LeasePlan

LeasePlan Pillar 3 Report

as of 30 June, 2022

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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 2021. LeasePlan Corporation N.V. has 100% ownership of the shares in LeasePlan entities and is entitled to appoint or dismiss the LeasePlan entities' management. For an overview of the principal subsidiaries of LP Group B.V. reference is made to section ***Specific notes 2*** – Country to country reporting; and section 'List of principal consolidated participating interests' of the LP Group B.V. Annual Report 2021; 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 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's Pillar 3 disclosures are 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 the 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, 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 Accounts and Interim Reports. Unless the context requires otherwise, 'Pillar 3 Report' means LeasePlan's Pillar 3 Report as of June 2022 and 'Annual Report' means LeasePlan's Annual Report 2021.

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

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

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

LeasePlan does not define explicit quantitative criteria to determine materiality and does not apply any materiality threshold for Pillar 3 assessments. LeasePlan performs the materiality assessment mainly based on qualitative approaches in terms of the nature of a given piece of information. When assessing the materiality, LeasePlan 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.

1 Introduction *continued*

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).

Ref[1]	In millions of euros	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21
	AVAILABLE OWN FUNDS (AMOUNTS)					
1	Common Equity Tier 1 (CET1) capital	3,653	3,449	3,346	3,330	3,281
2	Tier 1 capital	3,993	3,817	3,697	3,667	3,625
3	Total capital	4,073	3,888	3,777	3,743	3,702
	RISK-WEIGHTED EXPOSURE AMOUNTS (RWA)					
4	Total RWA	23,758	23,142	22,483	21,565	21,782
	CAPITAL RATIOS (AS A PERCENTAGE OF RISK-WEIGHTED EXPOSURE AMOUNTS)					
5	Common Equity Tier 1 ratio (%)	15.38%	14.91%	14.88%	15.44%	15.06%
6	Tier 1 ratio (%)	16.81%	16.49%	16.44%	17.01%	16.64%
7	Total capital ratio (%)	17.15%	16.80%	16.80%	17.36%	16.99%
	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 (%)	11.90%	11.90%	11.90%	11.90%	11.90%
	COMBINED BUFFER AND OVERALL CAPITAL REQUIREMENT (AS A PERCENTAGE OF RISK-WEIGHTED EXPOSURE AMOUNTS)					
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 (%)	0.06%	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 (%)	2.56%	2.55%	2.55%	2.55%	2.55%
EU 11a	Overall capital requirements (%)	14.46%	14.45%	14.45%	14.45%	14.45%
12	CET1 available after meeting the total SREP own funds requirements (%)	2.68%	2.35%	2.35%	2.91%	2.55%
	LEVERAGE RATIO					
13	Total exposure measure	39,404	37,407	37,265	36,295	35,502
14	Leverage ratio (%)	10.13%	10.20%	9.92%	10.10%	10.21%
	ADDITIONAL OWN FUNDS REQUIREMENTS TO ADDRESS THE RISK OF EXCESSIVE LEVERAGE (AS A PERCENTAGE OF TOTAL EXPOSURE MEASURE)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	–	–	–	–	–
EU 14b	of which: to be made up of CET1 capital (percentage points)	–	–	–	–	–
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	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%	3.00%	3.00%

1 *The references in this table and the subsequent tables (where applicable) are as prescribed in the relevant EBA Pillar 3 ITS template.*

1 Introduction *continued*

Ref[1]	In millions of euros	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21
	LIQUIDITY COVERAGE RATIO					
15	Total high-quality liquid assets (HQLA) (Weighted value–average)	5,128	5,060	5,350	5,291	4,858
EU 16a	Cash outflows – Total weighted value	2,391	2,347	2,464	2,243	2,330
EU 16b	Cash inflows – Total weighted value	487	425	161	602	348
16	Total net cash outflows (adjusted value)	1,905	1,922	2,303	1,641	1,982
17	Liquidity coverage ratio (%)	269.21%	268.35%	232.30%	322.40%	245.00%
	NET STABLE FUNDING RATIO					
18	Total available stable funding	25,471	24,841	24,714	24,965	24,421
19	Total required stable funding	19,887	19,392	19,191	18,397	19,188
20	NSFR ratio (%)	128.08%	128.10%	128.78%	135.70%	127.27%

Table 1: EU KM1 – Key metrics

The CET1 ratio at the regulatory consolidated level (i.e. LeasePlan Group B.V. consolidated) is 15.1% and CET1 ratio at the regulatory solo level (LeasePlan Corporation N.V.) is 15.2% as of 30 June 2022.

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

1 *The references in this table and the subsequent tables (where applicable) are as prescribed in the relevant EBA Pillar 3 ITS template.*

2 Own funds and capital requirements

2.1 CAPITAL REQUIREMENTS

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

		Total risk exposure amounts (TREA)		Total own funds requirements
In millions of euros		**Jun-22**	**Mar-22**	**Jun-22**
1	Credit risk (excluding CCR)	20,147	19,642	1,612
2	Of which the standardised approach	6,266	6,240	501
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	164	231	13
5	Of which the Advanced IRB (A-IRB) approach	13,881	13,402	1,110
6	Counterparty credit risk – CCR	115	144	9
7	Of which the standardised approach	71	92	6
8	Of which internal model method (IMM)	–	–	–
EU 8a	Of which exposures to a CCP	2	5	–
EU 8b	Of which credit valuation adjustment – CVA	43	51	3
9	Of which other CCR	–	–	–
15	Settlement risk	–	–	–
16	Securitisation exposures in the non-trading book (after the cap)	–	–	–
17	Of which SEC-IRBA approach	–	–	–
18	Of which SEC-ERBA (including IAA)	–	–	–
19	Of which SEC-SA approach	–	–	–
EU 19a	Of which 1250%/deduction	–	–	–
20	Position, foreign exchange and commodities risks (Market risk)	746	607	60
21	Of which the standardised approach	746	607	60
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)	506	535	40
29	**TOTAL**	**23,758**	**23,142**	**1,901**

Table 2: EU OV1 – Overview of risk weighted exposure amounts[2]

2 Row 24, 'Amounts below the thresholds for deduction (subject to 250% risk weight)' is for information purpose only as at EBA template and is not considered in the Total amount.

2 Own funds and capital requirements *continued*

In June 2022, the exposure for other non-credit obligation assets increased by EUR 634 thousand to EUR 16,324 million compared with EUR 15,690 million in March 2022. This increase is due to growth of the portfolio and foreign exchange movements. 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 regulatory submissions.

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

		Exposure value		RWA	
In millions of euros		**Jun-22**	**Mar-22**	**Jun-22**	**Mar-22**
1	Residual value related exposures	9,850	9,697	6,757	6,575
2	Property and equipment	418	369	418	369
3	Lease commitments	3,981	3826	1339	1296
4	Other assets	2,076	1,798	2,620	2,361
5	**TOTAL OTHER (NON-CREDIT) OBLIGATION ASSETS**	**16,324**	**15,690**	**11,133**	**10,602**

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

2.2 COMPOSITION OF REGULATORY OWN FUNDS

Capital position

The level of capital has increased over the first six months of the year, mainly due to the application of the hyperinflation accounting that has been applied for our entity 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 of our CET1 capital as at 31 of March 2022. No additional results have been added since. The other main sources of changes in the level of capital are a result of lower deductions for deferred tax assets and intangible assets and an increase in the impact of the reserve related to foreign exchange differences.

The Total Risk Exposure Amount (TREA) has increased due to growth of the lease portfolio, increase in the requirements for foreign exchange and operational risk, of which the latter is due to an increase in historical results which is reflected in the operational risk calculation. The hyperinflation adjustment also impacted TREA due to an increase in related exposures.

Overall, we have observed an increase in the capital ratios which are, as at 30 June 2022, above all internal and external minimum requirement levels.

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

2 Own funds and capital requirements *continued*

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

As at 30 June, in millions of euros		Jun-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)	24	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	83	4
6	**COMMON EQUITY TIER 1 (CET1) CAPITAL BEFORE REGULATORY ADJUSTMENTS**	5,194	
	COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS		
7	Additional value adjustments (negative amount)	−0.6	
8	Intangible assets (net of related tax liability) (negative amount)	−584	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)	−37	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	−3	
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	−917	
28	**TOTAL REGULATORY ADJUSTMENTS TO COMMON EQUITY TIER 1 (CET1)**	−1,541	

2 Own funds and capital requirements *continued*

As at 30 June, in millions of euros		Jun-22	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
29	**COMMON EQUITY TIER 1 (CET1) CAPITAL**	**3,653**	
	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	340	5
35	of which: instruments issued by subsidiaries subject to phase out	–	
36	**ADDITIONAL TIER 1 (AT1) CAPITAL BEFORE REGULATORY ADJUSTMENTS**	**340**	
	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**	**340**	
45	**TIER 1 CAPITAL (T1 = CET1 + AT1)**	**3,993**	
	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	81	5
49	of which: instruments issued by subsidiaries subject to phase out	–	
50	Credit risk adjustments	–	
51	**TIER 2 (T2) CAPITAL BEFORE REGULATORY ADJUSTMENTS**	**81**	
	TIER 2 (T2) CAPITAL: REGULATORY ADJUSTMENTS		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	–	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	–	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	–	
EU-56b	Other regulatory adjustments to T2 capital	–	
57	**TOTAL REGULATORY ADJUSTMENTS TO TIER 2 (T2) CAPITAL**	**–**	

2 Own funds and capital requirements *continued*

As at 30 June, in millions of euros		Jun-22	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
58	**TIER 2 (T2) CAPITAL**	**81**	
59	**TOTAL CAPITAL (TC = T1 + T2)**	**4,073**	
60	**TOTAL RISK EXPOSURE AMOUNT**	**23,758**	
	CAPITAL RATIOS AND REQUIREMENTS INCLUDING BUFFERS		
61	Common Equity Tier 1 capital	15.4%	
62	Tier 1 capital	16.8%	
63	Total capital	17.1%	
64	Institution CET1 overall capital requirements	9.3%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical capital buffer requirement	0.06%	
67	of which: systemic risk buffer requirement	–	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	–	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	–	
68	**COMMON EQUITY TIER 1 CAPITAL (AS A PERCENTAGE OF RISK EXPOSURE AMOUNT) AVAILABLE AFTER MEETING THE MINIMUM CAPITAL REQUIREMENTS**	8.7%	
	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)	81	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)	121	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	79	
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	14	
	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 4: EU CC1 – Composition of regulatory own funds[4]

4 *Row 2, 'Retained earnings' excludes the results for the year attributable to the parent. Adding, these results (EUR 661.5 million) to row 6 'Common Equity Tier 1 (CET1) capital before regulatory adjustments' allows for reconciliation with 'Equity of owners of the parent' under regulatory scope of consolidation as included in row 32 of table 5: 'EU CC2 – Reconciliation of regulatory own funds to balance sheet in the financial statements'.*

2 Own funds and capital requirements *continued*

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

As at 30 June, in millions of euros		Balance sheet as in published financial statements[5] Jun-22	Under regulatory scope of consolidation[6] Jun-22	Reference[7]
	ASSETS –BREAKDOWN BY ASSET CLASSES ACCORDING TO THE BALANCE SHEET IN THE PUBLISHED FINANCIAL STATEMENTS			
1	Cash and balances at central banks	5,379	5,379	
2	Investments in equity and debt securities	152	152	
3	Receivables from financial institutions	825	1,198	
4	Derivative financial instruments	360	360	
5	Other receivables and prepayments	934	931	
6	Inventories	244	244	
7	Lease receivables from clients	2,224	2,224	
8	Property and equipment under operating lease & Rental fleet	20,014	20,014	
9	Other property and equipment	266	266	
10	Loans to equity accounted investments	147	147	
11	Investments in equity accounted investments	18	34	8
12	Intangible assets	411	722	6
13	Corporate income tax receivable	19	19	
14	Deferred tax asset	171	171	7
15	Assets classified as held-for-sale	2,227	2,232	
16	**TOTAL ASSETS**	**33,391**	**34,092**	
	LIABILITIES –BREAKDOWN BY LIABILITY CLASSES ACCORDING TO THE BALANCE SHEET IN THE PUBLISHED FINANCIAL STATEMENTS			
17	Trade and other payables and Deferred income	2,995	2,385	
18	Borrowings from financial institutions	3,268	3,268	
19	Derivative financial instruments	345	345	
20	Funds entrusted	10,671	10,671	
21	Debt securities issued	9,572	9,572	
22	Lease liabilities	200	200	
23	Loans from subsidiaries	–	–	
24	Provisions	598	598	
25	Corporate income tax payable	51	51	
26	Deferred tax liabilities	397	434	
27	Liabilities classified as held-for-sale	298	298	
28	**TOTAL LIABILITIES**	**28,394**	**27,822**	
	SHAREHOLDERS' EQUITY			
29	Share capital	72	100	1
30	Share premium	506	3,432	2
31	Other reserves	13	24	3
32	Retained earnings	3,909	2,218	4
33	Equity of owners of the parent	4,499	5,773	
34	AT1 capital – securities	498	–	
35	Holders of AT1 capital securities	–	498	5
36	Other non-controlling interest	–	–	
37	**TOTAL SHAREHOLDERS' EQUITY**	**4,997**	**6,271**	

Table 5: EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

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

2 Own funds and capital requirements *continued*

2.3 CAPITAL BUFFERS

As on 30 June 2022, LeasePlan holds 0.06% of its TREA as countercyclical capital buffer (CCyB), this is equivalent to EUR 15 million of the EUR 23,758 million TREA compared to CcyB in December 2021 of 0.05%, EUR 11 million of EUR 22,483 million TREA. LeasePlan's capital conservation buffer remained constant and equal to 2.5% of its TREA, this is equivalent to EUR 594 million of TREA.

2 Own funds and capital requirements *continued*

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

As at 30 June 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 – Securiti-sation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter-cyclical buffer rate (%)
1	Australia	1	–	–	–	–	1	–	–	–	–	1	0.01%	0.00%
2	Austria	58	129	–	–	–	187	5	–	–	5	62	0.77%	0.00%
3	Belgium	314	421	–	–	–	735	21	–	–	21	259	3.21%	0.00%
4	Brazil	14	89	–	–	–	103	1	–	–	1	17	0.21%	0.00%
5	Czech Republic	58	145	–	–	–	204	7	–	–	7	86	1.07%	0.50%
6	Denmark	148	279	–	–	–	427	11	–	–	11	133	1.66%	0.00%
7	Finland	74	158	–	–	–	231	5	–	–	5	63	0.78%	0.00%
8	France	826	694	–	–	–	1,521	63	–	–	63	790	9.81%	0.00%
9	Germany	449	748	–	–	–	1,197	36	–	–	36	446	5.54%	0.00%
10	Greece	317	146	–	–	–	463	18	–	–	18	231	2.86%	0.00%
11	Hong Kong	1	–	–	–	–	1	–	–	–	–	–	0.04%	0.00%
12	Hungary	48	68	–	–	–	115	4	–	–	4	49	0.61%	0.00%
13	India	6	82	–	–	–	89	3	–	–	3	38	0.48%	0.00%
14	Ireland	54	161	–	–	–	215	6	–	–	6	71	0.88%	0.00%
15	Italy	1,720	632	–	–	–	2,352	112	–	–	112	1,397	17.34%	0.00%
16	Luxembourg	85	40	–	–	–	125	5	–	–	5	65	0.80%	0.50%
17	Mexico	12	101	–	–	–	113	4	–	–	4	52	0.65%	0.00%
18	Netherlands	1,359	1,152	–	–	–	2,511	81	–	–	81	1,010	12.53%	0.00%
19	Norway	393	329	–	–	–	722	22	–	–	22	272	3.37%	1.50%
20	Poland	126	124	–	–	–	250	10	–	–	10	122	1.52%	0.00%
21	Portugal	392	463	–	–	–	856	27	–	–	27	335	4.16%	0.00%
22	Romania	22	70	–	–	–	93	2	–	–	2	31	0.39%	0.00%
23	Russian Federation	3	32	–	–	–	35	1	–	–	1	11	0.13%	0.00%
24	Slovakia	16	63	–	–	–	80	3	–	–	3	37	0.47%	1.00%
25	Spain	653	444	–	–	–	1,096	50	–	–	50	619	7.68%	0.00%

2 Own funds and capital requirements *continued*

As at 30 June 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 (%)	Counter-cyclical buffer rate (%)
26	Sweden	68	200	–	–	–	268	5	–	–	5	67	0.83%	0.00%
27	Switzerland	18	86	–	–	–	104	4	–	–	4	44	0.55%	0.00%
28	Turkey	95	239	–	–	–	334	5	–	–	5	68	0.84%	0.00%
29	United Arabic Emirates	–	15	–	–	–	15	3	–	–	3	–	0.46%	0.00%
30	United Kingdom	1,125	968	–	–	–	2,093	87	–	–	87	1,093	13.56%	0.00%
31	United States	98	1,974	–	–	–	2,071	44	–	–	44	549	6.82%	0.00%
020	**TOTAL**	**8,554**	**10,052**	**–**	**–**	**–**	**18,605**	**645**	**–**	**–**	**645**	**8,020**	**100.00%**	

Table 6: 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		Jun-22	Dec-21
1	Total risk exposure amount	23,758	22,483
2	Institution specific countercyclical buffer rate	0.06%	0.05%
3	Institution specific countercyclical buffer requirement	15	11

Table 7: EU CCyB2 – Amount of institution-specific countercyclical capital buffer

3 Leverage

The leverage ratio is calculated based on the requirements of CRR/CRD IV. The leverage ratio as at 30 June 2022 is 10.1% (compared to 9.9% per 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-balance sheet 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 slight increase in leverage ratio in June 2022 compared to December 2021 is driven by an increase in Tier 1 equity that exceeded the increase in exposure measure.

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

In millions of euros		Jun-22	Dec-21
1	Total assets as per published financial statements	33,620	32,249
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	701	332
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[8]	–465	219
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)	6,230	5,221
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	–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	–682	–756
13	**TOTAL EXPOSURE MEASURE**	**39,404**	**37,265**

Table 8: EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

8 The change in the adjustment for derivatives in the Leverage Ratio calculation is a result of the changes in the various components that are related to this adjustment, mainly resulting from changing market conditions impacting the fair value of our derivatives, collateral exchanged and potential future exposure.

3 Leverage *continued*

In millions of euros		Jun-22	Dec-21
	ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	33,757	32,373
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)	-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)	-658	-725
7	**TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)**	**33,278**	**31,649**
	DERIVATIVE EXPOSURES		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e., net of eligible cash variation margin)	135	35
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	103	359
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**	**238**	**395**
	SECURITIES FINANCING TRANSACTION (SFT) EXPOSURES		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	–	–
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	–	–
16	Counterparty credit risk exposure for SFT assets	–	–
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e (5) and 222 CRR	–	–
17	Agent transaction exposures	–	–
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	–	–
18	**TOTAL SECURITIES FINANCING TRANSACTION EXPOSURES**	–	–
	OTHER OFF-BALANCE SHEET EXPOSURES		
19	Off-balance sheet exposures at gross notional amount	6,258	5,221
20	(Adjustments for conversion to credit equivalent amounts)	-28	–
21	(General provisions deducted in determining Tier 1 capital and specific provisions with off-balance sheet exposures)	–	–
22	**OFF-BALANCE SHEET EXPOSURES**	**6,230**	**5,221**
	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)	–	–
	CAPITAL AND TOTAL EXPOSURE MEASURE		
23	**TIER 1 CAPITAL**	**3,993**	**3,697**
24	**TOTAL EXPOSURE MEASURE**	**39,404**	**37,265**

3 Leverage *continued*

In millions of euros		Jun-22	Dec-21
	LEVERAGE RATIO		
25	Leverage ratio (%)	10.1%	9.9%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	10.1%	9.9%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	10.1%	9.9%
26	Regulatory minimum leverage ratio requirement (%)	3.0%	3.0%
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 (%)	3.0%	3.0%
	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)	39,404	37,265
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)	39,404	37,265
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)	10.1%	9.9%
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)	10.1%	9.9%

Table 9: EU LR2 – LRCom: Leverage ratio common disclosure

During the first half of 2022 the defaulted exposure decreased by EUR 179 million, from EUR 445 million in December 2021 to EUR 266 million in June 2022. The decrease is mostly due to the 90 days past due defaults, and the main reason for that is the improvements related to the collections process and the early arrears process. The exposure related to defaults really considered Unlikely To Pay (UTP) stayed nearly the same during the period.

In millions of euros		Jun-22	Dec-21
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	33,593	32,373
EU-2	Trading book exposures	–	–
EU-3	Banking book exposures, of which:	33,593	32,373
EU-4	Covered bonds	–	–
EU-5	Exposures treated as sovereigns	5,947	5,948
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	–	–
EU-7	Institutions	1,120	694
EU-8	Secured by mortgages of immovable properties	–	–
EU-9	Retail exposures	712	719
EU-10	Corporates	8,262	7,806
EU-11	Exposures in default	266	445
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	17,286	16,761

Table 10: EU LR3 – LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

4 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 has decreased to 269% in Q2 2022 from 288% in Q4 2021, driven by slightly lower HQLA and slightly higher net outflows. The regulatory minimum level of the LCR is 100%. HQLA are held only in the form of central bank cash deposits.

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

The liquidity management is centralised within 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 30 June 2022, no amounts were drawn under this facility.

Reference is made to the section Risk Management sub-section D Risks of the 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); and
- A declaration by the Managing Board that the liquidity risk management activities are adequate and a concise liquidity risk statement (under liquidity risk policy).

4 Liquidity *continued*

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

Consolidated Liquidity Coverage ratio common disclosure

In millions of euros		**Total unweighted value (average)**				**Total weighted value (average)**			
EU 1a	**Quarter ending on**	**Jun-22**	**Mar-22**	**Dec-21**	**Sep-21**	**Jun-22**	**Mar-22**	**Dec-21**	**Sep-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)					5,128	5,060	5,180	5,291
	CASH – OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	6,710	6,466	6,274	6,438	671	647	627	644
3	Stable deposits	–	–	–	–	–	–	–	–
4	Less stable deposits	6,710	6,466	6,274	6,438	671	647	627	644
5	Unsecured wholesale funding	85	72	30	485	80	67	26	483
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–	–	–	–	–	–	–
7	Non-operational deposits (all counterparties)	10	11	8	416	5	5	4	414
8	Unsecured debt	75	62	22	69	75	62	22	69
9	Secured wholesale funding					88	92	94	188
10	Additional requirements	114	110	121	113	90	91	102	90
11	Outflows related to derivative exposures and other collateral requirements	87	89	99	87	87	89	99	87
12	Outflows related to loss of funding on debt products	–	–	–	–	–	–	–	–
13	Credit and liquidity facilities	27	21	22	26	3	2	2	3
14	Other contractual funding obligations	468	579	600	838	468	579	600	838
15	Other contingent funding obligations	995	872	731	–	995	872	731	–
16	**TOTAL CASH OUTFLOWS**					**2,391**	**2,347**	**2,180**	**2,243**
	CASH – INFLOWS								
17	Secured lending (e.g. reverse repos)	–	–	–	–	–	–	–	–
18	Inflows from fully performing exposures	413	365	313	–	388	327	258	–
19	Other cash inflows	98	98	99	671	98	98	99	602
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**	**511**	**463**	**411**	**671**	**487**	**425**	**356**	**602**
EU-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
EU-20b	Inflows subject to 90% cap	–	–	–	–	–	–	–	–
EU-20c	Inflows subject to 75% cap	511	463	411	671	487	425	356	602
	TOTAL ADJUSTED VALUE								
EU-21	Liquidity buffer					5,128	5,060	5,180	5,291
22	Total net cash outflows					1,905	1,922	1,824	1,641
23	Liquidity coverage ratio					269.2%	268.3%	288.4%	322.4%

Table 11: EU LIQ1 - Quantitative information of LCR

4 Liquidity *continued*

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

As at 30 June, 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	4,073	–	–	–	4,073
2	Own funds	4,073	–	–	–	4,073
3	Other capital instruments		–	–	–	–
4	Retail deposits		8,299	1,226	1,056	9,629
5	Stable deposits		–	–	–	–
6	Less stable deposits		8,299	1,226	1,056	9,629
7	Wholesale funding:		3,242	2,462	9,748	11,014
8	Operational deposits		–	–	–	–
9	Other wholesale funding		3,242	2,462	9,748	11,014
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	–	64	–	755	755
12	NSFR derivative liabilities	–				
13	All other liabilities and capital instruments not included in the above categories		64	–	755	755
14	**TOTAL AVAILABLE STABLE FUNDING (ASF)**					**25,471**
	REQUIRED STABLE FUNDING (RSF) ITEMS	–	–	–	–	**–**
15	**TOTAL HIGH-QUALITY LIQUID ASSETS (HQLA)**					**5,280**
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:		5,596	3,760	14,959	17,356
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		768	180	658	825
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		4,828	3,581	14,301	16,531
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:	–	2,115	31	1,455	2,531
27	Physical traded commodities				–	–
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		44	–	–	38
29	NSFR derivative assets		86	–	–	86
30	NSFR derivative liabilities before deduction of variation margin posted		92	–	–	5
31	All other assets not included in the above categories		1,893	31	1,455	2,403
32	Off-balance sheet items		–	–	–	–
33	**TOTAL RSF**					**19,887**
34	**NET STABLE FUNDING RATIO (%)**					**128.1%**

Table 12: EU LIQ2 – Net Stable Funding Ratio

5 Credit risk

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

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

Credit Risk framework

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

LeasePlan has an 'open' appetite for Credit Risk, which translates to a strategy to maintain a growing 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 Management Board/Executive Committee (ExCo).

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

Risk Management function

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

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

The 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 (GL 2021/05). This model distinguishes between functions that own and manage risks (first line), functions that oversee and advise on risk management practices (second line) and functions that provide internal assurance (third line). The following overview outlines the composition and responsibilities of the key parties involved in executing the three lines within LeasePlan:

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

Default definition

The Group's definition of default is aligned with the regulatory definition. From 2021, a customer is reported as 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 new definition of default and its impact please refer to the Q2 2022 results published on LeasePlan's website[9].

9 *https://www.leaseplan.com/corporate/investors*

5 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 potential 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 LeasePlan entity at that time.

LeasePlan United States (LPUS)

As at 30 June 2022 LeasePlan presents the subsidiary LeasePlan United States as held for sale. On 13 June 2022 LeasePlan Corporation announced that Wheels Donlen's parent company, in which Athene is the lead investor, has signed a Stock Purchase Agreement with LeasePlan Corporation to acquire LeasePlan US, and subsequently combine the business with Wheels Donlen to create a unified fleet management business. As part of this transaction, LeasePlan US and LeasePlan Corporation will enter into a Cooperation Agreement to deliver global fleet management services to both companies' international clients following the completion of the transaction. The transaction is expected to close by the end of 2022, subject to customary closing conditions including regulatory approvals.

Within LeasePlan the largest financial Lease portfolio is within the United States subsidiary. Due to the sale of the subsidiary, the financial Lease contracts within US are reclassified to 'Held For Sale' and therefore no longer included in Loans and Advances in the tables in the remainder of this section. This is the mean reason for the decrease in total level of the Loans and Advances portfolio to EUR 3,328 million compared to December 2021 (EUR 4,562 million). The US portfolio is still included in the TREA calculation until closing of the deal.

5.1 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 of 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. Most of the exposure i.e. 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 corporation 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.

5 Credit risk *continued*

As at 30 June 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					
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		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**	5,905	5,905	–	–	–	–	–	–	–	–	–	–	–	–	–
010	**LOANS AND ADVANCES**	3,328	3,328	–	117	–	117	–17	–17	–	–33	–	–33	–	–	–
020	Central banks	1	1	–	–	–	–	–	–	–	–	–	–	–	–	–
030	General governments	51	51	–	3	–	3	–	–	–	–1	–	–1	–	–	–
040	Credit institutions	677	677	–	–	–	–	–	–	–	–	–	–	–	–	–
050	Other financial corporations	278	278	–	1	–	1	–4	–4	–	–	–	–	–	–	–
060	Non-financial corporations	2,235	2,235	–	109	–	109	–12	–12	–	–31	–	–31	–	–	–
070	Of which SMEs	83	83	–	3	–	3	–1	–1	–	–1	–	–1	–	–	–
080	Households	87	87	–	4	–	4	–1	–1	–	–1	–	–1	–	–	–
090	**DEBT SECURITIES**	45	45	–	–	–	–	–	–	–	–	–	–	–	–	–
100	Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
110	General governments	5	5	–	–	–	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	10	10	–	–	–	–	–	–	–	–	–	–	–	–	–
130	Other financial corporations	15	15	–	–	–	–	–	–	–	–	–	–	–	–	–
140	Non-financial corporations	15	15	–	–	–	–	–	–	–	–	–	–	–	–	–
150	**OFF-BALANCE-SHEET EXPOSURES**	6,264	6,264	–	–	–	–	–	–	–	–	–	–		–	–
160	Central banks	–	–	–	–	–	–	–	–	–	–	–	–		–	–
170	General governments	–	–	–	–	–	–	–	–	–	–	–	–		–	–
180	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–		–	–
190	Other financial corporations	54	54	–	–	–	–	–	–	–	–	–	–		–	–
200	Non-financial corporations	6,210	6,210	–	–	–	–	–	–	–	–	–	–		–	–
210	Households	–	–	–	–	–	–	–	–	–	–	–	–		–	–
220	**TOTAL**	**15,372**	**15,372**	**–**	**117**	**–**	**117**	**–17**	**–17**	**–**	**–33**	**–**	**–33**	**–**	**–**	**–**

Table 13: EU CR1 – Performing and non-performing exposures and related provisions

5 Credit risk *continued*

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

As at 30 June 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	369	1,942	1,072	12	–	3,395
2 Debt securities	–	11	34	–	–	45
3 TOTAL	**369**	**1,952**	**1,106**	**12**	**–**	**3,439**

Table 14: EU CR1–A – Maturity of exposures

The below table is in accordance with Article 442 (f). During the first half of 2022, the stock of non-performing loans and advances has stayed relatively equal as the inflow and outflow were similar.

In millions of euros		Gross carrying amount Jun–22	Dec–21
010	Initial stock of non-performing loans and advances	116	159
020	Inflows to non-performing portfolios	99	96
030	Outflows from non-performing portfolios	–125	–34
040	Outflows due to write-offs	–	–
050	Outflow due to other situations	27	–105
060	**FINAL STOCK OF NON-PERFORMING LOANS AND ADVANCES**	**117**	**116**

Table 15: EU CR2: Changes in the stock of non-performing loans and advances

5 Credit risk *continued*

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 with EUR 21 million in total.

As at 30 June 2022, in millions of euros		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne	Total	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures	Total	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	21	29	29	29	–1	–15	–	–
020	Central banks	–	–	–	–	–	–	–	–
030	General governments	–	–	–	–	–	–	–	–
040	Credit institutions	–	–	–	–	–	–	–	–
050	Other financial corporations	–	–	–	–	–	–	–	–
060	Non-financial corporations	19	28	28	28	–	–15	–	–
070	Households	1	1	1	1	–	–	–	–
080	Debt Securities	–	–	–	–	–	–	–	–
090	Loan commitments given	–	–	–	–	–	–	–	–
100	**TOTAL**	**21**	**29**	**29**	**29**	**–1**	**–15**	**–**	**–**

Table 16: EU CQ1: Credit quality of forborne exposures

5 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 of the non-performing exposures are France and the United Kingdom.

		Gross carrying/nominal amount						
			Of which non-performing					
As at 30 June 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	Austria	26	1	1	26	–		–
2	Belgium	132	5	5	132	–1		–
3	Czech Republic	39	6	6	39	–1		–
4	Denmark	70	–	–	70	–		–
5	Finland	56	–	–	56	–		–
6	France	465	26	26	465	–10		–
7	Germany	304	10	10	304	–1		–
8	Greece	48	1	1	48	–1		–
9	Hungary	7	–	–	7	–		–
10	Ireland	498	1	1	498	–		–
11	Italy	159	16	16	159	–11		–
12	Luxembourg	74	–	–	74	–		–
13	Netherlands	184	2	2	184	–3		–
14	Norway	124	–	–	124	–		–
15	Poland	26	2	2	26	–1		–
16	Portugal	131	3	3	131	–1		–
17	Romania	8	–	–	8	–		–
18	Russian Federation	16	1	1	16	–		–
19	Slovakia	23	–	–	23	–		–
20	Spain	231	5	5	231	–2		–
21	Sweden	91	1	1	91	–		–
22	Switzerland	18	5	5	18	–		–
23	Turkey	4	–	–	4	–		–
24	United Kingdom	698	23	23	698	–10		–
25	United States	12	–	–	12	–		–
26	Australia	2	–	–	2	–		–
27	Brazil	12	–	–	12	–		–
28	Canada	1	–	–	1	–		–
29	Cayman Islands	1	–	–	1	–		–
30	India	14	9	9	14	–7		–
31	Jersey	–	–	–	–	–		–
32	Mexico	15	–	–	15	–		–

5 Credit risk *continued*

As at 30 June 2022, in millions of euros		Gross carrying/nominal amount						
			Of which non-performing					
		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
080	**OFF BALANCE SHEET EXPOSURES**							
1	Austria	94	–	–			–	
2	Belgium	447	–	–			–	
3	Czech Republic	132	–	–			–	
4	Denmark	178	–	–			–	
5	Finland	125	–	–			–	
6	France	625	–	–			–	
7	Germany	532	–	–			–	
8	Greece	149	–	–			–	
9	Hungary	50	–	–			–	
10	Ireland	43	–	–			–	
11	Italy	857	–	–			–	
12	Luxembourg	45	–	–			–	
13	Netherlands	574	–	–			–	
14	Norway	323	–	–			–	
15	Poland	150	–	–			–	
16	Portugal	358	–	–			–	
17	Romania	25	–	–			–	
18	Russian Federation	5	–	–			–	
19	Slovakia	42	–	–			–	
20	Spain	175	–	–			–	
21	Sweden	145	–	–			–	
22	Switzerland	37	–	–			–	
23	Turkey	31	–	–			–	
24	United Kingdom	441	–	–			–	
25	United States	568	–	–			–	
26	Australia	–	–	–			–	
27	Brazil	85	–	–			–	
28	Canada	–	–	–			–	
29	Cayman Islands	–	–	–			–	
30	India	16	–	–			–	
31	Jersey	–	–	–			–	
32	Mexico	11	–	–			–	
150	**TOTAL**	**9,753**	**117**	**117**	**3,490**	**-50**	**–**	**–**

Table 17: EU CQ4: Quality of non-performing exposures by geography

As mentioned earlier in Section 5, the United States of America subsidiary (LPUS) is reclassified to Held for Sale. Please find below the amounts related to the USA portfolio that have been reclassified and therefore no longer included in the table EU CQ4.

Gross carrying amount/Nominal amount			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			NET carrying amount		
Performing	Non-performing	Total	Performing	Non-performing	Total	Performing	Non-performing	Total
1,574,079,162	980,502	1,575,059,664	-2,589,509	-4,838	-2,594,347	1,571,489,653	975,664	1,572,465,317

Table 18: LPUS loans & advances amount as at 30 June 2022, in EUR

5 Credit risk *continued*

The below table is in accordance with Article 442 (c) and (e). The most exposure is within the Wholesale and retail trade 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 30 June 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	12	–	–	12	–	–
020	Mining and quarrying	3	–	–	3	–	–
030	Manufacturing	236	6	6	236	–2	–
040	Electricity, gas, steam and air conditioning supply	17	–	–	17	–	–
050	Water supply	9	1	1	9	–1	–
060	Construction	291	17	17	291	–6	–
070	Wholesale and retail trade	620	16	16	620	–7	–
080	Transport and storage	474	30	30	474	–14	–
090	Accommodation and food service activities	4	–	–	4	–	–
100	Information and communication	29	–	–	29	–	–
110	Financial and insurance activities	–	–	–	–	–	–
120	Real estate activities	13	1	1	13	–	–
130	Professional, scientific and technical activities	39	1	1	39	–1	–
140	Administrative and support service activities	418	21	21	418	–4	–
150	Public administration and defence, compulsory social security	–	–	–	–	–	–
160	Education	2	–	–	2	–	–
170	Human health services and social work activities	20	1	1	20	–	–
180	Arts, entertainment and recreation	4	–	–	4	–	–
190	Other services	154	11	11	154	–7	–
200	**TOTAL**	**2,345**	**109**	**109**	**2,345**	**–43**	**–**

Table 19: 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 ration of 5 % for three consecutive quarters during the four quarters prior to the disclosure reference date of 30 June 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 June 2022[10] .

Templates EU CQ7 *'Collateral obtained by taking possession and execution processes'* and EU CQ8 *'Collateral obtained by taking possession and execution processes – vintage breakdown'* is not applicable to LeasePlan as only the lease objects/vehicles are considered as credit risk mitigation 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.

10 As at 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%.

5 Credit risk *continued*

5.2 CREDIT RISK MITIGATION

LeasePlan distinguishes between 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 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 common 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 '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.

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 it's 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.

5 Credit risk *continued*

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.

As at 30 June 2022, in millions or euros		Unsecured carrying amount	Secured carrying amount			
					Of which secured by financial guarantees	
			Total	Of which secured by collateral	Total	Of which secured by credit derivatives
1	Loans and advances	9,026	1,528	1,528	–	–
2	Debt securities	45	–	–	–	
3	**TOTAL**	**9,071**	**1,528**	**1,528**	**–**	**–**
4	Of which non-performing exposures	84	41	–	–	–
EU-5	Of which defaulted	–	41			

Table 20: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

5.3 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, 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 21: 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 are 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.

5 Credit risk *continued*

Exposures by asset classes and risk weights

The relatively high amounts in the risk weight category 'other items' are 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 30 June 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	5,686	–	–	–	6	–	52	–	–	7	0	121	–	–	–	5,872	1
2 Regional government or local authorities	8	–	–	–	–	–	10	–	–	0	0	–	–	–	–	18	0
3 Public sector entities	–	–	–	–	43	–	13	–	–	0	–	–	–	–	–	56	0
4 Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5 International organisations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6 Institutions	–	90	–	–	1,027	–	202	–	–	39	0	–	–	–	–	1,358	22
7 Corporates	–	–	–	–	5	–	12	–	–	1,549	–	–	–	–	–	1,565	1,523
8 Retail exposures	–	–	–	–	–	–	–	–	471	–	–	–	–	–	–	471	471
9 Exposures secured by mortgages on immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10 Exposures in default	–	–	–	–	–	–	–	–	–	5	11	–	–	–	–	17	9
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	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6,502	6,502	6,502
17 TOTAL	**5,693**	**90**	**–**	**–**	**1,080**	**–**	**290**	**–**	**471**	**1,600**	**12**	**121**	**–**	**–**	**6,502**	**15,859**	**8,528**

Table 22: EU CR5 – Standardised approach

5 Credit risk *continued*

5.4 INTERNAL RATINGS BASED (IRB) APPROACH

Internal models

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

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

5 Credit risk *continued*

Overview 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).

PD range as at 30 June 2022, in millions of euros	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 adjust-ments and provisions
A-IRB												
CORPORATE – SME												
0.00 to <0.15	146	–	1	146	0.1%	1,417	26.8%	3.00	18	12.2%	–	–
0.00 to <0.10	102	–	1	102	0.0%	1,000	26.6%	2.00	10	9.9%	–	–
0.10 to <0.15	45	–	1	45	0.1%	417	27.1%	3.00	8	17.5%	–	–
0.15 to <0.25	53	–	1	53	0.2%	618	27.3%	3.00	15	27.7%	–	–
0.25 to <0.50	32	–	1	32	0.4%	326	29.3%	3.00	11	33.7%	–	–
0.50 to <0.75	32	–	1	32	0.7%	243	25.3%	2.00	12	38.0%	–	–
0.75 to <2.50	14	–	1	14	1.4%	181	27.5%	2.00	7	48.7%	–	–
0.75 to <1.75	10	–	1	10	1.2%	123	27.4%	2.00	5	48.0%	–	–
1.75 to <2.5	4	–	1	4	2.0%	58	27.8%	2.00	2	50.3%	–	–
2.50 to <10.00	2	–	1	2	3.4%	38	25.6%	2.00	1	52.3%	–	–
2.5 to <5	2	–	1	2	3.3%	36	25.4%	2.00	1	51.8%	–	–
5 to <10	–	–	1	–	7.8%	2	38.2%	3.00	–	93.4%	–	–
10.00 to <100.00	–	–	1	–	13.4%	4	29.1%	2.00	–	125.5%	–	–
10 to <20	–	–	1	–	13.4%	4	29.1%	2.00	–	125.5%	–	–
20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
100.00 (Default)	1	–	1	1	100.0%	14	36.6%	1.00	2	148.6%	–	–
SUBTOTAL	**280**	**–**	**1**	**280**	**0.8%**	**2,841**	**27.1%**	**2.25**	**65**	**23.3%**	**–**	**–**
CORPORATE – OTHER												
0.00 to <0.15	3,912	–	1	3,912	0.1%	13,840	28.0%	3.00	743	19.0%	1	–1
0.00 to <0.10	2,501	–	1	2,501	0.1%	9,625	29.0%	3.00	385	15.4%	–	–
0.10 to <0.15	1,411	–	1	1,411	0.1%	4,215	26.3%	3.00	358	25.4%	1	–
0.15 to <0.25	926	–	1	926	0.2%	4,495	28.4%	3.00	283	30.6%	1	–
0.25 to <0.50	971	–	1	971	0.4%	4,372	30.3%	3.00	422	43.5%	1	–1
0.50 to <0.75	348	–	1	348	0.7%	2,628	31.5%	3.00	201	57.7%	1	–1
0.75 to <2.50	255	–	1	255	1.4%	2,831	31.4%	3.00	177	69.3%	1	–1
0.75 to <1.75	169	–	1	169	1.2%	1,782	30.3%	2.00	106	62.5%	1	–
1.75 to <2.5	85	–	1	85	2.0%	1,049	33.8%	3.00	71	82.8%	1	–
2.50 to <10.00	58	–	1	58	4.3%	699	27.8%	1.00	45	77.5%	1	–1
2.5 to <5	56	–	1	56	4.2%	613	27.2%	1.00	42	75.4%	1	–
5 to <10	3	–	1	3	7.8%	86	39.9%	3.00	3	124.9%	–	–
10.00 to <100.00	1	–	1	1	13.4%	39	28.7%	2.00	1	105.7%	–	–
10 to <20	1	–	1	1	13.4%	39	28.7%	2.00	1	105.7%	–	–
20 to <30	–	–	1	–	–	–	–	–	–	–	–	–
30.00 to <100.00	–	–	1	–	–	–	–	–	–	–	–	–
100.00 (Default)	128	–	1	128	100.0%	2,866	34.9%	2.00	343	267.1%	26	–26
SUBTOTAL	**6,600**	**–**	**1**	**6,600**	**2.2%**	**31,770**	**28.9%**	**2.50**	**2,215**	**33.6%**	**31**	**–30**

5 Credit risk *continued*

PD range as at 30 June 2022, in millions of euros	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 adjust-ments and provisions
RETAIL – OTHER SME												
0.00 to <0.15	1	–	1	**1**	**0.0%**	**38**	**30.2%**	**2.00**	**–**	**3.1%**	**–**	–
0.00 to <0.10	1	–	1	1	0.0%	38	30.2%	2.00	–	3.1%	–	–
0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	–
0.25 to <0.50	3	–	1	3	0.5%	72	30.5%	3.00	1	21.5%	–	–
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	–
0.75 to <2.50	22	–	1	22	1.5%	612	30.6%	3.00	8	36.1%	–	–
0.75 to <1.75	19	–	1	19	1.4%	527	30.6%	3.00	7	35.6%	–	–
1.75 to <2.5	3	–	1	3	2.1%	85	30.6%	3.00	1	39.7%	–	–
2.50 to <10.00	36	–	1	36	5.7%	1,212	29.1%	3.00	16	43.9%	1	–
2.5 to <5	15	–	1	15	3.1%	434	30.5%	3.00	7	43.0%	–	–
5 to <10	21	–	1	21	7.5%	778	28.0%	3.00	9	44.6%	–	–
10.00 to <100.00	23	–	1	23	17.0%	2,098	25.8%	2.00	12	51.9%	1	–1
10 to <20	19	–	1	19	13.3%	1,650	25.5%	2.00	9	49.4%	1	–1
20 to <30	3	–	1	3	22.0%	372	26.5%	2.00	2	60.7%	–	–
30.00 to <100.00	2	–	1	2	48.1%	76	27.9%	3.00	1	64.5%	–	–
100.00 (Default)	–	–	1	–	100.0%	20	25.9%	2.00	–	252.2%	–	–
SUBTOTAL	**86**	**–**	**1**	**86**	**7.6%**	**4,052**	**28.6%**	**1.88**	**37**	**43.4%**	**2**	**–1**
RETAIL – OTHER NON-SME												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
0.00 to <0.10	–	–	–	–	–	–	–	–	–	–	–	–
0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	–
0.75 to <1.75	–	–	–	–	–	–	–	–	–	–	–	–
1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
2.50 to <10.00	137	–	1	137	4.6%	32,445	24.3%	2.00	52	37.5%	2	–1
2.5 to <5	70	–	1	70	3.1%	13,938	24.0%	3.00	25	35.6%	1	–
5 to <10	67	–	1	67	6.1%	18,507	24.6%	2.00	27	39.5%	1	–1
10.00 to <100.00	18	–	1	18	23.2%	5,197	25.1%	2.00	9	49.7%	1	–1
10 to <20	14	–	1	14	13.1%	4,313	24.8%	2.00	7	49.0%	–	–
20 to <30	1	–	1	1	20.6%	292	27.0%	2.00	1	64.5%	–	–
30.00 to <100.00	3	–	1	3	71.2%	592	25.7%	2.00	1	48.2%	1	–
100.00 (Default)	1	–	1	1	100.0%	150	27.3%	2.00	2	258.8%	–	–
SUBTOTAL	**157**	**–**	**1**	**157**	**7.2%**	**37,792**	**24.4%**	**0.75**	**63**	**40.0%**	**3**	**–3**
TOTAL (ALL EXPOSURES CLASSES)	**7,122**	**–**	**1**	**7,122**	**2.3%**	**76,455**	**28.7%**	**2.63**	**2,381**	**33.4%**	**36**	**–34**

Table 23: EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

5 Credit risk *continued*

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 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 under the IRB approach in accordance with CRR Article 438 (h).

In millions of euros	RWEA Jun-22	RWEA Mar-22
1 Risk weighted exposure amount as at the end of the previous reporting period	13,402	13,368
2 Asset size (+/-)	–128	–93
3 Asset quality (+/-)	–28	11
4 Model updates (+/-)	–	–
5 Methodology and policy (+/-)	–	–
6 Acquisitions and disposals (+/-)	–	–
7 Foreign exchange movements (+/-)	26	12
8 Other (+/-)	609	104
9 RISK WEIGHTED EXPOSURE AMOUNT AS AT THE END OF THE REPORTING PERIOD	**13,881**	**13,402**

Table 24: EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

The Credit risk RWA in the IRB portfolio increased to EUR 13,881 million in June 2022 (EUR 13,402 million in March 2022). The main drivers of the increase are explained as follows:

- **Asset size:** The asset size decreased mainly related to the outflow, partially compensated by new business and organic business growth;
- **Foreign exchange movements:** The increase was mainly driven by appreciation of US dollar, Russian Rubble, Mexican Peso against the Euro, partially offset by depreciation of Pound sterling and Norwegian Krone; and
- **Other:** The increase was mainly contributed by ONCOA, in the light of the increase in Lease commitment, residual value in IRB approach and other assets.

5.5 EQUITY EXPOSURES UNDER THE SIMPLE RISK-WEIGHTED APPROACH

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

As at 30 June 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	44	–	370%	44	164	1
TOTAL	**44**	**–**	**–**	**44**	**164**	**1**

Table 25: EU CR10.5 – Equity exposures under the simple risk-weighted approach

6 Counterparty credit risk

Counterparty credit risk (CCR) exposure arises from LeasePlan's business activities in derivatives transactions. LeasePlan applies the standardised approach for counterparty credit risk (SA-CCR) to calculate the exposure at default for derivatives.

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

As at 30 June 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)	42	64		1.4	89	105	148	69
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**					**89**	**105**	**148**	**69**

Table 26: EU CCR1 – Analysis of CCR exposure by approach

In the table below, LeasePlan provides information as referred to in CRR Article 439 (h). The lower exposure value in June 2022 versus December 2021 is largely explained by lower potential future exposure in respect of LeasePlan's financial counterparties.

		Jun-22		Dec-21	
In millions of euros		Exposure value	RWEA	Exposure value	RWEA
1	Total transactions subject to the Advanced method	–	–	–	–
2	(i) VaR component (including the 3× multiplier)		–		–
3	(ii) stressed VaR component (including the 3× multiplier)		–		–
4	Transactions subject to the Standardised method	238	43	429	52
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**	**238**	**43**	**429**	**52**

Table 27: EU CCR2 – Transactions subject to own funds requirements for CVA risk

6 Counterparty credit risk *continued*

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

As at 30 June 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	–	90	–	–	15	133	–	–	–	–	–	238
7 Corporates	–	–	–	–	–	–	–	–	–	–	–	–
8 Retail	–	–	–	–	–	–	–	–	–	–	–	–
9 Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–
10 Other items	–	–	–	–	–	–	–	–	–	–	–	–
11 TOTAL EXPOSURE VALUE	**–**	**90**	**–**	**–**	**15**	**133**	**–**	**–**	**–**	**–**	**–**	**238**

Table 28: 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 30 June 2022, in millions of euros	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**
1 Cash – domestic currency	100	–	191	–	–	–	–	–
2 Cash – other currencies	64	–	19	–	–	–	–	–
3 Domestic sovereign debt	–	–	–	–	–	–	–	–
4 Other sovereign debt	–	–	–	–	–	–	–	–
5 Government agency debt	–	–	–	–	–	–	–	–
6 Corporate bonds	–	–	–	–	–	–	–	–
7 Equity securities	–	–	–	–	–	–	–	–
8 Other collateral	–	–	–	–	–	–	–	–
9 TOTAL	**164**	**–**	**210**	**–**	**–**	**–**	**–**	**–**

Table 29: EU CCR5– Composition of collateral for CCR exposures

6 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 December 2021 and June 2022 is largely explained by a lower potential future exposure.

In millions of euros	Jun-22 Exposure value	Jun-22 RWEA	Dec-21 Exposure value	Dec-21 RWEA
1 EXPOSURES TO QCCPS (TOTAL)		**2**		**5**
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	90	2	226	5
3 (i) OTC derivatives	90	2	226	5
4 (ii) Exchange-traded derivatives	–	–	–	–
5 (iii) SFTs	–	–	–	–
6 (iv) Netting sets where cross-product netting has been approved	–	–	–	–
7 Segregated initial margin	44		35	
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 30: EU CCR8 – Exposures to CCPs

7 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 please refer to section FX risk of this report.

		RWEA	
In millions of euros		**Jun-22**	**Dec-21**
	OUTRIGHT PRODUCTS		
1	Interest rate risk (general and specific)	–	–
2	Equity risk (general and specific)	–	–
3	Foreign exchange risk	746	440
4	Commodity risk	–	–
	OPTIONS		
5	Simplified approach	–	–
6	Delta-plus approach	–	–
7	Scenario approach	–	–
8	Securitisation (specific risk)	–	–
9	**TOTAL**	**746**	**440**

Table 31: EU MR1 – Market risk under the standardised approach

7.1 FX RISK

LeasePlan has the following approach regarding FX risk:

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

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

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

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

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

In the context of FX risk as part of Market Risk under Pillar I LeasePlan 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.

7 Market risk *continued*

For the top 5 currencies[11], 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 30 June 2022 results in a capital requirement of EUR 60 million (2021: EUR 35 million). The increase is primarily driven by the transition to the EBA guidelines, under which LeasePlan can only apply the waiver for its top 5 foreign currencies. This resulted in an increase in TREA for currencies that are not in the top 5. In addition, the introduction of Hyperinflation accounting in LeasePlan Turkey per 30 June 2022 increased the equity position in that entity, resulting in an increase in structural FX TREA held against the Turkish Lira exposure.

7.2 ASSET RISK

Asset risk capital

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

Under Pillar 1 of the CRR/CRD IV regime, asset risk is considered part of credit risk with 1/t formula applied for risk-weighting of the residual value position of LeasePlan's risk-bearing leased assets. The regulatory capital related to residual values amounts to EUR 764 million (1/t) as at the end of Q2 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-1000-year event, i.e. the 99.9 percentile.

Nominal exposure value

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

	Total asset risk exposure	
In millions of euros	**Jun-22**	**Dec-21**
Future lease payments	9,336	8,951
Residual value	14,095	13,748
TOTAL	**23,431**	**22,699**

Table 32: Residual Value position total lease portfolio

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

8 Other disclosures

8.1 EXPOSURE TO SECURITISATION POSITIONS

8.1.1 LeasePlan's securitisation programme

LeasePlan securitises under the Bumper programme. The main objective of the Bumper programme is to increase funding diversification allowing LeasePlan to tap an additional source of liquidity. The Bumper transactions are auto-ABS transactions backed by lease receivables and related residual value receivables originated by various LeasePlan entities. The transactions are not structured with an aim of obtaining off-balance sheet treatment, and only the higher rated notes are sold to external investors.

LeasePlan's Bumper SPEs do not meet the criteria for significant risk transfer as required for traditional securitsations as defined in Article 244.2. Also, the vehicles are not considered a synthetic securtisation as referred to in Article 245. Therefore, LeasePlan does not calculate risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 5 (i.e. TREA calculation for Securisation positions) of the own funds requirements. Since LeasePlan does not fulfil these requirements and since the securitisation transactions are concluded solely to support the diversification of funding, they do not serve the purpose of capital reduction. Hence, 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.

8.1.2 Overview of securitisations

As of 30 June 2022, LeasePlan has six asset-backed securitisation transactions outstanding: publicly placed: Bumper UK 2019-1 (2019: redeemed and terminated in July 2022), 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.

Securitisation is important to LeasePlan because it offers access to liquidity, diversification of the investor base and it offers 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.

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 funded, as are the reserves of Bumper UK 2019-1, However the latter transaction has since been redeemed and terminated (in July 2022). For the other transactions, the set-off reserve, the maintenance reserve and the commingling reserve as well as the commingling reserve for Bumper NL 2020-1 remain unfunded subject to a downgrade of LeasePlan, resulting in a liquidity risk.

As at 30 June 2022, Credit rating downgrades of LeasePlan could result in an additional total outflow of EUR 130 million, as illustrated in the table below.

Transaction – long-term rating sensitivities, as at 30 June 2022, in millions of euros	Current deposits	Rating triggers	1 notch LT downgrade	2 notches LT downgrade	3 notches LT downgrade	Maximum additional deposits	Maximum deposits
		(M/S/F/D)	of LPC	of LPC	of LPC		
Bumper DE 2019-1	2	Baa3/–/–/BBBL	–	–	39	39	41
Bumper UK 2019-1	20	–/BBB/–/BBBL	–	–	–	–	20
Bumper NL 2020-1	14	Baa3/–/BBB– en F2/–	14	–	–	14	28
Bumper UK 2021-1	3	Baa3/–/–/BBBL	–	–	31	31	34
Bumper BE 01 (2021)	3	Baa3/–/–/BBBL	–	–	30	30	33
Bumper FR 2022-1	4	Baa3/–/–/BBBL			16	16	20
TOTAL INCREMENTAL DEPOSITS	**46**		**14**	**–**	**116**	**130**	**176**

Table 33: Maximum additional total outflow in case of credit rating downgrades of LeasePlan

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 reserves triggers.

For details regarding LeasePlan's accounting principles in respect of securitisation transactions reference is made to the section General notes, Summary of significant accounting policies, of the Annual Report 2021.

8 Other disclosures *continued*

8.2 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[12] (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 EAR measures the loss in net interest earnings in a given time horizon. LeasePlan measures IRRBB based on the EQAR and EAR measures on a monthly basis.

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

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

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	
	Jun-22	Dec-21	Jun-22	Dec-21
1 Parallel up	–142	–143	37	14
2 Parallel down	74	37	–37	–14
3 Steepener	–66	–63		
4 Flattener	19	18		
5 Short rates up	–10	–9		
6 Short rates down	5	3		

Table 34: EU IRRBB1 – Interest rate risks of non-trading book activities

12 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.

8 Other disclosures *continued*

8.3 COVID-19 DISCLOSURE

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

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 1 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 30 June 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	12	11	11	–	1	1	1	–	–	–	–	–	–	–	1
2 of which: Households	5	4	4	–	–	–	–	–	–	–	–	–	–	–	–
3 of which: Collateralised by residential immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4 of which: Non-financial corporations	7	7	7	–	–	–	–	–	–	–	–	–	–	–	–
5 of which: Small and Medium-sized Enterprises	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6 of which: Collateralised by commercial immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table 35: Covid-19 Template 1 – Information on loans and advances subject to legislative and non-legislative moratoria

8 Other disclosures *continued*

Covid-19 template 2 below, provides further details on the type of eligible moratoria, the different sectors and industries in which the eligible moratoria are applied for loans and advances that meet the requirements described in paragraph 10 of the EBA Guidelines[13] on moratoria and an overview on the number of obligors and gross carrying amount of loans and advances.

			Gross carrying amount							
						Residual maturity of moratoria				
As at 30 June 2022, in millions of euros		Number of obligors	Total	Of which: legislative moratoria	Of which: expired	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	3,991	12							
2	Loans and advances subject to moratorium (granted)	3,991	12	–	12	–	–	–	–	–
3	of which: Households		5	–	5	–	–	–	–	–
4	of which: Collateralised by residential immovable property		–	–	–	–	–	–	–	–
5	of which: Non-financial corporations		7	–	7	–	–	–	–	–
6	of which: Small and Medium-sized Enterprises		–	–	–	–	–	–	–	–
7	of which: Collateralised by commercial immovable property		–	–	–	–	–	–	–	–

Table 36: Covid-19 Template 2 – Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria[14]

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

9 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	Securitisation External Ratings Based Approach
SEC-IRBA	Securitisation Internal Ratings Based Approach
SEC-SA	Standardised Approach
SFT	Securities Financing Transactions
SREP	Supervisory Review and Evaluation Process
SteerCo	Steering Committee
TC	Total Capital
TREA	Total Risk Exposure Amount

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