439	358	–	–	–	797	22	–	–	22	273	4.03%	0.00%
3	Czech Republic	73	152	–	–	–	225	7	–	–	7	89	1.32%	1.50%
4	Denmark	175	312	–	–	–	487	12	–	–	12	144	2.12%	2.00%
5	Finland	83	169	–	–	–	252	5	–	–	5	66	0.98%	0.00%
6	France	897	592	–	–	–	1,489	60	–	–	60	755	11.14%	0.00%
7	Germany	449	761	–	–	–	1,210	32	–	–	32	400	5.90%	0.00%
8	Greece	404	116	–	–	–	520	20	–	–	20	253	3.73%	0.00%
9	Hungary	59	63	–	–	–	122	4	–	–	4	54	0.79%	0.00%
10	Ireland	84	132	–	–	–	216	6	–	–	6	74	1.09%	0.00%
11	Italy	1,829	608	–	–	–	2,437	101	–	–	101	1,257	18.55%	0.00%
12	Luxembourg	109	32	–	–	–	141	6	–	–	6	71	1.05%	0.50%
13	Netherlands	877	1,599	–	–	–	2,476	56	–	–	56	695	10.26%	0.00%
14	Norway	419	290	–	–	–	709	22	–	–	22	273	4.03%	2.00%
15	Poland	112	163	–	–	–	275	10	–	–	10	121	1.79%	0.00%
16	Portugal	473	451	–	–	–	924	27	–	–	27	343	5.06%	0.00%
17	Romania	39	57	–	–	–	96	3	–	–	3	40	0.59%	0.50%
18	Russian Federation	1	13	–	–	–	14	1	–	–	1	7	0.10%	0.00%
19	Slovakia	24	58	–	–	–	83	3	–	–	3	37	0.55%	1.00%
20	Spain	761	365	–	–	–	1,125	47	–	–	47	587	8.66%	0.00%
21	Sweden	82	181	–	–	–	264	6	–	–	6	70	1.03%	1.00%
22	Switzerland	26	76	–	–	–	103	3	–	–	3	34	0.50%	0.00%

4 Own funds and capital requirements *continued*

As at 31 December 2022, in millions of euros		General credit exposures		Relevant credit exposures – Market risk				Own funds requirements						
010	Breakdown by country:	Exposure value under the SA	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Trading book exposures for internal models	Securitisation exposures value for non-trading book	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
23	Turkey	203	135	–	–	–	338	14	–	–	14	173	2.55%	0.00%
24	United Kingdom	332	1,078	–	–	–	1,410	49	–	–	49	616	9.09%	0.00%
25	United States	242	–	–	–	–	242	10	–	–	10	123	1.82%	0.00%
26	Australia	1	–	–	–	–	1	–	–	–	–	1	0.01%	0.00%
27	Brazil	12	98	–	–	–	110	2	–	–	2	20	0.29%	0.00%
28	Canada	1	–	–	–	–	1	–	–	–	–	–	0.00%	0.00%
29	India	8	100	–	–	–	108	3	–	–	3	36	0.53%	0.00%
30	Mexico	21	105	–	–	–	126	4	–	–	4	52	0.77%	0.00%
31	United Arab Emirates	–	16	–	–	–	16	3	–	–	3	41	0.60%	0.00%
020	**Total**	**8,324**	**8,213**	**–**	**–**	**–**	**16,537**	**542**	**–**	**–**	**542**	**6,778**	**100.00%**	

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

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

In millions of euros		Dec-22	Jun-22
1	Total risk exposure amount	22,482	23,758
2	Institution specific countercyclical buffer rate	0.17%	0.06%
3	Institution specific countercyclical buffer requirement	38	15

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

5 Leverage

The leverage ratio is calculated based on the requirements of CRR/CRD IV. The leverage ratio as at 31 December 2022 is 9.7% (compared to 10.1% on 30 June 2022 and 9.9% on 31 December 2021), whereas the regulatory minimum level of the leverage ratio is 3.0%. LeasePlan constantly monitors its leverage ratio and the development of the on- and off-balance-sheet exposures and eligible Tier 1 capital, in order to comply with the minimum requirement of 3%.

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

This decrease in Leverage Ratio compared to June 2022 is driven by a combination of a slight increase in Exposure Measure, mainly attributable to the sale of LeasePlan USA[13], and a slight decrease in Tier 1 Capital.

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

In millions of euros		Dec-22	Jun-22
1	Total assets as per published financial statements	34,885	33,620
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	691	701
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	–	–
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	–	–
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a (1) CRR)	–	–
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	–	–
7	Adjustment for eligible cash pooling transactions	–	–
8	Adjustment for derivative financial instruments	–706	–465
9	Adjustment for securities financing transactions (SFTs)	–	–
10	Adjustment for off-balance-sheet items (i.e. conversion to credit equivalent amounts of off-balance-sheet exposures)	6,192	6,230
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	–1	–1
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a (1) CRR)	–	–
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a (1) CRR)	–	–
12	Other adjustments	–891	–682
13	**Total exposure measure**	**40,169**	**39,404**

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

13. The divestment of LeasePlan USA to the parent company of Wheels Donlen (in which Athene is the lead investor) was completed on 1 December 2022 (reference is made to LeasePlan Q4 and Full Year results 2022).

5 Leverage *continued*

In millions of euros		Dec-22	Jun-22
	On-balance-sheet exposures (excluding derivatives and SFTs)		
1	On-balance-sheet items (excluding derivatives, SFTs, but including collateral)	34,592	33,757
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	–	–
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	–187	–164
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	–	–
5	(General credit risk adjustments to on-balance-sheet items)	–	–
6	(Asset amounts deducted in determining Tier 1 capital)	–657	–658
7	**Total on-balance-sheet exposures (excluding derivatives and SFTs)**	**34,139**	**33,278**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	123	135
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	–	–
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	107	103
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	–	–
EU-9b	Exposure determined under Original Exposure Method	–	–
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	–	–
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	–	–
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	–	–
11	Adjusted effective notional amount of written credit derivatives	–	–
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	–	–
13	**Total derivatives exposures**	**230**	**238**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	–	–
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	–	–
16	Counterparty credit risk exposure for SFT assets	–	–
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	–	–
17	Agent transaction exposures	–	–
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	–	–
18	**Total securities financing transaction exposures**	–	–
	Other off-balance-sheet exposures		
19	Off-balance-sheet exposures at gross notional amount	6,192	6,258
20	(Adjustments for conversion to credit equivalent amounts)	–	–28
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance-sheet exposures)	–	–
22	**Off-balance-sheet exposures**	**6,192**	**6,230**
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a (1) CRR)	–	–
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on- and off-balance-sheet))	–	–
EU-22c	(Excluded exposures of public development banks (or units) – Public sector investments)	–	–
EU-22d	(Excluded exposures of public development banks (or units) – Promotional loans)	–	–
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	–	–
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	–	–
EU-22g	(Excluded excess collateral deposited at triparty agents)	–	–
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a (1) CRR)	–	–
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a (1) CRR)	–	–
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	–	–
EU-22k	(Total exempted exposures)	–	–

5 Leverage *continued*

In millions of euros		Dec-22	Jun-22
	Capital and total exposure measure		
23	**Tier 1 capital**	**3,898**	**3,993**
24	**Total exposure measure**	**40,169**	**39,404**
	Leverage ratio		
25	Leverage ratio (%)	9.70%	10.13%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.70%	10.13%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.70%	10.13%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	–	–
EU-26b	of which: to be made up of CET1 capital	–	–
27	Leverage ratio buffer requirement (%)	–	–
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	–	–
	Disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	–	–
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	–	–
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	40,169	39,404
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	40,169	39,404
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.70%	10.13%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.70%	10.13%

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

In millions of euros		Dec-22	Jun-22
EU-1	**Total on-balance-sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**34,405**	**33,593**
EU-2	Trading book exposures	–	–
EU-3	Banking book exposures, of which:	34,405	33,593
EU-4	Covered bonds	–	–
EU-5	Exposures treated as sovereigns	7,589	5,947
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	–	–
EU-7	Institutions	1,336	1,120
EU-8	Secured by mortgages of immovable properties	–	–
EU-9	Retail exposures	2,177	712
EU-10	Corporates	5,475	8,262
EU-11	Exposures in default	212	266
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	17,616	17,286

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

6 Liquidity

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

LeasePlan's LCR calculated on a 12-month average basis as reflected in table EU LIQ1 below decreased to 246% in Q4 2022 from 269% in Q2 2022, driven by a combination of slightly lower HQLA and slightly higher net outflows. The regulatory minimum level of the LCR is 100%. HQLA are held only in the form of central bank cash deposits.

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

Liquidity management is centralised within LeasePlan Treasury (LPTY) and incorporated in LeasePlan's monthly funding planning process. LeasePlan Corporation N.V. holds a revolving credit facility with a consortium of 11 banks (EUR 1.4 billion) maturing in November 2024. As at 31 December 2022, no amounts were drawn under this facility.

Reference is made to the section Risk management D. – Risks of the Annual Report for:

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

6 Liquidity *continued*

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

Consolidated Liquidity Coverage Ratio common disclosure

In millions of euros		Total unweighted value (average)				Total weighted value (average)			
EU 1a	**Quarter ending on**	**Dec-22**	**Sep-22**	**Jun-22**	**Mar-22**	**Dec-22**	**Sep-22**	**Jun-22**	**Mar-22**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					5,001	5,053	5,128	5,060
Cash – outflows									
2	Retail deposits and deposits from small business customers, of which:	7,263	6,962	6,710	6,466	726	696	671	647
3	Stable deposits	–	–	–	–	–	–	–	–
4	Less stable deposits	7,263	6,962	6,710	6,466	726	696	671	647
5	Unsecured wholesale funding	134	147	85	72	130	142	80	67
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–	–	–	–	–	–	–
7	Non-operational deposits (all counterparties)	8	10	10	11	4	5	5	5
8	Unsecured debt	126	137	75	62	126	137	75	62
9	Secured wholesale funding					55	52	88	92
10	Additional requirements	119	120	114	110	95	92	90	91
11	Outflows related to derivative exposures and other collateral requirements	92	88	87	89	92	88	87	89
12	Outflows related to loss of funding on debt products	–	–	–	–	–	–	–	–
13	Credit and liquidity facilities	27	32	27	21	3	3	3	2
14	Other contractual funding obligations	426	414	468	579	426	414	468	579
15	Other contingent funding obligations	1,200	1,143	995	872	1,200	1,143	995	872
16	**Total cash outflows**					**2,633**	**2,540**	**2,391**	**2,347**
Cash – inflows									
17	Secured lending (e.g. reverse repos)	–	–	–	–	–	–	–	–
18	Inflows from fully performing exposures	598	488	413	365	583	475	388	327
19	Other cash inflows	16	15	98	98	16	15	98	98
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					–	–	–	–
EU-19b	(Excess inflows from a related specialised credit institution)					–	–	–	–
20	**Total cash inflows**	**614**	**503**	**511**	**463**	**600**	**490**	**487**	**425**
EU-20a	Fully exempt inflows	–	–	–	–		–	–	–
EU-20b	Inflows subject to 90% cap	–	–	–	–		–	–	–
EU-20c	Inflows subject to 75% cap	614	503	511	463	600	490	487	425
Total Adjusted Value									
EU-21	**Liquidity buffer**					**5,001**	**5,053**	**5,128**	**5,060**
22	**Total net cash outflows**					**2,033**	**2,050**	**1,905**	**1,922**
23	**Liquidity Coverage Ratio**					**246.0%**	**246.5%**	**269.2%**	**268.3%**

Table 16: EU LIQ1 – Quantitative information of LCR

6 Liquidity *continued*

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

As at 31 December 2022, in millions of euros		Unweighted value by residual maturity No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items						
1	Capital items and instruments	3,976	–	–	–	3,976
2	Own funds	3,976	–	–	–	3,976
3	Other capital instruments		–	–	–	–
4	Retail deposits		8,778	1,092	898	9,781
5	Stable deposits		–	–	–	–
6	Less stable deposits		8,778	1,092	898	9,781
7	Wholesale funding:		3,229	2,693	8,994	10,373
8	Operational deposits		–	–	–	–
9	Other wholesale funding		3,229	2,693	8,994	10,373
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	–	64	–	811	811
12	NSFR derivative liabilities	–				
13	All other liabilities and capital instruments not included in the above categories		64	–	811	811
14	**Total available stable funding (ASF)**					**24,940**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					–
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		–	–	–	–
17	Performing loans and securities:		5,063	3,828	14,422	16,705
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		–	–	–	–
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		740	182	591	756
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		4,323	3,646	13,831	15,949
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		–	–	–	–
22	Performing residential mortgages, of which:		–	–	–	–
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		–	–	–	–
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance-sheet products		–	–	–	–
25	Interdependent assets		–	–	–	–
26	Other assets:		2,423	25	1,382	2,542
27	Physical traded commodities				–	–
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		24	–	–	21
29	NSFR derivative assets		81	–	–	81
30	NSFR derivative liabilities before deduction of variation margin posted		198	–	–	10
31	All other assets not included in the above categories		2,119	25	1,382	2,430
32	Off-balance-sheet items		–	–	–	–
33	**Total RSF**					**19,247**
34	**Net Stable Funding Ratio (%)**					**129.6%**

Table 17: EU LIQ2 – Net Stable Funding Ratio

7 Credit risk

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

As a result of its normal business activities, the Group is exposed to credit risk, which is the risk that a counterparty will not be able to fulfil its financial obligations when due. In the Group's core business, this credit risk mainly relates to lease receivables from clients. Lease receivables from clients consist of trade receivables and amounts receivable under finance lease contracts. For amounts receivable under finance lease contracts credit risk is mitigated by the underlying value of the available collateral (i.e. leased object).

Credit Risk framework

LeasePlan has a Credit Risk Management framework, including policies and processes, that includes the requirements and boundaries to manage and control credit risk in LeasePlan. This framework is created in alignment with articles provided in the EBA Guidelines on loan origination and monitoring under consideration of relevant articles of CRR. Implementing this updated framework throughout the whole of LeasePlan is a significant task and is in progress at this moment, expected to be completed by the end of Q1 2023.

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

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

Credit Risk management

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

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

Risk governance, and therefore also credit risk governance, is based on the three lines model as set out in the European Banking Authority (EBA) Guidelines on Internal Governance. This model distinguishes functions that own and manage risks (first line), functions that oversee and advise on risk management practices (second line) and functions that provide internal assurance (third line): For further information on LeasePlan's three lines model please refer to the Risk Management and Compliance section in the Annual Report on *page 76*.

Default definition

The Group's definition of default is aligned with the regulatory definition. A customer is reported as in default as prescribed by the guidelines on the application of the definition of default. For purposes of assessing, recognising and reporting defaults, a customer shall 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.

For more information on the definition of default and its impact please refer to the Annual Report 2022 results published on LeasePlan's website[14].

14. https://www.leaseplan.com/corporate/investors

7 Credit risk *continued*

Past due and impaired exposures

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

When a leasing client is considered to be in default, LeasePlan calculates its exposure by aggregating the outstanding invoices and the book value of the vehicles. The estimated sales proceeds of the vehicles under lease at the time of the default are deducted from the exposure at default to arrive at a provision amount. In general, such exposure at default is intended to fully cover the expected loss.

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

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

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

Where the contract modification:

a) results in a difference in favour of the debtor between the modified terms of the contract and the previous terms of the contract; and/or

b) After modification, the contract includes more favourable terms than other debtors with a similar risk profile could have obtained from the local LP entity at that time.

7.1 CREDIT QUALITY OF ASSETS

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

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

7 Credit risk *continued*

As at 31 December 2022, in millions of euros		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – Accumulated impairment and provisions			Non-performing exposures – Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3	Accumulated partial write-off	On performing exposures	On non-performing exposures
005	**Cash balances at central banks and other demand deposits**	7,645	7,645	–	–	–	–	–	–	–	–	–	–	–	–	–
010	**Loans and advances**	**3,530**	**3,530**	**–**	**82**	**–**	**82**	**–17**	**–17**	**–**	**–22**	**–**	**–22**	**–**	**–**	**–**
020	Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
030	General governments	47	47	–	3	–	3	–	–	–	–1	–	–1	–	–	–
040	Credit institutions	739	739	–	1	–	1	–	–	–	–	–	–	–	–	–
050	Other financial corporations	487	487	–	–	–	–	–5	–5	–	–	–	–	–	–	–
060	Non-financial corporations	2,184	2,184	–	75	–	75	–10	–10	–	–19	–	–19	–	–	–
070	Of which SMEs	631	631	–	28	–	28	–6	–6	–	–13	–	–13	–	–	–
080	Households	73	73	–	3	–	3	–1	–1	–	–2	–	–2	–	–	–
090	**Debt securities**	**45**	**45**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
100	Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
110	General governments	4	4	–	–	–	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	10	10	–	–	–	–	–	–	–	–	–	–	–	–	–
130	Other financial corporations	16	16	–	–	–	–	–	–	–	–	–	–	–	–	–
140	Non-financial corporations	15	15	–	–	–	–	–	–	–	–	–	–	–	–	–
150	**Off-balance-sheet exposures**	**6,197**	**6,197**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**	**–**
160	Central banks	–	–	–	–	–	–	–	–	–	–	–	–		–	–
170	General governments	–	–	–	–	–	–	–	–	–	–	–	–		–	–
180	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–		–	–
190	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–		–	–
200	Non-financial corporations	6,197	6,197	–	–	–	–	–	–	–	–	–	–		–	–
210	Households	–	–	–	–	–	–	–	–	–	–	–	–		–	–
220	**Total**	**17,417**	**17,417**	**–**	**82**	**–**	**82**	**–17**	**–17**	**–**	**–22**	**–**	**–22**	**–**	**–**	**–**

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

7 Credit risk *continued*

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

As at 31 December 2022, in millions of euros		Net exposure value On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	649	1,903	1,011	10	–	3,573
2	Debt securities	–	5	40	–	–	45
3	**Total**	**649**	**1,908**	**1,051**	**10**	**–**	**3,618**

Table 19: EU CR1-A – Maturity of exposures

The below table is in accordance with Article 442 (f). During the second half of 2022, the stock of non-performing loans and advances has decreased due to additional focus and attention on the overdue management and therefore a decrease in defaults within 90 Days Past Due has been noted.

In millions of euros		Gross carrying amount Dec-22	Jun-22
010	Initial stock of non-performing loans and advances	116	116
020	Inflows to non-performing portfolios	259	99
030	Outflows from non-performing portfolios	–320	–125
040	Outflows due to write-offs	–	–
050	Outflow due to other situations	27	27
060	**Final stock of non-performing loans and advances**	**82**	**117**

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

The below table is in accordance with Article 442 (c). Similar to the performing and non-performing exposures table, the majority of the forborne exposure is within the Non-Financial corporation bucket. The part of non-performing forborne exposures is limited to EUR 20 million in total and has mainly decreased due to forbearance measures granted during the Covid-19 crisis, which did not qualify as moratoria compliant with the EBA moratoria guidelines (refer to section 12.4), having been either expired or out of the required probation period.

		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
As at 31 December 2022, in millions of euros		Performing forborne	Total	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures	Total	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	20	12	12	12	–	–2	–	–
020	Central banks	–	–	–	–	–	–	–	–
030	General governments	–	–	–	–	–	–	–	–
040	Credit institutions	–	–	–	–	–	–	–	–
050	Other financial corporations	–	–	–	–	–	–	–	–
060	Non-financial corporations	18	11	11	11	–	–2	–	–
070	Households	2	–	–	–	–	–	–	–
080	Debt securities	–	–	–	–	–	–	–	–
090	Loan commitments given	–	–	–	–	–	–	–	–
100	**Total**	**20**	**12**	**12**	**12**	**–**	**–2**	**–**	**–**

Table 21: EU CQ1 – Credit quality of forborne exposures

7 Credit risk *continued*

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

		Gross carrying/nominal amount						
			Of which non-performing					
As at 31 December 2022, in millions of euros		Total	Total	Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	**On-balance-sheet exposures**							
1	United Kingdom	687	17	17	687	–8		–
2	Ireland	504	–	–	504	–		–
3	France	493	9	9	493	–3		–
4	Germany	318	13	13	318	–1		–
5	United States	246	–	–	246	–1		–
6	Netherlands	221	2	2	221	–5		–
7	Spain	195	5	5	195	–3		–
8	Italy	161	12	12	161	–10		–
9	Belgium	142	6	6	142	–1		–
10	Norway	132	–	–	132	–		–
11	Portugal	110	2	2	110	–2		–
12	Sweden	88	–	–	88	–		–
13	Denmark	80	1	1	80	–		–
14	Greece	50	1	1	50	–1		–
15	Luxembourg	35	–	–	35	–		–
16	Austria	32	–	–	32	–		–
17	Poland	27	1	1	27	–1		–
18	Switzerland	23	3	3	23	–		–
19	Slovakia	22	–	–	22	–		–
20	Mexico	21	–	–	21	–		–
21	Russian Federation	15	–	–	15	–		–
22	India	12	7	7	12	–		–
23	Brazil	12	–	–	12	–		–
24	Hungary	10	–	–	10	–		–
25	Romania	9	–	–	9	–		–
26	Turkey	6	–	–	6	–		–
27	Australia	1	–	–	1	–		–
28	Hong Kong	1	–	–	1	–		–
29	Canada	1	–	–	1	–		–
30	Jersey	–	–	–	–	–		–
31	Finland	–	–	–	–	–		–

7 Credit risk *continued*

As at 31 December 2022, in millions of euros		Gross carrying/nominal amount					Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing					
		Total	Total	Of which defaulted	Of which subject to impairment	Accumulated impairment		
080	**Off-balance-sheet exposures**							
1	Italy	1,104	–	–			–	
2	Germany	647	–	–			–	
3	France	612	–	–			–	
4	Netherlands	579	–	–			–	
5	Belgium	568	–	–			–	
6	United Kingdom	481	–	–			–	
7	Portugal	419	–	–			–	
8	Norway	291	–	–			–	
9	Poland	168	–	–			–	
10	Denmark	163	–	–			–	
11	Spain	158	–	–			–	
12	Sweden	149	–	–			–	
13	Czech Republic	146	–	–			–	
14	Greece	146	–	–			–	
15	Finland	127	–	–			–	
16	Austria	102	–	–			–	
17	Slovakia	53	–	–			–	
18	Hungary	50	–	–			–	
19	Ireland	48	–	–			–	
20	Luxembourg	47	–	–			–	
21	Switzerland	35	–	–			–	
22	Romania	31	–	–			–	
23	Mexico	21	–	–			–	
24	Brazil	20	–	–			–	
25	Turkey	18	–	–			–	
26	India	13	–	–			–	
27	Russian Federation	1	–	–			–	
28	San Marino	–	–	–			–	
29	Iran, Islamic Republic of	–	–	–			–	
30	Estonia	–	–	–			–	
31	Lithuania	–	–	–			–	
32	Malaysia	–	–	–			–	
33	Cyprus	–	–	–			–	
34	Australia	–	–	–			–	
35	United States	–	–	–			–	
36	New Zealand	–	–	–			–	
150	**Total**	**9,853**	**82**	**82**	**3,656**	**–39**	**–**	**–**

Table 22: EU CQ4 – Quality of non-performing exposures by geography

7 Credit risk *continued*

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

As at 31 December 2022, in millions of euros		Gross carrying/nominal amount					Accumulated negative changes in fair value due to credit risk on non-performing exposure
			Of which non-performing				
		Total	Total	Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	
010	Agriculture, forestry and fishing	14	–	–	14	–	–
020	Mining and quarrying	4	–	–	4	–	–
030	Manufacturing	213	4	4	213	–2	–
040	Electricity, gas, steam and air conditioning supply	17	–	–	17	–	–
050	Water supply	10	2	2	10	–1	–
060	Construction	284	12	12	284	–6	–
070	Wholesale and retail trade	620	8	8	620	–7	–
080	Transport and storage	463	19	19	463	–4	–
090	Accommodation and food service activities	4	–	–	4	–	–
100	Information and communication	25	–	–	25	–	–
110	Financial and insurance activities	12	1	1	12	–	–
120	Real estate activities	–	–	–	–	–	–
130	Professional, scientific and technical activities	38	1	1	38	–	–
140	Administrative and support service activities	369	17	17	369	–4	–
150	Public administration and defense, compulsory social security	–	–	–	–	–	–
160	Education	2	–	–	2	–	–
170	Human health services and social work activities	18	1	1	18	–	–
180	Arts, entertainment and recreation	5	–	–	5	–	–
190	Other services	162	10	10	162	–2	–
200	**Total**	**2,259**	**75**	**75**	**2,259**	**–29**	**–**

Table 23: EU CQ5 – Credit quality of loans and advances by industry

For LeasePlan, the ratio between the gross carrying amount of loans and advances that fall under CRR Article 47a (3) and the total gross carrying amount of loans and advances that fall under CRR Article 47a (1) is below the threshold ratio of 5% for three consecutive quarters during the four quarters prior to the disclosure reference date of 31 December 2022. Thereby templates EU CR2a 'Changes in the stock of NPLs and advances and related net accumulated recoveries', EU CQ2 'Quality of forbearance', and EU CQ6 'Collateral valuation – loans and advances' are not applicable for reporting in December 2022[15].

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

15. As per ECB Pillar 3 guidelines, the templates EU CQ2, EU CRa and EU CQ6 are not applicable for Large institutions with a threshold ratio on NPLs of below 5%.

7 Credit risk *continued*

7.2 CREDIT RISK MITIGATION

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

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

Lease objects/vehicles

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

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

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

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

Other credit protection

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

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

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

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

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

7 Credit risk *continued*

Concentration risk

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

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

			Secured carrying amount			
					Of which secured by financial guarantees	
As at 31 December 2022, in millions of euros		**Unsecured carrying amount**	**Total**	**Of which secured by collateral**	**Total**	**Of which secured by credit derivatives**
1	Loans and advances	10,736	1,423	1,423	–	–
2	Debt securities	45	–	–	–	
3	**Total**	**10,781**	**1,423**	**1,423**	**–**	**–**
4	Of which non-performing exposures	60	33	–	–	–
EU-5	Of which defaulted	–	33			

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

Table 24: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

7 Credit risk *continued*

7.3 STANDARDISED APPROACH

Use of external credit ratings

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

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

Table 25: Mapping of LeasePlan's rating with external credit rating

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

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

Exposures under the standardised approach

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

7 Credit risk *continued*

Exposures by asset classes and risk weights

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

As at 31 December 2022, in millions of euros		Risk Weight																
Exposure classes		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which unrated
1	Central governments or central banks	7,393	–	–	–	–	–	30	–	–	10	–	74	–	–	–	7,507	3
2	Regional government or local authorities	–	–	–	–	58	–	13	–	–	–	–	–	–	–	–	71	–
3	Public sector entities	–	–	–	–	58	–	26	–	–	–	–	–	–	–	–	84	1
4	Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
5	International organisations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
6	Institutions	–	–	–	–	999	–	88	–	–	16	–	–	–	–	–	1,103	39
7	Corporates	–	–	–	–	4	–	246	–	–	269	–	–	–	–	–	519	256
8	Retail exposures	–	–	–	–	–	–	–	–	1,514	–	–	–	–	–	–	1,514	1,514
9	Exposures secured by mortgages on immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
10	Exposures in default	–	–	–	–	–	–	–	–	–	22	22	–	–	–	–	45	38
11	Exposures associated with particularly high risk	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
12	Covered bonds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
13	Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
14	Units or shares in collective investment undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
15	Equity exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
16	Other items	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6,246	6,246	6,246
17	**Total**	**7,393**	**–**	**–**	**–**	**1,119**	**–**	**404**	**–**	**1,514**	**318**	**22**	**74**	**–**	**–**	**6,246**	**17,090**	**8,098**

Table 26: EU CR5 – Standardised approach

7 Credit risk *continued*

7.4 INTERNAL RATINGS BASED (IRB) APPROACH

Internal models

Effective 1 December 2008, LeasePlan implemented Advanced Internal Rating Based (A-IRB) models for calculating the regulatory capital requirement for credit risk for its corporate portfolios. Effective 1 January 2014, LeasePlan implemented A-IRB models for the retail portfolios in the United Kingdom and the Netherlands.

In the beginning of 2021 LeasePlan submitted to the regulator new IRB models for all 3 ratings systems based on the new definition of default which is in force since 1 January 2021 (See section Default definition of this report). These new models were necessary due to changed characteristics on PD, LGD and EAD caused by the new definition of default. The new models are developed considering the latest regulatory standard and guidelines. In 2022 the regulator inspected the models. The model inspection revealed that there is need for improvements to meet all the regulatory requirements. The expectation is that the models will be approved for use in 2023 with a requirement to floor the TREA until the observations are remediated.

The numbers in the tables of this chapter use the IRB models based on the previous definition of default and not the new IRB models. The TREA reported is adjusted for the regulatory add-on to the current IRB models (due to mismatch in definition of default in these models).

7 Credit risk *continued*

Overview of the main parameters of portfolios under the IRB approach

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

As at 31 December 2022, in millions of euros PD range	On-balance-sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
A-IRB												
Corporate – SME												
0.00 to <0.15	447	–	1	447	0.1%	3,619	27.8%	3.00	55	12.3%	–	–
0.00 to <0.10	309	–	1	309	0.1%	2,523	28.2%	3.00	32	10.5%	–	–
0.10 to <0.15	138	–	1	138	0.1%	1,096	26.8%	3.00	23	16.4%	–	–
0.15 to <0.25	137	–	1	137	0.2%	1,245	27.1%	3.00	30	22.0%	–	–
0.25 to <0.50	160	–	1	160	0.4%	1,101	28.5%	3.00	48	30.0%	–	–
0.50 to <0.75	96	–	1	96	0.7%	664	25.0%	2.00	32	33.5%	–	–
0.75 to <2.50	65	–	1	65	1.4%	626	27.5%	3.00	29	45.0%	–	–
0.75 to <1.75	48	–	1	48	1.2%	411	26.6%	3.00	20	41.6%	–	–
1.75 to <2.50	18	–	1	18	2.0%	215	30.1%	3.00	10	54.4%	–	–
2.50 to <10.00	8	–	1	8	4.4%	127	29.5%	2.00	5	64.2%	–	–
2.50 to <5	6	–	1	6	3.5%	108	30.4%	2.00	4	62.8%	–	–
5 to <10	2	–	1	2	7.8%	19	25.9%	3.00	1	69.1%	–	–
10.00 to <100.00	–	–	1	–	13.4%	10	30.4%	3.00	–	104.3%	–	–
10 to <20	–	–	1	–	13.4%	10	30.4%	3.00	–	104.3%	–	–
20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
100.00 (Default)	10	–	1	10	100.0%	61	33.0%	1.00	25	251.6%	1	–1
Subtotal	**923**	**–**	**1**	**923**	**1.4%**	**7,453**	**27.6%**	**2.50**	**225**	**24.4%**	**2**	**–2**

7 Credit risk *continued*

As at 31 December 2022, in millions of euros PD range	On-balance-sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Corporate – Other												
0.00 to <0.15	2,565	–	1	2,565	0.1%	10,405	29.5%	3.00	421	16.4%	1	–
0.00 to <0.10	2,009	–	1	2,009	0.0%	7,793	29.7%	3.00	287	14.3%	–	–
0.10 to <0.15	557	–	1	557	0.1%	2,612	28.5%	2.00	134	24.1%	–	–
0.15 to <0.25	745	–	1	745	0.2%	3,057	29.2%	3.00	255	34.2%	1	–
0.25 to <0.50	551	–	1	551	0.4%	2,458	29.8%	2.00	235	42.7%	1	–
0.50 to <0.75	276	–	1	276	0.7%	1,316	30.2%	3.00	162	58.5%	1	–
0.75 to <2.50	125	–	1	125	1.4%	1,200	30.6%	2.00	90	71.9%	1	–
0.75 to <1.75	89	–	1	89	1.2%	747	30.2%	2.00	60	67.5%	–	–
1.75 to <2.50	36	–	1	36	2.0%	453	31.7%	2.00	30	82.7%	–	–
2.50 to <10.00	11	–	1	11	4.1%	293	35.9%	2.00	12	110.6%	–	–
2.50 to <5	10	–	1	10	3.5%	263	36.5%	2.00	11	109.8%	–	–
5 to <10	2	–	1	2	7.8%	30	32.3%	2.00	2	116.0%	–	–
10.00 to <100.00	2	–	1	2	13.4%	25	29.7%	2.00	3	128.9%	–	–
10 to <20	2	–	1	2	13.4%	25	29.7%	2.00	3	128.9%	–	–
20 to <30	–	–	1	–	–	–	–	–	–	–	–	–
30.00 to <100.00	–	–	1	–	–	–	–	–	–	–	–	–
100.00 (Default)	43	–	1	43	100.0%	393	29.0%	2.00	109	252.0%	5	–5
Subtotal	**4,319**	**–**	**1**	**4,319**	**1.2%**	**19,147**	**29.6%**	**2.38**	**1,288**	**29.8%**	**8**	**–7**
Retail – Other SME												
0.00 to <0.15	3	–	1	3	0.0%	194	30.7%	2.00	–	2.8%	–	–
0.00 to <0.10	3	–	1	3	0.0%	194	30.7%	2.00	–	2.8%	–	–
0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	–
0.25 to <0.50	7	–	1	7	0.5%	360	30.6%	3.00	1	19.4%	–	–
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	–
0.75 to <2.50	73	–	1	73	1.5%	3,277	30.6%	3.00	23	31.4%	–	–
0.75 to <1.75	61	–	1	61	1.4%	2,566	30.6%	3.00	19	30.7%	–	–
1.75 to <2.5	12	–	1	12	2.1%	711	30.6%	3.00	4	35.2%	–	–

7 Credit risk *continued*

As at 31 December 2022, in millions of euros PD range	On-balance-sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
2.50 to <10.00	198	–	1	198	5.9%	10,486	29.2%	3.00	79	40.0%	3	–1
2.50 to <5	66	–	1	66	3.2%	3,450	30.7%	3.00	25	37.3%	1	–
5 to <10	131	–	1	131	7.3%	7,036	28.5%	3.00	54	41.3%	3	–1
10.00 to <100.00	232	–	1	232	20.3%	27,136	26.0%	3.00	121	52.3%	12	–5
10 to <20	139	–	1	139	13.7%	13,878	26.6%	3.00	67	48.3%	5	–2
20 to <30	65	–	1	65	22.7%	9,620	24.7%	3.00	37	57.8%	4	–2
30.00 to <100.00	28	–	1	28	47.8%	3,638	26.2%	3.00	17	59.6%	3	–1
100.00 (Default)	6	–	1	6	100.0%	523	27.7%	2.00	10	175.2%	2	–2
Subtotal	**519**	**–**	**1**	**519**	**12.6%**	**41,976**	**28.0%**	**2.00**	**234**	**45.2%**	**18**	**–8**
Retail – Other non-SME												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
0.00 to <0.10	–	–	–	–	–	–	–	–	–	–	–	–
0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	–
0.75 to <1.75	–	–	–	–	–	–	–	–	–	–	–	–
1.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	–
2.50 to <10.00	128	–	1	128	4.7%	29,853	25.4%	2.00	50	39.2%	2	–1
2.50 to <5	60	–	1	60	3.1%	11,367	25.5%	3.00	23	37.7%	–	–
5 to <10	68	–	1	68	6.1%	18,486	25.3%	2.00	28	40.6%	1	–
10.00 to <100.00	22	–	1	22	20.0%	5,623	25.6%	2.00	11	51.3%	1	–
10 to <20	18	–	1	18	12.7%	4,672	25.2%	2.00	9	49.0%	1	–
20 to <30	2	–	1	2	20.6%	355	27.6%	2.00	1	65.9%	–	–
30.00 to <100.00	3	–	1	3	66.1%	596	26.7%	2.00	2	57.2%	–	–
100.00 (Default)	1	–	1	1	100.0%	92	29.3%	2.00	2	300.1%	–	–
Subtotal	**151**	**–**	**–**	**151**	**7.3%**	**35,568**	**25.4%**	**0.75**	**63**	**41.9%**	**3**	**–1**
Total (all exposures classes)	**5,911**	**–**	**1**	**5,911**	**2.4%**	**104,144**	**29.0%**	**2.75**	**1,811**	**30.6%**	**31**	**–18**

Table 27: EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

7 Credit risk *continued*

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

As at 31 December 2022, in millions of euros		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
1	Central governments or central banks	–	7,663	100%	–	–
1.1	Of which Regional governments or local authorities		71	100%	–	–
1.2	Of which Public sector entities		84	100%	–	–
2	Institutions	–	1,333	100%	–	–
3	Corporates	5,242	5,761	6%	–	91%
3.1	Of which Corporates – Specialised lending, excluding slotting approach		–	–	–	–
3.2	Of which Corporates – Specialised lending under slotting approach		–	–	–	–
4	Retail	669	2,183	69%	–	31%
4.1	of which Retail – Secured by real estate SMEs		–	–	–	–
4.2	of which Retail – Secured by real estate non-SMEs		–	–	–	–
4.3	of which Retail – Qualifying revolving		–	–	–	–
4.4	of which Retail – Other SMEs		1,707	70%	–	30%
4.5	of which Retail – Other non-SMEs		476	68%	–	32%
5	Equity	97	97	–	–	100%
6	Other non-credit obligation assets	12,919	12,919	–	–	100%
7	**Total**	**18,927**	**29,957**	**37%**	**–**	**63%**

Table 28: EU CR6-A – Scope of the use of IRB and SA approaches

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

The following table shows the changes in risk weighted assets during 2022 for the assets under the IRB approach in accordance with CRR Article 438 (h).

		RWEA	
In millions of euros		**Dec-22**	**Sep-22**
1	Risk weighted exposure amount as at the end of the previous reporting period	14,382	13,881
2	Asset size (+/-)	−434	−187
3	Asset quality (+/-)	−34	−52
4	Model updates (+/-)	–	–
5	Methodology and policy (+/-)	–	–
6	Acquisitions and disposals (+/-)	−681	–
7	Foreign exchange movements (+/-)	−11	30
8	Other (+/-)	157	710
9	**Risk weighted exposure amount as at the end of the reporting period**	**13,380**	**14,382**

Table 29: EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

The Credit risk RWEA in the IRB portfolio decreased by EUR 1,002 million i.e. from EUR 14,382 million in September 2022 to EUR 13,380 million in December 2022. The main drivers of the decrease are explained as follows:

- **Asset size:** The asset size decreased mainly related to the outflow, partially compensated by new business and organic business growth.
- **Acquisitions and disposals:** The divestment of LPUS in December 2022 contributes to a large disposal in the RWEA.

7 Credit risk *continued*

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

As at 31 December 2022, in millions of euros	Number of obligors at the end of previous year					
PD Range by Exposure class	Total	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
A-IRB						
Total						
0.00 to <0.15	16,635	180	1.08%	0.07%	0.08%	0.58%
0.00 to <0.10	11,412	130	1.14%	0.05%	0.06%	0.54%
0.10 to <0.15	5,223	50	0.96%	0.14%	0.14%	0.66%
0.15 to <0.25	5,325	40	0.75%	0.23%	0.23%	0.75%
0.25 to <0.50	5,013	45	0.90%	0.39%	0.39%	0.71%
0.50 to <0.75	3,078	33	1.07%	0.71%	0.71%	1.05%
0.75 to <2.50	3,813	53	1.39%	1.44%	1.48%	1.31%
0.75 to <1.75	2,536	29	1.14%	1.25%	1.23%	1.06%
1.75 to <2.5	1,277	24	1.88%	1.99%	1.98%	1.87%
2.50 to <10.00	38,442	117	0.30%	5.35%	4.85%	0.88%
2.5 to <5	16,939	32	0.19%	3.17%	3.13%	0.47%
5 to <10	21,503	85	0.40%	6.88%	6.21%	1.21%
10.00 to <100.00	9,074	168	1.85%	20.24%	17.19%	3.53%
10 to <20	7,415	90	1.21%	13.59%	13.40%	2.27%
20 to <30	986	27	2.74%	22.65%	21.07%	3.44%
30.00 to <100.00	673	51	7.58%	49.45%	53.26%	20.19%
100.00 (Default)	7,633	433	5.67%	100.00%	100.00%	9.59%
Corporate – SME						
0.00 to <0.15	1,715	14	0.82%	0.08%	0.08%	0.32%
0.00 to <0.10	1,212	9	0.74%	0.05%	0.05%	0.24%
0.10 to <0.15	503	5	0.99%	0.14%	0.14%	0.49%
0.15 to <0.25	538	5	0.93%	0.23%	0.23%	0.39%
0.25 to <0.50	403	5	1.24%	0.39%	0.39%	0.79%
0.50 to <0.75	272	3	1.10%	0.71%	0.71%	0.68%
0.75 to <2.50	219	2	0.91%	1.39%	1.47%	0.95%
0.75 to <1.75	138	1	0.72%	1.18%	1.18%	0.83%
1.75 to <2.5	81	1	1.23%	1.97%	1.97%	1.16%
2.50 to <10.00	48	1	2.08%	4.41%	3.63%	1.87%
2.5 to <5	45	1	2.22%	3.51%	3.35%	1.56%
5 to <10	3	–	0.00%	7.80%	7.80%	5.17%
10.00 to <100.00	5	–	0.00%	13.38%	13.38%	1.66%
10 to <20	5	–	0.00%	13.38%	13.38%	1.66%
20 to <30	–	–	–	–	–	–
30.00 to <100.00	–	–	–	–	–	–
100.00 (Default)	70	4	5.71%	100.00%	100.00%	7.65%

7 Credit risk *continued*

As at 31 December 2022, in millions of euros PD Range by Exposure class	Number of obligors at the end of previous year Total	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Corporate – Other						
0.00 to <0.15	14,875	166	1.12%	0.07%	0.08%	0.62%
0.00 to <0.10	10,155	121	1.19%	0.05%	0.06%	0.59%
0.10 to <0.15	4,720	45	0.95%	0.14%	0.14%	0.67%
0.15 to <0.25	4,787	35	0.73%	0.23%	0.23%	0.81%
0.25 to <0.50	4,529	40	0.88%	0.39%	0.39%	0.71%
0.50 to <0.75	2,806	30	1.07%	0.71%	0.71%	1.10%
0.75 to <2.50	2,898	51	1.76%	1.41%	1.48%	1.67%
0.75 to <1.75	1,790	28	1.56%	1.18%	1.18%	1.39%
1.75 to <2.5	1,108	23	2.08%	1.97%	1.97%	2.19%
2.50 to <10.00	773	19	2.46%	4.07%	4.10%	2.77%
2.5 to <5	669	19	2.84%	3.47%	3.53%	2.62%
5 to <10	104	–	0.00%	7.80%	7.80%	3.78%
10.00 to <100.00	39	1	2.56%	13.38%	13.38%	4.53%
10 to <20	39	1	2.56%	13.38%	13.38%	4.53%
20 to <30	–	–	–	–	–	–
30.00 to <100.00	–	–	–	–	–	–
100.00 (Default)	7,245	403	5.56%	100.00%	100.00%	9.49%
Retail – SME						
0.00 to <0.15	45	–	0.00%	0.03%	0.03%	0.04%
0.00 to <0.10	45	–	0.00%	0.03%	0.03%	0.04%
0.10 to <0.15	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–
0.25 to <0.50	81	–	0.00%	0.47%	0.47%	0.09%
0.50 to <0.75	–	–	–	–	–	–
0.75 to <2.50	696	–	0.00%	1.53%	1.49%	0.22%
0.75 to <1.75	608	–	0.00%	1.42%	1.40%	0.23%
1.75 to <2.5	88	–	0.00%	2.08%	2.08%	0.10%
2.50 to <10.00	1,323	5	0.38%	5.89%	5.97%	0.93%
2.5 to <5	465	3	0.65%	3.16%	3.15%	0.42%
5 to <10	858	2	0.23%	7.27%	7.49%	1.22%
10.00 to <100.00	2,769	57	2.06%	20.35%	17.13%	3.19%
10 to <20	2,124	27	1.27%	13.71%	14.42%	2.20%
20 to <30	560	16	2.86%	22.71%	21.41%	3.42%
30.00 to <100.00	85	14	16.47%	47.80%	56.61%	17.85%
100.00 (Default)	68	1	1.47%	100.00%	100.00%	7.23%

7 Credit risk *continued*

As at 31 December 2022, in millions of euros PD Range by Exposure class	Number of obligors at the end of previous year					
	Total	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Retail – Other						
0.00 to <0.15	–	–	–	–	–	–
0.00 to <0.10	–	–	–	–	–	–
0.10 to <0.15	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–
0.75 to <1.75	–	–	–	–	–	–
1.75 to <2.5	–	–	–	–	–	–
2.50 to <10.00	36,298	92	0.25%	4.68%	4.83%	0.88%
2.5 to <5	15,760	9	0.06%	3.10%	3.11%	0.38%
5 to <10	20,538	83	0.40%	6.08%	6.15%	1.25%
10.00 to <100.00	6,261	110	1.76%	20.03%	17.25%	3.81%
10 to <20	5,247	62	1.18%	12.69%	12.99%	2.33%
20 to <30	426	11	2.58%	20.61%	20.62%	3.72%
30.00 to <100.00	588	37	6.29%	66.14%	52.77%	21.52%
100.00 (Default)	250	25	10.00%	100.00%	100.00%	12.02%

Table 30: EU CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale)

EBA template 'EU CR9.1 – IRB approach – Back-testing of PD per exposure class (only for PD estimates in accordance with point (f) of Article 180 (1) CRR' is not reported as point (f) of Article 180 (1) is not applicable to LeasePlan.

7 Credit risk *continued*

7.5 EQUITY EXPOSURES UNDER THE SIMPLE RISK-WEIGHTED APPROACH

Equity exposures under the simple risk-weighted approach is the result of the disposal of CarNext business in 2021 for which we in return ultimately received shares in in Constellation Automotive Holdings S.a.r.l. without significant influence. The decrease in exposure value is the result of the valuation of these shares as no sale or other transactions have occurred since 2021. This equity exposure is risk weighted against 370%.

As at 31 December 2022, in millions of euros	Equity exposures under the simple risk-weighted approach					
Categories	On-balance-sheet exposure	Off-balance-sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Private equity exposures	–	–	190%	–	–	–
Exchange-traded equity exposures	–	–	290%	–	–	–
Other equity exposures	27	–	370%	27	99	1
Total	**27**	**–**		**27**	**99**	**1**

As at 31 December 2021, in millions of euros	Equity exposures under the simple risk-weighted approach					
Categories	On-balance-sheet exposure	Off-balance-sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Private equity exposures	–	–	190%	–	–	–
Exchange-traded equity exposures	–	–	290%	–	–	–
Other equity exposures	63	–	370%	63	231	–
Total	**63**	**–**	**–**	**63**	**231**	**–**

Table 31: EU CR10.5 – Equity exposures under the simple risk-weighted approach

8 Counterparty credit risk

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

Methodology

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

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

- Counterparty credit risk;
- CVA.

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

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

Master netting agreements

It is LeasePlan's practice to execute standard internationally recognised documents such as International Swaps and Derivatives Association (ISDA) agreements and Credit Support Annexes (CSAs) with all of its derivative financial counterparties. A master netting agreement such as an ISDA allows for rights and obligations associated with derivative transactions entered into under the agreement to be netted into a single amount in the event of a counterparty's default. LeasePlan treats such contractual netting agreements as risk-reducing only to the extent that the master netting agreement is legally valid and enforceable.

In addition, LeasePlan has Cleared Derivatives Execution Agreements (CDEAs) with its principal interbank derivative counterparties enabling LeasePlan to clear eligible derivatives through an EU approved and regulated central counterparty (LeasePlan uses LCH which is completed through a 'Clearing Broker'; LeasePlan's clearing broker is HSBC Continental Europe).

If a derivative contract cannot be cleared through a central counterparty, a CSA serves to limit the potential cost of replacing that contract at market price in the event of a default by the financial counterparty. All of LeasePlan's interbank derivatives are covered by CDEAs or CSAs and are hence collateralised. Collateral calls are agreed with the counterparty and settled as cash collateral on a daily basis, i.e. the net market value of the outstanding derivative transactions. The agreed amount is either transferred by the counterparty to LeasePlan or paid by LeasePlan to the counterparty. Counterparty credit risk mitigating measures have the effect of reducing the exposure amount calculation according to the CRR II/CRD V rules.

Other relevant risk management policy objectives

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

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

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

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

8 Counterparty credit risk *continued*

The use of other derivatives requires specific approval by the ALCO. For all derivative trades, counterparty considerations are set by the Counterparty Credit Risk Standard.

As at 31 December 2022, a credit rating downgrade will have no impact on the Group's CSAs covering its interbank derivative positions. Only LeasePlan's Bumper securitisation related financial instruments contain a rating trigger (reference is made to section 'Exposure to securitisation positions' of this report).

Based on the standardised approach LeasePlan holds EUR 7.4 million for CCR and EUR 4.5 million capital for credit valuation adjustment (CVA) charge under Pillar 1 as at 31 December 2022.

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

As at 31 December 2022, in millions of euros		**Replacement cost (RC)**	**Potential future exposure (PFE)**	**EEPE**	**Alpha used for computing regulatory exposure value**	**Exposure value pre-CRM**	**Exposure value post-CRM**	**Exposure value**	**RWEA**
EU-1	EU – Original Exposure Method (for derivatives)	–	–		1.4	–	–	–	–
EU-2	EU – Simplified SA-CCR (for derivatives)	–	–		1.4	–	–	–	–
1	SA-CCR (for derivatives)	66	70		1.4	72	136	190	92
2	IMM (for derivatives and SFTs)			–	–	–	–	–	–
2a	Of which securities financing transactions netting sets			–		–	–	–	–
2b	Of which derivatives and long settlement transactions netting sets			–		–	–	–	–
2c	Of which from contractual cross-product netting sets			–		–	–	–	–
3	Financial collateral simple method (for SFTs)					–	–	–	–
4	Financial collateral comprehensive method (for SFTs)					–	–	–	–
5	VaR for SFTs					–	–	–	–
6	**Total**					**72**	**136**	**190**	**92**

Table 32: EU CCR1 – Analysis of CCR exposure by approach

In the table below, LeasePlan provides information as referred to in CRR Article 439 (h).

		Dec-22		**Jun-22**	
In millions of euros		**Exposure value**	**RWEA**	**Exposure value**	**RWEA**
1	Total transactions subject to the Advanced method	–	–	–	–
2	(i) VaR component (including the 3× multiplier)		–		–
3	(ii) stressed VaR component (including the 3× multiplier)		–		–
4	Transactions subject to the Standardised method	190	56	238	43
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	–	–	–	–
5	**Total transactions subject to own funds requirements for CVA risk**	**190**	**56**	**238**	**43**

Table 33: EU CCR2 – Transactions subject to own funds requirements for CVA risk

8 Counterparty credit risk *continued*

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

As at 31 December 2022, in millions of euros		Risk weight											Total exposure value
Exposure classes		**0%**	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Other**	
1	Central governments or central banks	–	–	–	–	–	–	–	–	–	–	–	–
2	Regional government or local authorities	–	–	–	–	–	–	–	–	–	–	–	–
3	Public sector entities	–	–	–	–	–	–	–	–	–	–	–	–
4	Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–
5	International organisations	–	–	–	–	–	–	–	–	–	–	–	–
6	Institutions	–	40	–	–	10	180	–	–	–	–	–	230
7	Corporates	–	–	–	–	–	–	–	–	–	–	–	–
8	Retail	–	–	–	–	–	–	–	–	–	–	–	–
9	Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–
10	Other items	–	–	–	–	–	–	–	–	–	–	–	–
11	**Total exposure value**	**–**	**40**	**–**	**–**	**10**	**180**	**–**	**–**	**–**	**–**	**–**	**230**

Table 34: EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

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

		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
As at 31 December 2022, in millions of euros		**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**
1	Cash – domestic currency	138	–	230	–	–	–	–	–
2	Cash – other currencies	49	–	42	–	–	–	–	–
3	Domestic sovereign debt	–	–	–	–	–	–	–	–
4	Other sovereign debt	–	–	–	–	–	–	–	–
5	Government agency debt	–	–	–	–	–	–	–	–
6	Corporate bonds	–	–	–	–	–	–	–	–
7	Equity securities	–	–	–	–	–	–	–	–
8	Other collateral	–	–	–	–	–	–	–	–
9	**Total**	**187**	**–**	**273**	**–**	**–**	**–**	**–**	**–**

Table 35: EU CCR5 – Composition of collateral for CCR exposures

8 Counterparty credit risk *continued*

In the table below LeasePlan provides insight into exposures to qualifying central counterparties (QCCPs) and non-QCCPs as referred to in CRR Article 439 (i). The fall in exposures to QCCPs between June and December 2022 is primarily on account of a lower replacement cost.

		Dec-22		Jun-22	
In millions of euros		Exposure value	RWEA	Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**1**		**2**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	40	1	90	2
3	(i) OTC derivatives	40	1	90	2
4	(ii) Exchange-traded derivatives	–	–	–	–
5	(iii) SFTs	–	–	–	–
6	(iv) Netting sets where cross-product netting has been approved	–	–	–	–
7	Segregated initial margin	24		44	
8	Non-segregated initial margin	–	–	–	–
9	Prefunded default fund contributions	–	–	–	–
10	Unfunded default fund contributions	–	–	–	–
11	**Exposures to non-QCCPs (total)**		**–**		**–**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	–	–	–	–
13	(i) OTC derivatives	–	–	–	–
14	(ii) Exchange-traded derivatives	–	–	–	–
15	(iii) SFTs	–	–	–	–
16	(iv) Netting sets where cross-product netting has been approved	–	–	–	–
17	Segregated initial margin	–		–	
18	Non-segregated initial margin	–	–	–	–
19	Prefunded default fund contributions	–	–	–	–
20	Unfunded default fund contributions	–	–	–	–

Table 36: EU CCR8 – Exposures to CCPs

9 Market risk

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

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

In the table below LeasePlan provides insight into the market risk under the standardised approach where LeasePlan runs FX risk only. For further information regarding FX risk, please refer to section 9.1 of this report.

		RWEA	
In millions of euros		**Dec-22**	**Jun-22**
Outright Products			
1	Interest rate risk (general and specific)	–	–
2	Equity risk (general and specific)	–	–
3	Foreign exchange risk	767	746
4	Commodity risk	–	–
Options			
5	Simplified approach	–	–
6	Delta-plus approach	–	–
7	Scenario approach	–	–
8	Securitisation (specific risk)	–	–
9	**Total**	**767**	**746**

Table 37: EU MR1 – Market risk under the standardised approach

9 Market risk *continued*

9.1 FX RISK

LeasePlan has the following approach regarding FX risk:

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

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

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

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

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

In the context of FX risk as part of Market Risk under Pillar I, LeasePlan is compliant with the EBA Guidelines on the treatment of Structural FX under CRR 352(2). LeasePlan has received JST permission to apply the Structural FX waiver for its top 5 foreign currencies.

For the top 5 currencies[16], Structural FX TREA are determined by structural FX exposures that exceed the maximum open position as described in the EBA Guidelines. For other currencies, Structural FX TREA equal the equity investment in that currency.

The Pillar 1 exposure as at 31 December 2022 results in a capital requirement of EUR 61 million (30 June 2022: EUR 60 million). The exposure remained stable due to the mix of largely offsetting impacts.

16. Current top 5 currencies are GBP, USD, TRY, DKK and NOK.

9 Market risk *continued*

9.2 ASSET RISK

Asset risk capital

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

Under Pillar 1 of the CRR/CRD IV regime, asset risk is considered part of credit risk with the 1/t formula applied for risk-weighting of the residual value position of LeasePlan's risk-bearing leased assets. The regulatory capital related to residual values amounts to EUR 775 million (1/t) as at the end of 2022.

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

LeasePlan defines the economic capital for residual risk as the capital required to cover the losses on residual value risk-bearing leased assets in a 1-in-1,000-year event, i.e. the 99.9th percentile.

Nominal exposure value

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

	Total asset risk exposure	
In millions of euros	**Dec-22**	**Dec-21**
Future lease payments	7,994	8,951
Residual value	14,339	13,748
Total	**22,333**	**22,699**

Table 38: Residual value position total lease portfolio

9 Market risk *continued*

The tables below illustrate the distribution of total residual value exposure across the LeasePlan entities and across the makes currently in LeasePlan's portfolio (both per top 10 and other). LeasePlan believes the concentration risk is limited due to its multi-national and make-independent strategy. In geographic terms, the largest exposure per entity at the end of 2022 amounts to 12.9% of LeasePlan's total exposure compared to 14.2% at the end of 2021. In 2022 the degrees of concentration in terms of make can also be considered limited as the largest exposure amounts to 11.2% of LeasePlan's total exposure (compared to 11.9% at the end of 2021).

	Total residual value risk exposure	
In millions of euros	**Dec-22**	**Dec-21**
LPUK	1,854	1,950
LPNL	1,840	1,755
LPIT	1,567	1,466
LPDE	1,292	1,240
LPFR	1,289	1,206
LPES	1,003	963
LPPT	822	766
LPNO	704	678
LPBE	677	644
LPGR	439	345
Other	2,852	2,736
Total	**14,339**	**13,748**

Table 39: Residual value risk exposure per leasing entity[17]

	Total residual value risk exposure	
In millions of euros	**Dec-22**	**Dec-21**
Volkswagen	1,606	1,639
Ford	1,337	1,274
Mercedes-Benz	1,271	1,270
Peugeot	1,240	1,148
BMW	1,126	1,044
Audi	961	931
Renault	881	887
Skoda	814	770
Volvo	814	716
Toyota	705	672
Other	3,585	3,398
Total	**14,339**	**13,748**

Table 40: Residual value risk exposure per make

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

10 Operational risk

Operational risk definition

Operational risk within LeasePlan involves the risk of a positive, negative or potential loss resulting from inadequate or failed internal processes, human behaviour, and systems or external incidents. Business continuity risk, intragroup arrangement risk, third party risk, transaction processing and execution risk, physical security and safety risk, internal and external fraud risk, change failure risk, information risk, legal risk, financial reporting risk, model risk and human resources risk are classified as operational risk categories.

Operational risk is part of the Non-Financial Risk Management (NFRM) domain within LeasePlan. The LeasePlan NFRM policy sets forth the minimum requirements for managing non-financial risk within LeasePlan. Some of the risk categories within NFRM have separate policies and standards.

Operational risk management structure and organisation

An operational risk role is appointed as a second line function for each entity, which is the driving force behind the increase in risk awareness and the improvement of operational risk management within the local entity. Group Risk management is responsible for monitoring the operational risk profile, validation of operational risk incidents reported by local entities and the performance against the risk appetite and reports subsequently to the GRC on a regular basis. This report also includes the operational risk position of the Group at consolidated level.

Operational risk loss reporting

Operational risk losses are consistently reported and monitored at Group level, based on all operational risk incidents above an internally defined threshold set by Group Risk (gross impact). Reporting of incidents below this threshold is encouraged. The Group distinguishes between gross impact (the maximum estimated impact known at the moment of identification, irrespective of any potential recovery) and net impact (gross impact minus recovered amounts). Group Risk ensures that the Group Risk Committee and the Managing Board are made aware of all material operational risk developments.

Risk identification and assessment

LeasePlan has defined a regular process for identifying all material risks it is or might be exposed to, both at the Group level and at entity level. Identified risks in existing business processes and when introducing new/changed products/processes are assessed by determining the impact and the likelihood of occurrence before and after implementation of controls.

Risk mitigation

According to LeasePlan policy, the analysis of material operational losses and/or risk exposures may require the definition of mitigating actions to (further) reduce the risk. A process is in place to ensure that mitigating measures are implemented within the agreed timelines.

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

Those risks which are identified, but cannot be mitigated, avoided, or transferred (e.g. via insurance), are formally accepted by the appropriate level of authority (at either entity level or group level) depending on the residual risk exposure.

Control effectiveness

The non-financial risk management function monitors the outcome of the testing of the Internal Control Framework. Actions are defined and followed up in case of deficiencies.

Operational risk measurement

Within LeasePlan, measurement translates to analysis of:

- Operational risk incidents reported in the Governance Risk and Compliance tool (GRC tool), including root cause analysis and lessons learnt for large incidents;
- Follow up of mitigating actions;
- Management of operational risk appetite thresholds;
- Review of key performance and risk indicators and their evolution over time; and
- Completion of test plans for business continuity management.

10 Operational risk *continued*

Standardised Approach

LeasePlan applies the Standardised Approach (TSA) to determine the own funds requirement for operational risk[18]. In general, this approach requires banks to divide their Gross Income into eight business lines and to calculate capital requirements as a sum of the products of the Gross Income attributed to each business line and the specific regulatory coefficients (betas) assigned to each line. For LeasePlan two business lines are applicable: Retail Banking (via the operating income of LeasePlan Bank) and Commercial Banking (via the operating income of the Car-as-a-Service business).

Operational risk is included under the Pillar 1 capital and total risk exposure amount on the Standardised Approach. In 2022, under Pillar 1 the operational risk regulatory capital requirement is EUR 220 million (for 2021: EUR 193 million).

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

As at 31 December 2022, in millions of euros		Unweighted value by residual maturity				
	Banking activities	Year-3	Year-2	Last year	Own funds requirements	Risk exposure amount
1	Banking activities subject to basic indicator approach (BIA)	–	–	–	–	–
2	Banking activities subject to standardised (TSA)/alternative standardised (ASA) approaches	1,360	1,155	1,968	220	2,751
3	Subject to TSA:	1,360	1,155	1,968		
4	Subject to ASA:	–	–	–		
5	Banking activities subject to advanced measurement approaches AMA	–	–	–	–	–

Table 41: EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts

For further details regarding operational risk management, reference is made to the sections Risk Management and Compliance on *page 75* of the Annual Report and section D. – Risks of the financial statements in the Annual Report.

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

11 Environmental, Social and Governance (ESG) risks

11.1 ENVIRONMENTAL RISK

LeasePlan integrates climate-related and environmental (C&E) risk in line with the three lines model to comply with the ECB Guide on Climate-related and Environmental Risk (ECB Guide).

Business strategy & processes

LeasePlan launched its Driving to Zero strategy in 2021, integrating environmental, social and governance (ESG) topics in its business strategy.

In 2022, LeasePlan took the next step, submitting Science Based Targets (SBTs) in line with the Paris Agreement. In this context, LeasePlan already discloses its Scope 1, 2 and 3 GHG emissions. In 2023, LeasePlan will define the roadmap to achieve these targets across the short, medium and long term. The following SBTs have already been submitted for validation by the Science Based Target Initiative (baseline 2019):

- Reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 60% by 2030;
- Reduce absolute Scope 3 GHG emissions by 46.2% by 2030;
- Reduce absolute Scope 1, 2 and 3 GHG emissions by 90% by 2050.

To achieve these targets, LeasePlan is investing in purchasing and providing the latest Electric Vehicles (EVs) for its customers. Electrification of LeasePlan's funded fleet is an important activity that helps LeasePlan reduce its overall GHG emissions and makes its assets increasingly aligned to the EU Taxonomy of environmentally sustainable economic activities. A major enabler of our transition to zero-emission mobility is our Green Bond programme, with a total of EUR 3 billion raised to date to finance the purchase of EVs.

Furthermore, in 2022 LeasePlan integrated an ESG assessment for all large counterparties[19] in the lease origination process, which enables us to assess and monitor the level of ESG risk of that counterparty. LeasePlan plans to expand this assessment to a wider range of clients in 2023. In 2022, LeasePlan did not yet actively engage with existing counterparties on their strategies to mitigate and reduce environmental risks.

Governance

Roles and responsibilities in relation to the management of C&E risks within LeasePlan have been assigned to the Supervisory Board, Supervisory Board Risk Committee, Managing Board, Executive Committee and Group Risk Committee, based on their existing roles and responsibilities. These are formally documented in LeasePlan's C&E Risk Governance Framework, which is linked to all relevant charters, policies and standards.

Responsibility for providing input to these bodies is assigned to the C&E Committee (CEC), a sub-committee of the GRC. The CEC was a new addition to the governance structure in 2022. It facilitates the discussion on C&E risk management between the first and second line based on C&E risk identification and assessment activities as outlined in LeasePlan's internal C&E Risk Driver Identification and Assessment Process. The C&E Risk Driver Identification and Assessment Process describes how C&E risk drivers are identified, assessed and managed by the teams and committees that are relevant for LeasePlan's risk management processes in a broader sense. During risk identification, LeasePlan considers the relevant dimensions of both transition and physical C&E risks, which include but are not limited to time horizon (short, medium, long-term), geography, average sectoral information, vehicle details and the NGFS scenarios.

The CEC also maintains a C&E Risk Driver dashboard via which it monitors (key) risk indicators related to the C&E risk drivers and physical, transition and liability risk transmission channels that are (potentially) material to LeasePlan. The CEC aims to convene and report its findings to the relevant management bodies on an adequately frequent basis.

The MB is accountable for the overall development and implementation of LeasePlan's Driving to Zero strategy. Under the responsibility of the Chief Corporate Affairs & Sustainability Officer, LeasePlan's Sustainability function drives the Driving to Zero agenda and reports to the Chief Executive Officer, the MB and the wider ExCo, on a quarterly basis to ensure full accountability at senior level. The SB is updated biannually.

LeasePlan has integrated C&E risk related KPIs, as well as broader ESG KPIs, in the variable remuneration package of its CEO, CRO, CFO, Chief Risk Manager (CRM) and the staff whose professional activities can actively shape the management of C&E risks. These qualitative and/or quantitative KPIs aim to reward achieving strategic targets that LeasePlan sets for C&E risk management and ESG goals. The KPIs currently focus on the ECB Guide and the attainment of LeasePlan's Driving to Zero strategic objectives. The inclusion of C&E KPIs and ESG KPIs have been formalised in the remuneration policy.

19. Large counterparties: counterparties with a fleet above 2,000 vehicles. These counterparties cover approximately 5% of the funded fleet.

11 Environmental, Social and Governance (ESG) risks *continued*

Risk management

i) General approach

LeasePlan considers C&E risks as drivers of existing risk categories and has therefore formalised them in the Risk Taxonomy as a 'cause of risk'.

LeasePlan has taken considerable actions to formally integrate C&E risks into the governance, strategy, risk management and disclosures, in line with regulations and supervisory expectations such as NFRD and the ECB Guide. In addition to this, LeasePlan follows the TCFD recommendations and the NGFS guidance. These regulations and standards are either applicable to LeasePlan or endorsed by the European supervisory authorities.

ii) Risk identification

To identify and monitor activities and exposures which are sensitive and vulnerable to environmental risks, C&E risks are embedded in risk identification processes including Incident Reporting, Risk and Control Self-Assessment (RCSA), the Materiality Assessment, and client ESG profiling in the lease origination process. During risk identification, LeasePlan considers the relevant dimensions for both transition and physical C&E risks. These include, but are not limited to, time horizon (short, medium and long term), geography, average sectoral information, vehicle details and the NGFS scenarios. The results of these exercises are brought to the CEC, which will further report the conclusions, KRIs and escalation points to the GRC. LeasePlan performs the abovementioned identification measures at least on an annual basis to keep track of changes in materiality of identified (non-) material transmission channels.

LeasePlan has taken strong measures in 2022 to improve the data availability, quality and accuracy of C&E risks. LeasePlan made strides to use the earlier mentioned C&E risk dimensions across various data sourcing methods. The data pool in use for these processes includes both internal and external sources. External sources consist of statistical models or ESG ratings from renowned institutions and vendors while internal sources consist of projections or counterparty-level data. We aim to make further improvements to the data availability and quality of, among others, counterparty-level C&E risk indicators in 2023.

iii) Management of risks

In compliance with the ECB Guide, LeasePlan aims to adequately manage its C&E risk drivers. Proper measures to identify C&E risk drivers are essential. Therefore, we use a variety of identification measures, both bottom-up and top-down, using information sourced both internally and externally.

The information sourced through these measures is aligned with LeasePlan's Risk Management Framework in terms of structure and terminology. All C&E risk driver identification measures are governed as described in LeasePlan's C&E Risk Governance Framework. C&E risk-related events and risk indicators are discussed in the CEC.

In 2022, LeasePlan took steps to better understand the impact of C&E risk drivers on its business environment in the short, medium and long term in order to make more informed strategic and business decisions. This resulted in a major update to last year's analysis, carried out as follows: (i) Set-up of longlist of C&E risk drivers, (ii) Assessment of the longlist of C&E risk transmission channels, (iii) Longlist to shortlist process and (iv) Materiality assessment of shortlist.

The annual risk assessment and risk management exercises have been updated to include C&E risks, including via the introduction of a high-level macroeconomic scenario analysis, the competitor analysis, the quantitative Materiality Assessment, the Risk Appetite setting procedure and the Risk and Control Self-Assessments (RCSAs). These exercises provide input to the longlist of C&E risk drivers.

The scope of the risk identification processes covers all risk types, such as Asset Risk, Credit Risk, Operational Risk, Liquidity Risk, and Strategic Risk. LeasePlan considers impacts on the balance sheet (including P&L, TREA), operations and reputation.

LeasePlan's quantitative materiality assessment covers the most material C&E risk drivers across scenarios and time horizons (short, medium, long term). The 2022 materiality assessment concluded that all assessed C&E risk impacts are within LeasePlan's risk bearing capacity. This is to a large extent due to the nature of LeasePlan's business model, which encompasses relatively short leasing terms, strong collateral and insurance, and finally a diversified funding model. Notwithstanding these risks currently not being material, LeasePlan puts macro-economic and risk indicators in place to closely monitor changes in the materiality of C&E risks.

Based on the materiality assessment, KRIs will be selected, reported upon and monitored in relevant governing bodies (e.g., CEC and GRC). Where relevant, LeasePlan will set targets and limits to make sure exposures to C&E risk drivers are kept within the set risk appetite. LeasePlan aims to internally report on its material C&E risk drivers on a monthly basis through the CEC.

iv) Stress testing

LeasePlan has developed a Climate Stress Test model to incorporate C&E into the Stress Testing framework within LeasePlan. LeasePlan is using the outcomes of the Climate Stress Test 2022 as input for the 2023 capital adequacy processes.

v) Other information

In line with the integration of C&E risks in the Risk Management Framework, LeasePlan considers all activities, commitments and exposures contributing to mitigate C&E risks as part of the controls to mitigate the inherent C&E risk exposure.

For more information on Environmental impact and Risk management please refer to Annual Report, Sustainability: Pillar 1 (Protect the planet), *page 43*.

11 Environmental, Social and Governance (ESG) risks *continued*

11.2 SOCIAL RISK

Business strategy & processes

LeasePlan recognises the need to apply high standards in employees' personal conduct and day-to-day business decisions, including decisions related to our counterparties. LeasePlan therefore works to ensure its values and ethics are embedded in behaviours, processes and actions.

The values and ethics are defined by the LeasePlan Code of Conduct, which also explains the way LeasePlan employees are expected to deal with each other, customers, suppliers, society at large, government authorities, regulators, investors and business partners. All LeasePlan employees agree to comply with the Code of Conduct through an annual declaration process. LeasePlan has also implemented a Sustainable Procurement Charter (SPC) to help ensure that high ethical standards are maintained across the entire supply chain. Furthermore, LeasePlan is committed to respect human rights, as described in the United Nations' Universal Declaration of Human Rights and the principles of the International Labour Organization. Respect for human rights is also a key feature of both LeasePlan's Code of Conduct and SPC. Since 2021, LeasePlan has been a signatory of the UN Global Compact. By supporting the Ten Principles of the UN Global Compact on human rights, labour, environment and anti-corruption, and making the principles part of the strategy, culture and day-to-day operations, LeasePlan aims to advance broader societal goals and the Sustainable Development Goals (SDGs).

The Global People & Performance (P&P) policy articulates all requirements for good employee conduct and rules around inappropriate behaviour in line with the commitment to the UN Global Compact. All our entities have local personnel manuals to make sure everybody is protected and treated fairly. In three countries (France, Italy, Spain), LeasePlan has specific collective labour agreements with unions or employee representatives.

The Diversity, Equity & Inclusion (DE&I) policy and the commitment to the UN Global Compact support LeasePlan's inclusive culture. This is further supported by initiatives in several key areas: (i) talent management & development strategy for retention and engagement; (ii) inclusive communication training and guidelines shared with all employees in local languages; (iii) inclusive recruitment handbook and guidance shared with all managers; and (iv) inappropriate behaviour training for all, piloted in the Netherlands with plans to be rolled out globally. To serve communities where LeasePlan operates, a Global Community Volunteering Standard enables all employees to volunteer for 4 hours per year.

To mitigate and reduce socially harmful activities as a result of direct and indirect engagement with new or existing counterparties, LeasePlan has replaced its Supplier Code of Conduct in 2022 with the SPC. The SPC sets out LeasePlan's expectations of its suppliers on ESG topics, based on the principles of the UN Global Compact. It establishes the minimum standards we expect our suppliers to adhere to when working with, for or on behalf of LeasePlan. The SPC covers the following specific areas: Climate Change; Human rights; Circular economy; Diversity, equity & inclusion (DE&I); Business ethics; Privacy and data security; and Environmental sustainability. All supplier contracts for spend above EUR 50,000 annually must comply with the SPC.

To further mitigate social risks with our counterparties, LeasePlan is embedding the EcoVadis platform in its procurement processes. This enables LeasePlan to assess its counterparties for ESG risk and start engaging in conversation with them on ESG topics and future collaboration.

Furthermore, LeasePlan has an 'Information Security Policy' that applies to third parties that work with, for or on behalf of LeasePlan. This policy is put in place to safeguard the security of LeasePlan's information systems and to mitigate the associated risks.

11 Environmental, Social and Governance (ESG) risks *continued*

As outlined in the table below, LeasePlan has 14 key metrics and respective targets under which it assesses social performance. For further details please refer to the Annual Report, Sustainability section, pages 39-42.

	Key metrics	Targets
1	Diversity in top 3 management layers (%)	35% by 2025
2	Gender pay ratio	Close the gap by 2023
3	Number of countries with equal LGBTQI+ benefits	25 by 2023
4	Number of cases of discrimination	0 cases annually
5	Top 3 management layers that have completed full DE&I training (%)	80% by 2023
6	Suppliers that have signed Sustainable Procurement Charter (%)	100% by 2024
7	Suppliers screened on ESG risk criteria (%)	100% by 2025
8	Procurement staff trained on sustainable procurement (%)	100% by 2024
9	Customer Net Promoter Score (NPS)	23 by 2023
10	Number of hours spent on community volunteering	10,000 hours annually
11	Employee engagement plus score	75
12	Global absenteeism rate (%)	3% by 2023
13	Number of learning hours	55,000 hours
14	Bodily injury rate (%)	0 annually

Table 42: Key social metrics and targets

Research has been carried out to set out these targets, including benchmarking exercises against peers. Furthermore, the target for diversity in the top three management layers is provided with limited assurance from an independent auditor.

Additional to the topics addressed in Risk Management, LeasePlan will further expand on social risk into the overall risk framework and strategy, predominantly covering our counterparties.

Governance

Regarding counterparty risk, LeasePlan has in place a Sustainable Procurement Policy, as well as ESG assessments within the lease origination process for large clients.

In addition, to monitor social aspects among its employee population, LeasePlan has in place a monthly reporting process addressing several topics, e.g., sickness and retention, which is reported to local management teams. Outlying cases are reported to the MB and ExCo. There is a yearly internal audit on People & Performance related topics (e.g. expenses and behaviour). Social risk related objectives are also embedded in the Remuneration Policy, which are implemented and enforced.

Within LeasePlan itself, a DE&I Committee has the mandate to review the P&P policy, initiate actions and report any findings and suggestions to the MB.

While the above tools are in place, LeasePlan considers that further enhancements to its social risk management governance need to be developed and implemented (including the formal assignment of responsibilities of the management body for setting the risk framework; supervising and managing the implementation of the objectives and strategy covering counterparties' approaches to activities towards the community and society; employee relationships and labour standards; customer protection; product responsibility; and human rights).

Risk management

For overall risk identification, social risk has been taken up in the risk taxonomy as a driver of risk for potentially all risk categories.

LeasePlan also has a strict Code of Conduct, which is implemented globally, in addition to the Personnel Manual which provides guidance on ways of working and behaviour. The complete social risk set-up also includes (i) the inappropriate behaviour identification process and external Complaints Committee (training, grievance policy and a script are available for all employees which describe the process of contacting HR or the confidential counsellor on an issue and deciding whether to file an official complaint with the external Complaints Committee, which is always without consequences for the person filing the complaint), (ii) the external confidential counsellor process, (iii) the whistleblowing process, (iv) the Health & Safety process (with an external company doctor) and (v) Risk Inventory & Evaluation (RI&E). In cases of Code of Conduct breaches, escalation procedures are in place. Furthermore, risk identification through incident reporting takes place.

LeasePlan has set up targets on a number of issues and has translated these to specific KPIs, e.g. zero-tolerance culture for discrimination. Monitoring of the social risk component is fully aligned with the integrated risk control set up and appropriate policies at LeasePlan.

The process for identification and monitoring of social risks that are financially material or currently non-material with the prospect of being material in the future and scenario analysis for social risks are yet to be fully developed. The impact of relevant socially harmful events on the prudential risk categories, including credit risk, liquidity risk, market risk and operational risk, is yet to be assessed.

11 Environmental, Social and Governance (ESG) risks *continued*

11.3 GOVERNANCE RISK

Governance

LeasePlan's management body is accountable for identifying, assessing, monitoring, and managing all ESG related risks linked to counterparties. The Supervisory Board, Supervisory Board Risk Committee, the Managing Board and the Executive Committee all have designated roles and mandates based on approved respective charters and policies. A counterparty's highest governance body's role in non-financial reporting, management of conflicts of interest or the counterparty's internal communication on critical concerns are not factors that are currently taken into account.

LeasePlan considers its main counterparties on the asset side, as well as its entire supplier population, to be its counterparties, following the regulatory guidance of EBA.

LeasePlan takes an active approach to incorporating ESG principles in the relationship with its suppliers. In this context, engagement with counterparties is governed in the LeasePlan Sustainable Procurement Charter and further formalised in the Global Sustainable Procurement Policy. LeasePlan's Sustainable Procurement Charter is based on internal and external principles. Internally we adhere to the three Driving to Zero pillars: (i) Protect the planet, (ii) Contribute to social wellbeing, and (iii) Be responsible. The third pillar translates to LeasePlan's internal systems, processes and controls to enable effective and ethical business decisions. Externally, the charter aligns with the Ten Principles of the UN Global Compact. LeasePlan has translated these internal and external principles into expectations for its suppliers and counterparties to adhere to and support the ten principles of the UN Global Compact.

Risk management

When selecting vendors or potential vendors, LeasePlan also assesses ESG factors in line with the internal Be responsible[20] principals and external ratings. The Vendor Policy outlines the second line's involvement in the evaluation. The role of the Sustainable Procurement Charter is equally to ensure we review behaviours of suppliers and manage associated risks. The Compliance & Risk team is involved in the review of issues, and owns the anti-bribery, anti-money laundering, anti-corruption policies and procedures and checks on customers and suppliers/counterparties.

In addition, the Vendor Management Policy indicates that prior to any significant business change with an external party, a risk assessment needs to be conducted. This risk assessment requires the involvement of the second line. LeasePlan's Vendor Risk Management Program follows a framework across the life cycle of a vendor relationship.

LeasePlan conducts an annual review on its suppliers for which it uses external sustainability scores. This review includes the inclusiveness component and ethical considerations. The review is performed at a set frequency, with the reviewer also being responsible for determining the contractual relationship. The evaluation implies an active engagement with suppliers to improve their ESG score to meet LeasePlan's expectations. Oversight is also performed by the second line.

LeasePlan has contractual clauses included in its contracts, entitling it to break the relationship in case of a non-compliance with the Sustainable Procurement Charter.

As LeasePlan progresses on the knowledge and practices in this domain, so the expectations of our suppliers will increase.

20. As per LeasePlan's Driving to Zero strategy.

11 Environmental, Social and Governance (ESG) risks *continued*

11.4 BANKING BOOK – CLIMATE CHANGE TRANSITION RISK

11.4.1 Quality of exposures by sector

The table below shows information on the gross carrying amount of exposures (loans and advances, debt securities and equity investments) towards non-financial corporates operating in carbon-related sectors, along with information on quality of these exposures, accumulated impairments, and the maturity buckets as at 31 December 2022.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
	As at 31 December 2022 Sector/subsector	Total	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environ-mentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (in years)
1	**Exposures towards sectors that highly contribute to climate change**	**1,676.5**	**21.8**	**–**	**–**	**44.5**	**–21.9**	**–**	**–14.0**	**–**	**–**	**–**	**1,608.5**	**41.2**	**–**	**26.8**	**2.1**
2	A – Agriculture, forestry and fishing	13.8	–	–	–	0.5	–0.3	–	–0.3	–	–	–	13.7	0.0	–	–	1.7
3	B – Mining and quarrying	3.8	3.0	–	–	0.0	0.0	–	0.0	–	–	–	3.8	–	–	–	0.7
4	B.05 – Mining of coal and lignite	0.1	0.1	–	–	–	0.0	–	–	–	–	–	0.1	–	–	–	3.3
5	B.06 – Extraction of crude petroleum and natural gas	2.8	2.8	–	–	–	0.0	–	–	–	–	–	2.8	–	–	–	0.6
6	B.07 – Mining of metal ores	0.2	–	–	–	0.0	0.0	–	0.0	–	–	–	0.2	–	–	–	0.1
7	B.08 – Other mining and quarrying	0.6	–	–	–	0.0	0.0	–	0.0	–	–	–	0.6	–	–	–	0.8
8	B.09 – Mining support service activities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	[x]

11 Environmental, Social and Governance (ESG) risks *continued*

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
	As at 31 December 2022 Sector/subsector	Total	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environ-mentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (in years)
9	C – Manufacturing	219.6	2.0	–	–	3.8	–2.4	–	–1.7	–	–	–	216.1	3.4	–	–	1.0
10	C.10 – Manufacture of food products	33.1	–	–	–	0.6	–0.5	–	–0.4	–	–	–	32.5	0.5	–	–	1.0
11	C.11 – Manufacture of beverages	1.9	–	–	–	–	0.0	–	–	–	–	–	1.9	–	–	–	1.6
12	C.12 – Manufacture of tobacco products	3.4	–	–	–	–	0.0	–	–	–	–	–	3.4	–	–	–	1.0
13	C.13 – Manufacture of textiles	1.1	–	–	–	0.1	0.0	–	0.0	–	–	–	1.1	–	–	–	1.5
14	C.14 – Manufacture of wearing apparel	1.7	–	–	–	0.1	0.0	–	0.0	–	–	–	1.7	–	–	–	0.7
15	C.15 – Manufacture of leather and related products	0.7	–	–	–	0.0	0.0	–	0.0	–	–	–	0.7	–	–	–	0.7
16	C.16 – Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	3.2	–	–	–	0.1	–0.1	–	–0.1	–	–	–	3.2	–	–	–	2.0
17	C.17 – Manufacture of pulp, paper and paperboard	6.0	–	–	–	0.0	0.0	–	0.0	–	–	–	5.6	0.4	–	–	1.9

11 Environmental, Social and Governance (ESG) risks *continued*

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
	As at 31 December 2022 Sector/subsector	Total	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environ-mentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (in years)
18	C.18 – Printing and service activities related to printing	3.4	–	–	–	0.3	–0.1	–	–0.1	–	–	–	3.4	–	–	–	1.4
19	C.19 – Manufacture of coke oven products	2.0	2.0	–	–	0.0	0.0	–	–	–	–	–	2.0	–	–	–	1.3
20	C.20 – Production of chemicals	40.3	–	–	–	0.5	–0.1	–	0.0	–	–	–	40.2	0.1	–	–	0.4
21	C.21 – Manufacture of pharmaceutical preparations	1.1	–	–	–	–	0.0	–	–	–	–	–	1.1	–	–	–	3.1
22	C.22 – Manufacture of rubber products	6.2	–	–	–	0.2	–0.2	–	–0.2	–	–	–	5.8	0.3	–	–	1.7
23	C.23 – Manufacture of other non-metallic mineral products	5.6	–	–	–	0.1	0.0	–	0.0	–	–	–	5.6	0.0	–	–	1.1
24	C.24 – Manufacture of basic metals	7.2	–	–	–	0.0	0.0	–	0.0	–	–	–	6.5	0.8	–	–	2.2
25	C.25 – Manufacture of fabricated metal products, except machinery and equipment	11.6	–	–	–	0.3	–0.2	–	–0.2	–	–	–	11.3	0.3	–	–	1.8

11 Environmental, Social and Governance (ESG) risks *continued*

	As at 31 December 2022	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
	Sector/subsector	Total	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environ-mentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (in years)
26	C.26 – Manufacture of computer, electronic and optical products	9.5	–	–	–	0.1	-0.1	–	0.0	–	–	–	9.5	–	–	–	0.6
27	C.27 – Manufacture of electrical equipment	26.9	–	–	–	0.3	-0.2	–	-0.1	–	–	–	26.9	0.1	–	–	0.7
28	C.28 – Manufacture of machinery and equipment n.e.c.	31.5	–	–	–	0.4	-0.3	–	-0.2	–	–	–	30.5	1.0	–	–	1.0
29	C.29 – Manufacture of motor vehicles, trailers and semi-trailers	8.1	–	–	–	0.3	-0.1	–	-0.1	–	–	–	8.1	–	–	–	0.6
30	C.30 – Manufacture of other transport equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	[x]
31	C.31 – Manufacture of furniture	7.3	–	–	–	0.2	-0.2	–	-0.1	–	–	–	7.3	–	–	–	2.4
32	C.32 – Other manufacturing	7.1	–	–	–	0.1	-0.1	–	0.0	–	–	–	7.1	–	–	–	1.3
33	C.33 – Repair and installation of machinery and equipment	0.7	–	–	–	0.1	-0.1	–	-0.1	–	–	–	0.7	–	–	–	1.6

11 Environmental, Social and Governance (ESG) risks *continued*

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
	As at 31 December 2022 Sector/subsector	Total	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environ-mentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (in years)
34	D – Electricity, gas, steam and air conditioning supply	18.5	16.8	–	–	0.2	–0.1	–	0.0	–	–	–	16.2	2.3	–	–	1.9
35	D35.1 – Electric power generation, transmission and distribution	1.6	–	–	–	0.0	0.0	–	0.0	–	–	–	1.6	–	–	–	0.5
36	D35.11 – Production of electricity	12.1	12.1	–	–	0.1	–0.1	–	0.0	–	–	–	10.1	2.0	–	–	2.6
37	D35.2 – Manufacture of gas; distribution of gaseous fuels through mains	4.7	4.7	–	–	0.0	0.0	–	0.0	–	–	–	4.4	0.3	–	–	0.7
38	D35.3 – Steam and air conditioning supply	0.1	–	–	–	–	0.0	–	–	–	–	–	0.1	–	–	–	0.6
39	E – Water supply; sewerage, waste management and remediation activities	10.3	–	–	–	1.5	–1.3	–	–1.3	–	–	–	10.3	–	–	–	0.8
40	F – Construction	284.2	–	–	–	11.5	–6.4	–	–3.7	–	–	–	283.5	0.7	–	–	2.4
41	F.41 – Construction of buildings	61.0	–	–	–	2.8	–0.9	–	–0.7	–	–	–	60.5	0.5	–	–	1.6
42	F.42 – Civil engineering	48.0	–	–	–	1.3	–0.8	–	–0.3	–	–	–	48.0	0.0	–	–	2.4
43	F.43 – Specialised construction activities	175.2	–	–	–	7.4	–4.8	–	–2.7	–	–	–	175.0	0.2	–	–	2.6

11 Environmental, Social and Governance (ESG) risks *continued*

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
	As at 31 December 2022 Sector/subsector	Total	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environ-mentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (in years)
44	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	647.2	–	–	–	7.6	–7.1	–	–4.1	–	–	–	595.2	25.2	–	26.8	1.7
45	H – Transportation and storage	462.5	–	–	–	18.7	–3.8	–	–2.6	–	–	–	453.5	9.0	–	–	3.1
46	H.49 – Land transport and transport via pipelines	6.1	–	–	–	0.5	–0.2	–	–0.1	–	–	–	6.1	0.0	–	–	0.7
47	H.50 – Water transport	1.2	–	–	–	0.1	–0.1	–	–0.1	–	–	–	1.2	–	–	–	1.4
48	H.51 – Air transport	1.3	–	–	–	0.1	–0.1	–	0.0	–	–	–	1.3	–	–	–	0.6
49	H.52 – Warehousing and support activities for transportation	378.9	–	–	–	17.7	–2.9	–	–2.2	–	–	–	378.7	0.2	–	–	3.3
50	H.53 – Postal and courier activities	75.0	–	–	–	0.2	–0.5	–	–0.1	–	–	–	66.3	8.8	–	–	2.5
51	I – Accommodation and food service activities	4.3	–	–	–	0.2	–0.1	–	0.0	–	–	–	3.9	0.5	–	–	3.0
52	L – Real estate activities	12.3	–	–	–	0.6	–0.4	–	–0.3	–	–	–	12.2	0.1	–	–	1.5

11 Environmental, Social and Governance (ESG) risks *continued*

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
	As at 31 December 2022 Sector/subsector	Total	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environ-mentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which stage 2 exposures	Of which non-performing exposures	Total	Of which scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (in years)
53	**Exposures towards sectors other than those that highly contribute to climate change**	**624.9**	**–**	**–**	**–**	**30.1**	**–7.3**	**–**	**–5.0**	**–**	**–**	**–**	**614.6**	**10.2**	**–**	**–**	**1.9**
54	K – Financial and insurance activities	1.2	–	–	–	–	0.0	–	–	–	–	–	1.2	–	–	–	3.5
55	Exposures to other sectors (NACE codes J, M – U)	623.7	–	–	–	30.1	–7.3	–	–5.0	–	–	–	613.5	10.2	–	–	1.9
56	**Total**	**2,301.3**	**21.8**	**–**	**–**	**74.6**	**–29.2**	**–**	**–19.0**	**–**	**–**	**–**	**2,223.1**	**51.4**	**–**	**26.8**	**2.0**

Table 43: Template 1 – Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity[21,22]

21. Within this template, disclosure of certain information has a permitted phase-in period up to 30 June 2024. Refer Para 22b. and 22c. of EBA ITS on Pillar 3 disclosures on ESG risks and Para 32, 38, 43, 45 of Annex II – Instructions for ESG prudential disclosures templates.

22. In the table, the Exposures towards sectors that highly contribute to climate change and Exposures towards sectors other than those that highly contribute to climate change, are in accordance with the Commission delegated regulation (EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks – Climate Benchmark Standards Regulation – Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006.

11 Environmental, Social and Governance (ESG) risks *continued*

Notes for Template 1:

- Information on GHG financed emissions: Template 1 requires disclosure of information on GHG financed emissions (Scope 1, 2 & 3 emissions of the counterparties). LeasePlan currently calculates only the Scope 1 emissions of its counterparties in accordance with the GHG Protocol's Corporate Value Chain Standard, representing the 'in-use' phase defined as 'tank to wheel' emissions of LeasePlan's funded fleet. As LeasePlan has committed to obtain Science-Based Targets initiative (SBTi) approved targets, it will include additional financed emissions categories (Scope 2 & 3 emissions of counterparties) in the years ahead (within the permitted phase-in period that ends 30 June 2024). EBA ITS on Pillar 3 disclosures on ESG risks[23] permits a phase-in period for disclosure until 30 June 2024. For the current disclosure year, LeasePlan has decided to make use of the phase-in period and plans to start disclosing further information on GHG financed emissions before the end of the phase-in periods.
- Regarding information on exposures towards companies excluded from EU Paris-aligned benchmarks (column b) in accordance with points (d) to (g) of Article 12.1 and Article 12.2 of the Climate Benchmark Standards Regulation,such data is currently not available at LeasePlan. LeasePlan has therefore adopted the "best effort" approach using the NACE codes as allocation criteria for the sectors/sub-sectors associated with the activities as per Article 12.1 (d) to (g).
- The exposure information on environmentally sustainable activities (column c, (CCM – Climate Change Mitigation)), is required to be disclosed starting 31 December 2023, hence not applicable for the current disclosure period.

For more information, please refer to the section 'Environmental Risk' of this document, paragraph (iii) Management of Risk on *page 61*.

11.4.2 Alignment metrics with the Paris Agreement objectives

The table below contains information on LeasePlan's alignment efforts with the Paris Agreement objectives, represented by alignment metrics for each relevant counterparty sector. These alignment metrics show, in relative terms, the GHG emissions pertaining to different counterparty sectors.

	a	b	c	d	e	f	g
	As at 31 December 2022 **Sector**	**NACE Sectors (a minima)**	**Portfolio gross carrying amount (Mn EUR)**	**Alignment metric**	**Year of reference**	**Distance to IEA NZE2050 in %**	**Target (year of reference + 3 years)**
1	Financial leasing	K64.9.1	1,968	ICE	2022	105.6%	66.0%
2	Renting and leasing of cars and light motor vehicles (voluntary)	N77.1.1	15,960	ICE	2022	136.6%	85.4%

Table 44: Template 3 – Banking book – Climate change transition risk: Alignment metrics[24,25]

Notes for Template 3:

- The above table on alignment metrics provides eight minimum mandatory International Energy Agency (IEA) sectors for disclosures, with an option to add more sectors relevant to the economic activity.The common source of GHG emissions in relation to LeasePlan's financing activity is the funded fleet, irrespective of the counterparty sector. Therefore, LeasePlan has chosen to disclose information on the ICE alignment metric[26], segregating the total exposure into additional sectors as below:
  - Financial Leasing (NACE K64.9.1); and
  - Renting & leasing of cars and light motor vehicles (NACE N77.1.1).

  This approach provides a clearer picture of the entire emissions from LeasePlan's funded fleet, including the operating lease portfolio (disclosed on a voluntary basis). Certain exposures under loans and advances, debt securities and equity instruments have not been included in the disclosures due to the amount of these exposures being immaterial relative to the entire funded fleet.
- Distance to IEA NZE2050 (Net Zero Emissions by 2050 scenario) in column f represents the point-in-time distance (in %) of the ICE (internal combustion engine) technology proportion in LeasePlan's fleet as at 31 December 2022, i.e. for financial leasing portfolio 73% and for operating lease portfolio 84% to the proportion under 2030 NZE2050 scenario for light-duty vehicles, i.e., 35.5%. The target for year 2025 in column 'g' is based on the linear movement in LeasePlan's ICE technology proportion, aligned with the 2030 NZE2050 scenario target.
- Going forward, LeasePlan will consider disclosing more than one relevant alignment metric, e.g. average tonnes of CO_2 per km and also including the exposures towards equity instruments and debt securities in the scope of alignment metrics disclosures taking into account the materiality of these exposures.

23. Para 22a. and 22d., pg. 13 of EBA ITS on Pillar 3 disclosures on ESG risks.
24. Within this template, disclosure of certain information has a permitted phase-in period up to 30 June 2024. Refer Para 22b. and 22c. of EBA ITS on Pillar 3 disclosures on ESG risks and Para 32, 38, 43, 45 of Annex II – Instructions for ESG prudential disclosures templates.
25. In the table, Column 'Distance to IEA NZE2050 (International Energy Agency Net Zero Emissions by 2050 scenario) in %' refers to PiT distance to 2030 NZE2050 scenario in % (for each metric).
26. ICE alignment metric represents the average share of high carbon technology (internal combustion engines) in the entire funded fleet.

11 Environmental, Social and Governance (ESG) risks *continued*

11.4.3 Exposures to carbon-intensive firms

Template 4 below shows information on LeasePlan's exposures (including loans and advances, debt securities and equity instruments) towards the top 20 carbon-intensive companies in the world, including information on the average maturity of such exposures, providing insight on how these exposures may be impacted by longer-term climate change transition risks.

	a	b	c	d	e
As at 31 December 2022	Gross carrying amount (aggregate) (Mln EUR)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)	Of which environmentally sustainable (CCM)	Weighted average maturity (in years)	Number of top 20 polluting firms included
1	1	0.1%	–	0.2	7

Table 45: Template 4 – Banking book – Climate change transition risk: Exposures to top 20 carbon-intensive firms[27]

Notes for Template 4:

- LeasePlan has determined the list of top 20 carbon intensive companies in accordance with the guidance on sources provided in EBA ITS on Pillar 3 disclosures on ESG risks[28]. Details of data sources and the methodology used to determine the top 20 carbon-intensive firms are as below:

Data sources:

1. Climate Accountability Institute: Top Twenty Companies cumulative operational & product emissions (1965-2017);
2. Carbon Majors Database – CDP Carbon Majors Report 2017: Cumulative emissions (1988-2015).

Methodology:

- From these two reports, 19 out of the top 20 companies are the same. Out of the two companies that only appear once in each of the reports, the company that appears at a higher ranking was included in the final top 20 list, excluding the company that appeared at a lower ranking.
- The exposures towards the top 20 most carbon-intensive companies disclosed in this template include the exposures towards the entities related to the same group as the companies appearing in LeasePlan's list of top 20 carbon intensive companies.

27. Column 'Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)' is for counterparties among the top 20 carbon emitting companies in the world.
28. Annex II – Instructions for ESG prudential disclosures templates.

11 Environmental, Social and Governance (ESG) risks *continued*

11.5 BANKING BOOK – CLIMATE CHANGE PHYSICAL RISK

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount (Mln EUR)													
			Of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					Of which exposures sensitive to impact from chronic climate change events	Of which exposures sensitive to impact from acute climate change events	Of which exposures sensitive to impact both from chronic and acute climate change events			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	As at 31 December 2022 Variable: Geographical area subject to climate change physical risk – acute and chronic events	Total	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (in years)				Of which stage 2 exposures	Of which non-performing exposures	Total	Of which stage 2 exposures	Of which non-performing exposures
1	**Flood**														
2	Financial Leasing	1,655	17	–	–	–	2.2	–	17	17	–	1	–	–	–
3	Renting and leasing of cars and light motor vehicles (voluntary)	12,605	132	1	–	–	2.0	–	133	133	–	1	–	–	–
4	**Windstorm**														
5	Financial Leasing	1,655	51	1	–	–	2.2	–	52	52	–	2	–1	–	–1
6	Renting and leasing of cars and light motor vehicles (voluntary)	12,605	394	3	–	–	2.0	–	397	397	–	2	–	–	–
7	**Hail**														
8	Financial Leasing	1,655	40	1	–	–	2.2	–	41	41	–	1	–1	–	–
9	Renting and leasing of cars and light motor vehicles (voluntary)	12,605	310	2	–	–	2.0	–	312	312	–	2	–	–	–

Table 46: Template 5 – Banking book – Climate change physical risk: Exposures subject to physical risk

The above Template 5 shows information on LeasePlan's exposures to non-financial corporates which are sensitive to climate change physical risks. Due to data availability limitation regarding the exposures sensitive to physical risks at geographical level, the disclosures in this template rely upon LeasePlan's climate stress test undertaken during 2022, on a best effort basis, as explained below.

11 Environmental, Social and Governance (ESG) risks *continued*

Notes for Template 5:

- The stress test by LeasePlan identifies three climate change physical events (acute only) – flood, windstorm and hail, covering the top 10 countries and 80% of LeasePlan's operating lease exposure as at 31 December 2021. The stress test estimates the number of vehicles that will be damaged over a three-year horizon from three types of acute climate change events, individually for the countries in scope. This information is then used to calculate a weighted average proportion of vehicles at risk of damage in the top 10 countries. The weighted average proportion of vehicles at risk is multiplied by the financial lease (FL) and operational lease (OL) exposures[29] in order to estimate the gross carrying amount of exposures sensitive to the three identified acute events.
- LeasePlan does not finance the business activities of its counterparties, but only the vehicles leased by the counterparties. Consequently, the asset exposed to acute events related to LeasePlan's financing activities is the same for all counterparty sectors, i.e. the financed vehicles. Therefore, disclosure on sensitive exposures with breakdown by FL and OL portfolios provides relevant information in a concise form. The sensitive exposures thus estimated are disclosed under the additional NACE sectors Finance Leasing (K64.9.1) and Renting & leasing of cars and light motor vehicles (NACE N77.1.1) representing the FL and OL portfolios respectively.
- The values of other items included in this template, i.e., maturity profile, accumulated impairments and non-performing exposures, are estimated by applying the same weighted average proportion as for sensitive exposures to the actual values of these items within the OL and FL portfolios.
- The above mentioned acute climate change events forming the basis of LeasePlan's stress test are the same across the top 10 countries of exposure. The information in this template is disclosed with a breakdown of exposures by three acute event types found relevant as per the stress test rather than a geographical breakdown. Certain exposures under loans and advances[30], and the entire exposure towards debt securities and equity instruments have not been included in the disclosures due to the amount of these exposures being immaterial relative to the entire funded fleet. No disclosures on exposure sensitive to chronic climate change events are made for the current year. Given the nature of climate-related risk that the vehicles are subject to and the short time horizon (lease period), chronic risks are not material.
- Going forward, LeasePlan is considering aligning its climate stress test with the disclosure requirements of Template 5 on physical risks. Future climate stress tests will be expanded to cover the FL portfolio with a breakdown by sector of economic activity (NACE classification) and by geographic location of the counterparties that are prone to acute (and when relevant, chronic) risks.

ESG disclosure notes:

1. In accordance with the phase-in periods[31] permitted by EBA ITS on Pillar 3 disclosures on ESG risks in respect of certain disclosures, only the above outlined Templates 1,3,4 and 5 are applicable to LeasePlan's Pillar 3 disclosures on ESG risks for the first disclosure reference date of 31 December 2022.
2. In accordance with the phase-in periods permitted by EBA ITS on Pillar 3 disclosures on ESG risks in respect of certain disclosures, the following templates are not applicable to LeasePlan's Pillar 3 disclosures on ESG risks for the first disclosure reference date of 31 December 2022:
   a. Template 2 'Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral' – This template shows information on the distribution of exposures collateralised by immovable properties in terms of the energy efficiency of the underlying collaterals and is not applicable to LeasePlan as LeasePlan does not provide any loans collateralised by immovable properties;
   b. Template 6 'Summary of GAR KPIs', Template 7 'Mitigating actions: Assets for the calculation of GAR', Template 8 'GAR (%)', Template 9 'Mitigating actions: BTAR' – These templates on mitigation actions have a phase in period up to December 2023 and hence are not part of the current year's disclosures;
   c. Template 10 – Other climate change mitigating actions that are not covered in the EU Taxonomy. The information in Template 10 (Other climate change mitigating actions that are not covered in the EU Taxonomy) can only be provided after the information on GAR is provided in Templates 7 and 8. Therefore, LeasePlan will start to provide the information in this template as at 31 December 2023, aligned with the application date for Template 7 and Template 8.

29. Information on operational lease balances is provided on a voluntarily basis as those exposures are not in the scope of the disclosure.
30. This includes loans to investments and advances that are not loans (e.g., rebates).
31. Para 22b. and 22c. of EBA ITS on Pillar 3 disclosures on ESG risks and Para 32, 38, 43, 45 of Annex II – Instructions for ESG prudential disclosures templates.

12 Other disclosures

12.1 ENCUMBERED AND UNENCUMBERED ASSETS

The encumbrance of assets is a standard element of LeasePlan's business. LeasePlan treats any asset as 'encumbered' if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn. On 31 December 2022, EUR 3.8 billion (2021: EUR 2.8 billion) of LeasePlan's total assets were encumbered. The total asset encumbrance ratio per year-end 2022 was 10.7% (2021: 8.5%). The encumbered on-balance-sheet items are mainly due to the collateralisation of derivatives positions and funding related transactions, such as securitisations. The increase in the encumbered assets and encumbrance ratio are due to more assets being included in the securitisation programme.

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

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

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
As at 31 December 2022, in millions of euros		**Total**	**of which notionally eligible EHQLA and HQLA**	**Total**	**of which notionally eligible EHQLA and HQLA**	**Total**	**of which EHQLA and HQLA**	**Total**	**of which EHQLA and HQLA**
010	Assets of the disclosing institution	2,981	–	–	–	31,599	5,173	–	–
030	Equity instruments	–	–	–	–	98	–	98	–
040	Debt securities	–	–	–	–	45	–	45	–
050	of which: covered bonds	–	–	–	–	–	–	–	–
060	of which: securitisations	–	–	–	–	–	–	–	–
070	of which: issued by general governments	–	–	–	–	5	–	5	–
080	of which: issued by financial corporations	–	–	–	–	24	–	24	–
090	of which: issued by non-financial corporations	–	–	–	–	15	–	15	–
120	Other assets	2,955	–	–	–	30,510	5,173	–	–

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

Table 47: EU AE1 – Encumbered and unencumbered assets

12 Other disclosures *continued*

As at 31 December 2022, in millions of euros		Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	
		Total	of which notionally eligible EHQLA and HQLA	Total	of which EHQLA and HQLA
130	**Collateral received by the disclosing institution**	**216**	**–**	**–**	**–**
140	Loans on demand	–	–	–	–
150	Equity instruments	–	–	–	–
160	Debt securities	–	–	–	–
170	of which: covered bonds	–	–	–	–
180	of which: securitisations	–	–	–	–
190	of which: issued by general governments	–	–	–	–
200	of which: issued by financial corporations	–	–	–	–
210	of which: issued by non-financial corporations	–	–	–	–
220	Loans and advances other than loans on demand	–	–	–	–
230	Other collateral received	216	–	–	–
240	**Own debt securities issued other than own covered bonds or securitisations**	**–**	**–**	**–**	**–**
241	**Own covered bonds and securitisations issued and not yet pledged**			**–**	**–**
250	**Total assets, collateral received and own debt securities issued**	**3,223**	**–**		

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

Table 48: EU AE2 – Collateral received and own debt securities issued

In millions of euros		Matching liabilities, contingent liabilities or securities lent: Dec-22	Matching liabilities, contingent liabilities or securities lent: Dec-21	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered: Dec-22	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered: Dec-21
010	Carrying amount of selected financial liabilities	2,388	1,959	3,121	2,830

Table 49: EU AE3 – Sources of encumbrance

12 Other disclosures *continued*

12.2 EXPOSURE TO SECURITISATION POSITIONS

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

As at 31 December 2022 LeasePlan has five publicly asset-backed securitisation transactions outstanding: Bumper DE 2019-I (2019), Bumper NL 2020-1 (2020), Bumper UK 2021-1 (2021), Bumper BE 01 (2021) and Bumper FR 2022-1 (2022). The publicly tradeable transactions are rated by a combination of DBRS, Fitch and/or Moody's. In addition, there is one private transaction per 31 December 2022: Bumper NL 2022-1 (2022).

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

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

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

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

With the current rating of LeasePlan, the set-off reserve and the maintenance reserve of Bumper NL 2020-1 are fully funded. For the other transactions, the set-off reserve, the maintenance reserve and the commingling reserve as well as the commingling reserve for Bumper NL 2020-1 remain unfunded subject to a downgrade of LeasePlan, resulting in liquidity risk. As at 31 December 2022, the exposure at risk is listed in the below table.

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

Transaction – Long-term rating sensitivities, as at 31 December 2022, in millions of euros	Current deposits	Rating triggers (M/S/F/D)	1 notch LT downgrade of LPC	2 notches LT downgrade of LPC	3 notches LT downgrade of LPC	Maximum additional deposits	Maximum deposits
Bumper UK 2021-1	2	Baa3/–/–/BBBL	–	–	34	34	36
Bumper NL 2020	12	Baa3/–/BBB– en F2/–	13	–	–	13	25
Bumper NL 2022	8	Baa3/–/–/–	–	–	34	34	42
Bumper FR 2022-1	4	Baa3/–/–/BBBL	–	–	28	28	32
Bumper DE 2019-I	2	Baa3/–/–/BBBL	–	–	35	35	37
Bumper BE No.01	3	Baa3/–/–/BBBL	–	–	28	28	31
Total incremental deposits	**31**		**13**	**–**	**159**	**172**	**203**

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

Table 50: Maximum additional total outflow in case of credit rating downgrades of LeasePlan

12 Other disclosures *continued*

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

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

LeasePlan does not have re-securitisation programmes, nor does it perform securitisation programmes for third parties. More information regarding LeasePlan's securitisation transactions can be found at: www.bumperfinance.com and reference is made to ***Specific note 30*** – Debt securities issued, under financial statements in the Annual Report.

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

For details regarding LeasePlan's accounting principles in respect of securitisation transactions reference is made to the section General notes 3 – Summary of significant accounting policies, of the Annual Report.

12.3 INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

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

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

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

- Policies and procedures;
- Measurement;
- Asset and Liability Committee[32] (ALCO) oversight and monitoring; and
- Managing Board/Supervisory Board reporting regarding the risk tolerance levels.

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

There are behavioural models in place for lease contracts and Non Maturing Deposits (NMDs). The client behaviour model for lease contracts relates to early redemptions and informal extensions. For NMDs, the average repricing maturity is approximately 15 months for the total portfolio. The longest modelled maturity is 60 months.

32. The ALCO is a designated risk committee that has delegated authority to take decisions in the field of funding strategy, liquidity management, capital allocation and structuring.

12 Other disclosures *continued*

Reference is made to section financial statements D. – Risks of the Annual Report for:

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

For details on (i) impact of a 200-basis points interest rate shock on the Group's EAR and EQAR; and (ii) impact of a gradual movement in interest rates on the Group's Economic Value of Equity, please refer to financial statements under section D. – Risks sub-section 'Interest rate risk measurement' of the financial statements in the Annual Report.

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

	Supervisory shock scenarios, in millions of euros	Changes of the economic value of equity		Changes of the net interest income	
		Dec-22	Jun-22	Dec-22	Jun-22
1	Parallel up	–136	–142	42	37
2	Parallel down	66	74	–42	–37
3	Steepener	–58	–66		
4	Flattener	14	19		
5	Short rates up	–13	–10		
6	Short rates down	7	5		

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

12 Other disclosures *continued*

12.4 COVID-19 DISCLOSURE

The impacts of Covid-19 on the credit risk of clients noticed in 2022 has been limited. As the Covid-19 related measures were only relaxed during 2022 in the countries LeasePlan is active in, in 2023 there is no (significant) impact of Covid-19 on the credit risk of clients expected.

Covid-19 Template 1 below, provides details on loans and advances subject to EBA-compliant moratoria (legislative and non-legislative). The template provides a breakdown of the gross carrying amount and the related loss allowances by the status of the exposure (performing and non-performing). The total non-performing exposure subject to moratorium of EUR 0 million is evidence of the fact that the credit risk of clients due to Covid-19 is limited.

		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non-performing				Performing			Non-performing			
	As at 31 December 2022, in millions of euros	Total	Total performing	Of which: Exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (stage 2)	Total non-performing	Of which: Exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Total	Total performing	Of which: Exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Total non-performing	Of which: Exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
1	Loans and advances subject to moratorium	8	8	8	–	–	–	–	–	–	–	–	–	–	–	–
2	of which: Households	3	3	3	–	–	–	–	–	–	–	–	–	–	–	–
3	of which: Collateralised by residential immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	of which: Non-financial corporations	5	5	5	–	–	–	–	–	–	–	–	–	–	–	–
5	of which: Small and Medium-sized Enterprises	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	of which: Collateralised by commercial immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

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

12 Other disclosures *continued*

Covid-19 Template 2 below provides further details to the type of eligible moratoria, the different sectors and industries in which the eligible moratoria are applied for loans and advances that meet the requirements described in paragraph 10 of the EBA Guidelines[33] on moratoria and an overview on the number of obligors and gross carrying amount of loans and advances.

	As at 31 December 2022, in millions of euros	Number of obligors	Gross carrying amount							
						Residual maturity of moratoria				
			Total	Of which: Legislative moratoria	Of which: Expired	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	1,998	8							
2	Loans and advances subject to moratorium (granted)	1,998	8	–	8	–	–	–	–	–
3	of which: Households		3	–	3	–	–	–	–	–
4	of which: Collateralised by residential immovable property		–	–	–	–	–	–	–	–
5	of which: Non-financial corporations		5	–	5	–	–	–	–	–
6	of which: Small and Medium-sized Enterprises		–	–	–	–	–	–	–	–
7	of which: Collateralised by commercial immovable property		–	–	–	–	–	–	–	–

Table 53: Covid-19 Template 2 – Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria[34]

Covid 19 disclosure Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to Covid-19 crisis is not applicable to LeasePlan.

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

13 Remuneration

LeasePlan's Group Remuneration Framework, remuneration policy, including the remuneration committee and activities, remuneration strategy and remuneration details of LeasePlan's Identified Staff[35], Supervisory Board and Managing Board are set out in the section Remuneration Report of the Annual Report.

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

The following table contains an overview of Remuneration awarded for the financial year in accordance with CRR Article 450 (1) point (h) (i)-(ii).[36]

As at 31 December 2022, in euros		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration		–	3	7	49
1	Number of identified staff	727,825	3,479,990	3,310,950	9,636,227
2	**Total fixed remuneration**	727,825	3,479,990	3,310,950	9,636,227
3	Of which: cash-based	–	–	–	–
EU-4a	Of which: shares or equivalent ownership interests	–	–	–	–
5	Of which: share-linked instruments or equivalent non-cash instruments	–	–	–	–
EU-5x	Of which: other instruments	–	–	–	–
7	Of which: other forms	–	–	–	–
Variable remuneration					
9	Number of identified staff	–	3	7	49
10	**Total variable remuneration**	–	2,980,000	3,145,950	7,001,593
11	Of which: cash-based	–	1,490,000	1,572,975	3,500,797
12	Of which: deferred	–	894,000	943,785	1,750,398
EU-13a	Of which: shares or equivalent ownership interests	–	–	–	–
EU-14a	Of which: deferred	–	–	–	–
EU-13b	Of which: share-linked instruments or equivalent non-cash instruments	–	1,490,000	1,572,975	3,500,797
EU-14b	Of which: deferred	–	894,000	943,785	1,750,398
EU-14x	Of which: other instruments	–	–	–	–
EU-14y	Of which: deferred	–	–	–	–
15	Of which: other forms	–	–	–	–
16	Of which: deferred	–	–	–	–
17	**Total remuneration**	**727,825**	**6,459,990**	**6,456,900**	**16,637,821**

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

35. LeasePlan's staff members who have a material impact on the risk profile of LeasePlan Corporation (i.e. Identified Staff). Number of identified staff in the tables are absolute figures.
36. Following contemplated divesture of LeasePlan Finland, Czech Republic and Luxembourg, IDS of divested entity have been excluded in the subsequent tables.

13 Remuneration *continued*

As at 31 December 2022, in euros	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards	–	–	–	–
1 Guaranteed variable remuneration awards – Number of identified staff	–	–	–	–
2 Guaranteed variable remuneration awards – Total amount	–	–	–	–
3 Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	–	–	–	–
Severance payments awarded in previous periods, that have been paid out during the financial year	–	–	–	–
4 Severance payments awarded in previous periods, that have been paid out during the financial year – Number of identified staff	–	–	–	–
5 Severance payments awarded in previous periods, that have been paid out during the financial year – Total amount	–	–	–	–
Severance payments awarded during the financial year	–	–	–	–
6 Severance payments awarded during the financial year – Number of identified staff	–	–	–	–
7 Severance payments awarded during the financial year – Total amount	–	–	–	–
8 Of which paid during the financial year	–	–	–	–
9 Of which deferred	–	–	–	–
10 Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	–	–	–	–
11 Of which highest payment that has been awarded to a single person	–	–	–	–

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

13 Remuneration *continued*

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

As at 31 December 2022, in euros		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	–	–	–	–	–	–	–	–
2	Cash-based	–	–	–	–	–	–	–	–
3	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
4	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
5	Other instruments	–	–	–	–	–	–	–	–
6	Other forms	–	–	–	–	–	–	–	–
7	MB Management function	2,164,681	307,444	1,857,238	–	–	–	1,125,294	198,620
8	Cash-based	515,514	108,824	406,690	–	–	–	387,224	–
9	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
10	Share-linked instruments or equivalent non-cash instruments	1,649,167	198,620	1,450,547	–	–	–	738,071	198,620
11	Other instruments	–	–	–	–	–	–	–	–
12	Other forms	–	–	–	–	–	–	–	–
13	Other senior management	2,605,976	560,398	2,045,577	–	–	–	1,521,683	335,915
14	Cash-based	678,354	224,483	453,871	–	–	–	489,283	–
15	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
16	Share-linked instruments or equivalent non-cash instruments	1,927,622	335,915	1,591,707	–	–	–	1,032,400	335,915
17	Other instruments	–	–	–	–	–	–	–	–
18	Other forms	–	–	–	–	–	–	–	–
19	Other identified staff	9,325,095	1,395,277	7,929,818	–	–	–	5,087,003	817,973
20	Cash-based	2,865,925	577,304	2,288,620	–	–	–	2,317,976	–
21	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
22	Share-linked instruments or equivalent non-cash instruments	6,459,170	817,973	5,641,197	–	–	–	2,769,027	817,973
23	Other instruments	–	–	–	–	–	–	–	–
24	Other forms	–	–	–	–	–	–	–	–
25	**Total amount**	**14,095,752**	**2,263,119**	**11,832,633**	**–**	**–**	**–**	**7,733,981**	**1,352,508**

Table 56: EU REM3 – Deferred remuneration

13 Remuneration *continued*

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

As at 31 December 2022, in euros		**Identified staff that are high earners as set out in Article 450 (i) CRR**
1	1 000 000 to below 1 500 000	6
2	1 500 000 to below 2 000 000	1
3	2 000 000 to below 2 500 000	–
4	2 500 000 to below 3 000 000	1
5	3 000 000 to below 3 500 000	–
6	3 500 000 to below 4 000 000	–
7	4 000 000 to below 4 500 000	–
8	4 500 000 to below 5 000 000	–
9	5 000 000 to below 6 000 000	–
10	6 000 000 to below 7 000 000	–
11	7 000 000 to below 8 000 000	–
12	8 000 000 and above	–

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

13 Remuneration *continued*

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

		Management body remuneration			Business areas						
As at 31 December 2022, in euros		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	**Total number of identified staff**										**59**
2	Of which: members of the MB	–	3	3							
3	Of which: other senior management				–	–	–	6	1	–	
4	Of which: other identified staff				–	–	–	6	15	28	
5	**Total remuneration of identified staff**	**727,825**	**6,459,990**	**7,187,815**	**–**	**–**	**–**	**8,779,562**	**3,460,973**	**11,517,442**	
6	Of which: variable remuneration	–	2,980,000	2,980,000	–	–	–	4,253,150	1,108,671	5,083,459	
7	Of which: fixed remuneration	727,825	3,479,990	4,207,815	–	–	–	4,526,412	2,352,301	6,433,983	

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

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

- Remuneration Report – information about the remuneration policy and remuneration governance within LeasePlan;
- ***Specific note 6*** – Staff expenses as included in the consolidated Financial Statements;
- ***Specific note 28*** – Trade and other payables and deferred income as included in the consolidated Financial Statements;
- ***Specific note 37*** – Related parties as included in the consolidated Financial Statements.

Glossary

ASF	Available Stable Funding
CCP	Central Clearing Counterparty
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1. Mostly refers to capital held by a bank or financial institution
CET1 Ratio	Compares capital against assets
COREP	Common reporting framework
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CSAs	Credit Support Annexes
CSD	Central Securities Depositories
CVA	Credit Valuation Adjustment
EBA	European Banking Authority
ECB	European Central Bank
FX Risk	Foreign Exchange Risk
HQLA	High Quality Liquid Assets
ISDA	International Swaps and Derivatives Association
JST	Joint Supervisory Team
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LPTY	LeasePlan Treasury team
NFRD	Non-Financial Reporting Directive
NGFS	Network for Greening the Financial System
ONCOA	Other Non-Credit Obligation Assets
PD	Probability of Default
QCCP	Qualifying central counterparty
RSF	Required Stable Funding
RWA	Risk-Weighted Assets
SEC-ERBA	Securitisation External Ratings Based Approach
SEC-IRBA	Securitisation Internal Ratings Based Approach
SEC-SA	Standardised Approach
SFT	Securities Financing Transactions
SREP	Supervisory Review and Evaluation Process
SteerCo	Steering Committee
TC	Total Capital
TCFD	Task Force on Climate-related Financial Disclosures
TREA	Total Risk Exposure Amount

LeasePlan Corporation
Gustav Mahlerlaan 360 1082 ME
Amsterdam
+31 (0)20 709 3000
www.leaseplan.com/corporate