LeasePlan Pillar 3 Report

as of March 31, 2022

Contents

1. Introduction

1.1 General requirements for Pillar 3 disclosures

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

Whenever reference is made to “LeasePlan” or “the Group” reference is made to the same scope of consolidation as disclosed in the LP Group B.V. Annual Report 2021. For an overview of the principal subsidiaries of LP Group B.V. reference is made to section “Specific Notes”, note 2 - Country to country reporting; and section “List of principal consolidated participating interests“ of the LP Group B.V. Annual Report 2021

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

LeasePlan has prepared the Pillar 3 disclosures in accordance with Part Eight of the Capital Requirements Regulation (EU) No. 575/2013 (CRR), amended by Regulation (EU) 2019/876 (CRR II), Part Eight Title I, Article 431 (3). LeasePlan adopts a formal disclosure policy in accordance with CRR article 431.3, to comply with the disclosure requirements laid down in Title II and III of Part Eight, Articles 435-455. The Pillar 3 disclosures in this report are governed by the Group’s Pillar 3 Disclosure Policy approved by Executive Committee.

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

This report includes the implementation of the CRR II related EBA templates. Wherever specific rows and columns in the tables prescribed by the EBA or Basel are not applicable or immaterial to our activities, we omit them and follow the same approach for comparatives.

All tables are as of 31 March 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.

1.2 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). For further information refer to the sections Capital Requirements and Liquidity of this report.

Ref [1]	in millions of euros	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21
	Available capital (own funds)					
1	Common Equity Tier 1 (CET1) capital	3,449	3,346	3,330	3,281	3,298
2	Tier 1 capital	3,817	3,697	3,667	3,625	3,623
3	Total capital	3,888	3,777	3,743	3,702	3,695
	Risk-weighted exposure amounts (RWA)					
4	Total RWA	23,142	22,483	21,565	21,782	20,519
	Capital ratios (as a percentage of RWA)					
5	Common Equity Tier 1 ratio (%)[2]	14.91%	14.88%	15.44%	15.06%	16.07%
6	Tier 1 ratio (%)	16.49%	16.44%	17.01%	16.64%	17.66%
7	Total capital ratio (%)	16.80%	16.80%	17.36%	16.99%	18.01%
	Additional own funds requirements to address risks other than the risk of excessive leverage (% of RWA)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	–	–	–	–	–
EU 7d	Total SREP own funds requirements (%)	11.90%	11.90%	11.90%	11.90%	11.90%
	Combined buffer and overall capital requirement (as a percentage of RWA)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	–	–	–	–	–
9	Institution specific countercyclical capital buffer (%)	0.05%	0.05%	0.05%	0.05%	0.05%
EU 9a	Systemic risk buffer (%)	–	–	–	–	–
10	Global Systemically Important Institution buffer (%)	–	–	–	–	–
EU 10a	Other Systemically Important Institution buffer (%)	–	–	–	–	–
11	Combined buffer requirement (%)	2.55%	2.55%	2.55%	2.55%	2.55%
EU 11a	Overall capital requirements (%)	14.45%	14.45%	14.45%	14.45%	14.45%
12	CET1 available after meeting the total SREP own funds requirements (%)	2.35%	2.35%	2.91%	2.55%	3.56%
	Leverage ratio					
13	Total exposure measure	37,407	37,265	36,295	35,502	34,994
14	Leverage ratio (%)	10.20%	9.92%	10.10%	10.21%	10.35%
	Additional own funds requirements to address the risk of excessive leverage (% of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	–	–	–	–	–
EU 14b	of which: to be made up of CET1 capital (percentage points)	–	–	–	–	–
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%		
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	–	–	–	–	–
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%		
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	5,060	5,180	5,291	4,858	4,809
EU 16a	Cash outflows - Total weighted value	2,347	2,180	2,243	2,330	1,896
EU 16b	Cash inflows - Total weighted value	425	356	602	348	588
16	Total net cash outflows (adjusted value)	1,922	1,824	1,641	1,982	1,603
17	Liquidity coverage ratio (%)	268.35	288.38%	322.40%	245.00%	300.00%
	Net Stable Funding Ratio					
18	Total available stable funding	24,841	24,714	24,965	24,421	
19	Total required stable funding	19,392	19,191	18,397	19,188	
20	NSFR ratio (%)	128.10	128.78%	135.70%	127.27%	

Table 1: EU KM1 – Key metrics[3]

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

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

[3] The numbers on the Liquidity Coverage Ratio (row 15 – row 17) for Dec-21 have been restated in order to align with the numbers as in the Consolidated Liquidity Coverage Ratio common disclosure.

2. Capital requirements

Minimum capital requirements

The total TREA of LeasePlan has increased by EUR 0.6 billion as per Q1 2022 compared with TREA of EUR 22.5 billion as per Q4 2021 mainly due to the growth in the off balance sheet exposures, the recalculation of the operational risk capital and currency risk requirement. For further information please refer to section 'Funding and Capital Position' in the interim financials for LeasePlan (Q1 results 2022).

The following table illustrates the breakdown of RWA/TREA and 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	Mar-22	Dec-21	Mar-22
1	Credit risk (excluding CCR)	19,642	19,475	1,571
2	Of which the standardised approach	6,240	6,107	499
3	Of which the Foundation IRB (F-IRB) approach	–	–	–
4	Of which slotting approach	–	–	–
EU 4a	Of which equities under the simple risk weighted approach	231	231	19
5	Of which the Advanced IRB (A-IRB) approach	13,402	13,368	1,072
6	Counterparty credit risk - CCR	144	156	11
7	Of which the standardised approach	92	104	7
8	Of which internal model method (IMM)	–	–	–
EU 8a	Of which exposures to a CCP	5	5	–
EU 8b	Of which credit valuation adjustment - CVA	51	52	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)	607	440	49
21	Of which the standardised approach	607	440	49
22	Of which IMA	–	–	–
EU 22a	Large exposures	–	–	–
23	Operational risk	2,751	2,412	220
EU 23a	Of which basic indicator approach	–	–	–
EU 23b	Of which standardised approach	2,751	2,412	220
EU 23c	Of which advanced measurement approach	–	–	–
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	535	562	43
29	**Total**	**23,142**	**22,483**	**1,851**

Table 2: EU OV1 - Overview of risk weighted exposure amounts (RWA)[4]

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

In March 2022, the exposure for other non-credit obligation assets is EUR 15,690 million compared with December 2021 EUR 15,043 million. In main EBA credit risk templates, the other non-credit obligation assets are reported under a specific line item under the total IRB approach.

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

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

		Exposure value		RWA	
	in millions of euros	**Mar-22**	**Dec-21**	**Mar-22**	**Dec-21**
1	Residual value related exposures	9,697	9,571	6,575	6,516
2	Property and equipment	369	353	369	353
3	Lease commitments	3,826	3308	1296	1150
4	Other assets	1,798	1,811	2,361	2,390
5	**Total other (non-credit) obligation assets**	**15,690**	**15,043**	**10,602**	**10,408**

Table 3: Breakdown of the Other non-credit obligation assets (ONCOA) [5]

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

3 Liquidity

3.1 Liquidity Risk Management

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

LeasePlan's LCR has decreased to 268.3% in Q1 2022 from 288% in Q4, driven by slightly lower HQLA and slightly higher net outflows. The regulatory minimum level of the LCR is 100%. HQLA are held only in the form of central bank cash deposits.

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

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

For further information reference is made to the section Risk Management sub-section D Risks of the LeasePlan Annual Report 2021 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)

3.2 Liquidity Coverage Ratio

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

Consolidated Liquidity Coverage ratio common disclosure

	in millions of euros	Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	Mar-22	Dec-21	Sep-21	Jun-21	Mar-22	Dec-21	Sep-21	Jun-21
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)					5,060	5,180	5,291	4,858
	CASH - OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	6,466	6,274	6,438	6,197	647	627	644	620
3	Stable deposits	–	–	–	–	–	–	–	–
4	Less stable deposits	6,466	6,274	6,438	6,197	647	627	644	620
5	Unsecured wholesale funding	72	30	485	690	67	26	483	687
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–	–	–	–	–	–	–
7	Non-operational deposits (all counterparties)	11	8	416	365	5	4	414	363
8	Unsecured debt	62	22	69	325	62	22	69	325
9	Secured wholesale funding					92	94	188	68
10	Additional requirements	110	121	113	113	91	102	90	92
11	Outflows related to derivative exposures and other collateral requirements	89	99	87	90	89	99	87	90
12	Outflows related to loss of funding on debt products	–	–	–	–	–	–	–	–
13	Credit and liquidity facilities	21	22	26	23	2	2	3	2
14	Other contractual funding obligations	579	600	838	862	579	600	838	862
15	Other contingent funding obligations	872	731	–	–	872	731	–	–
16	TOTAL CASH OUTFLOWS					2,347	2,180	2,243	2,330
	CASH - INFLOWS								
17	Secured lending (e.g. reverse repos)	–	–	–	–	–	–	–	–
18	Inflows from fully performing exposures	365	313	–	–	327	258	–	–
19	Other cash inflows	98	99	671	417	98	99	602	348
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	463	411	671	417	425	356	602	348
EU-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
EU-20b	Inflows subject to 90% cap	–	–	–	–	–	–	–	–
EU-20c	Inflows subject to 75% cap	463	411	671	417	425	356	602	348
	TOTAL ADJUSTED VALUE								
EU-21	LIQUIDITY BUFFER					5,060	5,180	5,291	4,858
22	TOTAL NET CASH OUTFLOWS					1,922	1,824	1,641	1,982
23	LIQUIDITY COVERAGE RATIO					268.3%	288.4%	322.4%	245.1%

Table 4: EU LIQ1 - Quantitative information of LCR[6]

[6] The numbers for Unsecured debt (row 8) for Dec-21 have been restated in order to align with the numbers as in the regulatory submissions.

4 Credit Risk

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

		RWEA	
	in millions of euros	Mar-22	Dec-21
1	Risk weighted exposure amount as at the end of the previous reporting period	**13,368**	**12,637**
2	Asset size (+/-)	−93	695
3	Asset quality (+/-)	11	−26
4	Model updates (+/-)	–	–
5	Methodology and policy (+/-)	–	–
6	Acquisitions and disposals (+/-)	–	–
7	Foreign exchange movements (+/-)	12	3
8	Other (+/-)	104	58
9	**Risk weighted exposure amount as at the end of the reporting period**	**13,402**	**13,368**

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

In March 2022, the Credit risk RWA in the IRB portfolio remained at the same level as December 2021. Some movements as noted are explained below:

- The asset size: the decrease is mainly driven by outflow, partially compensated by new business and organic business growth.
- Foreign exchange movement: the increase is mainly explained by the currency appreciation against EURO: US Dollar, Mexican Peso, Brazilian Real and Norwegian Krone.
- Other: The increase is mainly contributed by ONCOA, in the light of the increase in lease commitment and residual value in IRB approach.

5 Recent developments (COVID-19)

COVID-19 template 1 below, provides details on loans and advances subject to EBA-compliant moratoria (legislative and nonlegislative). 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).

		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 per 31 March 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 day	Total	Total Performin g	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	14	13	13	-	1	1	1	–	–	–	-	–	–	–	1
2	of which: Households	6	5	5	-	1	1	–	–	–	–	-	–	–	–	1
3	of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	of which: Non-financial corporations	8	8	8	-	–	–	–	–	–	–	-	–	–	–	–
5	of which: Small and Medium-sized Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 2: COVID-19 Template 1 - Information on loans and advances subject to legislative and non-legislative moratoria

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[7] on moratoria and an overview on the number of obligors and gross carrying amount of loans and advances.

	as per 31 March 2022, in millions of euros	Number of obligors	Gross carrying amount							
			Total	Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						<= 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	4092	14							
2	Loans and advances subject to moratorium (granted)	4092	14	-	14	-	-	-	-	-
3	of which: Households		6	-	6	-	-	-	-	-
4	of which: Collateralised by residential immovable property		-	-	-	-	-	-	-	-
5	of which: Non-financial corporations		8	-	8	-	-	-	-	-
6	of which: Small and Medium-sized Enterprises		-	-	-	-	-	-	-	-
7	of which: Collateralised by commercial immovable property		-	-	-	-	-	-	-	-

Table 3: Covid-19 Template 2 - Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria[8]

[7] Guidelines on legislative and non-legislative payment moratoria EBA/GL/2020/02 and EBA/GL/2020/15

[8] Number of obligors is in absolute

Glossary

ASF	Available Stable Funding
CCP	Central Clearing Counterparty
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1. Mostly refers to capital held by a bank or financial institution
CET1 Ratio	Compares capital against assets
CRR	Capital Requirements Regulation
CSD	Central Securities Depositories
CVA	Credit Valuation Adjustment
DNB	The Dutch Central Bank (De Nederlandsche Bank N.V.).
EBA	European Banking Authority
ECB	European Central Bank
FX Risk	Foreign Exchange Risk
HQLA	High Quality Liquid Assets
IRB Approach	Internal Ratings Based Approach
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LPTY	LeasePlan Treasury team
ONCOA	Other Non-Credit Obligation Assets
PD	Probability of Default
QCCP	Qualifying central counterparty
RSF	Required Stable Funding
RWA	Risk-Weighted Assets
SEC-ERBA	Securitization External Ratings Based Approach
SEC-IRBA	Securitization Internal Ratings Based Approach
SEC-SA	Standardized Approach
SFT	Securities Financing Transactions
SREP	Supervisory Review and Evaluation Process
TC	Total Capital
TREA	Total Risk Exposure Amount, defined by Article 92(3) of Regulation (EU) No 575/2013 (CRR).

LeasePlan

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