

A graphic consisting of several overlapping, rounded, wavy shapes in shades of orange and red, positioned in the top left corner of the page.

LeasePlan

A woman with blonde hair, wearing a beige cap, a green long-sleeved shirt, and a black quilted vest, is smiling and looking towards the camera. She is holding a yellow tablet in her left hand and has her right hand on the charging handle of a red charging cable plugged into the side of a dark-colored electric car. The background shows a city street at dusk or night, with blurred buildings, trees, and a traffic light. A bicycle is parked behind her.

LeasePlan
Pillar 3 Report
as of March 31, 2023

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1 Introduction

1.1 General requirements for Pillar 3 disclosures

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

Whenever reference is made to "LeasePlan" or "the Group" reference is made to the same scope of consolidation as disclosed in the LP Group B.V. Annual Report 2022. For an overview of the principal subsidiaries of LP Group B.V. reference is made to section "Specific Notes", note 2 - Country to country reporting; and section "List of principals consolidated participating interests" of the LP Group B.V. Annual Report 2022.

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

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

The Basel III framework is built on three pillars:

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

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

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

Pillar 3 disclosure frequency and report structure

LeasePlan publishes Pillar 3 Report quarterly, semi-annually, and annually on our website¹, concurrently with the release of our Annual Report and Interim Reports. Pillar 3 requirements may be met by inclusion in other disclosure media. Where we adopt this approach, references are provided to the relevant pages of the interim report, LeasePlan Q1 results 2023 or to other documents.

This report includes the implementation of the CRR and related EBA templates for Pillar 3 disclosures. Wherever specific rows and columns in the tables prescribed by the EBA or Basel are not applicable or immaterial to our activities, we omit them and follow the same approach for comparatives.

All tables are as of 31 March 2023 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 <https://www.aldautomotive.com/investor-relations/acquisition-documentation/leaseplan-documents-and-publication-archives/results-and-reports>

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	in millions of euros	Mar-23	Dec-22	Sep-22	Jun-22	Mar-22
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	3,638	3,565	3,667	3,653	3,449
2	Tier 1 capital	4,011	3,898	4,015	3,993	3,817
3	Total capital	4,071	3,976	4,097	4,073	3,888
	Risk-weighted exposure amounts (RWA)					
4	Total RWA	22,797	22,482	24,390	23,758	23,142
	Capital ratios (as a percentage of risk-weighted exposure amounts)					
5	Common Equity Tier 1 ratio (%)	16.0%	15.9%	15.0%	15.4%	14.9%
6	Tier 1 ratio (%)	17.6%	17.3%	16.5%	16.8%	16.5%
7	Total capital ratio (%)	17.9%	17.7%	16.8%	17.1%	16.8%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amounts)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	-	-	-	-	-
EU 7b	of which: to be made up of CET1 capital	-	-	-	-	-
EU 7c	of which: to be made up of Tier 1 capital	-	-	-	-	-
EU 7d	Total SREP own funds requirements (%)	11.9%	11.9%	11.9%	11.9%	11.9%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amounts)					
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.32%	0.17%	0.09%	0.06%	0.05%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	2.8%	2.7%	2.6%	2.6%	2.6%
EU 11a	Overall capital requirements (%)	14.7%	14.6%	14.5%	14.5%	14.5%
12	CET1 available after meeting the total SREP own funds requirements (%)	6.0%	3.1%	2.3%	2.7%	2.3%
	Leverage ratio					
13	Total exposure measure	39,701	40,169	40,312	39,404	37,407
14	Leverage ratio (%)	10.1%	9.7%	10.0%	10.1%	10.2%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	5,348	5,001	5,053	5,128	5,060
EU 16a	Cash outflows - Total weighted value	2,667	2,633	2,540	2,391	2,347
EU 16b	Cash inflows - Total weighted value	544	600	490	487	425
16	Total net cash outflows (adjusted value)	2,130	2,033	2,050	1,905	1,922
17	Liquidity coverage ratio (%)	251.1%	246.0%	246.5%	269.2%	268.3%
	Net Stable Funding Ratio					
18	Total available stable funding	24,805	24,940	24,927	25,471	24,841
19	Total required stable funding	19,741	19,247	20,267	19,887	19,392
20	NSFR ratio (%)	125.7%	129.6%	123.0%	128.1%	128.1%

Table 1: EU KM1 – Key metrics²

² The references in this table and the subsequent tables are as prescribed in the relevant EBA template where applicable.

As of 31 March 2023, the CET1 ratio at the regulatory consolidated level is 16.0%, the CET1 ratio at the regulatory sub-consolidated level (i.e. LeasePlan Group B.V. consolidated) is 15.6% and CET1 ratio at the regulatory solo level (LeasePlan Corporation N.V.) is 15.2%. For more information, please refer to sections 'Capital requirements and 'Liquidity' of this report.

2. Capital requirements

2.1 Capital position

The level of capital has increased in Q1 2023, mainly due to the application of the hyperinflation accounting that has been applied for our participation in Turkey (refer to LeasePlan's Q1 interim financial statements for more details). Another source of increase is the decreased deduction for software assets due to the activation of software in use. The other main sources of change in the level of capital are a result of an IFRS17 opening balance adjustment.

On total risk exposure amount we have seen an increase of EUR 315 million which is mainly due to the growth in the portfolio. Overall, we have observed an increase in the capital ratios which are, as of 31 March 2023, above all internal and external minimum requirement levels.

2.2 Minimum capital requirements

The following table illustrates the breakdown of RWA/TREA and minimum capital requirements under Part Three, Title I, Chapter 1 of the CRR:

in millions of euros		Total risk exposure amounts (TREA)		Total own funds requirements
		Mar-23	Dec-22	Mar-23
1	Credit risk (excluding CCR)	19,094	18,816	1,528
2	Of which the standardised approach	5,241	5,436	419
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	118	99	9
5	Of which the Advanced IRB (A-IRB) approach	13,853	13,380	1,108
6	Counterparty credit risk - CCR	136	149	11
7	Of which the standardised approach	84	93	7
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	1	1	-
EU 8b	Of which credit valuation adjustment - CVA	56	56	4
9	Of which other CCR	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	744	767	59
21	Of which the standardised approach	744	767	59
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	2,823	2,751	226
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	2,823	2,751	226
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	345	362	28
29	Total	22,797	22,482	1,824

Table 2: EU OV1 - Overview of risk weighted exposure amounts (RWA)³

³ The row 'Amounts below the thresholds for deduction (subject to 250% risk weight)' is for information purpose only as per EBA template and is not considered in the Total amount.

In March 2023, the exposure for other non-credit obligation assets increased by EUR 587 million to EUR 17,428 million compared with EUR 16,841 million in December 2022. This increase is mainly driven by the increase of residual value exposures due to the growth in the portfolio. In EBA credit risk templates, the other non-credit obligation assets are reported under a specific line item under the total IRB approach.

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

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

in millions of euros	Exposure value		RWA	
	Mar-23	Dec-22	Mar-23	Dec-22
1 Residual value related exposures	10,706	10,404	7,201	7,098
2 Property and equipment	452	397	452	397
3 Lease commitments	3,882	3,922	1,211	1,224
4 Other assets	2,387	2,118	2,809	2,575
5 Total other (non-credit) obligation assets	17,428	16,841	11,673	11,294

Table 3: Breakdown of the Other non-credit obligation assets (ONCOA) ⁴

⁴The residual value exposure related to Other non-credit obligation assets are only IRB approach related and calculated as part of asset risk.

3 Liquidity

3.1 Liquidity Risk Management

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

LeasePlan's LCR has increased to 251.1% in Q1 2023 from 246.0% in Q4, driven by slightly higher HQLA partially offset by 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 centralized within LPTY and incorporated in LeasePlan's monthly funding planning process. LeasePlan Corporation N.V. holds a revolving credit facility with a consortium of 11 banks (EUR 1.4 billion) maturing in November 2024. As per 31 March 2023, no amounts were drawn under this facility.

For further information reference is made to the section Risk Management sub-section D Risks of the LeasePlan Annual Report 2022 for:

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

3.2 Liquidity Coverage Ratio

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

Consolidated Liquidity Coverage ratio common disclosure

in millions of euros		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	Mar-23	Dec-22	Sep-22	Jun-22	Mar-23	Dec-22	Sep-22	Jun-22
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					5,442	5,001	5,053	5,128
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	7,435	7,263	6,962	6,710	754	726	696	671
3	Stable deposits		-	-	-	-	-	-	-
4	Less stable deposits	7,435	7,263	6,962	6,710	754	726	696	671
5	Unsecured wholesale funding	132	134	147	85	87	130	142	80
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	7	8	10	10	4	4	5	5
8	Unsecured debt	125	126	137	75	83	126	137	75
9	Secured wholesale funding					58	55	52	88
10	Additional requirements	123	119	120	114	104	95	92	90
11	Outflows related to derivative exposures and other collateral requirements	100	92	88	87	102	92	88	87
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	23	27	32	27	2	3	3	3
14	Other contractual funding obligations	439	426	414	468	435	426	414	468
15	Other contingent funding obligations	1,221	1,200	1,143	995	1,230	1,200	1,143	995
16	TOTAL CASH OUTFLOWS					2,667	2,633	2,540	2,391
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	551	598	488	413	523	583	475	388
19	Other cash inflows	19	16	15	98	21	16	15	98
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)						-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)						-	-	-
20	TOTAL CASH INFLOWS	571	614	503	511	544	600	490	487
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	571	614	503	511	544	600	490	487
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					5,348	5,001	5,053	5,128
22	TOTAL NET CASH OUTFLOWS					2,130	2,033	2,050	1,905
23	LIQUIDITY COVERAGE RATIO					251.1%	246.0%	246.5%	269.2%

Table 4 : EU LIQ1 - Quantitative information of LCR

4 Credit Risk

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

in millions of euros		RWEA	
		Mar-23	Dec-22
1	Risk weighted exposure amount as at the end of the previous reporting period	13,380	14,382
2	Asset size (+/-)	-461	-434
3	Asset quality (+/-)	-13	-34
4	Model updates (+/-)	-	-
5	Methodology and policy (+/-)	-	-
6	Acquisitions and disposals (+/-)	-	-681
7	Foreign exchange movements (+/-)	1	-11
8	Other (+/-)	945	157
9	Risk weighted exposure amount as at the end of the reporting period	13,853	13,380

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

In March 2023, the Credit risk RWA in the IRB portfolio remained at the same level as December 2022. Some movements as noted are explained below:

- Asset size: The asset size decreased mainly related to depreciation paid on the lease contracts and lease contracts that have ended during the period.
- Other: The difference between the RWA delta of Q4 2022 vs Q1 2023 is mainly driven by new lease contracts put on the road during the Q1 2023 period as part of growing portfolio. The Q4 2022 figures were impacted by an improvement in the data quality related to counterparty classification. Excluding this correction, when looking at the new lease contracts put on the road only, the amount in the bucket 'other' is of a similar size between the two periods.

Glossary

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
CVA	Credit Valuation Adjustment
EBA	European Banking Authority
ECB	European Central Bank
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
RSF	Required Stable Funding
RWA	Risk-Weighted Assets
SEC-ERBA	Securitization External Ratings Based Approach
SEC-IRBA	Securitization Internal Ratings Based Approach
SEC-SA	Standardized Approach
SREP	Supervisory Review and Evaluation Process
TC	Total Capital
TREA	Total Risk Exposure Amount

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