LeasePlan Corporation N.V.

Annual Report 2023

A subsidiary of Ayvens

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Director’s Report

General information

LeasePlan Corporation N.V.
LeasePlan Corporation N.V. (the “company”) is domiciled in Amsterdam, the Netherlands and is registered at the Commercial Register of Amsterdam under number 39037076, where its statutory seat is located. The address of its registered office is Gustav Mahlerlaan 360, 1082 ME Amsterdam. The consolidated financial statements of the company as at and for the year ended 31 December 2023 comprise the company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in investments accounted for using the equity method. The Group consists of an international network of companies engaged in fleet management and mobility services, mainly through operating leasing and car remarketing.

At 31 December 2023, the Group employed over 7,700 people worldwide and operated in 25 countries. Changes in the Group’s composition during the reporting period were related to the sale of the Luxembourg, Finland and Czech Republic subsidiaries and the classification of the subsidiary Russia as held-for-sale (see Note 11 Discontinued operations), as well as the acquisition of 80% of the shares in NF Fleet in Norway (see note 36 Non-controlling interest).

A list of the principal consolidated participating interests is included in the other information paragraph of the company financial statements.

The Company has held a banking licence in the Netherlands since 1993 and it operates under the supervision of the European Central Bank (‘ECB’).

Ownership of the company
LP Group B.V. holds 100% of the Company’s shares. On 22 May 2023 ALD S.A. (‘ALD’) acquired 100% of the shares in LP Group B.V. ALD is a subsidiary of Société Générale (52.59%). Other shareholders include the former shareholders of LP Group B.V. (28.73%). The remainder of 18.68% is held by other shareholders, of which 16.40% is free floating on the Paris stock exchange (ALD.PA).

Reference is made to the ALD Annual Report 2023 for any non-financial information not included in this report.

Financial highlights 2023

- **Net result** of EUR 443 million (-77.1%)[1]
- **Underlying net result** was EUR 975 million (-31.2%), of which EUR 950 million from continuing operations and EUR 25 million from discontinued operations[2]
- **Underlying Lease and Additional Services gross profit** of EUR 2,014 million (+4.4%)
- **PLDV and End of Contract Fees gross profit** of EUR 185 million (-68.8%)[3] due to the downward trending used-car market
- **Serviced fleet** at 1.6 million (+3.2%) with growth across majority of our markets
- **Operating expenses** of EUR 975 million (+9.4%) mainly due to continued investments in growth and our digital platforms
- **Year-end liquidity buffer** of EUR 5.5 billion.
- Due to the acquisition by ALD, LeasePlan subsidiaries in Luxembourg, Finland and Czech Republic (part of the European Commission's approval requirements for clearing the ALD acquisition of LeasePlan) were divested on 1 August 2023.
- To integrate the businesses of ALD and LeasePlan, the company submitted in December 2023 a request for a DNO (Declaration of no objection) to the ECB for approval. On 15 March 2024 the Declaration of No-Objection was obtained from the ECB.

	2023	2022	% YoY Growth
VOLUME			
Serviced fleet (thousands), as at 31 December	1,609.2	1,559.8	3.2%
Numbers of vehicles sold (thousands)	259.4	205.8	26.1%
PROFITABILITY			
- Underlying net result from continued operations	950.0	1,266.8	-25.0%
- Underlying net result from discontinued operations	24.7	150.8	-83.6%
Underlying net result (EUR Million)	974.7	1,417.6	-31.2%
Net result (EUR Million)	442.6	1,935.4	-77.1%
Underlying return on equity	20.1%	28.5%	

[1] 2023 includes impairments for New Generation Digital Architecture (NGDA) of EUR 240 million. 2022 includes a EUR 405 million book gain from the divestment of LeasePlan USA.
[2] Financial statements including historical periods are adjusted for the anticipated divestment of LeasePlan in Russia (classified as a discontinued operation as of 30 September 2023) and the divestment of LeasePlan Czech Republic, LeasePlan Finland and LeasePlan Luxembourg (transaction closed as per 1 August 2023). The results from these businesses are reported in *the financial statements – Underlying net result from discontinued operations*.
[3] The 2022 PLDV result included a EUR 117 million impact due to the prospective depreciation adjustment.

Recent developments

ALD acquisition and divestment of the subsidiaries in Luxembourg, Finland and Czech Republic

In 2022, LeasePlan's shareholders and LeasePlan signed a Framework Agreement with ALD and Société Générale to create a leading global player in mobility. On 28 November 2022, it was announced that ALD has obtained all required control clearances for the acquisition of LeasePlan. The last clearance was obtained from the European Commission on 25 November 2022.

On 22 May 2023 it was announced that ALD successfully completed the acquisition of 100% of LeasePlan, which positions the combined group as the leading global sustainable mobility player with total fleet of 3.3 million vehicles managed worldwide.

On 1 August 2023, LeasePlan announced the closing of the transaction with Crédit Agricole Consumer Finance and Stellantis for the sale of LeasePlan entities operating in the Czech Republic, in Finland and in Luxembourg. The divesture of the entities was part of the European Commission's approval requirements for clearing the ALD acquisition of LeasePlan. The subsidiaries in these 3 LeasePlan countries were classified as held-for-sale as at 30 November 2022. Please refer to note 11 Discontinued operations for more information.

ALD I LeasePlan integration

The first steps toward integrating into one company have already been taken.
On 16 October 2023, ALD I LeasePlan unveiled its new name Ayvens, its new global mobility brand, which unites the two companies under a single common identity. This new brand represents another strategic milestone in the company's development following the launch of its 3-year strategic development plan in September 2023.

To integrate the businesses of ALD and LP the company needed to submit a request for a Declaration of No-Objection (DNO) to the ECB.

On December 11, 2023, the LeasePlan Supervisory Board approved a final submission of the DNO application to the ECB. The final submission was done on December 14, 2023. On 15 March 2024, the company successfully obtained the Declaration of No-Objection (DNO) from the ECB.

Sale of Russia

LeasePlan has taken the decision to sell its operations in Russia. Starting from September 2023, LeasePlan Russia has been classified as a discontinued operation and is presented under a separate caption of the Profit or loss (Net result from discontinued operations). An adjustment of EUR 19.8 million was recognized to bring the carrying value of LeasePlan Russia to the fair value less cost to sell. LeasePlan Russia was sold in February 2024.

Core leasing business and used car market

During 2023 LeasePlan continued with strong growth in majority of its markets. Due to increasing and volatile interest rates as well as high inflation rates across the globe the company took actions to secure its margins across all its leasing services. While there was a favourable used-car market in 2022, in the course of 2023 a downward trend started with lower used-car sales prices per vehicle. Despite a downward trending used-car market, the company booked a prospective depreciation adjustment of EUR 560 million that decreased the depreciation during the remaining period.

Please refer to note 21 Property and equipment under operating lease, rental fleet and vehicles available for lease for more information.

LeasePlan Corporation Financial performance 2023

In millions of euros, unless otherwise stated	2023	2022	% YoY Growth
Lease & Additional Services income	7,219.0	6,395.4	12.9%
Vehicle Sales & End-of- contract fees	3,881.4	3,287.8	18.1%
Revenues	**11,100.4**	**9,683.3**	**14.6%**
Underlying cost of revenues	**8,901.6**	**7,161.3**	**24.3%**
Lease Services	1,141.0	1,109.7	2.8%
Fleet Management & other Services	229.4	191.1	20.0%
Repair & Maintenance Services	277.6	283.2	-2.0%
Damage Services and Insurance	365.9	344.8	6.1%
Underlying lease and additional Services	**2,013.9**	**1,928.8**	**4.4%**
End of Contract fees	133.0	110.2	20.7%
Profit/Loss on disposal of vehicles	51.9	482.9	n.m.
Profit/Loss on disposal of vehicles & End-of-contract fees	**184.9**	**593.1**	**-68.8%**
Underlying gross profit	**2,198.8**	**2,522.0**	**-12.8%**
Underlying operating expenses	974.9	891.3	9.4%
Other income	4.7	4.5	n.m.
Share of profit of investments accounted for using the equity method	4.7	6.2	n.m.
Underlying profit before tax	**1,233.3**	**1,641.3**	**-24.9%**
Underlying tax	283.3	374.5	-24.3%
Underlying net result from continuing operations	**950.0**	**1,266.8**	**-25.0%**
Underlying net result from discontinued operations	24.7	150.8	-83.6%
Underlying net result	**974.7**	**1,417.6**	**-31.2%**
Underlying adjustments	-532.1	517.8	n.m.
Reported net result	**442.6**	**1,935.4**	**-77.1%**
Staff (FTE's at period end)	7,704	7,845	-1.8%

Serviced fleet increased by 3.2% to 1.6 million vehicles with growth across majority of our markets.

Revenues increased by 14.6% to EUR 11,100 million due to both lease and additional services income and vehicle sales and end of contract fees.

Lease and Additional Services income was up 12.9% to EUR 7,219 million due to additional services from fleet mix.

Vehicle Sales and End of contract fees increased by 18.1% to EUR 3,881 million mainly due to 26.1 % higher amount of vehicles sold offset by a lower sales price per car due to a downward trending used-car market.

Underlying Lease and Additional Services gross profit was up 4.4% to EUR 2,014 million mainly driven by serviced fleet growth, stronger results in fleet & other services and damage services and insurance, offset by repair & maintenance services due to higher than expected inflationary impacts for which management actions have taken place. Similar to

2022, 2023 included a positive impact from Turkish hyperinflation[4] and an impact from prospective depreciation related to cars expected to be terminated[5].

PLDV and EOCF gross profit was down 68.8% to EUR 185 million primarily driven by a declining trend in used car prices in used-car market and prospective depreciation impacts, offset by 26.1% more vehicles sold.

Underlying operating expenses were up 9.4% to EUR 975 million mainly due to continued investments in growth and our digital platforms.

The underlying tax rate was up 0.2 percentage points to 23.0% mainly driven by the blend of statutory tax rates.

Underlying net result from continuing operations was down 25.0% to EUR 950 million, resulting from an exceptionally high result in 2022, driven by a net gain in 2022 of EUR 243 million as part of the prospective depreciation adjustment and good performance in majority of our services.

Underlying net result from discontinued operations of EUR 24.7 million. Discontinued operations included LeasePlan Czech Republic, Finland and Luxembourg up to end July 2023 and LeasePlan Russia.

Underlying net result was down 31.2% to EUR 975 million mainly due to the divestments in USA in November 2022 and the exceptionally high result in 2022 driven by a net gain in of EUR 243 million as part of the prospective depreciation adjustment.

Reported net result was down 77.1% to EUR 443 million, due to a reduction of EUR 1,040 million underlying adjustments in 2023, mainly impacted by a EUR 405 million book gain on the sale of LeasePlan USA and EUR 151 million reduction in mark to market derivatives in 2022 versus an impairment in 2023 for Software and Software under construction of EUR 240 million (New Generation Digital Architecture).

Funding and capital

Funding

LeasePlan was active across all its funding levers and raised a total amount of EUR 2.4 billion across Senior Unsecured funding, Asset Backed Securitisation (ABS) as well as Retail Deposits. In unsecured funding format, LeasePlan issued a small Private placement for EUR 15 million in January 2023 prior to the maturity of its EMTN programme in April. Through its Bumper ABS franchise, LeasePlan delivered two EUR 500 million benchmark public transactions in February and September from its German and Dutch portfolios and raised a further EUR 500 million, during the year, thorough a private warehouse facility from its Dutch portfolio. LeasePlan Bank raised a total of EUR 896 million during the year from its retail deposits platform in the Netherlands and Germany, increasing its total volume from EUR 10.75 billion at year end 2022 to EUR 11.6 billion at year end 2023.

Following the acquisition by ALD in May 2023, LeasePlan supplemented its funding with internal funding support from its parent through intercompany loans and a Lower Tier 2 note for EUR 750 million. All of these activities contributed to LeasePlan's EUR 5.5-billion-year end liquidity buffer, made up of EUR 4.1 billion of cash as well as access to the undrawn EUR 1.375 billion Revolving Credit Facility.

Capital

The Company has included the eligible net result of EUR 376 million to its Common Equity Tier 1 (CET1). The CET1 ratio as per 31 December 2023 was 10.9% calculated at the regulatory sub-consolidated level (LP Corporation N.V. consolidated). At this consolidated level, the Tier 1 capital ratio was 14.7% and the Total Capital ratio was 17.5%. The Company is capitalized at the end of the year above the minimum capital requirements.

The main impact on capital ratios in 2023 came from the final capital distribution following the close of the sale of LeasePlan. To ensure the capital requirements are met on all levels, the distributed CET 1 capital has been partly replaced by additional Tier 1 capital of EUR 500 million and additional Tier 2 capital of EUR 750 million.

[4] In accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" LeasePlan accounted LeasePlan Turkey as hyperinflation economy with effect from January 1 2022. In applying hyperinflation accounting the monetary and non-monetary assets and liabilities are restated to the current price levels for the opening balance and YTD transactions. For reporting, the monetary items (denominated in monetary units), are adjusted through PL to their nominal values representing the decreased purchasing power..

[5] The prospective depreciation adjustment is a result of the still higher than average used car market environment. Subsequently, the residual value of our fleet was reviewed and adjusted upwards. As a result, a prospective depreciation adjustment was recorded that decreased the depreciation during the period. The depreciation adjustment is applied to cars that are expected to be sold from 2022 to 2026.

Dividends
In May 2023, LeasePlan declared a distribution for an amount of EUR 1.91 billion, of which EUR 772 million related to LPC pre-closing distribution of 2022 Q4 profit, EUR 411.7 million based on the January to April 2023 net results, EUR 23.9 million related to the Constellation Stake distribution and the remaining part related to capital distribution to the previous shareholders. The capital distribution is partly replaced by the additional Tier 1 and Tier 2 capital as mentioned above. Additionally, LeasePlan also declared a dividend distribution of EUR 460.7 million related to 2022 Q3 as per the resolution of April 18, 2023.

Ratings
Following LeasePlan Corporation N.V. (LPC) becoming a wholly owned subsidiary of ALD on 22 May 2023, LPC's ratings changed as follows:

Fitch
Dec 2022: BBB+ with a positive outlook (senior unsecured long term debt rating)
Dec 2022: BBB+ with a stable outlook (IDR)
Dec 2023: A- with a stable outlook (senior unsecured long term debt rating)
Dec 2023: BBB+ with a positive outlook (IDR)

S&P
Dec 2022: BBB- with a positive outlook
Dec 2023: A- with a stable outlook

Moody's
Dec 2022: Baa1 with a positive outlook
Dec 2023: A1 with a stable outlook

For further details on ratings, please visit: https://www.ayvens.com/en-cp/investors/debt-investors/

Risk management

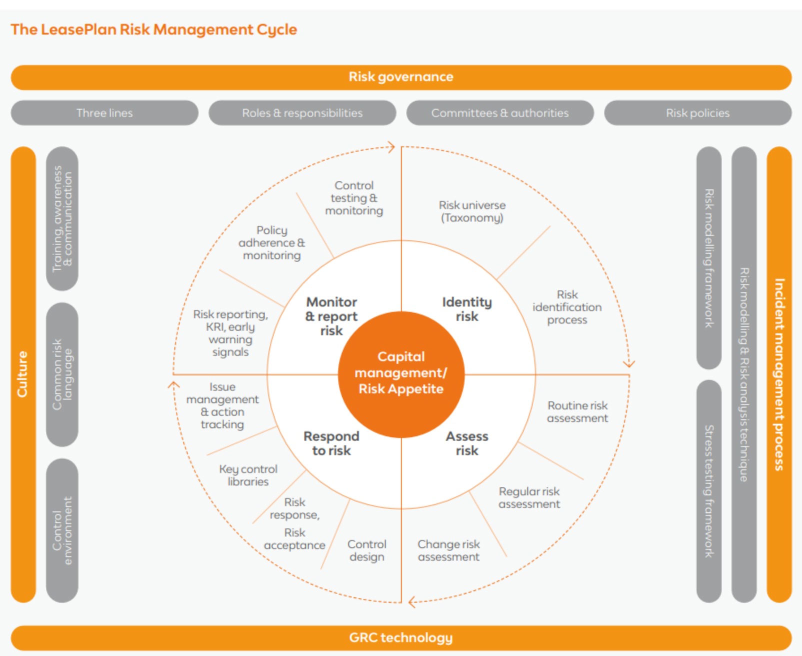
Risk Management and Compliance principles

We are committed to ensure our activities are executed within a defined Risk Management Framework that has been approved by the Managing and Supervisory Boards. LeasePlan operates a retail bank in the Netherlands and Germany to partly fund its Car-as-a-Service activities. As of 1 January 2021, LeasePlan has been classified as a significant institution and therefore falls under the direct supervisory control of the ECB. Our risk profile differs from most other financial institutions due to the nature of our business. The largest part of our portfolio consists of operationally leased vehicles, for which we bear the market price risk of used vehicles (asset risk/residual value risk).

Post the acquisition on 22 May 2023, Société Générale S.A. ("SG") and ALD became the direct majority shareholders of LeasePlan Corporation N.V. After the Acquisition, the combined ALD | LP Group has been newly branded as "Ayvens", which unites the two companies together under a single common identity. In the target state, the combined group Ayvens aims to employ a predominantly centralised approach to risk management and internal control activities. However, 2023 being a transitory year (given that the Acquisition was completed in the middle of the financial year, and that LeasePlan must continue to maintain its governance until DNO is granted, this report shall include information about the risk management framework of LeasePlan. Please note that in March 2024 the DNO was granted.

Risk Management Approach
Second line control functions (Risk & Compliance) are responsible for effective risk oversight, which is vital to our functioning as a business. Controlled and balanced risk taking, accommodated by a strong, independent risk and compliance organisation at corporate and country level, supported by clear direction from our senior management, are key elements in driving our strategy. Risk Management and Compliance are represented by the Chief Risk Officer (CRO) at Managing Board level. In addition, together with the CRO, the Chief Risk Manager (CRM), who heads the Risk Management function at central level, is a member of the Executive Committee and the Chief Compliance Officer (CCO) has a standing invitation. CRO, CRM and CCO can independently escalate any issues or topics to the Chairman of the Risk Committee of the Supervisory Board. Risk and Compliance also

have onsite representation in the different entities. LeasePlan has defined a Risk Management Framework to ensure proper identification, assessment and response to (including monitoring and disclosure of) risks to enable the organisation to make informed decisions. The Risk Charter addresses the risk governance and the risk management process, through the various components, as described in the risk management cycle.



First line local and corporate management, the local business and operational team, together with support functions are considered the first line. First line functions have ownership of the risks they initiate in performing their activities. They are responsible for taking risks, the day-to-day management of the organisation, the effectiveness of the business processes, reliable reporting, implementation and embedding of risk management practices and adherence to Group policies and standards.

The second line is represented by the Risk Management function and the Compliance function. These functions are represented centrally and locally and report to the Chief Risk Officer (CRO) at Managing Board (MB) level to ensure independence from the relevant business originating unit. The second line has full access to all departments, functions and entities across the LeasePlan Group.

Third line Group Audit is an independent, objective assurance function designed to add value and improve LeasePlan's operations by bringing a systematic and risk-based approach to evaluate the effectiveness of risk management, control, and governance processes. EBA Guidelines on Internal Governance stipulate that the Internal Audit function is responsible for the independent review of the first and second line. It also reports its findings to the Managing Board and provides quarterly updates to the Supervisory Board Audit Committee.

Risk Appetite

LeasePlan is committed to ensuring regulatory compliance and maintaining a risk profile within the set Risk Appetite by challenging and assisting the business and promoting risk awareness at all levels within the Group. The Risk Management function is responsible for defining the Risk Appetite Framework and facilitating the Group's Risk Appetite setting process. The Risk Appetite Statement (RAS) represents the overall risk LeasePlan is willing to take to achieve its strategic objectives, defined by quantitative and/ or qualitative metrics for the key risk categories. The Risk Appetite is set at least annually at Group level and cascaded to the entities post approval from Managing Board and Supervisory Board. The Managing Board, through the Group Risk Committee, monitors, reviews and challenges the actual performance against the RAS and discusses potential corrective measures on (at least) a quarterly basis.

Risk management structure
The **Enterprise Risk Management (ERM)** team oversees risk strategies and defines processes to manage enterprise risk, which includes the establishment of on appropriate risk governance, Risk Taxonomy, setting of Group Risk Appetite, risk measurements and reporting. In this capacity, ERM team acts as the owner of the integrated Risk Appetite setting process (RAS process) at Group level. ERM is responsible for defining the Risk Management Framework and Risk Appetite Framework for supporting decision-making and capital allocation.

As part of **Financial Risk Management (FRM)** there are dedicated teams that oversee four financial risk domains: Credit Risk, Asset Risk, Motor Insurance Risk and Treasury Risk. The local risk management teams at LeasePlan Treasury and LeasePlan Bank report directly to the Head of Risk.

In September 2023, as part of the restructuring plan, the first line role of the Capital Management function (which was previously within the FRM domain) was moved to Finance, and the second line role was retained within Group Risk Management. In this capacity, the first line Capital Management team determines the required amount of risk capital, monitors adequacy of available capital and supports in steering the capital requirements. The Capital Management acts as the owner of the Supervisory Review and Evaluation Process (SREP).

The **Non-Financial Risk Management (NFRM)** team oversees the operational, information, HR, legal, reliable reporting and change failure risk domains. NFRM also maintains the internal control framework and performs assessments of its effectiveness. The local risk management teams at LeasePlan Digital, LeasePlan Information Services, LeasePlan Shared Services and LeasePlan Global Procurement report directly to the Head of NFRM.

The **Risk Modelling & Analytics (RM&A)** team is responsible for the following stages of the risk model lifecycle: model development and testing, model implementation, model change management and model monitoring. RM&A is also responsible for the tasks allocated to the Credit Risk Control Unit (CRCU) as defined in Article 190(2) of Capital Requirements Regulation.

The **Model Validation** function is responsible for validating models of all risk types that exist within LeasePlan Group, as well as models within LeasePlan entities. The purpose of model validation is to ensure that the models are valid for their intended purpose. Model Validation is performed in accordance with requirements prescribed by the regulator for regulatory models and in accordance with the Model Governance Policy of LeasePlan for non-regulatory models. Model Validation is a fully independent function within LeasePlan and reports directly to the CRO.

Local Risk Management: Each entity and business unit within the LeasePlan organisation has a dedicated local risk management team with risk management expertise relevant for the particular entity or business unit. These teams oversee all relevant risks at their local entity or business unit and fulfil the primary risk control function. These teams report into the Regional and Central Risk Management function.

Overview of the Principal Risks
LeasePlan Corporation recognises twelve broad categories of key risks: asset risk, treasury risk, credit risk, motor insurance risk, operational risk, information risk, strategic risk, legal risk, compliance risk, HR Risk, reliable reporting risk and change failure risk.

Financial risks

Asset risk
The Group defines asset risk as the risk of potential losses related to decline of residual value (RV) and higher than estimated costs on repair, maintenance and tyre replacement (RMT) services. RV risk is considered the main risk and is defined as the Group's exposure to potential losses due to the market values of asset falling short of the book values. For residual value risk the Group also makes the distinction between market risks that are related to developments in the used car market and non-market risks that do not directly relate to market development. The asset risk related to RMT services is the Group's exposure to potential loss due to the total actual costs of the repair, maintenance and tyre replacement services over the entire life of the contract exceeding the total amount budgeted.

The Group has a specific policy in place with respect to asset risk management, based on principles developed under its Risk Charter. The policy describes, inter alia, the roles and responsibilities of the first and second lines of

defence with respect to asset risk management, the minimum standards for the management and mitigation of both risks related to the market and non-market related risks.

As part of the Risk Decision Framework, all Group companies have established a local risk management committee, chaired by the local risk director in which the local management team as well as all other relevant disciplines involved in asset (risk) management are represented. This committee has the responsibility of overseeing the adequate management of asset risks on behalf of the local management team. This includes but is not limited to reporting on asset risk measurements and trends in risk mitigation, market prices of used vehicles and vehicle repair, maintenance and tyre replacement results.

The Group has also established an Asset Management Committee, (AMC), which is a delegated committee of the Group Risk Committee. This committee oversees the Group's asset (risk) management practice by preparing Group-level policies, KPIs/KRIs and risk appetite boundaries, by monitoring adherence to policies and boundaries, by monitoring overall market developments, and by providing guidance on technical and contractual RV setting.

Treasury risk
Treasury risk consists of three individual risks, being liquidity risk, interest rate risk and currency risk. Liquidity risk is the risk that LeasePlan is unable to meet both expected and unexpected current and future cash flows, without affecting either daily operations or its financial condition. Interest rate risk is the risk that the profitability and shareholders' equity of the Group are affected by movements in interest rates. Currency risk is the risk that currency fluctuations have an adverse impact on the Group's capital ratios, result and shareholders' equity.

Liquidity risk
Liquidity risk is governed by the Internal Liquidity Adequacy Assessment Process (ILAAP). The ILAAP encompasses all underlying elements of liquidity risk management such as liquidity risk appetite, tolerance levels and limits, funding strategy, contingency funding plan and stress testing. The ILAAP is an ongoing process embedded within liquidity risk management, which is part of the overall risk management framework.

The Group holds a liquidity buffer to mitigate liquidity risk. The liquidity buffer consists of unencumbered cash, cash equivalents and committed facilities. Liquid assets are maintained to meet regulatory liquidity requirements at all times.

Interest rate risk
The Group accepts and offers lease contracts to clients at both fixed and floating interest rates, for various durations and in various currencies. Interest rate risk within the Group is managed separately for:

- Group entities and associates, carrying interest-bearing assets (mainly lease contracts) and funding on their balance sheet, which mainly is intercompany funding supplied by Group's central Treasury;
- Group's central Treasury, concluding external funding, external derivatives and granting intercompany loans to the Group's entities;
- LeasePlan Bank (LPB), supporting the diversified funding strategy by raising retail saving deposits.

The interest rate risk policy is to match the interest rate risk profile of the lease contract portfolio with a corresponding interest rate funding profile to minimise the interest rate risk, as measured by interest rate gap reports per Group entity. Group entities carry interest-bearing assets on their balance sheet, funded by interest-bearing liabilities (loans and other indebtedness). Where interest-bearing liabilities fall short to cover interest-bearing assets, non-interest-bearing working capital and subsidiaries' equity can cover interest-bearing assets, as part of the matched funding policy.

Currency risk
The Group's functional currency and the reporting currency for its consolidated financial statements is the Euro. However, because of its presence in a number of countries outside the Eurozone, the Group has substantial assets, liabilities, revenues and costs denominated in currencies other than the euro. The global nature of the Group's operations therefore exposes the Group to exchange rate volatility as a result of potential mismatches between the currencies in which assets and liabilities are denominated, and as a result of the translation effect on its reported earnings, cash flow and financial condition.

The Group hedges against the adverse effect of foreign currencies on LeasePlan's capital adequacy ratio by taking structural equity positions in the local entities, to match the entities' capital adequacy ratio with LeasePlan's capital adequacy ratio. LeasePlan has been compliant with the EBA Guidelines on the treatment of structural FX under article 352(2) of CRR since Q1 2022. To monitor and manage its currency risk exposure, the Group has defined triggers and limits on its structural risk exposure, in accordance with EBA Guidelines.

For Derivatives and hedge accounting, please refer to Financial Statements -Summary of material accounting policies Note D - 'Derivative financial instruments and hedge accounting'.

Credit risk

As a result of its normal business activities, the Group is exposed to credit risk, which is the risk of financial losses due to default on a debt that may arise from a borrower failing to make required payments. More generally, credit risk is the risk that the creditworthiness of a debt obligation will decline due to a change in the borrower's ability to make payments, whether that change is an actual default or an increase in the probability of default. 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 materially by the underlying value of the available asset (i.e. leased object).

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

The Group's definition of default is aligned with the regulatory definition. 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.

In August 2023 the ECB granted permission to LeasePlan to apply material changes to the three Internal Ratings Based (IRB) rating systems, Corporate, Retail NL and Retail UK. The decision was based on the ECB Internal Model Inspection performed in 2022. The new IRB models of the three IRB rating systems were changed to take into account the latest regulations and the new definition of default. The permission to apply the material changes came with two limitations. The limitations describe that for the Corporate and Retail rating systems the exposures in scope of application of the rating system the risk-weighted exposure amount (RWEA) must be floored at an amount equal to the RWEA computed in accordance with Standardised approach. The floor needs to be applied separately, for defaulted and non-defaulted exposures. This results that from September 2023 the Total Risk Exposure Amount (TREA) is based on a floored amount.

The Group has issued policies and standards which regulate the governance of the local credit risk management organisation. Group entities are required to define their credit acceptance criteria and set their limits on counterparty and concentration risks as well as the types of business and conditions thereof in local policies.

For its credit risk management, the Group distinguishes between corporate clients, retail clients, governments, banks and others. The Group's Managing Board receives authority levels from Société Générale (after May 22, 2023) and delegates these authority levels to all the Group's entities, allowing them to decide on counterparty acceptance and renewal. The authority levels are granted based on the relative size of the Group entity and the quality of credit risk management. If a requested facility exceeds the local authority level, the underwriting team of Group Risk Management, the Combined Risk and Pricing Committee, the Supervisory Board and/or Société Générale is authorised to decide on credit acceptance and renewal thereof. The Group has a custom-built web-based global credit risk management system in place to efficiently, and in accordance with granted authorities, handle and monitor credit requests and defaults.

Motor insurance risk
Motor insurance risk is the risk of financial losses, relating to vehicle insurance, sold through LeasePlan Insurance and risk retained for vehicle damage, sold as a warranty through the entities. The Group has a Policy and Standard in place, which sets out the requirements for the entities, when selling insurance or the warranty to customers. Aside from LeasePlan Insurance in Dublin, which is regulated by the Central Bank of Ireland, the Group has a number of insurance mediation and claim handling companies around Europe, which are licenced in the local countries.

Motor Insurance Risk is overseen by a central insurance risk function at LeasePlan Group level, as well as local risk directors in the countries. There is also a Motor Insurance Governance Committee, at Group Level, which monitors insurance risk and compliance across the entities and reports up to the Group Risk Committee on a quarterly basis.

Non-financial risks

Operational risk
Operational risk within LeasePlan is part of the Non-Financial Risk Management (NFRM) domain, and it involves the risk of a positive, negative or potential loss resulting from inadequate or failed internal processes, human behaviour, and systems or external incidents. Business continuity risk, intragroup arrangement risk, third party risk, transaction processing and execution risk, physical security and safety risk, internal and external fraud risk, change failure risk, information risk, legal risk, financial reporting risk, model risk, and human resources risk are classified as operational risk categories. LeasePlan has defined a Non-Financial Risk Management policy and - some of the risk categories have separate policies and standards as well. In particular, LeasePlan has defined an internal fraud policy and a fraud risk management framework to prevent, detect, investigate/handle and remediate/follow-up internal and external fraud. This policy and framework describe a structured approach based on the fraud risk cycle (i.e. fraud risk identification, assessment, mitigation, monitoring and reporting).

Fraud risk assessment
External fraud is the risk of fraud attempted or perpetrated against the organisation by an external party (i.e. a party without a direct relationship to the financial institution) without the involvement of an employee or affiliate of the organisation. It includes the risk of fraud committed by a third party/vendor, by an agent, broker or intermediary, and by an individual or group of individuals on their own account with no intention of any repayment of the loss caused. Internal fraud is the risk of fraud attempted or perpetrated by an internal party (or parties) against the organisation, i.e. an employee or affiliate of the organisation, including instances where an employee is acting in collusion with external parties. It includes the risk of fraud committed by an internal party against the organisation and the organisation's customer, or third parties.

External fraud in the shape of car theft is inherent to the leasing business and will predictably lead to financial impact that will be either priced in the leasing fee or insured. Car theft by third parties (i.e., without involvement of customer) is the most common form of external fraud at LeasePlan for example, the theft of the vehicle from the driver's home, LeasePlan's premises or public areas. In other cases, the vehicle may be picked up at the supplier's delivery point using identity theft. Customer fraud may appear in cases where the customer has difficulty to meet their payment obligations and does not return the vehicle upon LeasePlan's request. These cases are more frequent in the Small & Medium Enterprise (SME) and Private Lease (PL) segments and are influenced by unfavourable macroeconomic circumstances and times of economic crisis. Fraud with involvement of the customer and internal fraud are much less likely and have marginal impact.

Additionally, LeasePlan has defined and implemented control measures to prevent and detect fraud in general, such as access management, dual control, segregation of duties, background check / employee screening, induction programme, physical controls, performance measurement control on top 10 largest sales and monitoring of credit card expenses and salary payment procedures, among others. In particular, car theft/fraud is reduced by strengthening controls at customer onboarding and during the lifecycle of the lease (e.g., via early warnings), reinforcing the identification (e.g., via identification tool) and improving the delivery process (e.g., making suppliers aware of the risk of identity theft).

External fraud is monitored as part of LeasePlan's risk appetite indicators on a monthly basis. Lessons learned from previous fraud cases are shared across entities to ensure early detection of a new modus operandi. LeasePlan has a zero-tolerance policy towards internal fraud. LeasePlan prioritizes fostering a culture of risk awareness throughout the organization, ensuring that employees understand the significance of identifying, evaluating, and mitigating operational risks to safeguard the company's stability, resilience, reputation, and

financial well-being. LeasePlan has a Whistleblowing Policy and an whistleblowing tool in place which allows employees and related externals to report actual or suspicion of misconduct or irregularities within LeasePlan.

Information risk
Information risk is the risk of breaching confidentiality, integrity or availability of information, due to human error or misbehaviour, inadequate processes or failing technology, leading to losses, financial misstatements, reputational damage or regulatory sanctions. The first line is responsible for the implementation of policies and standards, while the second line supports secure implementation, facilitates risk management processes, and challenges first line decisions. The Non-Financial Risk Management team maintains the Information Risk Management Framework, which includes governance, policies, standards, processes, tooling, culture, Risk Taxonomy, and the (information) risk and controls matrix.

As the attack footprint and threat landscape of LeasePlan is continuously evolving, so is LeasePlan's security posture and its capabilities to identify, protect, detect, respond and recover. These capabilities are constantly optimised to reduce the likelihood and impact of key risks, such as ransomware attacks, unauthorised disclosures of data and invoice fraud/business e-mail compromise (BEC). During the reporting year there have been no significant or material information risk incidents.

Compliance risk
Compliance risk is the risk which exposes the organisation to the failure of abiding with laws, rules, regulations, standards and internal policies applicable to the organisation's business activities.

Legal risk
Legal risk is the risk of financial or reputational loss resulting from any legal issue arising in the conduct of LeasePlan's business.

HR risk
HR risk is the risk of inadequate levels of staffing, inadequate staff relations, compensation, working conditions and legislation.

Reliable reporting risk
Reliable reporting risk is the risk of failing to meet statutory reporting and tax payments/filing requirements. It also includes the risk that the organisation's financial or management reports contain material misstatements and/or are not meaningful for LeasePlan's management and stakeholders.

Change failure risk
Change failure risk is the risk of not achieving strategic goals and objectives (including growth plans, scalability, efficiency) and/or disruption of business processes as result of improper risk assessments, as well as improperly defined or communicated requirements for, or management and embedding of, change portfolios, programmes or single projects.

Financial instruments
The Group's activities are principally related to vehicle leasing and fleet management. The Group accepts and offers lease contracts to clients at both fixed and floating interest rates, for various periods and in various currencies. For a major part of the funding of the cars, the Group has entered into borrowings from external parties or issued notes to third parties. The Group seeks to balance the spread between interest rates charged in lease contracts and the interest rates paid on various borrowings and, at the same time, needs to control its exposure towards future movements in interest rates and currency exchange rates. Risk control is important to continuously meet the solvency and liquidity requirements and targets as set by the regulator and as expected by external stakeholders. The Group uses various non-derivative and derivative financial instruments to achieve that goal.

Derivatives are used to mitigate the interest rate and currency exposures associated with the funding of lease contracts. Interest rate swaps cover interest rate positions between lease contracts and borrowed funds and currency interest rate swaps cover currency exposures between lease contracts and borrowed funds.

The extent of exposure management is in line with internal risk appetite and limits determined by the Group risk management and reviewed on a regular basis.

Compliance
LeasePlan operates in a complex regulatory environment. Only by conducting our business based on high ethical standards and in compliance with applicable laws, directives and regulations can we win and retain trust and succeed in our mission. This means being able to manage LeasePlan's compliance risks; namely, those that expose the organisation to the failure of abiding by laws, rules, regulations, standards and internal policies applicable to LeasePlan's business activities.

Compliance vision
To serve as a trusted business partner and support the full integration and digitalisation of compliance in daily business activities and strategic planning. Specific objectives include:
- Employees: all employees behave with integrity
- Products and services: promises to clients, employees and other stakeholders are met
- Counterparties: LeasePlan engages in business with integrity
- Organisation: compliance by design is embedded in LeasePlan's (digital) business processes, applications and products and services

To set measurable quality goals for each project, product and process and embed compliance by design.

To use automation and artificial intelligence to proactively detect, prevent and monitor compliance- related risks and threats.

Compliance strategy
To achieve its mission and vision by acting according to the following principles:
1. Ethical: acting within the law and taking into account the seven elements of a culture of integrity as identified by the Dutch Central Bank (De Nederlandsche Bank)
2. By design: helping LeasePlan ensure compliance is a default starting point in the development of new products, services, projects etc
3. Controlled: helping LeasePlan ensure compliance with its obligations in relation to the processing of personal data and to data subjects' rights with respect to their personal data
4. Safe: helping LeasePlan secure and protect data and information as best as it can
5. Innovative: helping LeasePlan anticipate how to improve its services in alignment with becoming a fully digital Car-as-a-Service business
6. Proactive: serving as a knowledge broker by sharing information and guidance upfront with the business and its entities and by aiming to detect potential risks at an early stage
7. Transparent: helping LeasePlan explain why it made certain choices in its daily business activities and what they mean for its stakeholders
8. Demonstrable: ensuring all of the above is documented and auditable

Compliance Risk Appetite
The compliance Risk Appetite is the level of compliance-related risks that LeasePlan is willing to take in pursuit of its business objectives. The Compliance Risk appetite is reviewed and approved on a yearly basis, as part of the overall Group Risk Appetite Statement (RAS) process. Taking the Compliance Risk Appetite into account, LeasePlan aims to prevent:
- direct or indirect financial losses as a result of compliance-related breaches
- sanctions imposed by relevant authorities due to non-compliance with applicable legislation, regulation or industry best practice
- negative media coverage in local, national and/or international media due to non-compliance
- any conduct that is illegal or non-compliant with applicable legislation, regulation and/or internal policies and standards in pursuit of LeasePlan's business objectives.

Compliance structure and setup

Governance

LeasePlan's Managing Board owns the Group's compliance risks and is ultimately responsible for any business, group or strategic activity and/or decision that entails compliance risks. Every year, it submits LeasePlan's Risk Appetite in relation to compliance risks, among others, to the Supervisory Board for approval.

The Compliance function is represented on the Managing Board by the Chief Risk Officer (CRO). The CRO appoints the Chief Compliance Officer (CCO), who reports to the CRO and has direct access to the Group Risk Committee (GRC) and the Supervisory Board. The CCO is supported by the Group Compliance Office and the Group Privacy Office. In addition, the CCO reports periodically to the GRC and ensures accurate and timely reporting to the Managing Board with regard to compliance risks and their management.

There is also a Compliance function at local or regional level (per LeasePlan entity), with a permanent and dedicated Local Compliance Officer (LCO) and Local Privacy Officer (LPO) The LCO and LPO report to the CCO and to the local management.

Five pillars for compliance

The Compliance Function has five pillars, each centred around either a Compliance domain or an Operational capability (as shown in the diagram below):

Risk and compliance highlights 2023

In 2023 the Risk Management & Compliance functions continued its responsibility of the co-ordination and strengthening of the risk and compliance activities. In its capacity the functions oversaw the management and implementation of:

- Continued enhancement and roll out of the Internal Control Framework (ICF) program with a focus on the design, build and roll out of a consistent risk and compliance framework across the business. This includes rollout of key risk framework modules such as Risk and Control Self Assessments (RCSA), control testing and monitoring, issue management, and incident management throughout the organization. Risk and control libraries for various NFRM domains were implemented and recorded into standardised tool (RisCo) for execution of the RCSA across multiple entities.
- In relation to ESG risk management, the ECB Climate Risk project addressed the self assessed gaps and ECB findings on the implementation of the ECB Guide on Climate-related and Environmental risks. The final progress report and supporting evidence was shared with the Supervisor. ESG as a risk-factor was successfully included in the various Risk management and strategic processes like materiality assessment, risk appetite, stress test and strategic risk assessments.
- Since becoming a significant institution under the Single Supervisory Mechanism (SSM) in 2021, LeasePlan performed an extensive self-assessment on its maturity level of compliance with applicable banking regulations. To address the enhanced expectations, LeasePlan set up the ECB Migration Programme for which significant resources have been mobilised. By the end of 2023, LeasePlan made significant progress in meeting these enhanced expectations. The vast majority of the identified improvement areas have been successfully remediated and LeasePlan entities and functions have adopted, or, in a few individual areas, are in the process of adopting, these enhanced expectations into their day-to-day activities. The remaining efforts on individual improvement areas will continue in 2024 in alignment and part of the ongoing integration processes.
- The Risk and Compliance functions made good progress on the preparation for the integration pursuant to the acquisition by ALD. New or adjusted policies were adopted and implemented. Further the SG Code of Conduct was rolled out to and adopted by LeasePLan employees.

- LeasePlan maintains a solid platform of diversified funding sources that include financing through securitisation, bank credit lines, funding from ALD and its online savings bank in the Netherlands and Germany. With this as an underlying strategy, LeasePlan ensures the availability of funding to meet its ongoing liquidity needs and match its asset profile. LeasePlan's liquidity position complies with CRR/CRD IV requirements in accordance with CRR article 431.3 and EBA Regulatory disclosure guidelines.

For further overview of our Risk Management Framework, including details on key risks inherent to our business activities, please refer to the Financial Risk Management section of the financial statements.

Risk uncertainties

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

- Beyond the expected evolution of LeasePlan's human resources, the Ayvens Group (LeasePlan and ALD) may face difficulties in retaining some of its own or LeasePlan's key employees due to uncertainties about or dissatisfaction with their new roles in the integrated organization following the acquisition. As part of the integration process, the Ayvens Group will have to address issues inherent to the management and integration of a greater number of employees with distinct backgrounds, profiles, compensation structures and cultures, which could lead to disruption in its ability to run its operations as intended and therefore adversely affect its ability to meet its objectives. The successful integration of LeasePlan will require, a significant amount of management time and, thus, may impair management's ability to run the business effectively and to seize strategic opportunities during the integration period.
- More generally, the organisation of the Ayvens Group following the completion of the acquisition and the reorganization operations that may be implemented in order to streamline the organisation of the combined group and facilitate the combination of the activities of the Ayvens Group and LeasePlan may give rise to tax inefficiencies and/or additional tax costs (for example, tax costs related to the reorganizations that would be implemented in order to facilitate the integration, the inability to implement or delay in implementing local tax consolidations between the Ayvens Group and LeasePlan entities in certain countries, transfer pricing policies, etc.). These various factors could lead to an increase in the Ayvens Group's tax expenses and have a material adverse effect on its effective tax rate, its results, and/or its financial position.
- In its ordinary course of business, LeasePlan is a party to joint ventures, supply and customer contracts and other instruments some of which contain change of control clauses or similar provisions. Although LeasePlan has undertaken in the Framework Agreement to use its reasonable endeavours to obtain as soon as practicable, and in any event prior to the completion of the acquisition, an unconditional waiver to any change of control provision or other similar provisions granting a counterparty termination rights that may be triggered by the completion of the acquisition with respect to 6 material financing, licensing or partnership/commercial agreements identified in the Framework Agreement, and to comply with any notification obligation under certain other agreements listed therein, the completion in full of such actions prior to the closing of the acquisition does not constitute a condition precedent under the Framework Agreement.
- LeasePlan is exposed to fluctuations in the used-vehicle market. In recent years, resale values of used vehicles have been exceptionally high, contributing to strong results. During 2023, we have observed a downward trend, as supply is again meeting the demand for used vehicles and new production is recuperating, with resale values still remaining above pre-Covid levels. The changing mobility landscape, increasing pressure to transition away from ICE vehicles and fluctuations in new prices for BEVs cause uncertainty regarding the future development of resale values for used vehicles, both for ICE and (PH)EV. Significant drops in resale values may therefore impact the financial results of the company.

Sustainability strategy

PowerUp 2026

LeasePlan's parent company ALD announced its "PowerUp 2026" strategic plan on 18 September 2023 following the closing of the LeasePlan acquisition on 22 May 2023, which established the Group's leadership position in the mobility sector, well ahead of the ambitions stated in the previous strategic plan, "Move 2025". LeasePlan's parent will leverage on the power of leadership to shape the future of mobility and achieve excellence, by executing a strategic plan articulated around 4 priorities:

- Clients
- Operational efficiency
- Responsibility
- Profitability

For further details on PowerUp 2026 as well as the Sustainability strategy, we refer to the ALD Annual report (Universal Registration Document) 2023. Chapter 5 of the Universal Registration Document is dedicated to Extra-Financial Performance and provides a full report of strategic pillars, action plans and related metrics for both LeasePlan and ALD.

Climate & Environment Risk Management framework

The sustainability strategy has been strengthened over the past years to better understand and mitigate the group's climate-related and environmental risks. Climate-related and environmental risks (C&E risks) are considered as an integral part of the domains where they may materialise. In 2023 LeasePlan finalized the integration of the supervisory requirements on climate-related and environmental risks in its internal control framework and continues, as in previous years, to disclose on its practices in the C&E Risk Disclosures.

For further details please refer to the LeasePlan Climate-related and Environmental Risk Disclosures report. This document elaborates on the C&E Risk disclosures for LeasePlan and its efforts of 2023 to further integrate C&E into the Risk Management Framework. The achievements of 2023 are building on the work performed in 2022 and are the continuation of LeasePlan's commitment to be compliant with the ECB Guide on Climate-related and Environmental Risks.

Values and ethics

LeasePlan recognises that the trust and confidence of our stakeholders is crucial to our success. Only by conducting our business according to our ethical standards can we win and retain that trust, and succeed in our mission.

Our employees apply high standards in their personal conduct and in their day-to-day business decisions. Our values and ethics are defined in the Code of Conduct (https://www.ayvens.com/en-cp/conduct-and-ethical-principals/), which also explains the way in which we deal with each other, customers, suppliers, society at large, government authorities, regulators, investors and business partners. We work to ensure our values and ethics are embedded in our behaviour, processes and actions.

Human rights

LeasePlan recognises that human rights are fundamental and universal. We respect human rights, in the workplace and in our supply chain, as described in the United Nations' Universal Declaration of Human Rights and the principles of the International Labour Organization. We avoid being complicit in human rights abuses of any kind, and condemn the use of forced labour, compulsory labour and child labour. Respect for human rights is also a key feature of both the LeasePlan Code of Conduct and the Supplier commitments within the Sustainable Procurement Charter (https://www.ayvens.com/en-cp/sustainability/our-esg-commitments/). Respect for human rights is embedded in our Code of Conduct which all employees are required to review and confirm annually. Furthermore, a whistleblower mechanism is in place for all employees and trusted persons are available in every entity.

LeasePlan's Group Remuneration Framework

LeasePlan shall continue to ensure that its remuneration policies and practices (including its pension provision) are consistent with and promote sound and effective risk management, including compliance risk management, and in line with its business strategy, objectives, values, and long-term interests. The Remuneration Framework is reviewed by the Remuneration Committee and approved by the Supervisory Board of LeasePlan on an annual basis.

The Group Remuneration Framework is designed to provide appropriate, restrained and sustainable remuneration for all employees in support of LeasePlan's long-term strategy, Risk Appetite, objectives and values. The framework takes into account LeasePlan's strategy and long-term interest with due observance of the international context in which LeasePlan operates together with public acceptance. In drafting the remuneration report, LeasePlan has been advised by Stibbe and WTW.

The framework applies globally to all entities, including entities over which LeasePlan effectively has control, and staff members within LeasePlan, including the Managing Board. It includes i) remuneration principles and their governance applicable to all staff and ii) specific details about the remuneration structure of the Identified Staff, i.e., staff considered to have a material impact on LeasePlan's risk profile.

To ensure our approach to remuneration is aligned with societal expectations, we have an ongoing dialogue with our stakeholders about the issues that are important to them, strengthening the link between performance and remuneration outcomes. One topic gaining increasing prominence in these stakeholder dialogues is LeasePlan's ESG activities, which is why we have taken steps to tie the performance assessment of LeasePlan's Managing Board to our most important ESG topics.

Design principles

Considering LeasePlan's strategy and Risk Appetite, the following principles have been considered in the design of the framework.

- **Merit-based** Fixed and variable remuneration will be used to align individual performance with both short- and long-term corporate strategy and objectives;
- **Attraction and retention** Remuneration will be set at a level to attract and retain talented and qualified employees within the Group;
- **Collaboration** The remuneration structure and performance metrics should encourage a cohesive culture, encourage teamwork and establish a common approach to drive company success;
- **Ownership** The remuneration policy should support an ownership culture by providing for a remuneration package that is focused on achieving sustainable financial results, is aligned with the longer-term strategy and shall foster alignment of interests of management and other staff with shareholders
- **Sound and effective risk management** The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level considered acceptable to LeasePlan's Risk Appetite.

Remuneration requirements

The following remuneration requirements apply to all staff:

- Fixed and variable remuneration will, in general, be set at the median of the relevant market, assuming a comparable split between fixed and variable remuneration • Fixed remuneration for an individual employee will take into account skills, experience and individual performance and will be reviewed regularly, typically on an annual basis
- Variable remuneration plans for all employees will be objective, measurable and linked to individual, company/entity and Group performance as appropriate. Plans will support both short and long-term objectives of LeasePlan as appropriate and consist of at most 50% financial and at least 50% non-financial performance objectives
- Variable remuneration cannot exceed 100% of fixed remuneration. For staff who are employed by one of the Dutch operating companies this maximum is further capped at 20%
- Pension schemes are recognised in accordance with the applicable accounting standards. LeasePlan does not award discretionary pension benefits as part of the variable remuneration
- Other benefits for staff are provided in line with market practice

- Severance payments do not provide for disproportionate reward, but for an appropriate compensation of the staff member in cases of early termination of the contract. For LeasePlan's daily policymakers severance payments are capped at 100% of the annual fixed remuneration
- Clawback and malus provisions are applicable to all variable remuneration awarded

Remuneration of Identified Staff

Annually a review is conducted to ensure the correct jobs are flagged as Identified Staff. This review is done on the basis of the requirements under article 94(2) of CRD as amended by Directive (EU) 2019/878.

In addition to the remuneration requirements applicable to all staff, for Identified Staff the following key elements of the variable remuneration apply:

- Variable remuneration awards for Identified Staff positions will be reviewed by the Managing Board and subject to approval of the Supervisory Board
- Performance indicators used for determining variable remuneration (both the financial and non-financial) have an 'on target' and 'maximum' score
- In principle the maximum total at-target level of variable remuneration for Identified Staff is set at 50% of the annual fixed remuneration with stretched levels per function level but in no case exceeding 100% of the annual fixed remuneration in case of outperformance. In case of underperformance the variable remuneration is set at nil
- Variable remuneration is capped at 50% for the following Identified Staff: heads of Risk Management, Compliance and Audit
- The relationship between fixed and variable remuneration will be carefully considered, with a sufficiently high fixed component so as to avoid excessive risk taking in order to achieve the variable remuneration elements
- Variable remuneration for Identified Staff consists of cash (at most 50%) and non-cash instruments (at least 50%). The non-cash element of variable remuneration consists of Phantom Share Units (PSUs). Following the sale of LP Group to ALD, the value of the PSU is linked to the share value of ALD.
- A minimum 40% deferral is applied to the total annual variable remuneration (both cash and PSUs), with a progressive ratio depending on the level of variable remuneration. The maximum deferral percentage is capped at 70%. The total variable remuneration will be deferred for a period of four years whereby annual vesting is applied. The four-year vesting period is in accordance with the business cycle, the nature of activities and the associated risks
- After vesting, an additional holding period of one year applies to all vested PSUs, after which the PSUs are paid out in cash
- For Identified Staff, the Variable Pay Plan is proposed by the Managing Board and approved by the Supervisory Board in line with the Remuneration Framework
- For variable remuneration that deviates from the Framework, approval is required by the Supervisory Board.

Remuneration of the Managing Board

In addition to the general remuneration principles applicable to all staff and Identified Staff, for the Managing Board the following principles apply:

- Variable remuneration plans for the Managing Board will be determined by the Supervisory Board in line with the remuneration policy of the Managing Board and the Remuneration Framework
- Managing Board members are appointed for a maximum duration of four years
- A minimum 60% deferral is applied to the total annual variable remuneration (both cash and PSUs), with a progressive ratio depending on the level of variable remuneration. The maximum deferral percentage is capped at 70%. The total variable remuneration will be deferred for a period of five years whereby annual vesting is applied.
- For the Managing Board at least 50% of variable remuneration will be paid in the form of PSUs
- Managing Board members in principle fully participate in LeasePlan's pension scheme. Where the applicable retirement age ('pensioengerechtigde leeftijd') is however reached during the appointment period, a fixed gross allowance of 18.7% over the gross annual salary is paid
- Managing Board members are entitled to a net expense allowance of maximum EUR 550 on a monthly basis.

Summary of terms and conditions of the Managing Board

In addition to the general remuneration principles applicable to the Managing Board the following terms and conditions apply:

- A notice period of three months in case of voluntary resignation by a Managing Board member and six months in case of termination by the employer applies
- In line with the Dutch Banking Code, the remuneration positioning of the Managing Board will, in general, be set just below the median of the relevant market
- Managing Board members are entitled to other benefits such as a company car as per the applicable car policy of LeasePlan or a mobility allowance, statutory holiday entitlements, reimbursement schemes, (discount on) company fitness, periodic health checks etc.
- No Managing Board member is entitled to be paid a severance payment upon termination of the Managing Board member's appointment, that exceeds 1x gross annual base salary in the preceding financial year. No severance is paid in case of early resignation at the initiative of the Managing Board member. All termination payments comply with the company's contractual, legal and regulatory requirements and are made in such a way as to ensure they do not reward failure or misconduct and reflect performance over time.
- Managing Board members who are expatriated to the Netherlands are entitled to compensation of costs related to housing and other expatriate-related expense reimbursement as per the applicable policy
- The Managing Board member may participate in a retention programme where it is focused on retaining the specific Managing Board member, subject to applicable legislation and the conditions as set out in the Remuneration Framework. Retention pay classifies as variable income.
- When hiring a new Managing Board member, a Sign-On and/or Buy-out award can be provided.

Risk adjustment

The variable remuneration of Identified Staff is subject to a possible downward adjustment, which is risk related. Herewith LeasePlan ensures that variable remuneration is fully aligned with the risks undertaken. This is implemented through the ex-ante risk adjustment process and the ex-post risk adjustment process. The ex-ante risk adjustment takes place directly after the performance year, and ex-post risk adjustment takes place before the deferred payments are released to the Identified Staff in future years or earlier in case of a triggering event. In the risk adjustment processes, all relevant risk categories are covered in a balanced way. Depending on the character of the risk categories, the risk adjustment conclusions are based on quantitative risk indicators and/or judgement of the Risk Management function, related to experience and expertise.

Remuneration governance

The remuneration governance within LeasePlan is as follows:

Corporate governance

The remuneration report sets out LeasePlan's remuneration policy, as laid down in the Group Remuneration Framework, which is in accordance with all relevant legal requirements and guidelines, including the Banking Code, the Regulation on Sound Remuneration Policies pursuant to the Financial Supervision Act 2014, the Dutch Act on Remuneration Policies for Financial Enterprises (the WBFO) and Book 2 of the Dutch Civil Code (DCC). The following corporate bodies and functions within LeasePlan are involved in remuneration governance: the Managing Board, the Supervisory Board, the Remuneration Committee, Human Resources ('People & Performance, or, P&P'), and the control functions Risk Management, Compliance and Audit (jointly referred to as the Control Functions).

The Supervisory Board advised by the Remuneration Committee

The main responsibilities of the Supervisory Board advised by the Remuneration Committee as stated in the Remuneration Framework are the following:

- Approving the selection of Identified Staff on an annual basis
- Approving the financial and non-financial performance indicators and targets for Identified Staff
- Reviewing and approving significant severance payments for Identified Staff
- The structure and the level of all remuneration and performance assessment of the members of the Managing Board
- Overseeing remuneration of Identified Staff including Heads of Control Functions
- Approving the principles underlying the Remuneration Framework for the company and its Group companies, as applicable, which includes provisions on retention, exit and welcome packages

- Approving and overseeing the Remuneration Framework's design and operation, as well as a central and independent review of the remuneration policies and practices on an annual basis
- Deciding on items prepared by the Remuneration Committee of the Supervisory Board

In order to support sound decision-making, external advice may be sought by the (Remuneration Committee of the) Supervisory Board. During the 2023 Remuneration Committee meetings among other things, the following topics were discussed:

- Regulatory updates;
- Selected Identified Staff positions;
- Variable remuneration performance indicators and targets;
- Remuneration of the Managing Board;
- Ex-ante risk assessment and ex-post risk assessment

The Managing Board

The main responsibilities of the Managing Board concerning the Framework are the following:

- Adopting the Remuneration Framework
- Determining the criteria on the basis of which the Identified Staff are selected
- Proposing the Identified Staff group
- Determining fixed and variable remuneration levels/payments including the application of ex-ante and ex-post risk measures for Identified Staff (excluding those of Managing Board members and Heads of Control Functions)
- Determining fixed and variable remuneration levels/payments for Other Management, not being Identified Staff
- Setting the financial, commercial and non-financial and personal targets (as applicable) for Identified Staff and Other Management, not being Identified Staff (excluding those of Managing Board members)

Control Functions

In line with remuneration regulations, the Control Functions Risk, Compliance and Audit review and monitor the execution of the Framework together with the People & Performance department.

Performance indicators and targets

Global performance indicators are set by the (Remuneration Committee of the) Supervisory Board for the Identified Staff on an annual basis. The indicators, which need to comply with relevant remuneration regulations, are set to support the achievement of the long-term strategy of LeasePlan and consider the interests of all relevant stakeholders.

After the performance year the performance achievement of the Identified Staff is reviewed by People & Performance. Separately, the Control Functions Risk and Compliance perform an ex-ante risk analysis and report their findings to the (Remuneration Committee of the) Supervisory Board.

In case of deferred variable remuneration, the ultimate payment is also subject to an ex-post risk analysis, as performed by the Control Functions Risk and Compliance and subject to approval by the (Remuneration Committee of the) Supervisory Board. The extent to which the targets have been achieved by each individual Identified Staff member is ultimately determined and approved by the (Remuneration Committee of the) Supervisory Board after the end of each performance period.

Performance indicators

The table below provides an overview of the global performance indicators that are derived from LeasePlan's business strategy for performance year 2023:

Strategy in 2023	Our goal was to maintain the strength and resilience of the business, while delivering portfolio growth			
KPIs pre-closing period 2023·	Financial		Non-financial	
Target	Net result	Cost/Income Ratio	Weighted Fleet Growth	Net Promoter Score (NPS)
All targets as% of variable remuneration for Managing Board..	20%	5%	20%	5%

· To determine the individual performance of Managing Board members, specific individual performance indicators have been set and are evaluated for performance year 2023

·· Individual performance can reduce or increase the variable remuneration

Strategy in 2023	Our goal was to maintain the strength and resilience of the business, while delivering portfolio growth					
KPIs post-closing period 2023·	Financial			Non-financial		
Target	Net result	Cost/Income Ratio	Overheads	Funded Fleet	Share of EVs in deliveries	Individual Goals
All targets as% of variable remuneration for Managing Board..	10%	10%	20%	20%	10%	30%

The pre-closing period mentioned above is the period before the acquisition of LeasePlan by ALD (from 1 January 2023 to 22 May 2023). The post-closing period relates to the period after the acquisition of LeasePlan by ALD (from 23 May 2023 to 31 December 2023).

For all performance indicators, a threshold and stretch level is defined. In addition, for all non-financial performance indicators a financial threshold applies. Where appropriate, more specific and personal performance indicators may apply for certain Identified Staff positions.

The performance indicators for Control Functions may not create a conflict of interest and the function holders are remunerated on the basis of the achievement of non-financial Group objectives and non-financial performance indicators relevant to their position.

Execution in 2023

In 2023, the Remuneration Framework remains aligned with European Banking Authority Guidelines on sound remuneration policies, organisational changes and LeasePlan's corporate strategy.

In 2023 there was no claw-back or hold back of variable remuneration previously allocated.
For 2024, the Remuneration Framework will be reviewed and where required updated to ensure compliance with regulatory requirements and alignment with the corporate strategy going forward.

Remuneration disclosures

In line with article 450 Capital Requirements Regulation, the following table summarises i) the total amount of aggregated variable remuneration expenses for the year 2023 and ii) the number of individuals employed by LeasePlan who received a total remuneration of more than EUR 1 million.

- Total aggregated variable remuneration expenses for all staff within LeasePlan globally: EUR 75 million
- Number of individuals that received (i.e. were awarded) more than EUR 1 million of total remuneration: 10 head office employees.

More remuneration information can be found in:

- Note 6 of the consolidated Financial Statements as included in the Annual Report: Staff expenses
- Note 28 of the consolidated Financial Statements as included in the Annual Report: Trade and other payables and deferred income
- Note 38 of the consolidated Financial Statements as included in the Annual Report: Related parties which includes Managing Board and Supervisory Board remuneration
- Pillar III report, remuneration section, as published from time to time

Governance

We believe that a robust infrastructure supported by the right culture, values and behaviours, both at the top and throughout the entire organisation, is an imperative. A well-defined and well-structured corporate governance structure ensures good long-term relationships within the organisation, with internal and external stakeholders and with society at large.

LeasePlan is incorporated under the laws of the Netherlands. Its head office is in Amsterdam, the Netherlands as well as its statutory seat. LeasePlan operates in 25 countries across the globe. These operations are conducted through various local LeasePlan companies. The full list of subsidiaries and participating interests referred to in article 2:414 of the Dutch Civil Code is included in the "Other information" section of this Annual report. During 2023, several changes took place in the legal group structure, including the sale of the Luxembourg, Finland and Czech Republic subsidiaries and the classification of the subsidiary Russia as held-for-sale, as well as the acquisition of 80% of the shares in NF Fleet in Norway.

Supervision

In addition to an effective global corporate governance infrastructure, LeasePlan is subject to supervision by competent supervisory authorities worldwide with whom it is constantly engaged in discussions and assessments. In the Netherlands, LeasePlan is supervised by, among others, the Dutch Authority for the Financial Markets (AFM). As LeasePlan's balance sheet total of €30 billion on the regulatory consolidated level has been surpassed, LeasePlan qualifies as a significant institution and, as a result, LeasePlan is regulated by the ECB.

Several other LeasePlan companies are supervised by relevant local supervisory authorities. In Ireland, where LeasePlan Insurance is located, the Central Bank of Ireland (CBI) supervises the insurance activities of the company.

Applicable laws and codes

As of 21 March 2016, LeasePlan applies the provisions of the full large company regime (volledig structuurregime). Additionally, we are subject to certain EU legislation including, among others, the Capital Requirements Directive (CRD) and the Capital Requirements Regulation (CRR), which has an impact on the regulation of our businesses in the European Union, and the regulations and supervision by local supervisory authorities of the various countries in which we do business.

As LeasePlan is not a listed entity, we are not subject to the Dutch Corporate Governance Code (Code). However, we view the Code as a reference point for good corporate governance practices and therefore apply certain principles and best practice provisions of the Code, placing more emphasis on long-term value creation and risk management as a benchmark for assessing any further improvements to our governance framework and policies.

As part of its diversified funding strategy, LeasePlan obtains funds from savings deposits in the Netherlands and Germany through LeasePlan Bank. It has a banking licence pursuant to which it is obliged to comply with banking regulations such as the CRD, the CRR and the Banking Code. This covers areas such as governance, remuneration, audit and risk management. On an annual basis, we are obliged to disclose information on how we have complied with the Banking Code in practice.

More information about our corporate governance, such as on our Code of Conduct, Supplier Code of Conduct, compliance with the Banking Code and our Articles of Association, can be found on our website: www.ayvens.com/en-cp.

Governance structure
LeasePlan is governed by a two-tier board comprising a Supervisory Board and a Managing Board. LeasePlan also has an Executive Committee which comprises members of the Managing Board as well as LeasePlan's Group Regional Directors and certain senior functional directors. The Executive Committee ensures LeasePlan's businesses, countries and functions are properly represented in the decision-making process, to strengthen the company's ability to develop and execute its strategy.

The Supervisory Board, the Managing Board and the Executive Committee perform their duties and powers as laid down in the relevant laws, rules, regulations and our Articles of Association.

Supervisory Board
The Supervisory Board is responsible for supervising the Managing Board, the Executive Committee and the general course of affairs of LeasePlan and its Group companies.

As a result of the acquisition of LeasePlan by ALD, Jos Streppel (Chair), Stefan Orlowski and Eric-Jan Vink stepped down as members of the LeasePlan Supervisory Board. Tim Albertsen, Chief Executive Officer of ALD is appointed Chair of the Supervisory Board, Odile de Saivre, Chief Executive Officer of Société Générale Equipment Finance, is appointed Vice-chair, Hélène Crinquant, Chief Administrative and Governance Officer of Société Générale, is appointed Member of the Board. Steven van Schilfgaarde, Herta von Stiegel and Paul Scholten remain Independent Members of the Board.

LeasePlan believes that the Supervisory Board has sufficient diversity in the background, knowledge and expertise of the individual members to warrant proper supervision of the overall management of the Group by the Managing Board.

Managing Board and Executive Committee
The Managing Board is entrusted with the overall management of the company and its business. The Executive Committee is responsible for the operational management of the company and its business. The Managing Board's responsibility is, inter alia, setting the overall strategy to ensure the company creates value over the short, medium and long term, and that this is supported by the overall business approach and policies of LeasePlan and its Group companies.

The Managing Board is well aware of the need to ensure its actions are consistent with LeasePlan's culture, ethics and values, and of the positive effects this has for the rest of the organisation. Moreover, the Managing Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities.

The Managing Board is responsible for adhering to suitable accounting policies and applying them on a consistent basis and making judgements and estimates that are prudent and responsible. It is also responsible for establishing and maintaining internal procedures to ensure it is informed of all major information, to ensure the timeliness, completeness and accuracy of external financial reporting. This means the Managing Board is responsible for the system of internal control that is designed to safeguard controlled and sound business operations and ensure the quality of internal and external reporting, and compliance with applicable laws, regulations and codes of conduct.

In devising internal controls, LeasePlan has taken into account the nature and extent of the risks that may affect the soundness of the entire enterprise, the likelihood of risks occurring and the cost of control.

The entire Managing Board, consisting of Tex Gunning, CEO since 2016, Toine van Doremalen, CFO since 2020, Jochen Sutor, CRO since 2020 stepped down after the acquisition of LeasePlan by ALD.

Starting 23 May 2023 and as at 31 December 2023, LeasePlan's Managing board consists of the following members:

- Chief Executive Officer: Laurent Saucié
- Deputy Chief Executive Officer: Berno Kleinherenbrink
- Chief Financial Officer: Marc Dierckx
- Chief Risk Officer: Fred Weenig

As at 31 December 2023, the Executive Committee consisted of the Managing Board, as well as Michel Alsemgeest (Chief Digital and Information Officer), Liza Hoesbergen (Chief Legal & Corporate Affairs Officer ,and Company Secretary), Miel Horsten (Chief Operating Officer, supervising Service & Operations, Procurement and Insurance), Roderick Jorna (Chief People Officer), Annie Pin (Chief Commercial Officer), Christophe Cirier (SVP Risk Management), Guillaume de Léobardy (Chief Remarketing Officer & Group Regional Director), Gilles Bellemère (Country Managing Director & Group Regional Director), Martin Koessler (Group Regional Director), Jeroen Kruisweg (Group Regional Director) and Philippos Zagorianakos (Group Regional Director).

The Chief Compliance Officer and the SVP Audit have a standing invitation to attend the meetings of the Executive Committee and have access to the meeting documents. The division of tasks within the Managing Board and the Executive Committee is determined by the Managing Board, within the limits of applicable law and regulations, and has been approved by the Supervisory Board. The members of the Managing Board and Executive Committee are fully supported in performing their duties by the advice and services provided by a mixed and diverse management team. LeasePlan operates a lifelong learning programme for the members of the Managing Board, the Executive Committee and the Supervisory Board. The various training sessions are conducted by both internal and external experts.

Diversity

LeasePlan is committed to attracting and retaining the finest talent as this ensures top business performance and delivers a competitive advantage. We recruit from a wide range of backgrounds, including cultural, national, racial, social and professional backgrounds as this allows us to meet the needs of our customers, while providing us with valuable knowledge for understanding complex markets.

Taking into account the above, LeasePlan aims to have at least 30% females and 30% males in its Supervisory Board, Managing Board and Executive Committee and operates a formal policy to this end. This means that every time a position within either the Managing Board, Executive Committee or Supervisory Board becomes vacant, the gender diversity aspect will be taken into account during the procedure of selection and appointment of the candidates.

At 31 December 2023, 50% of LeasePlan's Supervisory Board and 13% of LeasePlan's Executive Committee was female. There are currently no female members of the Managing Board. Going forward, LeasePlan will continue to strive for an equal division of gender, among others, by considering and taking into account this aim when appointing or nominating individuals for appointment to the Managing Board, Executive Committee and Supervisory Board respectively.

Statement of the Managing Board

The members of the Management Board, as required by section 5:25c, paragraph 2, under c of the Dutch Act on Financial Supervision, confirm that to the best of their knowledge:

- The 2023 financial statements included in this Annual Report give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The management report included in this Annual Report gives a true and fair view of the position of the Company and the undertakings included in the consolidation taken as a whole as of December 31, 2023, and of the development and performance of the business for the financial year then ended.
- The management report includes a description of the principal risks and uncertainties that the Company faces.

Amsterdam, the Netherlands
3 May 2024

Laurent Saucié,
Berno Kleinherenbrink
Marc Dierckx
Fred Weenig

Consolidated financial statements

Consolidated statement of profit or loss

For the year ended 31 December

In thousands of euros	Note	2023	2022*
Operating lease income		4,397,349	3,905,782
Finance lease and Other interest income		320,025	158,394
Additional services income		2,512,347	2,331,234
Vehicle sales and End of contract fees		3,881,371	3,287,842
Revenues	4	**11,111,092**	**9,683,253**
Depreciation cars		2,806,143	2,604,314
Finance cost		733,846	294,076
Unrealised (gains)/losses on financial instruments	16	276,986	-235,755
Impairment charges on loans and receivables	5	25,960	13,637
Lease cost		3,842,935	2,676,271
Additional services cost		1,649,905	1,513,461
Vehicle and Disposal cost		3,696,446	2,694,727
Direct cost of revenues	4	**9,189,286**	**6,884,459**
Lease services		874,439	1,387,905
Additional services		862,442	817,773
Profit/Loss on disposal of vehicles and End of contract fees		184,925	593,115
Gross profit	4	**1,921,807**	**2,798,793**
Staff expenses	6	630,385	597,873
Other operating expenses	7	350,897	265,289
Other depreciation and amortisation	8	358,949	91,830
Total operating expenses		**1,340,231**	**954,992**
Share of profit of investments accounted for using the equity method	23	6,671	6,182
Other income	9	25,807	-50,649
Profit before tax		**614,054**	**1,799,335**
Income tax expenses	10	203,369	425,287
Net result from continuing operations		410,685	1,374,048
Net result from discontinued operations	11	31,900	561,344
Net result for the period		**442,585**	**1,935,392**
Attributable to:			
Equity holders of parent		375,762	1,898,512
Holders of AT1 capital securities		66,673	36,880
Non-controlling interest		149	-

*Comparative information has been restated due to discontinued operations. See note 11 Discontinued operations.

Consolidated statement of comprehensive income

For the year ended 31 December

In thousands of euros	Note	2023	2022
Net result		**442,585**	**1,935,392**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit reserve, before tax	33	−4,724	11,555
Income tax on post-employment benefit reserve	10	1,128	−3,032
Subtotal changes in post-employment benefit reserve, net of income tax		**−3,596**	**8,523**
Items that may be reclassified to profit or loss			
Exchange rate differences	33	−164,404	−66,508
Other comprehensive income		37	–
Other comprehensive income, net of income tax		**−167,963**	**−57,985**
Total comprehensive income for the year		**274,622**	**1,877,407**
Comprehensive income attributable to:			
Owners of the parent		207,762	1,840,527
Holders of AT1 capital securities		66,673	36,880
Non-controlling interest		186	–

Comprehensive income attributable to owners of the parent arises from:			
Continuing operations		174,505	1,292,857
Discontinued operations		33,257	547,670

Consolidated statement of financial position

As at 31 December

In thousands of euros	Note	2023	2022
Assets			
Cash and balances at central banks	13	3,535,583	7,117,329
Investments in equity and debt securities	14	119,756	123,141
Receivables from financial institutions	15	1,060,284	887,511
Derivative financial instruments	16	313,252	545,140
Other receivables and prepayments	17	1,547,878	1,260,822
Inventories	18	337,831	265,049
Lease receivables from clients	20	2,298,080	2,045,230
Property and equipment under operating lease, rental fleet and vehicles available for lease	21	23,216,219	20,150,395
Other property and equipment	22	210,802	240,714
Loans to investments accounted for using the equity method	19	39,500	110,500
Investments accounted for using the equity method	24	18,204	18,421
Intangible assets	23	313,409	465,881
Corporate income tax receivable		35,370	27,124
Deferred tax asset	25	170,840	137,821
Assets classified as held-for-sale	26	30,675	1,125,167
Total assets		**33,247,683**	**34,520,246**

Consolidated statement of financial position - *continued*

As at 31 December

In thousands of euros	Note	2023	2022
Liabilities			
Trade and other payables and Deferred income	28	2,791,134	3,642,060
Borrowings from financial institutions	29	2,980,623	3,032,320
Derivative financial instruments	16	510,785	549,831
Funds entrusted	27	11,752,919	10,852,278
Debt securities issued	30	7,261,653	9,055,215
Provisions	31	734,566	622,418
Corporate income tax payable		51,497	45,307
Loans from related parties	38	1,617,613	–
Lease liabilities	22	148,009	168,805
Subordinated loans	38	750,000	–
Deferred tax liabilities	25	503,004	473,165
Liabilities classified as held-for-sale	26	8,891	510,636
Total liabilities		**29,110,694**	**28,952,035**
Equity			
Share capital	32	71,586	71,586
Share premium	32	506,398	506,398
Other reserves	33	–50,864	–63,622
Retained earnings	34	2,579,819	4,555,912
Equity of owners of the parent		**3,106,939**	**5,070,273**
AT1 capital securities	35	497,919	497,937
AT1 capital - securities - parent	35	529,812	–
Non-controlling interest	36	2,320	–
Total equity		**4,136,988**	**5,568,210**
Total equity and liabilities		**33,247,683**	**34,520,246**

Consolidated statement of changes in equity

in thousands of euros	Share capital	Share premium	Other reserves	Retained earnings	Equity of owners of the parent	AT1 capital securities	AT1 capital - securities - parent	Non-controlling interest	Total equity
Balance as at 1 January 2022	**71,586**	**506,398**	**-147,872**	**3,851,843**	**4,281,955**	**497,937**	**–**	**–**	**4,779,892**
Restatement due to hyperinflation	–	–	142,234	–	142,234	–	–	–	142,234
Balance as at 1 January 2022	**71,586**	**506,398**	**-5,638**	**3,851,843**	**4,424,189**	**497,937**	**–**	**–**	**4,922,126**
Net result	–	–	–	1,935,392	1,935,392	–	–	–	1,935,392
Transfer - accrued interest on AT1 capital securities	–	–	–	-36,880	-36,880	36,880	–	–	–
Other comprehensive income	–	–	-57,985	–	-57,985	–	–	–	-57,985
Total comprehensive income	**–**	**–**	**-57,985**	**1,898,512**	**1,840,527**	**36,880**	**–**	**–**	**1,877,407**
Interim dividend	–	–	–	-585,593	-585,593	–	–	–	-585,593
Final dividend	–	–	–	-608,850	-608,850	–	–	–	-608,850
Interest coupon paid on AT1	–	–	–	–	–	-36,880	–	–	-36,880
Balance as at 31 December 2022	**71,586**	**506,398**	**-63,622**	**4,555,912**	**5,070,273**	**497,937**	**–**	**–**	**5,568,210**
Restatement due to hyperinflation	–	–	180,758	–	180,758	–	–	–	180,758
IFRS 17 first time application	–	–	–	16,212	16,212	–	–	–	16,212
Balance as at 1 January 2023	**71,586**	**506,398**	**117,136**	**4,572,123**	**5,267,243**	**497,937**	**–**	**–**	**5,765,180**
Net result	–	–	–	442,436	442,436	–	–	149	442,585
Transfer - accrued interest on AT1 capital securities	–	–	–	-66,673	-66,673	36,862	29,812	–	–
Other comprehensive income	–	–	-168,000	–	-168,000	–	–	37	-167,963
Total comprehensive income	**–**	**–**	**-168,000**	**375,762**	**207,762**	**36,862**	**29,812**	**186**	**274,622**
Interim dividend	–	–	–	–	–	–	–	–	–
Final dividend	–	–	–	-2,371,558	-2,371,558	–	–	–	-2,371,558
Issuance of AT1	–	–	–	–	–	–	500,000	–	500,000
Interest coupon paid on AT1	–	–	–	–	–	-36,880	–	–	-36,880
Acquired through business combination	–	–	–	–	–		–	2,133	2,133
Change in scope acquired entity	–	–	–	3,491	3,491	–	–	–	3,491
Balance as at 31 December 2023	**71,586**	**506,398**	**-50,864**	**2,579,819**	**3,106,939**	**497,919**	**529,812**	**2,320**	**4,136,988**

Consolidated statement of cash flows

for the year ended 31 December

In thousands of euros	Note	2023	2022
Operating activities			
Net result		442,585	1,935,392
Adjustments			
Interest income and expense	4	532,902	200,405
Other financial (gain)		–896	–4,458
Impairment charges on receivables	5	25,313	13,982
Gain on monetary positions on hyperinflation		–93,084	–66,094
Valuation allowance on inventory		1,199	–
Depreciation operating lease portfolio and rental fleet	21	3,604,315	3,128,601
Insurance expense		500,266	392,326
Depreciation other property plant and equipment	8	56,196	50,803
Amortisation and impairment on intangibles	8	305,522	49,583
Share of profit in equity accounted investments	23	–6,671	–6,182
Gain on sale of subsidiaries / associates	11	–31,797	–409,481
Financial instruments at fair value through profit and loss	16	254,510	–180,649
Income tax expense		214,194	466,508
Changes in			
Provisions		–441,869	–379,262
Derivative financial instruments		93,191	–63,165
Trade and other payables and other receivables		–927,547	49,430
Inventories	18	260,502	265,746
Amounts received for disposal of objects under operating lease	21	2,950,953	2,350,723
Amounts paid for acquisition of objects under operating lease	21	–9,878,494	–7,660,892
Acquired new finance leases		–662,966	–1,324,687
Repayment finance leases		550,577	1,138,737
Income taxes received		64,778	10,898
Income taxes paid		–247,590	–159,660
Interest received		225,673	159,784
Interest paid		–691,842	–326,646
Net cash inflow/(outflow) from operating activities		**–2,900,084**	**–368,256**

Consolidated statement of cash flows - continued

for the year ended 31 December

In thousands of euros	Note	2023	2022
Investing activities			
Net investment in equity and debt securities		2,011	–1,028
Acquisition of subsidiary, net of cash acquired		–2,537	–
Redemption on loans to investments accounted for using the equity method	19	71,000	89,500
Dividend received from associates and jointly controlled entities	23	10,663	9,807
Proceeds from disposal of subsidiaries, net of cash disposed of EUR 269,329 (2022: EUR 135,908)	11	277,872	331,247
Proceeds from sale of other property and equipment	22	24,624	20,461
Acquisition of other property and equipment	22	–36,770	–51,680
Acquisition of intangibles assets	23	–153,032	–173,833
Net cash outflow from investing activities		**193,830**	**224,474**
Financing activities			
Receipt from receivables from financial institutions		863,709	1,391,523
Balances deposited to financial institutions		–956,482	–1,537,662
Receipt of borrowings from financial institutions	12	2,516,220	3,105,679
Repayment of borrowings from financial institutions	12	–2,566,567	–3,076,655
Receipt of funds entrusted	12	5,385,545	6,546,597
Repayment of funds entrusted	12	–4,484,904	–6,028,990
Receipt of debt securities	12	1,216,099	2,615,371
Repayment of debt securities	12	–3,128,728	–2,583,331
Receipt of loans from parent company		1,550,000	–
Receipt of subordinated loans		750,000	1,890,368
Payment of lease liabilities		–39,585	–41,594
Dividends paid to Company's shareholders		–2,347,708	–372,432
Receipt AT1 Capital securities		500,000	–
Interest paid AT1 capital securities		–36,880	–36,880
Net cash inflow from financing activities		**–779,282**	**1,871,994**
Cash and balances with banks as at 1 January		**7,591,453**	**5,862,200**
Net movement in cash and balances with banks		–3,485,535	1,728,212
Exchange gains/(losses) on cash and balances at banks		–5,582	1,041
Cash and balances with banks as at 31 December	13	**4,100,336**	**7,591,453**

General notes

1 General information

LeasePlan Corporation N.V.
LeasePlan Corporation N.V. (the "company") is domiciled in Amsterdam, the Netherlands and is registered at the Commercial Register of Amsterdam under number 39037076, where its statutory seat is located. The address of its registered office is Gustav Mahlerlaan 360, 1082 ME Amsterdam. The consolidated financial statements of the company as at and for the year ended 31 December 2023 comprise the company and its subsidiaries (together referred to as the "Group") and the Group's interest in investments accounted for using the equity method. The Group consists of an international network of companies engaged in fleet management and mobility services, mainly through operating leasing and car remarketing. At 31 December 2023, the Group employed over 7,700 people worldwide and operated in 25 countries. Changes in the Group's composition during the reporting period were related to the sale of the Luxembourg, Finland and Czech Republic subsidiaries and the classification of the subsidiary Russia as held-for-sale (see Note 11 Discontinued operations), as well as the acquisition of 80% of the shares in NF Fleet in Norway (see note 36 Non-controlling interest).

A list of the principal consolidated participating interests is included in the other information paragraph of the company financial statements.

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

Ownership of the company
LP Group B.V. holds 100% of the Company's shares. On 22 May 2023 ALD S.A. ('ALD') acquired 100% of the shares in LP Group B.V. ALD is a subsidiary of Société Générale (52.59%). Other shareholders include the former shareholders of LP Group B.V. (28.73%). The remainder of 18.68% is held by other shareholders, of which 16.40% is free floating on the Paris stock exchange (ALD.PA).

2 Basis of preparation

Statement of compliance and restatements
The consolidated financial statements for the year ended 31 December 2023 were authorised for issue by the Managing Board on 3 May 2024. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations as endorsed by the European Union (EU) and Part 9 of Book 2 of the Dutch Civil Code.

Functional and presentation currency
Items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which the company operates (the functional currency). The consolidated financial statements are presented in euro, which is the company's functional and presentation currency. Financial information presented in euro has been rounded to the nearest thousand, unless otherwise indicated. Due to rounding, numbers presented throughout these financial statements may not add up precisely to the totals provided.

Hyperinflation in Turkey

With the effect from April 2022 the Turkish economy is hyperinflationary. In accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" starting at the beginning of the reporting period 1 January 2022, with respect to the consolidated position and result of the Group's Turkish subsidiary, the financial statements include restatements for changes in the general purchasing power of the Turkish lira to the measuring unit current at the reporting date. As the presentation currency of LeasePlan is a non-hyperinflationary currency, the comparative period has not been restated.

In 2022, the opening balance sheet position as per 1 January 2022 was restated to the measuring unit current at the reporting date of 31 December 2022 with respect to the consolidated position and result of the Group's Turkish subsidiary. As LeasePlan Turkey holds a net monetary liability position in the balance sheet, the restatement resulted in an increase in equity of EUR 142 million as per 1 January 2022. The Group has made a policy decision to report the restatement effect on equity in a separate restatement reserve as part of the other reserves in other comprehensive income.

In 2023, the opening balance sheet position as per 1 January 2023 has been restated to the measuring unit current at the reporting date of 31 December 2023 with respect to the consolidated position and result of the Group's Turkish subsidiary. As LeasePlan Turkey holds a net monetary liability position in the balance sheet, the restatement in 2023 resulted in an increase in equity of EUR 181 million as per 1 January 2023 (see note 33 Other reserves).

LeasePlan Turkey has applied the consumer price index (CPI), as published by the Turkish Statistical Institute (TURKSTAT), as the measuring unit current. The development of the CPI in the current and previous reporting periods is as following:

	2019-12	2020-12	2021-12	2022-12	2023-12
Conversion coefficient	440.5	504.8	687.0	1128.5	1859.5
CPI (12 month)	12%	15%	36%	64%	65%

The financial statements of the Turkish subsidiary are based on historical cost. Non-monetary assets and liabilities of the Turkish subsidiary are restated for the change in CPI from the date of acquisition or initial recognition of the balance sheet item to the end of the reporting period. As per 1 January 2020 the Turkish lira became the functional currency of the Turkish subsidiary, this revaluation date is applied as the earliest historical cost date. As non-monetary items have been restated to the CPI at the reporting date, revenue and cost of revenue related to non-monetary items in the statement of profit or loss are also recognised at the CPI at the end of the reporting period. Adjustments in the statement of profit or loss have been made to reflect the date of movements in the portfolio of lease contracts, inventory, rental fleet and vehicles available for lease and related tax amounts.

Monetary assets and liabilities of the Turkish subsidiary are indexed up at the beginning of the reporting period to reflect the higher purchasing power at the beginning of the reporting period compared to the end of the reporting period. The change in purchasing power is calculated by dividing the index at the reporting date by the index at the beginning of the reporting period. As the Turkish subsidiary has a net monetary liability position, a net monetary gain of EUR 93.1 million (2022: EUR 66.1 million) is recognised in the statement of profit or loss in 'Finance lease and other interest income'.

The net effect in the income statement of the indexation is a loss of EUR 40.6 million (2022: gain of EUR 35.2 million).

Significant judgements are made with respect to the application of the consumer price Index as the most relevant measuring unit current.

Use of estimates, assumptions and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The material estimates, assumptions and underlying data that management makes relate to the valuation and impairment of fixed assets from operating leases, including the residual values at the end of the contract date, impairment of finance lease receivables, valuation allowance of inventories (terminated cars on stock), defined benefit pensions obligations, the fair value of derivatives, the assessment of the income tax position and damage risk retention provision, valuation of intangible assets under construction and in use and the impairment of intangibles and goodwill, estimates in revenue recognition, the assessment of restructuring provisions and litigation provisions and customer price Index related to hyperinflation. Information on the above-mentioned areas of estimation and judgement is provided in Note T - Critical accounting estimates, assumptions and judgements.

The estimates and underlying assumptions are reviewed each financial reporting period. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision, or in any future periods affected if the revision affects both current and future periods.

Disclosure of significant judgements and major sources of estimation uncertainty and related sensitivities is included in the specific notes to the statement of financial position.

Changes in accounting policies

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

Updates to accounting policies as a result of new transactions and new accounting standards effective as per 1 January 2023

IFRS 17 – 'Insurance contracts'

With reference to the Consolidated statement of changes in equity the impact of implementation of IFRS 17 'Insurance Contracts' replacing IFRS 4 is not significant. The Group has restated comparative information due to IFRS 17 over 2022 applying the transitional provisions in Appendix C. The nature of the changes in accounting policies can be summarised as follows.

The insurance contracts issued to the customers of LeasePlan are related to the lease services of vehicles and includes for example motor third part liabilities. The adoption of IFRS 17 did not change the classification of the Group's insurance contracts. The Group was previously permitted under IFRS 4 to continue accounting using its previous local accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

Under IFRS 17, the Group's insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA). The premium allocation approach simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17. Large majority of the contracts issued by the Group have a coverage period of one year or less and are therefore eligible for the PAA. For the remaining contracts, which have a coverage period of greater than one year, a representative sample has been tested under both PAA and general measurement model (GMM). As a result of the assessment under both measurement models it can be concluded that the insurance contracts are eligible for the PAA.

In line with the nature of the insurance contracts issued and reinsurance contracts held the accounting treatment is broadly similar to the previous accounting under IFRS 4., however there are some differences which are explained below.

Changes to classification and measurement

The measurement principles of the premium allocation approach differ from the 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- IFRS 17 issued guidance for the level of aggregation in measuring insurance contracts based on the managing of portfolios of insurance contracts by the Group. Portfolios comprise out of groups of contracts with similar risks, which are managed together. Portfolios are further divided in the following portfolios based on expected profitability at inception:
    - a group of contracts that are onerous at initial recognition (if any),
    - a group of contracts that at initial recognition have no significant possibility of becoming onerous (if any)
    - a group of the remaining contracts in the portfolio (if any).
- New guidance for contract boundary results in losses on onerous contracts to be recognised upfront.
- When a group of contracts is onerous measurement of the loss component in the liability for remaining coverage involves an estimate of all expected cashflows within the contract boundary including an allocation of direct attributable expenses and an explicit evaluation of risk adjustment for non-financial risk. Previously the risk adjustment was part of the unexpired risk reserve provision.
- Measurement of the liability for incurred claims (previously claims outstanding including incurred-but-not-reported (IBN(E)R) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses and allocation of direct attributable expenses.
- Measurement of the asset for remaining coverage - reflecting reinsurance premiums paid for reinsurance held - is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

Changes to presentation and disclosure

- For changes to the presentation in the consolidated statement of financial position, the Group aggregates insurance contracts issued and reinsurance contracts held, respectively in Provisions and Other receivables and prepayments:
- Portfolios of insurance contracts issued that are assets
- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

Changes to presentation in the consolidated statement of profit or loss are limited and included in Note 4 - Revenues and direct cost of revenues. The required separation of insurance expenses and insurance finance expenses are included in the disclosure in Note 31 - Provisions.

Business acquisition under common control

As of 30 June 2023, LeasePlan Norway has purchased the 80% participation from ALD Norway in NG Fleet AS. Considering this is a business combination under common control, since both ALD Norway and LeasePlan Norway share the same controlling entity, the IFRS 3 requirements do not apply. The non-controlling interest participation of 20% held by Nordea has not changed as a result of this transaction.

In determining the accounting treatment, LeasePlan reviewed the guidance laid out in the discussion paper issued by IASB on 30 November 2020, as well as the comment letters submitted by EFRAG.
LeasePlan elected to apply the book-value method and measure the assets and liabilities acquired in the combination at their existing book values in the controlling company (ALD). In taking this decision, LeasePlan has considered the cost-benefit trade-off, the fact that the acquired entity is not publicly traded, the operational efficiency and the materiality of the equity of the acquired entity.

LeasePlan has elected to book the difference between the consideration paid and the equity acquired in retained earnings.

Other changes that came into effect as of January 1st, 2023, with no impact on the accounting policies of LeasePlan Corporation N.V.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have no significant impact on the Group’s annual consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments have no impact on the Group’s annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments have no impact on the Group’s annual consolidated financial statements.

International Tax Reform-Pillar Two Model Rules - Amendments to IAS 12

On May 23, 2023, the International Accounting Standards Board (the IASB or Board) issued International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 (the Amendments) to clarify the application of IAS 12 Income Taxes to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes).

The Amendments introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules;
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity’s exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining annual disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, and will be reported in the annual report for the year 2023. The amendments have no impact on the Group's annual consolidated financial statements.

New and amended relevant accounting standards effective after 1 January 2024

Other changes

The following standards and interpretations had been issued but were not mandatory for annual reporting periods beginning on 1 January 2023. They were therefore not applied by the Group as at 31 December 2023:

- Non-current liabilities with covenants – Amendments to IAS 1
- Lease liability in sale and leaseback – amendments to IFRS 16
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28
- Supplier Finance Arrangement – Amendments to IAS 7 and IFRS 17
- Lack of Exchangeability – Amendments to IAS 21

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

3 Summary of material accounting policies

The accounting policies set out below have been applied consistently by the Group to all periods presented in these consolidated financial statements, unless otherwise stated.

Note A - Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries.

Subsidiaries and business combinations
Subsidiaries are all companies (including special purpose companies) over which the Group has control. The Group controls a company when the Group is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Subsidiaries are fully consolidated from the date on which control commences until the date on which control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is measured at the aggregate of the fair values at acquisition date of the assets transferred, the liabilities incurred to the former owners of the entity acquired and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the entity acquired either at fair value or at the non-controlling interest's proportionate share of the entity's net assets. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in the statement of profit or loss.

Goodwill is initially measured as the excess of (a) over (b) below:
a) the aggregate of the consideration transferred and the fair value of non-controlling interest;
b) the identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired in case of a bargain purchase, the difference is recognised in the statement of profit or loss.

Business acquisitions under common control are accounted for by recording for the existing book values in the controlling company of the acquired company and recording any difference between the consideration paid and the equity acquired directly in retained earnings in equity.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Accounting policies of acquired subsidiaries were changed to ensure consistency with the policies adopted by the Group.

Associates
Associates are those companies over which the Group has significant influence but no control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are reported in "Investments accounted for using the equity method". Under the equity method, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted associate, including any other unsecured receivables, the Group does not recognise further losses, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

For the impairment of non-financial assets, reference is made to Note L – Impairment of tangible assets.

Joint arrangements

Investments in joint arrangements comprise joint operations or joint ventures, depending on the contractual rights and obligations of each investor. Currently the Group has no joint operations. Joint ventures are accounted for using the equity method and are reported in "Investments accounted for using the equity method" similar to accounting for associates.

Special purpose companies

Special purpose companies are companies created to accomplish a narrow and well-defined objective, such as the securitisation of leased assets. The financial statements of special purpose companies are included in the Group's consolidated financial statements where the substance of the relationship is that the Group retains control and continues to be exposed to risks and rewards from the securitised leased assets. The Group uses various legal entities, which have been incorporated specifically for the Group's securitisation transactions. These companies are consolidated in the financial statements of the Group based on the substance of the relationship.

Note B - Foreign currency

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. At the end of the reporting period foreign currency monetary items are translated using the closing rates. Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value are translated using the exchange rate at the date when the fair value was measured.

Exchange differences on the settlement or translation of monetary items are recognised in the statement of profit or loss under the caption 'Finance lease and other interest income'. The exchange component on a non-monetary item is recognised in other comprehensive income when the gain or loss is also recognised in other comprehensive income. An exchange component on a non-monetary item is recognised in the statement of profit or loss when the gain or loss is also recognised in the statement of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign operations

The results and financial position of all foreign operations (excluding the Turkish subsidiary) that have a functional currency different from the presentation currency are translated into euros (the presentation currency of the Group) as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

For the currency translation of the Turkish subsidiary, assets, liabilities, income and expense, adjusted with the Consumer Price Index, are translated at the closing rate at the date of the balance sheet.

Exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. Such translation differences are recognised in the translation reserve of equity. When a foreign operation is disposed of or sold, in part or in full, the relevant amount of this reserve is reclassified in the statement of profit or loss as part of the gain or loss on disposal or sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Note C - Financial assets and liabilities

Recognition

Purchases and sales of financial assets are recognised on settlement date, i.e. the date that a financial asset is received by or delivered to an entity. Loans are recognised when cash is advanced to the borrowers.

A financial liability is recognised when the Group becomes party to a contractual obligation to deliver cash or another financial instrument to another entity.

Derecognition

A financial asset is derecognised when and only when the contractual rights to receive cash flows expire or when the financial asset, together with all the risks and rewards of ownership, has been transferred.
Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and liability simultaneously.
Income and expenses are presented on a net basis only when permitted by IFRS.

Classification and measurement

Financial assets are initially recognised at fair value. Subsequent measurement of financial assets depends on the classification, driven by cash flow characteristics and the business model in which an asset is held. The classification categories are held at fair value through profit or loss (P&L), fair value through other comprehensive income (OCI) or amortised cost and are determined at initial recognition.

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets and financial liabilities at fair value through profit or loss

A financial asset or liability is classified as at fair value through profit or loss if the instrument is acquired principally for the purpose of selling in the short term or based on the contractual cash flow characteristics of the financial asset.

Investments in equity securities are categorised as fair value through profit or loss.

Derivatives are categorised as fair value through profit or loss. Reference is made to Note D – Derivative financial instruments and hedge accounting.

The fair value of a financial asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

LeasePlan categorises the inputs used in valuation techniques into three levels, which are defined as:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted market prices included within Level I. Level 2 inputs include but are not limited to inputs other than quoted prices that are observable for the asset or liability, such as:
  - interest rates and yield curves observable at commonly quoted intervals;
  - implied volatilities;
  - credit spreads.
- Level 3 inputs are unobservable inputs for the asset or liability.

Investments in equity instruments that have a level 1 market observable valuation are valued applying market observable prices. Other equity investments without market observable prices are valued applying a level 3 valuation using financial information received from those entities. Reference is made to note 38 fair value of financial instruments.

Transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities are included in the initial recognition value of the financial instruments that are not at fair value through profit or loss. In any other case, transaction costs are expensed as incurred.

Gains and losses arising from changes in the fair value of the 'Financial assets and financial liabilities at fair value through profit or loss' category are included in the statement of profit or loss in the period in which these gains and losses arise and are included in the caption 'Other income' in the statement of profit or loss. Gains and losses comprise of changes in the fair value and include any dividend income from equity instruments when the dividend has been declared.

Financial assets measured at amortised cost

Financial assets are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less any impairment losses. Transaction costs (including qualifying fees and commissions) are part of the amortised cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The following financial assets are classified at amortised cost: cash and balances at central banks, receivables from financial institutions, investments in debt securities, loans to investments accounted for using the equity method and other receivables.

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value incurred and are subsequently measured at amortised cost. Any difference between the proceeds (transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the financial liability using the effective interest method.

The following financial liabilities are measured at amortised cost: borrowings from financial institutions, funds entrusted, debt securities issued, and certain items included in trade and other payables and deferred income (trade payables, interest payable). Transaction costs are included in amortised cost using the effective interest method.

Impairment of financial assets

The following debt instruments measured at amortised cost are in scope of the impairment requirements:

- Cash and balances at central banks
- Receivables from financial institutions
- Investments in debt securities
- Loans to investments accounted for using the equity method
- Other receivables
- Lease receivables from clients
- Loan commitments and financial guarantee contracts issued that are not measured at fair value through P&L

Lease receivables from clients, both finance lease receivables and operating lease receivables as included in trade receivables in scope of IFRS 16, are brought in scope of IFRS 9 impairments. Reference is made to Note E – Lease receivables from clients.

An expected credit loss (ECL) is recognised upon initial recognition of a financial asset and subsequently remeasured at each reporting date. ECL is calculated by multiplying the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD):

- PD represents the likelihood of a counterparty defaulting on its financial obligations.
- LGD represents the Group's expectation of the extent of the loss on a defaulted exposure. LGD varies by type of counterparty and is expressed as a percentage loss per unit of exposure at the time of default.
- EAD is based on the expected exposure amount at the time of a default.

To measure the ECL based on the General Approach, assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-months expected credit losses

This stage includes financial assets that have not had a significant increase in credit risk since initial recognition and that are not credit impaired upon origination. For these financial assets, the expected credit losses that result from default events that are expected within 12 months after the reporting date are recognised. Interest revenue is recognised based on the gross carrying amount, that is, without deduction for expected credit losses.

Stage 2: Lifetime expected credit losses – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition of the financial asset but that are not credit impaired, a lifetime expected credit loss is recognised. Interest revenue is recognised based on the gross carrying amount, that is, without deduction for expected credit losses.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. The Group uses both quantitative and qualitative information to determine if there is a significant increase in credit risk based on the characteristics of the financial asset. Quantitative information could be a decrease in credit rating below investment grade. Qualitative information is obtained from the monitoring of existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant (negative) change in the debtor's ability to meet its obligations towards the Group. The Group applies a backstop of 30 days past due as an automatic trigger for significant increase in credit risk.

The Group has exposures to internal counterparties consisting of financial guarantees, loans to subsidiaries and loans to joint venture entities. As the credit risk is highly dependent on the financial performance of the underlying lease portfolios, these credit risk exposures are monitored following qualitative factors in assessing the significant increase in credit risk:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant (negative) change in the entity's ability to meet its debt obligations towards LeasePlan Corporation; and
- an actual or expected significant (negative) change in the operating results of the entity.

In addition, the Group uses its internal credit rating scale to apply quantitative factors in assessing whether there is a significant increase in credit risk. The Group considers that credit risk has increased if the internal credit rating has significantly deteriorated at the reporting date relative to the original internal rating. If a significant increase in credit risk is identified, this triggers in general a transfer for all instruments in scope held with this counterparty from stage 1 to 2.

Stage 3: Lifetime expected credit losses – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a significant impact on the estimated future cash flows of that asset have occurred. Interest revenue is recognised based on the lower amortised cost, including expected credit losses.

The Group applies a forbearance policy based on European banking regulations from the Capital Requirements Directive IV and Capital Requirements Regulation and reported in the credit risk management section.

The Group identifies credit impaired assets under IFRS 9 by applying the definition of default used for credit risk management purposes that is based on the Regulatory framework. The Group defines a default as: a counterparty that is either unable to fulfil its obligations (defined as " unlikely to pay") irrespective of the amount involved or the number of days outstanding), or when counterparties are past due on any material credit obligation for more than 90 consecutive days.

For credit impaired financial assets, interest is recognised in profit or loss based on the amortised cost (net of impairment allowance) rather than the gross carrying amount (gross of impairment allowances) which is the case for stage 1 and 2 assets.

Lease receivables from clients

Lease receivables consist of receivables under finance lease contracts and trade receivables, consisting of amounts invoiced for financial and operating lease receivables. For lease receivables, the Group elected to adopt an accounting policy choice to use the simplified approach, which means recognition of lifetime expected credit losses, irrespective of if a significant increase in credit risk has taken place.

The amount of ECL for lease receivables is measured at the contract level as the probability weighted present value of all cash shortfalls over the expected life of the financial asset discounted at the original implicit interest rate embedded in the lease contract. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive.

The Group determines the ECL for lease receivables based on the model used for regulatory capital purposes (see Credit Risk Measurement). This model is adapted to remove prudential conservatism and to include forward-looking macro-economic scenarios and multi-year forecast over the lifetime of the lease contracts.

PD, LGD and EAD forecasts are combined to produce the ECL estimate. As such, ECL is highly dependent on the credit quality of counterparties in the portfolio at the reporting date, the types and characteristics of vehicles in the portfolio, the expected maturities and repayment terms of the contracts, the forecasts of future macro-economic variables in various scenarios, the forecast market developments and residual values for used vehicles in various scenarios, and the probability weight assigned to each forecast scenario. The model is periodically updated and developed based on back-testing of previous forecasts.

Write-off

Where there are no reasonable expectations of recovering outstanding receivables that are considered credit-impaired, the gross carrying amount is reduced. Such a write-off constitutes a derecognition of the receivable and is in general recognised 12 months after the debtor is considered in default. The collection management and efforts to recover the asset may still be ongoing after the write-off.

Receivables from financial institutions

For receivables from financial institutions, the Group applies the General Approach using the low credit risk assumption. At each reporting date, the Group assesses the appropriateness of this exemption.

Investments in debt securities

The Group applies the General Approach using the low credit risk assumption for its investments in bonds and notes. At each reporting date, the Group assesses the appropriateness of this exemption.

Cash and balances at central banks

For deposits at central banks, the Group has assumed that there is no credit risk as central banks are guaranteed by governments with high credit ratings.

Loans to investments accounted for using the equity method

The Group applies the General Approach to loans to investments accounted for using the equity method.

Loan commitments and financial guarantees

Expected credit losses for loan commitments and financial guarantees are measured under the General Approach.

Reversal of impairment

An impairment loss is reversed if there has been a change in the estimated expected credit loss and the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

Presentation

The amount of expected credit losses on financial assets is presented in the statement of financial position as a deduction from the gross carrying amount of the assets. Impairment losses recognised in the statement of profit or loss form part of the 'direct cost of revenues'.

Note D - Derivative financial instruments and hedge accounting

Derivatives are financial instruments, of which the value changes in response to underlying variables. Derivatives require little to no initial investment and are settled at a future date. Derivative financial instruments (derivatives) are initially recognised at fair value on the trade date and are subsequently remeasured at their fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of currency and interest rate swaps is the estimated amount that the Group would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

LeasePlan categorises the inputs used in valuation techniques into three levels, which are defined as:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted market prices included within Level 1. Level 2 inputs include but are not limited to inputs other than quoted prices that are observable for the asset or liability, such as:
    - interest rates and yield curves observable at commonly quoted intervals;
    - implied volatilities;
    - credit spreads.
- Level 3 inputs are unobservable inputs for the asset or liability.

For swaps a valuation technique is used maximising the use of relevant observable inputs. The fair values of not-actively-traded instruments are calculated using a generally accepted discounted cash flow method, while considering relevant market observable data such as quoted forward prices and interest rates. As a result of LeasePlan having collateral agreements in place for all of its derivative counterparts, the requirement to reflect other observable market inputs such as CVA, DVA and FVA is eliminated, such that they are not included specifically in the calculations other than the use of an OIS curve for discounting purposes.

As disclosed in the risk paragraph derivatives are used from an economic perspective to mitigate the interest rate and currency exposures associated with the funding of lease contracts. The Group does not hold derivatives for trading purposes, although hedge accounting cannot always be applied.

Changes in the fair value of derivatives that are not designated as a hedging instrument in a cash flow hedge are recognised immediately in the statement of profit or loss in the caption 'Unrealised gains/losses on financial instruments'. The Group applies cash flow hedge accounting and fair value hedge accounting.

Cash flow hedging

The Group hedges the exposure to variability in future interest payments on recognised floating rate bonds and notes issued and on highly probable forecast transactions (short-term rolling over liabilities) attributable to changes in underlying interest rates. In cash flow hedging, the hedged risks are future changes in cash flows stemming from anticipated repricing and/or roll-overs of borrowings due to interest rate movements. To apply highly effective cash flow hedges the forecast cash flows which are subject to a hedge must be 'highly probable'. Based on the Group's business activities and the financial/operational ability to carry out the transactions, the likelihood that forecast cash flows will take place is very high. These forecast cash flows are expected to occur and to affect the statement of profit or loss over the maturity of the loans. The Group applies cash flow hedging as an aggregate hedging of a similar group of assets/liabilities. A group of derivatives sharing the same characteristics is designated to the hedge with a group of borrowings with the same characteristics. These represent many-to-many hedge relationships.

For cash flow hedges, the potential reasons for ineffectiveness are mainly insufficient or excessive cash flows and timing of cash flows, or forecasted cash flows which are no longer highly probable. In order to establish a relationship between the hedge item(s) and hedging instrument(s), the Group will assess the total exposures on hedged item(s)(by currency, re-pricing tenor and maturity) against the hedging instrument(s), to ensure cash flows are equal and opposite.

When derivatives are designated as a hedging instrument in a cash flow hedge, the effective portion of changes in the fair value of derivatives is recognised directly in the related hedging reserve in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the statement of profit or loss in the caption 'Unrealised gains/losses on financial instruments'.

Amounts accumulated in other comprehensive income are recycled to the statement of profit or loss in the periods in which the forecast transaction in a hedge will affect the statement of profit or loss (i.e. when the forecast sale that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income is recycled to the statement of profit or loss.

Fair value hedging
Fair value hedge accounting is applied in such a way that the changes in fair value of the recognised liability (issued note) attributable to the hedged interest rate and currency risk fully offsets the changes in fair value of the receive leg of the derivative transaction (interest rate swap or cross currency interest rate swap). The fair value change from the cash flows on the note and the receive leg of the swap are equal and opposite.

Fair value hedge accounting entails that the hedged item (i.e. the note) that is measured at amortised cost is adjusted for gains/losses attributable to the risk being hedged. This adjustment is booked in the statement of profit or loss in the caption 'Unrealised gains/(losses) on financial instruments', where it offsets the measurement of the fair value change of the hedging instrument that is also recorded in the statement of profit or loss. As the hedging period always matches the period of life-time of the note, the basis adjustments are fully reversed at maturity and no further amortisation of basis adjustments is necessary.

For fair value hedges, hedge ineffectiveness arises due to accounting mismatches and differences in fair values applied to the hedged item and hedging instruments, as well as different sensitivities to the changes in external market conditions. The Group uses regression testing for comparing the correlation between the hedged item and hedging instrument, in assessing hedge effectiveness.

Note E - Lease receivables from clients

This caption includes lease receivables from the finance lease portfolio and trade receivables. Trade receivables represent unpaid, current lessee receivables under existing (operating and finance lease) contracts or receivables related to inventory sales. The receivable balances are shown after any accumulated impairment losses and are initially measured at fair value and subsequently at amortised cost using the effective interest method. Reference is made to Note C for the impairment of Lease receivables from clients.

Finance lease receivables
Leases where substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee are classified as finance leases. The Group as a lessor records a finance lease receivable at the amount of its net investment which equals the present value of the future minimum lease payments receivable (including any guaranteed residual value by the lessee) and the unguaranteed residual value accruing to the Group, after any accumulated impairment losses. Unearned finance income is the difference between the gross investment in the lease and the net investment in the lease.

Over the lease term, the instalments charged to clients are apportioned between a reduction in the net investment in the lease and finance lease income. The finance lease income is calculated using the effective interest method.

Note F - (Non-current) assets held-for-sale and discontinued operations

A non-current asset or disposal group of assets is classified as held-for-sale when its carrying amount will be recovered principally through a sale transaction, whereby the expectation is that the sale will be completed within one year of the classification of assets or disposal groups as held-for-sale, subject to extension in certain circumstances.

On initial and subsequent classification as held-for-sale, (non-current) assets and disposal groups are recognised at the lower of the carrying amount and the fair value less costs to sell. Impairment losses on initial classification as held-for-sale are included in the statement of profit or loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier, and is presented in the balance sheet separately. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is restated as if the operation had been discontinued from the start of the comparative period. Depreciation and amortisation of assets ceases, in line with accounting reporting standards, at the moment of initial classification as held-for-sale.

Note G - Intangible assets

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill is recognised on acquisitions of subsidiaries. Goodwill represents the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired. Goodwill is measured at cost less any accumulated impairment losses. When the excess is negative (bargain purchase gain), it is recognised immediately in the statement of profit or loss.

Goodwill is allocated to cash generating units and is tested for impairment annually and whenever there is an indication that the unit may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. The value in use is determined as the present value of forecasted cash flows of the cash generating units over an appropriate period that could be distributed to equity investors. This discounted cash-flow-to-equity valuation methodology is a commonly used methodology for valuation of financial institutions.

Impairment losses are charged to the statement of profit or loss and are not subsequently reversed. Gains and losses on the disposal of a company include the carrying amount of goodwill relating to the company sold.

Software

Capitalised software relates to internally developed software and to purchased software from third parties, or acquired as part of business combinations, for Group use. Expenditure on research activities undertaken to gain new technical knowledge and understanding is recognised in the statement of profit or loss when incurred. The capitalised cost of internally developed software includes all costs directly attributable to developing software and is amortised over its useful life. Capitalised internally developed and externally purchased software are measured at cost less accumulated amortisation and any accumulated impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. When subsequent expenditure is capitalised, the carrying value of the replaced part is derecognised. All other expenditure is expensed when incurred.

The estimated useful lives of software for the current and comparative period are between three and eight years.

Assets under construction
Assets under construction relates to the capitalisation of internally developed software and IT platforms that are not ready for use. Expenditure on development is recognised as an asset under construction when the Group can demonstrate its intention and ability to complete the development and use of the software in a manner that will generate future economic benefits and can measure the costs to complete the development.

Assets under construction are allocated to the cash generating units and are tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. The value in use is determined as the present value of forecasted cash flows of the cash generating units over an appropriate period that could be distributed to equity investors. Assets under construction are not amortised.

Other intangible assets
Other intangible assets include customer relationship intangible assets, customer contract intangible assets acquired as part of business combinations and recognised separately from goodwill. Customer relationship intangible assets are amortised over 20 years and customer contracts are amortised over the remaining contract period (on average five years).
Other intangible assets that are acquired by the Group are measured at cost less accumulated amortisation and impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

Amortisation
Intangible assets other than goodwill are amortised on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use. The estimated useful life for software is generally three to ten years. The capitalised intangible assets have no estimated residual value.

Note H - Other property and equipment

Measurement
Other property and equipment (including right-of-use assets) are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

Subsequent expenditure on property and equipment is recognised in the carrying amount of the item only when it increases the future economic benefits embodied in the specific asset to which it relates and its costs can be measured reliably. All other expenditure is expensed when incurred. The costs of the day-to-day servicing of property and equipment are recognised in the statement of profit or loss as incurred.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset is impaired, when the carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's "fair value less costs to sell" and "value in use". Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in operating income in the statement of profit or loss during the year of disposal.

The Group recognised on the balance sheet the right-of-use asset and the lease liability. The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses over the contractual term. The right-of-use asset is adjusted for certain remeasurements of the lease liabilities. For impairment accounting policy please refer to Note L – Impairment of tangible assets.

The lease liabilities are initially measured at the present value of lease payments not yet paid at commencement date and are discounted using an incremental borrowing rate which varies per country within the Group. The liability is subsequently increased by the interest accretion to the lease liability and decreased by lease payments made. The lease liability is remeasured when there is a change in future lease payments or based on changes in assessment of execution of certain extension or termination options in the contracts.

Depreciation
The carrying amount of other property and equipment is depreciated to its estimated residual value and recognised in the statement of profit or loss on a straight-line basis over the estimated useful life of each part of an item of property and equipment. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

The estimated useful lives for the current and comparative periods are as follows:

Property	30 – 50 years
Furniture and fixtures	3 – 12 years
Hardware	3 – 5 years
Company cars	3 – 5 years

Due to IFRS 16, the right-of-use assets are recognised and depreciated over the lease term, defined as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease.

Note I - Property and equipment under operating lease, rental fleet and vehicles available for lease

Lease classification
The lease classification is determined on a contract-by-contract basis, taking into consideration the substance of the transaction and the specific details of each lease contract. The key factor is if substantially all the risks and rewards incidental to ownership are transferred.

Various criteria are used to determine the lease classification of which the two most important are:
- whether the lease term is for the major part of the economic life of the asset; and
- whether the present value of minimum lease payments amounts to at least substantially all of the fair value of the asset.

Finance lease portfolio
Leases where substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee are classified as finance leases. Reference is made to Note E – Lease receivables from clients.

Operating lease portfolio
An operating lease is different from a finance lease and is classified as such if it does not transfer substantially all the risks and rewards incidental to ownership. The Group as a lessor presents the assets subject to operating leases in the balance sheet according to the nature of the asset.

The Group leases assets to its clients for durations that normally range between three to four years. In almost all cases, the leased assets are returned to the Group at the end of the contract term. In case of early termination in most of the cases there will be a settlement invoice and the risk is borne by the customer. There are two main types of operating leasing products offered:

(a) Closed calculation contracts

Closed calculation contracts are typically leasing contracts whereby the client is charged a fixed fee for the use of the asset over a period of time. At the end of the lease, the asset is normally returned to the Group and then sold in the second-hand car market. In case of normal termination, the overall risk on the result of the contract, both positive and negative, is borne by the Group.

(b) Open calculation contracts

Open calculation contracts are leasing contracts whereby the client, under particular circumstances, receives a portion of any positive result from the lease contract. The specifics of each contract can differ by country and/or by client. However, in most of these contracts, the result on service income and the sale of the leased asset at the end of the lease are combined and a net positive result is (partially) shared with the client. Most contracts contain certain requirements that the client must fulfil to receive (part of) the net positive result, such as maintaining a certain number of leased objects during the year or that a certain number of leased objects must be included in the calculation of the net result. Open calculation contracts are classified as operating leases based on the (negative) risks being borne by the Group.

Measurement

Property and equipment under operating lease and rental fleet are measured at cost less accumulated depreciation and impairment losses. Cost consists of the purchase price and directly attributable costs. The operating lease and rental fleet assets are depreciated on a straight-line basis over the estimated useful life (normally the contract period for operating leases) to their estimated residual value. The residual value and the useful life of the leased assets are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate (so-called prospective depreciation). Depreciation is recognised in the statement of profit or loss.

Depreciation is not applied to new vehicles available for lease when these vehicles are not in the condition to be leased to customers. This often applies to vehicles bought for signed lease contracts or vehicles bought with the intention to lease that are temporary stored and not ready to be used.

For the impairment accounting policy please refer to Note L – Impairment of tangible assets. The contract period ranges on average between three to four years. Upon termination of the lease or rental contract the relevant assets are reclassified to the caption 'Inventories' at their carrying amount.

The operating lease instalments are recognised in the financial statements on a straight-line basis over the lease term.

Note J - Inventories

Inventories are assets that are held-for-sale in the ordinary course of our business. Inventories are measured at the lower of cost and net realisable value. Upon termination of the lease or rental contract the relevant assets are reclassified from the caption 'Property and equipment under operating lease and rental fleet' to the caption 'Inventories' at their carrying amount. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses. Valuation allowances on inventories are included in 'direct cost of revenues'.

Note K - Other receivables and prepayments

Other receivables and prepayments include prepayments in respect of expenses attributable to a subsequent period plus amounts still to be received. These amounts are valued at cost. Portfolios of insurance contracts issued, and reinsurance contracts held that have an asset position are reported in this caption. Reference is made to Note N - Provisions for the disclosure of (re)insurance assets. For receivables subject to the ECL accounting policy please refer to Note C – Financial assets and liabilities.

Note L – Impairment of tangible assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's "fair value less costs of disposal" and "value in use".

In the annual assessment of whether there is any indication that an asset may be impaired, the Group considers both external as well as internal sources of information. If such indication for impairment exists, an analysis is performed to assess whether the carrying value of the asset or cash generating unit under an operating lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and the value in use. The value in use is determined as the present value of the future cash flows expected to be derived from the cash generating unit.

The recoverable amount of lease contracts is determined as the value in use at customer contract level (cash-generating unit). As debt funding and interest payments are considered to be an essential element of the Group operating lease business the assessment of the value in use is performed based on a discounted cash-flow-to-equity model. This valuation methodology is a commonly used methodology for valuation of financial institutions.

To determine whether any right-of-use asset or assets categorised as other property and equipment should be impaired, the Group considers both external and internal impairment indicators. If such indicators exist, an analysis is performed to assess whether the carrying value of the cash generating unit exceeds the recoverable amount. The recoverable amount is determined as higher of the asset's or cash-generating unit's fair value less costs of disposals and its value in use. Abandoned office spaces, which are ready for lease and no longer used in operating, represent separate cash generating units and are tested for impairment separately.

Reversal of impairment

Any impairment loss on other non-financial assets is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Note M - Capital and dividends

Ordinary shares are classified as equity. Dividends are recognised as a liability in the balance sheet after approval of the profit distribution by the shareholders.

The proceeds of the issue of AT1 capital securities are available to LeasePlan in perpetuity and are undated, deeply subordinated, resettable and callable. As the payment of distributions is wholly discretionary, the proceeds received and interest coupon, net of tax, paid on them are recognised in equity. As there is no formal obligation to (re)pay the principal amount or to pay interest coupon, the capital securities are recognised as equity and the distributions paid on these instruments, as well as the transaction costs related to the issuance of the capital securities, are recognised directly in equity.

Note N - Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Damage service & insurance contracts provision

The risk of 'damage to owned vehicles' is part of the IFRS 15 allocation of revenue and IAS 37 provisioning, whereas insurance contracts issued to customers for accepting significant insurance risk is subject to application under IFRS 17.

Damage services provisions
LeasePlan is exposed to the risk of damage services to vehicles within its fleet as part of its general business risk. LeasePlan as the owner of the car is exposed to the risk of bodywork risk of the car and will repair the damages to the bodywork as a result of damage. Damage services are therefore a part of the performance obligations as defined under IFRS 15. Damage service provisions includes the costs to cover the damage risk of motor material damage vehicles owned by the Group.

Damage services provisions are measured at the amount of the 'best estimate' expected expenditure required to settle the present obligations to repair the damage at the reporting date. An estimate for Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) is made to determine appropriate damage provision levels. These estimates are based on historical data of accident frequency in the local market and the cost per claim updated for current assumptions. The measurement includes a margin for risks and uncertainties that is inherent to the historical data adjusted for recent pricing developments. The damage service provision is expected to be recovered or settled within a maximum of 12 months.

Insurance contracts provisions
Insurance contract provisions include insurance cover offered to customers for risks underwritten by the Group's insurance subsidiary, LeasePlan Insurance (Euro Insurances DAC), based in Dublin, Ireland. The risk included in the provision are mainly relating to motor third-party liability.

Insurance contracts are contracts under which the Group accepts a significant risk – other than a financial risk – from a policyholder by agreeing to compensate the beneficiary on the occurrence of an uncertain future event by which he or she will be adversely affected. Contracts that have been classified as insurance at inception are not reclassified subsequently.

For measurement purposes, the insurance contracts are grouped into portfolios of insurance contracts that have similar risks and are managed together. Portfolios are further grouped in year cohorts of issuance and divided based on expected profitability at inception into two categories: onerous contracts and not-onerous contracts. Insurance contracts are recognised at the earlier of the beginning of the coverage period or when it becomes onerous. Insurance contracts are derecognised when the contract is expired, is discharged or cancelled. Modifications to contracts that are not considered changes in estimates are derecognised and a new contract is recognised.

All our insurance contracts issued and reinsurance contracts held are eligible to be measured by applying the premium allocation approach. Under the premium allocation approach non-life insurance contract provisions include liabilities for remaining coverage and liabilities for incurred claims.

The liability for remaining coverage reflects premiums received less amounts recognised in revenue for insurance contracts provided. As the premiums are received within one year of the coverage period no discounting is applied to reflect financial risk or the time value of money.
The liability for incurred claims is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses.

The liability for incurred claims is the obligation to pay valid claims for insured events that have already been occurred, including events that have occurred but for which claims have not been reported. The liability for incurred claims is estimated as the fulfilment cash flows measured as an explicit, unbiased, and probability-weighted estimate (i.e. expected value) of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the entity fulfils insurance contracts, including a risk adjustment for

non-financial risk. The cash outflows include claim handling costs, policy administration and maintenance costs and an allocation of directly attributable fixed and variable overheads to fulfilling insurance contracts.

Under the premium allocation approach, it is assumed that no contracts in the portfolio are onerous at initial recognition, unless facts and circumstances that are monitored by performance indicators by Group's management indicate otherwise. Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the loss component. If during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows.

Portfolio's or contracts with an asset position are reported under Other receivables and prepayments (Note K).

Reinsurance assets
The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued.

Where the Group recognises a loss on initial recognition of an onerous group of insurance contracts, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Annually the Group assesses whether its amounts recoverable under a reinsurance contract are subject to impairment. Reinsurance assets are impaired if there is objective evidence, because of an event that occurred after initial recognition of the reinsurance asset, that not all amounts due under the terms of the contract may be received. The carrying value is reduced to this calculated recoverable value, and the impairment loss recognised in the statement of profit or loss.

Post-employment benefits

Group companies operate various employee benefit schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has defined benefit and defined contribution pension plans as well as other post-employment benefits.

Defined contribution pension plans
A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate company. The Group has no further payment obligations once the pension contributions have been paid. Contributions to defined contribution pension plans are recognised as expenses in the statement of profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit pension plans
A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods. The present value of the defined benefit obligation is calculated using the projected unit credit method. The benefit is discounted at the yield at the balance sheet date on high quality corporate bonds denominated in the currency in which the benefits will be paid.

The net benefit obligation recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. For determining the pension expense, the

expected return on plan assets is determined using a high quality corporate bond rate identical to the discount rate used in determining the defined benefit obligation.

Actuarial gains and losses from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise without recycling to the statement of profit or loss. Past service costs are recognised in the statement of profit or loss when due. Settlements and curtailments invoke immediate recognition in the statement of profit or loss of the consequent change in the present value of the defined benefit obligations and in the market value of the plan assets. A settlement is an early termination of all or part of the defined benefit obligation. A curtailment occurs when the company is demonstrably committed to materially reducing the number of employees in the defined benefit plan or the pension benefits for future services.

Other provisions

Other provisions include amounts for other long-term employment benefit plans, termination benefits, litigations, ECL for financial guarantees, restructuring as well as onerous contracts. These provisions have been estimated based on the best estimate of expenditure required to settle the present obligation at the reporting date considering risks and uncertainties and the effect of time value of money. For ECL on financial guarantees see Note C – Financial assets and liabilities.

Some Group companies provide other post-employment benefits to their employees based on local legal requirements. These benefits mainly comprise termination indemnities which are either payable at retirement age or if the employee leaves. Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for restructuring that are within the scope of IAS 37 and involve the payment of termination benefits. In the event when an offer is made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Regarding onerous contracts under IFRS 15, the present obligation under a contract that is onerous is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Note O – Trade and other payables and deferred income

Other liabilities

The Group recognises a liability and an expense for variable remuneration to employees based on a comparison made at the end of the year between the criteria applied for granting variable remuneration and an assessment of the relevant performance. The Group recognises an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

The variable remuneration award for the Identified Staff consists of a direct payment in cash and a deferred payment in cash and Phantom Share Units (PSUs). The PSUs represent the underlying value of the company shares which entitle the participant to a payment in cash after a specified period and are recognised as a cash-settled share-based payment arrangement. The PSU part of the deferred award is revalued annually by estimating the company's equity value for determining the fair value of the outstanding PSU awards. Liabilities

recognised for PSUs are measured at the estimated fair value. This fair value is established once a year by the (Remuneration Committee of the) Supervisory Board and is based on comparing financial performance of the company to publicly available valuation and financial performance of a selected peer group of comparable companies. All changes to the PSUs' liabilities are recognised in the statement of profit or loss under staff expenses.

Note P - Revenues and direct cost of revenues

Revenues

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

Operating lease income

Leasing income from operating lease instalments is recognised on a straight-line basis over the lease term, based on the total of the contractual payments divided by the number of months of the lease term.

Charges to clients may include passed on costs such as fuel, road taxes and other taxes which do not represent the inflow of economic benefits and/or are collected on behalf of third parties and are therefore not presented as revenues.

Finance lease & other interest income

Interest income from finance lease contracts is recognised using the effective interest method. Payments collected from the lease are allocated between reducing the net investment in the lease and recognising interest income.

Other interest income mainly includes income from interest-bearing assets, which is recognised using the effective interest method.

Additional services income

Additional services include fees charged for fleet management services, repair & maintenance services, rental activities, damage services and insurance contract premiums. Any amount received in advance before providing the service is included in deferred income..

Fleet management & other services

Revenue from fleet management services is recognised on a straight-line basis over the term of the fleet management or lease agreement.

Repair & maintenance services

Income related to repair & maintenance services is recognised over the term of the lease contract. The allocation of income over the term is based on the normal repair and maintenance cost profile supported by historical statistics and expected service costs. The difference between the amounts charged to clients and amounts recognised as income is accounted for as deferred leasing income. Cost profiles are reviewed periodically to ensure they remain a fair representation of historical repair and maintenance expenditures, adjusted for reasonable expectations of changes in cost profiles.

If income related to services surrounding open calculation contracts is not certain until final settlement takes place, this income is not recognised until that time and is presented within the sales result. For open calculation contracts, expected losses are recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenues.

Rental

Rental revenues are recognised on a straight-line basis over the term of the rental agreement.

Damage services

The revenue from damage services is recognised when the service is provided.

Insurance contracts
Revenue from insurance contracts is recognised when the insurance cover is provided to the customer. Reference is made to Note N – Provisions.

Lease incentives
Amounts paid or value provided to lessees as lease incentives are capitalised. Lease incentives are amortised on a straight-line basis over the term of the related lease contract as a reduction in revenue.

Profit/Loss on disposal of vehicles and End of contract fees
Vehicle sales revenue includes the proceeds of the sale of vehicles from terminated lease contracts. The proceeds from the sale of vehicles are recognised when the objects are sold and control of the vehicles is transferred. End of contract fees may consist of fees charged to clients for mileage variation adjustments and excessive wear and tear of the vehicle. In revenues are also included charges arising from deviations from the contractual terms. The fees are recognised upon termination of the lease contract.

Payment deferral
The changes in lease and service contracts are accounted for as a change in estimate with prospective adjustment of revenue. When terms of a contract are substantially modified the original contract is derecognised and a new contract is recognised. A modification in service contracts is recognised as an adjustment to revenue as from the date of the contract modification. Prospective revenue and related service income accruals are adjusted. Non substantial modifications in finance lease contracts are recognised as change in net present value of the finance lease receivable.

Direct cost of revenues
Direct cost of revenues comprises the cost associated with providing the above-mentioned service components of the lease instalment. Any (volume related) bonuses related to these expenses are credited directly to expenses. Bonuses received on purchases of objects for operating lease contracts are deducted from the purchase consideration and as such result in lower depreciation. Bonuses received on purchases of objects for finance lease contracts are recognised immediately in the statement of profit or loss.

Cost of revenues also includes the carrying amount of the sold vehicles and the costs associated with the rental activities, finance costs for interest-bearing liabilities, impairment charges on loans and receivables and unrealised (gains)/losses on financial instruments.

Insurance expenses are claim and handling expenses. These expenses are recognized when incurred. Costs of damage services are also recognized when incurred. Reference is made to Note N - Provisions.

Finance cost
Finance cost consists of interest expenses and similar charges for interest-bearing liabilities (including interest expenses on lease liabilities and interest on insurance contracts provisions) and is recognised in the statement of profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

The calculation of the effective interest rate includes all fees paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

Note Q - Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the income tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

Current income tax is the expected income tax payable or receivable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to income tax payable or receivable in respect of previous years.

Current income tax assets and current income tax liabilities are only offset if there is a legally enforceable right to offset the recognised amounts and if a subsidiary intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and providing for unused tax losses and unused tax credits.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversal of existing temporary differences, are considered. Deferred tax assets are reviewed two times per year and reduced to the extent that it is no longer probable that the related income tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to offset the tax assets against tax liabilities relating to income taxes levied by the same taxation authority on either the same taxable company or different taxable companies which intend either to settle current income tax assets and liabilities on a net basis, or to realise the asset and to settle the liabilities simultaneously (often within one fiscal unity).

Note R - Statement of cash flows

The consolidated statement of cash flows has been drawn up in accordance with the indirect method, classifying cash flows as cash flows from operating, investing and financing activities. Changes in balance sheet items that have not resulted in cash flows have been eliminated in preparing this statement.

Operating cash flows

Operating cash flows comprise all cash flows during the period that do not qualify as either investing cash flows or financing cash flows. In the net cash flow from operating activities, the result before profit is adjusted for those items in the statement of profit or loss and changes in balance sheet items, which do not result in actual cash flows during the year. As the main operating activity of the Group is to provide operating and finance leases, cash payments to acquire underlying assets under operating lease and finance lease are classified as an operating activity. A similar approach is followed for interest received and interest paid, even though these arise on financing balances.

Investing cash flows

Investing activities include cash flows with respect to acquisition and sale of assets under other property and equipment, intangible assets and other long-term assets. Investing activities also include cash flows relating to acquisition, disposal and dividend of equity interests in investments accounted for using the equity method and held-for-sale investments.

Finance cash flows

Finance cash flows include cash flows relating to obtaining, servicing and redeeming sources of finance, but exclude interest received and interest paid as these are included in the operating cash flows. The sources of finance include amounts borrowed from financial institutions and dividends paid. The cash flows related to LeasePlan Bank are included in the cash flow of funds entrusted on a net basis. Next to the cash flows relating to the sources of finance, the cash flows relating to balances deposited to financial institutions are included in the finance cash flows, even though these arise from investing activities.

Cash and balances with banks

Cash and balances with central banks are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The short-term characteristic of a cash equivalent is generally taken as a term of three months or less from the date of acquisition. The balance includes cash, central bank deposits, call money and cash at banks. Bank overdrafts and call money that are repayable on demand are included in the cash flows with respect to borrowings from financial institutions.

Note S - Segment reporting

Segment reporting is based on the internal reporting to the Group's Managing Board (in its function as the chief operating decision-maker), which makes decisions on the allocation of resources and assesses the performance of the reportable segments. The segment disclosure is included in Note 3.

The segment information is presented in the consolidated financial statements in respect of the Group's leasing activities in two geographical segments distinguished by management: Europe and Rest of the world. Leasing activities comprise the main activity of the Group which is providing leasing and fleet management services including the purchase, financing, insurance, maintenance and remarketing of vehicles, to external customers. The Group offers a mono-line product through all its subsidiaries.

The performance of the segments is measured based on the combination of IFRS and Alternative Performance Measures, such as serviced fleet, revenue and underlying net result. The Alternative Performance Measures are obtained from the internal system of management accounting. All relevant revenues and related costs of the central managed activities, like borrowings, treasury, insurance, information services, supply services and holding activities, are allocated to the primary segments. Inter-segment sales are eliminated at a consolidated level. The revenue from external parties is measured in the same way as in the statement of profit or loss.

In the segment information transactions between LeasePlan and discontinued operations are presented in continued operations before intercompany eliminations if LeasePlan continues significant transactions with discontinued operations after disposal. Intercompany transactions are eliminated in discontinued operations. If LeasePlan does not continue significant transactions with discontinued operations after disposal, intercompany transactions are eliminated in both continuing and discontinued operations and external revenues and expenses are presented in discontinued operations.

Note T - Critical accounting estimates, assumptions and judgements

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

The estimates and assumptions are updated in case of significant impacts, such as global crisis (for instance the Ukraine-Russia war) and the key sources of estimation uncertainty are investigated in more depth in the specific notes to the statement of financial position.

Assumptions and estimation uncertainties at 31 December 2023 include, but are not limited to, the following areas:

Impairment of goodwill and intangible assets, including intangible assets under construction
Determining whether goodwill or intangible assets are impaired requires an estimation of the value in use of the groups of cash generating units to which the goodwill and intangible assets have been allocated. The key assumptions calculating the value in use are those regarding discount rates, growth rates and other expected changes in cash flows. The estimates and assumptions used are disclosed in Note 23 of the consolidated financial statements of the company.

Review of depreciable amount, residual value and depreciation period of (leased) assets
The basis for the depreciation of an operating lease contract and rental contracts is the investment value at cost less the estimated residual value as included in the contract, in combination with the estimated contract duration. A change in the estimated residual value and/or contract duration leads to a change in depreciation that has an effect in the current period and/or in subsequent periods.

Statistical models and calculations (regression analysis) are used to calculate a vehicle's future value as accurately as possible. The Group has an advanced management information system that closely monitors changes in the contractual residual values used in lease contracts. The existing residual value risks are also periodically assessed at a portfolio level.

Impairment losses on property and equipment under operating lease
In the quarterly assessment of whether there is any indication that an asset may be impaired, the Group considers both external as well as internal sources of information. If such indication for impairment exists, an analysis is performed to assess whether the carrying value of the cash generating unit under an operating lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and the value in use. The value in use is determined as the present value of the future cash flows expected to be derived from the cash generating unit. Important input is the expected residual value of the assets under operating leases.

Impairment of right-of-use assets and other property and equipment
The recoverable amount of right-of-use assets or assets categorised as other property and equipment is determined as the value in use of each cash generating unit. The value in use is determined as the present value of the future cash flows expected to be derived from the cash generating units. The estimates and assumptions used are disclosed in Note 22 of the consolidated financial statements of the company.

Impairment losses on (lease) receivables
The measurement of the ECL allowance for financial assets is an area that requires the use of complex models and significant assumptions and data about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Judgement is required from management for applying appropriate models and setting assumptions for the measurement of ECL. The methodology, assumptions and data, including any forecasts of future economic conditions, are reviewed regularly by management.

Details about the assumptions and estimation techniques used in measuring ECL for finance lease receivables and trade receivables from operating lease contracts are provided in the section Credit risk management.

The impairment models are subject to annual review to ensure they remain current and fit for purpose and the use and performance continue to meet the Group's standards. In case of significant changes, external model validation is performed.

Post-employment benefits

The actuarial valuation of post-employment benefits and other long-term employee benefits is based on assumptions regarding inflation, discount rates, expected return on plan assets, salary rises and mortality rates. The assumptions may differ from the actual data because of changes in economic and market conditions.

Damage service risk

The provision for damage service risk is measured at the amount of the 'best estimate' expected expenditure required to settle the present obligations at reporting date by using statistical methods based on empirical data and current assumptions and includes a margin for risks and uncertainties that is inherent to the historical data adjusted for recent pricing developments. The provision for damage service is expected to be recovered or settled within a maximum of 12 months.

Insurance contract liabilities

In accordance with IFRS 17, the Group's insurance contracts issued, and reinsurance contracts are measured by applying the premium allocation approach (PAA). The liability is calculated at the reporting date using statistical methods based on empirical data and current assumptions to settle all claims, including related internal and external damage handling expenses. The liability includes a prudential margin. Liabilities for claims subject to periodic payment are calculated using actuarial methods consistent with those applied to life insurance contracts. Discounting is applied if allowed by the local accounting principles used to measure the insurance liabilities. Discounting of liabilities at a risk-free rate of interest is generally applied where there is a particularly long period from incident to damage settlement.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Estimates are required in determining the worldwide current and deferred tax positions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. LeasePlan assumes in the estimates that all tax positions that are not yet final will be examined by tax authorities, that have all relevant information available. The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences are analysed and will impact the income tax and deferred tax provisions in the year in which such determination is made.

Fair value of derivatives

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has mainly used discounted cash flow analysis for calculating the fair value of the derivatives.

Revenue recognition

Income related to lease services is recognised over the term of the contract based on historical statistics and on assumptions regarding expected service costs. The assumptions may differ from the actual data as a result of changes in economic and market conditions and are periodically back tested and adjusted if considered necessary. For details in relation to the accounting of revenue recognition, please refer to Note P.

Other provisions

For litigation, when there is a legal or constructive obligation and it is probable that there will be an outflow of benefits which can be measured reliably, the best estimate of the future outflow of resources has been recognised. In extremely rare situations that no reliable estimate can be made yet on claims expected, no provision is recognised in the balance sheet but information about a contingent liability is disclosed.

Risk management

All amounts are in thousands of euros, unless stated otherwise

A. Risk approach

LeasePlan, "the Group", is committed to ensuring regulatory compliance and maintaining a risk profile within the set risk appetite, which is performed by challenging and assisting the business and promoting risk awareness at all levels within the Group. As part of our risk taxonomy, the Group recognizes twelve broad categories of key risks: asset risk, treasury risk, credit risk, motor insurance risk, operational risk, information risk, strategic risk, legal risk, compliance risk, HR risk, reliable reporting risk and change failure risk. For further information on risk approach please refer to 'Risk management' section under 'Directors report' of this Annual Report.

This section of the financial statements describes the Group's approach to the risk management objectives and organisation in general, as well as the Group's policy, appetite and measurement of its risks.

B. Capital management

The primary objective of our capital management strategy is to ensure that capital adequacy requirements are always met , and that sufficient capital is available to support the Group's strategy. A financial institution is expected to enhance the link between its risk profile, risk management and risk mitigation systems and its capital. The main principle is that a banking institution assesses the adequacy of its available capital in view of the risks to which it is exposed. The Group's capital management consists of internal quantification of risk capital associated with its business activities, capital planning and monitoring of developments in exposures and capital adequacy ratios, based on targets set during the annual Internal Capital Adequacy Assessment Process (ICAAP).

Internal Risk Capital is the Group's internal quantification of risk capital associated with our business activities. This internal capital is considered the cushion that provides protection against the various risks inherent in our business, to maintain our financial integrity and remain a going concern even in the event of a near-catastrophic 'worst-case' scenario. It is calculated in such a way that we as a minimum can absorb unexpected losses up to a level of confidence as defined by regulatory requirements. The calculation of Internal Risk Capital is not bound by accounting and/or regulatory rules which allows for a better alignment between our risk profile and capital levels.

Capital adequacy
LeasePlan being a significant institution is under the supervision of the ECB. The Group reports its capital metrics and risk exposures in accordance with Capital Requirements Regulation (Regulation No 575/2013) and comparing the Group's eligible regulatory capital with its risk-weighted assets for credit risk, operational risk and market risk. Furthermore, banking institutions are required to assess the adequacy of available capital in view of the risks to which they are exposed. The periodic process in achieving this objective is referred to as ICAAP.

Capital planning
Based on the strategic planning process, a forecast of the regulatory Common Equity Tier 1 (CET1) and Total Capital (TC) ratio is prepared. The projections of the CET1 and TC ratios are performed to ensure ongoing compliance with the minimum requirements set by the ECB. Next to the projections of the CET1 and TC ratio, a forecast of the development of the minimum requirement is made which considers the requirements of the ECB; based on the latest estimates the Group will remain above the minimum CET1 and TC requirement.

The Contingency Plan (CP) is an important element within the capital risk management framework and sets out the strategies for addressing stress on both capital and liquidity in emergency situations (tactical level). The CP enforces readiness of the Group's organisation to deal with events of severe stress originated from both company specific and market-wide events. The CP ensures that contingencies are in place when necessary to ensure the Group will meet the capital requirements on a continuous basis, such as issuance of additional capital instruments or adjusting dividend levels.

Primary objective of the CP is to ensure both awareness and readiness in the organisation with respect to the ability of the Group to deal with unexpected deterioration of its capital adequacy. The CP sets the framework for managing the risk of a loss of confidence due to existing or expected capital adequacy issues. To that end, the CP sets the crisis governance to discuss and implement pre-emptive and corrective actions that could be undertaken to prevent or mitigate a capital adequacy confidence threat and to prepare for capital restoration in case of a weakening capital position.

The CP strengthens and broadens the scope of the monitoring processes of the capital and liquidity adequacy of the Group and ensures immediate reporting of any irregularities in capital and liquidity ratios. The capital position is monitored and reported monthly. LeasePlan has identified Recovery Plan Indicators (RPIs) and Early Warning Indicators (EWIs) to assist in the timely identification of potential financial stress, allowing management to implement mitigating actions in a timely manner. Among others, they include the deterioration of the CET1 ratio and a credit rating downgrade. EWI are to serve as warning signals following specific internal and external developments.

Total risk exposure amount (TREA)
In August 2023 LeasePlan received the final decision regarding the Internal Model Investigation performed based on the newly developed IRB models for LeasePlan. The ECB has decided to grant permission to LeasePlan to apply material changes to the Probability of Default (PD), Loss Given Default (LGD) including LGD-in default and ELbe (Expected Loss best estimate) for the retail exposure class in the Netherlands and in the United Kingdom, and for the corporate exposure class for calculating own funds requirements for credit risk. However, this approval came with a limitation which describes that for the exposures in the scope of application of the rating model, LeasePlan shall apply a risk-weighted exposure amount (RWEA) floor at an amount equal to the RWEA computed in accordance with Standardised approach. The floor needs to be applied separately for defaulted and non-defaulted exposures. As a result of this, LeasePlan reports its TREA based on a floored amount since September 2023.

Eligible capital

The Group's eligible regulatory capital consists of CET1 capital and additional Tier 1 and Tier 2 instruments which can be bridged to IFRS equity. The following table illustrates this reconciliation.

As at December 31	2023	2022
Total IFRS equity	**4,136,988**	**5,568,210**
Results for the year	–375,762	– 1,898,512
Interim dividend declared	-	585,593
AT1 capital securities	–1,027,730	– 497,937
Non-controlling interest	–2,320	–
Total IFRS equity excluding results, interim dividend paid and AT1 capital securities	**2,731,176**	**3,757,355**
Eligible results for year net of interim dividend	375,762	79,970
Regulatory adjustments	– 235,873	– 349,904
Common Equity Tier 1 capital	**2,871,066**	**3,487,421**
Additional Tier 1 capital	994,575	494,575
Tier 1 Capital	**3,865,641**	**3,981,996**
Tier 2 capital	750,000	–
Total Capital	**4,615,641**	**3,981,996**

Based on EU endorsed frameworks for Basel III (CRR/CRD IV), the Group's capital ratios[1] as of 31 December is as follows:

As at 31 December	2023	2022
Total risk exposure amount	26,323,946	22,412,302
Common Equity Tier 1 capital	2,871,066	3,487,421
Common Equity Tier 1 ratio	**10.9%**	**15.6%**
Tier 1 Capital	3,865,641	3,981,996
Tier 1 Capital Ratio	**14.7%**	**17.8%**
Total capital	4,615,641	3,981,996
Total capital ratio	**17.5%**	**17.8%**

1. Capital ratios are presented on a sub-consolidated basis.

The Group analyses the development in risk exposures and in eligible capital; stress testing is an important part of this analysis. Developments in risk exposures typically represent relative movements in the lease portfolio, whereas eligible capital normally grows with retained profits.

Based on the 2023 ICAAP, which has been submitted in March 2024, the Group concludes that it is sufficiently capitalised and resilient to future plausible stress situations. This conclusion is based on the Group's capital assessment methodologies. The Company is capitalized at the end of the year 2023 above the minimum capital requirements.

C. Risk management framework

The risk charter defines the Group's governance and decision framework (delegated authorities and mandates) for both financial and non-financial risks. The Group has the following risk governance in place through its Group entities:

Supervisory Board
The Supervisory Board of the Group supervises the direction pursued by the Managing Board of the Group and the general course of affairs. The risk strategy, risk appetite and risk policy for the medium and long term are discussed once a year. The Supervisory Board approves any material changes to the risk strategy, risk appetite and risk policy. The Supervisory Board is authorised to decide on credit acceptance and renewal above limits as set out in the internal rules and regulations for the Supervisory Board, upon recommendation of its Risk Committee.

The Supervisory Board has a Selection and Appointment Committee, a Remuneration Committee, an Audit Committee, a Risk Committee and an Integration Committee (previously: Digital Committee). The Risk Committee's role is to review the Group's risk appetite and to monitor performance of key risk indicators against the targets and tolerance levels set to support the Supervisory Board's supervision of risk management.

Managing Board
The Managing Board is responsible for the risk strategy and risk management systems and controls. It is also responsible for defining the risk appetite and approving the overall risk management framework. Within the Managing Board of the Group, the Chief Risk Officer (CRO) is responsible for the management and control of risk on a consolidated level, to ensure that the Group's risk profile is consistent with risk appetite and risk tolerance levels. The CRO, the Chief Compliance Officer and the Chief Risk Manager can independently decide to escalate risk related issues to the chairman of the Risk Committee of the Supervisory Board.

Risk committees
All risk related decisions, except for the risk matters that are subject to approval from the Supervisory Board, are within the power of the Managing Board. To support decision-making on risk matters, the Managing Board is supported by the Executive Committee and several risk committees.

The Group Risk Committee (GRC) is the dedicated risk committee of the Managing Board. The GRC discusses and oversees all risk-related topics and matters. The GRC consists of all members of the Managing Board and certain non-voting attendees and is chaired by the Chief Risk Officer.

The GRC delegates certain authorities to subcommittees such as Asset Management Committee, Climate & Environmental Committee, Combined Risk and Pricing Committee, Group Model Risk Committee, Motor Insurance Governance Committee, Insurance Risk Review Committee, IT Risk Committee and Entity Risk Committees.

For these committees, separate terms of reference are specified. The committees report their decisions, main observations and deliberations back to the GRC by means of sending the minutes. The chairs of the delegated committees can independently escalate matters of their committee to the GRC.

D. Risks

Asset risk

Asset risk definition
The Group defines asset risk as the risk of potential losses related to decline of residual value (RV) and higher than estimated costs on repair, maintenance and tyre replacement (RMT) services. RV risk is considered the main risk and is defined as the Group's exposure to potential losses due to the market values of assets falling short of the book values. For residual value risk the Group also makes the distinction between market risks that are related to developments in the used-car market and non-market risks that do not directly relate to market development. The asset risk related to RMT services is the Group's exposure to potential loss due to the total actual costs of the repair, maintenance and tyre replacement services over the entire life of the contract exceeding the total amount budgeted.

Asset risk management policy
The Group has a policy in place with respect to asset risk management, based on principles developed under its Risk Charter. The policy describes, inter alia, the roles and responsibilities of the first and second lines of defence with respect to asset risk management, the minimum standards for the management and mitigation of both risks related to the RV market and non-market related risks. The asset risk management policy is applicable to all leasing companies in the Group and focuses on all leases that may expose the Group to market risk of used vehicles and/or repair, maintenance and tyre risk.

Furthermore, this policy describes the risk appetite structure for both the Group as well as the leasing companies within the Group. This structure includes triggers and limits for market risk taking as well as portfolio composition.

Asset risk management structure and organisation
As part of the Risk Decision Framework, all Group companies have established a local risk management committee, chaired by the local risk director in which the local management team as well as all other relevant disciplines involved in asset (risk) management are represented. This committee has the responsibility of overseeing the adequate management of asset risks on behalf of the local management team. This includes but is not limited to reporting on asset risk measurements and trends in risk mitigation, market prices of used vehicles and vehicle repair, maintenance and tyre replacement results.

The local committee assesses asset risk exposure by considering both internal influences and external influences (e.g. supply and demand) and, based on its assessment, will decide on the use of appropriate market prices of used vehicles and repair, maintenance and tyre cost estimates and risk mitigating measures to be applied in risk management. The local committees can also decide on the limits regarding commercial price adjustments.

Technical valuation and price setting of vehicles, and repair, maintenance and tyre replacement is either directly overseen by the local risk committees or delegated on an operational level to a local technical pricing committee (TPC). In the latter case, the local risk committee will retrospectively sign off on technical pricing of RVs. The TPC defines the technical pricing of RVs for all individual makes, models and types and develops and maintains

adequate matrices for the pricing of RVs. Termination result analysis distinguishes internal and external influences in a quantified manner. The vehicle pricing is based on a combination of historical actual costs, statistical analysis and external car market pricing benchmarking and is combined with expert judgement. Finally, external benchmarks are used in many countries as an additional point of reference and expert judgements are applied to challenge the outcome of statistical analysis and to overcome any shortcomings therein.

The Group has also established an Asset Management Committee, (AMC), which is a delegated committee of the Group Risk Committee. This committee oversees the Group's asset (risk) management practice by preparing Group-level policies, KPIs/KRIs and risk appetite boundaries, by monitoring adherence to policies and boundaries, by monitoring overall market developments, and by providing guidance on technical and contract RV setting.

To support the effective implementation of policies and asset (risk) management practices into the business, and to provide central guidance and steering on key topics, the Group has established dedicated central asset (risk) management functions in both the first and second line. These functions work closely with their local first-and second-line counterparts and provide consolidated reporting on key developments in the portfolio, the market and the effectiveness of the Group's asset (risk) management practices to the AMC, GRC, ExCo and SB.

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

The geographical diversification of the portfolio, in conjunction with being an independent multi-brand company with a well-diversified brand portfolio, also partly mitigates the risk related to residual values.

On a monthly basis, the Group assesses its exposure to asset risk and evaluates the outcomes against its risk appetite. This assessment also determines the amount of capital that is required as a buffer against residual value market risks.

Furthermore, the Group's local leasing companies also assess the exposures and expected results on their local lease portfolio for future years using a globally harmonised methodology, assessing the current contracted portfolio against latest expectations regarding future market prices, as well as several alternative scenarios.

Using the outcomes of these local assessments as a base, the Group re-assesses the valuation of the portfolio and on quarterly basis determines whether any impairment and/or prospective depreciation must be applied to the portfolio.

Asset risk exposure
The Group is currently exposed to asset risk in 25 countries. The Group's residual value risk exposure on the operational lease portfolio is as follows:

	2023	2022
Total	14,874,055	14,338,965

Treasury risk

Treasury risk definition

Treasury risk consists of three individual risks, being liquidity risk, interest rate risk and currency risk. Liquidity risk is the risk that LeasePlan is unable to efficiently meet both expected and unexpected current and future cash flows, without affecting either daily operations or its financial condition. Interest rate risk is the risk that the profitability and shareholders' equity of the Group are affected by movements in interest rates. Currency risk is the risk that currency fluctuations have an adverse impact on the Group's capital ratios, result and shareholders' equity.

Treasury risk management policy

Liquidity risk policy

Liquidity risk is governed by the Internal Liquidity Adequacy Assessment Process (ILAAP). The ILAAP encompasses all underlying elements of liquidity risk management such as liquidity risk appetite, tolerance levels and limits, funding strategy, contingency funding plan and stress testing. The ILAAP is an ongoing process embedded within liquidity risk management, which is part of the overall risk management framework.
The liquidity risk appetite and tolerance levels are based on the following key principles:

1. the primary (overarching) objective in managing funding and liquidity risk is to accommodate the going concern business objectives without incurring unduly exposure to liquidity or refinancing risk;
2. the Group aims to be matched, where the run-off of assets and liabilities are matched within reasonable limits, or longer funded with reasonable (relative) funding costs;
3. the primary objective of the funding strategy is to always maintain good market access ; and
4. compliance with minimum regulatory liquidity and funding requirements always.

As liquidity risk is not perceived by the Group as a driver for profit, the policy aims at matched funding and diversification of funding sources. Liquidity risk is managed by seeking to conclude funding that matches on average to the estimated run-off profile of the leased assets. This matched funding principle is applied both at a consolidated Group and at entity level, considering specific mismatch tolerance levels depending on the total of interest-bearing assets (including vehicles under operating lease) of the subsidiary. Local management of Group entities is responsible for adhering to the matched funding policy. To fund its business, local management can take intercompany funding at the Group's central Treasury or bi-lateral funding with third-party banks. A Funds Transfer Pricing methodology governs the pricing of intercompany funding, with pricing determined and approved by the Managing Board monthly.

The Group holds a liquidity buffer to mitigate liquidity risk. The liquidity buffer consists of unencumbered cash, cash equivalents and committed facilities. Liquid assets are maintained to always meet regulatory liquidity requirements.

The Managing Board considers the liquidity risk management activities that are in place to be adequate to the profile and strategy of LeasePlan. By applying the matched funding principle and by having a diversified funding strategy in place, LeasePlan's refinancing need is spread over time and can be accommodated by several different funding sources. In combination with its liquidity buffer, LeasePlan's survival period comfortably meets regulatory requirements and therefore reflects LeasePlan's minimalist appetite for liquidity risk.

Interest rate risk policy

The Group accepts and offers lease contracts to clients at both fixed and floating interest rates, for various durations and in various currencies. Interest rate risk within the Group is managed separately for:

- Group entities and associates, carrying interest-bearing assets (mainly lease contracts) and funding on their balance sheet, which is mainly intercompany funding supplied by the Group's central Treasury;
- The Group's central Treasury, concluding external funding, external derivatives and granting intercompany loans to the Group's entities;
- LeasePlan Bank (LPB), supporting the diversified funding strategy by raising retail saving deposits.

The interest rate risk policy is to match the interest rate risk profile of the lease contract portfolio with a corresponding interest rate funding profile to minimise the interest rate risk, as measured by interest rate gap reports per Group entity. Group entities carry interest-bearing assets on their balance sheet, funded by interest-bearing liabilities (loans and other indebtedness). Where interest-bearing liabilities fall short to cover interest-bearing assets, non-interest-bearing working capital and subsidiaries' equity can cover interest-bearing assets, as part of the matched funding policy.

The Group's central Treasury provides loans to the Group's entities and attracts funds in conjunction with interest rate derivatives entered for hedging purposes. Derivative financial instruments are concluded by the Group's

central Treasury; the Group does not hold a trading book. Due to the accounting treatment of derivative financial instruments, the Group is exposed to some volatility in its statement of profit or loss, particularly regarding the derivatives that do not qualify for hedge accounting.

To enable the Group's central Treasury to achieve economies of scale, smaller intercompany loans are grouped and financed through larger-sized external funding transactions. Interest rate risk inherent to the central treasury process, such as timing differences and mismatches of interest rate re-pricing, are accepted within set currency and duration limits.

The liquidity and interest typical duration of LeasePlan Bank's (hereafter LPB) flexible savings are modelled through a replicating portfolio and measured from a behavioural perspective. LPB invests the flexible savings funds received by placing deposits with the Group's central Treasury in line with the modelled interest profile of the flexible savings, thereby replicating the flexible savings' maturity profile. The average repricing maturity of LeasePlan's portfolio of Non-Maturing Deposits (NMDs) is approximately 15 months for the total portfolio. The longest modelled maturity is 60 months. Maturities for Core and Non-Core portfolios are not separately modelled. LPB does not attract deposits from non-financial wholesale counterparties.

In addition, the Group risk management department monitors the effect of a gradual movement in market interest rates on its earnings at risk and the effect of a sudden parallel shift of the yield curve on its equity at risk. The IRRBB exposures in relation to the limits that are in place are shared with ALCO monthly.

Currency risk policy
The Group's functional currency and the reporting currency for its consolidated financial statements is the euro. However, because of its presence in a significant number of countries outside the Eurozone, the Group has substantial assets, liabilities, revenues and costs denominated in currencies other than the euro. The global nature of the Group's operations therefore exposes the Group to exchange rate volatility as a result of potential mismatches between the currencies in which assets and liabilities are denominated, and as a result of the translation effect on its reported earnings, cash flow and financial condition.

The Group is exposed to transactional foreign exchange rate risk when a subsidiary enters into a transaction in a currency other than the subsidiary's functional currency. The Group seeks to manage its transactional foreign exchange rate risk by attempting to limit the Group's exposure to the effects of fluctuations in currencies on its statement of financial condition and cash flows through funding its debt directly or through derivatives in the currency in which assets are originated and allocating capital in the currencies in which assets are denominated.

The Group is also subject to translation risk, which is the risk associated with consolidating the financial statements of subsidiaries that conduct business in currencies other than the euro or have a functional currency other than the euro. On 31 December 2023, 44.8% (2022: 36.7%) of the Group's equity capital was denominated in currencies other than the euro.

As the Group does not hedge its equity positions in foreign currencies, fluctuations in the value of the euro relative to currencies in which LeasePlan conducts operations will affect the Group's financial condition and net equity position resulting from these foreign operations.

The Group hedges against the adverse effect of foreign currencies on LeasePlan's capital adequacy ratio by taking structural equity positions in the local entities, to match the entities' capital adequacy ratio with LeasePlan's capital adequacy ratio. LeasePlan has been compliant with the EBA Guidelines on the treatment of structural FX under article 352(2) of CRR since Q1 2022.

In short, the Group has the following risk management approach regarding currency risk:
- Matched funding: The assets on the entity's balance sheet should always be financed in the same currency in which the lease contracts are denominated.
- Structural positions: The positions in non-euro currencies are of a non-trading and structural nature. As a result hereof, the regulatory ratio protection method is applied; to protect the capital ratios rather than the absolute amount of the Group's equity.

Based on the currency risk management approach the Group's capital adequacy ratio is only limited exposed to changes in the exchange rates it is exposed to. The logic behind this is that if the relative assets / equity position

in an entity are the same as for the Group, both assets and equity allocated to the non-functional currency will deviate but will not impact Group's CET1 ratio.

In order to monitor and manage its currency risk exposure, the Group has defined triggers and limits on its structural risk exposure, in accordance with EBA Guidelines.

Treasury risk management structure and organisation

The Group's treasury risk management is driven by monitoring of regulatory and operational (mismatch) limits as set in the risk appetite statement. Compliance with the risk appetite statement of the Group and its entities (including the Group's central Treasury and LeasePlan Bank) is monitored on, at least, a monthly basis by the Group's risk management department, whereas treasury positions of the Group's central Treasury are monitored daily. Group-wide liquidity risk is measured at LeasePlan Corporation level.

The Group's central Treasury provides loans to the Group's entities and attracts funds from the parent company, thereby acting as the central hub for liquidity management activities. Funds raised through LeasePlan Bank are also placed with Treasury. LeasePlan no longer issues its own unsecured MTN funding although a portfolio of legacy transactions remains in place.

The Group risk management department has the responsibility to monitor treasury risk limits, achievement of liquidity targets, and to identify control breakdowns, inadequacy of processes and unexpected events. The treasury risk positions, non-compliance and follow-up measures are discussed within the ALCO and, if necessary, shared with the Managing Board. A Liquidity Risk Policy is in place that describes how liquidity risk is monitored, managed and mitigated.

Whereas the ALCO is meant for going-concern situations, a Crisis Management Response Team (CMRT) is established to manage liquidity and capital levels in crisis scenarios. The Group has developed a trigger and early warning indicator framework. The CMRT decides on the activation of the Alarm Phase 'amber' or Recovery Phase 'red' depending on breached trigger levels. The role and mandate of the CMRT are governed by the Liquidity Contingency Plan (LCP) and the Capital Contingency Plan (CCP), which together with the Recovery Plan are integrated in the Group's risk management framework. The LCP, CCP and Recovery Plan also identify potential management action which can be executed to generate liquidity and/or capital during times of stress.

Within the pre-conditions of the ILAAP, the Strategic Finance department executes the funding strategy. A key instrument in liquidity risk management is the funding planning, which is a recurring item on the ALCO agenda. The funding planning forecasts issuances and redemptions for each funding source, resulting in a multi-year projection of the liquidity position. Apart from a going concern forecast, a forecast based on stress scenario assumptions is calculated monthly. The governance of the liquidity stress testing process is outlined in the stress testing policy.

The Group maintains several stress scenarios addressing idiosyncratic and market wide risk drivers in both specific and combined scenarios. Stress testing results are used both for contingency planning as well as for going-concern funding and risk activities, for instance, to set the target level for the liquidity buffer to meet financial and regulatory obligations during a period of severe stress. Furthermore, these results are used as input for the periodic recalibration of the risk appetite for liquidity risk.

On a quarterly basis the Group's risk management department reports on actual performance of treasury positions against the risk appetite limits to the Risk Committee of the Supervisory Board.

Treasury risk measurement

Liquidity risk measurement

The table below presents the Group's contractual undiscounted cash flows payable of the financial liabilities in the relevant contractual maturity groupings. As the effect of discounting is not material these amounts reconcile to the balance sheet positions. Lease liabilities do not reconcile to the balance sheet because the interest component is included in the line and not shown separately.

Financial liabilities	Note	0-3 months	3-12 months	1-5 years	>5 years	Total
Funds entrusted	27	8,479,159	2,408,779	863,738	1,243	11,752,919
Trade payables	28	945,462	–	–	–	945,462
Borrowings from financial institutions	29	414,551	834,683	1,731,389	–	2,980,623
Loans from related parties	38	–	–	1,617,613	–	1,617,613
Subordinated loans	38	–	–	–	750,000	750,000
Debt securities issued	30	682,856	1,590,001	4,926,337	62,459	7,261,653
Future payments (interest and commitments fees)		122,844	344,131	422,549	2,914	892,438
Lease liabilities		9,024	26,782	93,720	26,495	156,022
Total as at 31 December 2023		**10,653,895**	**5,204,376**	**9,655,346**	**843,111**	**26,356,729**

Financial liabilities	Note	0-3 months	3-12 months	1-5 years	>5 years	Total
Funds entrusted	27	8,166,409	1,725,584	960,241	43	10,852,278
Trade payables	28	794,410				794,410
Borrowings from financial institutions	29	494,124	384,336	2,153,860	–	3,032,320
Debt securities issued	30	227,381	2,531,207	6,203,328	93,299	9,055,215
Future payments (interest and commitments fees)		65,510	204,308	253,536	8,430	531,783
Lease liabilities		9,039	26,848	104,444	36,542	176,873
Total as at 31 December 2022		**9,756,873**	**4,872,282**	**9,675,410**	**138,314**	**24,442,880**

In the table below, for interest rate swaps the undiscounted cash inflows and outflows are presented on a net basis into the relevant maturity groupings, whereas the undiscounted cash flows on currency swaps are presented on a gross basis.

In thousands of euros	0 – 3 months	3 – 12 months	1 – 5 years	> 5 years	Total
Interest rate swaps / forward rate agreements	11,710	–8,272	–377,221	474	–373,309
Currency swaps inflows	2,799,165	1,461,633	2,414,976	–	6,675,773
Currency swaps outflows	–2,864,355	–1,470,783	–2,480,888	–	–6,816,026
Total as of 31 December 2023	**–53,480**	**–17,423**	**–443,133**	**474**	**–513,562**

In thousands of euros	0 – 3 months	3 – 12 months	1 – 5 years	> 5 years	Total
Interest rate swaps / forward rate agreements	5,497	−2,974	−221,816	3,285	−216,008
Currency swaps inflows	2,798,799	836,690	2,321,926	–	5,957,416
Currency swaps outflows	−2,810,503	−865,361	−2,318,955	–	−5,994,819
Total as of 31 December 2022	**−6,208**	**−31,645**	**−218,844**	**3,285**	**−253,412**

As a precaution to the risk of not having continued access to financial markets for funding, the Group maintains a liquidity buffer. This buffer includes unencumbered cash and committed (standby) credit facilities to reduce the Group's liquidity risk. The liquidity buffer as per 31 December is specified as follows:

in million EUR	2023	2022
Unencumbered cash at banks	708	616
Unencumbered cash at Dutch Central bank	3,428	7,018
Total on balance liquidity buffer	**4,136**	**7,634**
Committed facilities	1,375	1,375
Total	**5,511**	**9,009**

The Group holds a revolving credit facility with a consortium of 11 banks (EUR 1.4 billion) maturing in November 2024. During 2023 no amounts were drawn under this facility.

The European Central Bank sets out minimum liquidity level requirements demanding that available liquidity always exceeds required liquidity as well as a Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) of 100%; the Group follows these minimum liquidity requirements.

The Group's liquidity stress testing programme includes the integration of risk drivers and review of stress scenarios, governance, tools used and documentation of the stress testing process. Stress testing is embedded in the funding planning, considering the nine months' minimum regulatory liquidity buffer requirement, in line with the Group's risk appetite statement. At all times during 2023, the Group held enough liquidity to continue business as usual during the most severe stress scenario for a minimum period of nine months and was therefore compliant with the expectation expressed by the regulator.

Interest rate risk measurement

The Group matches the interest rate risk profile of the lease contract portfolio with a corresponding interest rate funding profile to minimise the interest rate risk, where the IRRBB model considers lease client behaviour instead of the contractual interest rate risk profile. The Group investigated whether its IRRBB model appropriately reflects its economic reality and the applicable regulatory framework.

The Group monitors the effect of a gradual movement in interest rates on its profitability and the effect of a sudden parallel shift to the yield curve on the Group's capital. The Group assumes for the effect of a gradual movement in interest rates on its profitability that the monthly development of the lease assets is in line with the predictions in the management forecast.

The impact of a 200-basis points interest rate shock on the Group's earnings at risk and equity at risk is shown below:

Gradual shock on the yield curve (in million EUR as at 31 December)	Earnings at risk	
	2023	2022
Effect within 1 year		
-200 bps	– 26.4	– 42.1
+200 bps	26.4	42.1
Effect within 2 year		
-200 bps	– 91.9	– 126.9
+200 bps	91.9	126.9

The impact of an instantaneous shock in interest rates on the Group's Economic Value of Equity is as follows:

	Equity at risk	
	2023	2022
-200 bps	135.0	123.9
+200 bps	– 125.0	– 116.8

Market rates are derived from the relevant swap curves.

Currency risk measurement

The table below details the Group's net currency positions as at 31 December 2023:

Amounts are in thousands of euros

	EUR	GBP	TRY	DKK	NOK	PLN	Other currencies	Total
Cash and balances at central banks	3,535,583	–	–	–	–	–	–	3,535,583
Investments in equity and debt securities	119,756	–	–	–	–	–	–	119,756
Receivables from financial institutions	902,636	2,197	37,096	8,557	7,350	21,140	81,307	1,060,284
Derivatives - long	5,437,409	1,012	–	2	24,515	8,918	734,134	6,205,991
Interest to be received	4,594	–	497	–	3	–	54	5,148
Rebates and bonuses & commissions receivable	298,776	7,380	882	4,551	7,974	3,103	11,053	333,720
Reclaimable damages	46,643	–	815	1,644	–	197	3,011	52,310
Lease receivables from clients	1,174,151	695,901	7,309	60,070	139,038	31,374	190,237	2,298,080
Investments in equity accounted investments	18,204	–	–	–	–	–	–	18,204
Loans to other third parties	62	9	–	–	–	–	–	71
Loans to equity accounted investments	39,500	–	–	–	–	–	–	39,500
Deferred payment sale of subsidiaries	233,361	–	–	–	–	–	–	233,361
Non-financial assets	**17,754,990**	**2,995,999**	**658,293**	**478,537**	**1,088,874**	**662,629**	**1,599,093**	**25,238,413**
Total assets	**29,565,666**	**3,702,498**	**704,891**	**553,361**	**1,267,755**	**727,363**	**2,618,889**	**39,140,421**
Funds entrusted	11,752,919	–	–	–	–	–	–	11,752,919
Total derivatives - short	1,121,121	2,862,039	217,467	344,835	470,386	565,988	821,690	6,403,524
Trade payables	738,878	43,030	18,132	30,908	44,177	16,415	53,922	945,462
Interest payable	119,919	111	2	92	4,368	547	7,117	132,155
Borrowings from financial institutions	2,269,799	20,985	289	51,685	114,037	8,166	515,663	2,980,623
Loans from related parties	1,550,000	–	–	–	67,613	–	–	1,617,613
Lease liabilities	111,369	6,098	647	6,901	9,179	2,080	11,735	148,009
Debt securities issued	6,105,503	49,847	–	–	314,447	17,283	774,573	7,261,653
Non-financial liabilities	**3,212,023**	**717,497**	**476,084**	**118,037**	**312,705**	**117,538**	**425,203**	**5,379,088**
Total liabilities	**25,431,530**	**3,699,606**	**712,621**	**552,458**	**1,269,299**	**728,016**	**2,609,903**	**35,003,433**
Net position (excl.net invest.in subsidiaries)	4,134,136	2,891	–7,729	903	–1,544	–653	8,985	4,136,988
Currency position		**377,215**	**386,361**	**54,585**	**113,975**	**83,561**	**243,551**	
Net investment in subsidiaries		374,323	394,091	53,682	115,520	84,214	234,566	
Other positions		2,891	–7,729	903	–1,544	–653	8,985	

As at 31 December 2022:

	EUR	GBP	TRY	DKK	NOK	PLN	Other currencies	Total
Non-financial assets	16,080,948	2,760,462	565,710	458,383	940,644	486,005	1,814,929	23,107,081
Total assets	30,633,220	3,378,113	583,808	523,117	1,181,138	550,924	2,940,416	39,790,735
Non-financial liabilities	2,036,236	713,472	406,038	124,704	181,630	84,882	874,971	4,421,933
Total liabilities	25,209,372	3,298,041	588,094	518,020	1,172,512	523,587	2,912,899	34,222,525
Net position (excl.net invest.in subsidiaries)	5,423,848	80,072	–4,286	5,097	8,626	27,337	27,517	5,568,210
Currency position		491,110	321,818	69,654	112,763	95,427	330,782	
Net investment in subsidiaries		411,038	326,104	64,557	104,137	68,090	303,265	
Other positions		80,072	–4,286	5,097	8,626	27,337	27,517	

The Group monitors the relative currency exposure by comparing its capital adequacy ratio per currency to the Group's overall ratio. The Group's aim is to neutralise its capital ratio for currency exchange rate fluctuations. Taking a 10% presumed currency shock on all currencies against the euro, the impact on the Group's capital would be EUR 60.0 million (2022: EUR 62.4 million). The following table shows the net currency position versus the risk exposure amount for which, in absolute terms, under a shock of 10%, the Group's capital can be impacted (considered for the main currencies).

	2023		2022	
	Net open position	Currency shock	Net open position	Currency shock
Pound Sterling ("GBP")	374.3	2.9	411.0	–
Turkish Lira ("TRY")	394.1	32.3	326.1	25.1
Danish Krone ("DKK")	53.7	–	64.6	–
Norwegian Krone ("NOK")	115.5	0.5	104.1	–
Polish Zloty ("PLN")	84.2	1.9	68.1	6.8
Other [1]	223.9	22.4	305.3	30.5
Total	**1,245.7**	**60.0**	**1,279.2**	**62.4**

1. The "Other" category consists of smaller entities with corresponding currencies. The category does not reconcile with the table showing the Group's net currency position due to the inclusion of an off-balance sheet commitment as part of the total FX risk positions, whereas the position on the previous page only includes on-balance positions.

Although the Group is aware that, from an absolute equity perspective, currency exposures exist, these exposures are deliberately not fully mitigated following the ratio protection strategy.

Derivatives and hedge accounting

The Group's activities are principally related to vehicle leasing and fleet management. The Group accepts and offers lease contracts to clients at both fixed and floating interest rates, for various periods and in various currencies. For a major part of the funding of the cars, the Group has entered borrowings from external parties or issued notes to third parties. The Group seeks to balance the spread between interest rates charged in lease contracts and the interest rates paid on various borrowings and, at the same time, needs to control its exposure towards future movements in interest rates and currency exchange rates. Risk control is important to continuously meet the solvency and liquidity requirements and targets as set by the regulator and as expected by external stakeholders. The Group uses various non-derivative and derivative financial instruments to achieve that goal.

Derivatives are used to mitigate the interest rate and currency exposures associated with the funding of lease contracts. Interest rate swaps cover interest rate positions between lease contracts and borrowed funds and currency interest rate swaps cover currency exposures between lease contracts and borrowed funds.

The extent of exposure management is in line with internal risk appetite and limits determined by the Group risk management and reviewed on a regular basis.

Cash flow hedges
The Group applies cash flow hedges to the interest rate risk and currency risk on the issued debt securities and other borrowings, to mitigate both current and future statement of profit or loss volatility arising from the variability of cash flows attributable to currency and interest rate movements. In cash flow hedging, Group has agreed to exchange interest and currency cash flows, based on an underlying nominal amount.

Fair value hedges
The Group applies fair value hedges to mitigate exposure to changes in fair value of recognised liabilities. For fair value hedge relationships, the Group Treasury's risk management policy is to hedge the interest rate risk component of debt capital markets transactions, to comply with the risk objectives as set and reviewed periodically by the Group risk management, and to achieve economic hedging of such transactions.

Risk-weighting
The notional amounts of the derivatives provide an indication of the size of the contracts but do not indicate the extent of the cash flows and risks attached thereto. In determining the capital adequacy requirement, both existing and potential future credit risk is considered. The current potential loss on derivatives, which is the positive fair value at the balance sheet date (positive replacement cost), is increased by a percentage of the relevant notional amounts, depending on the nature and remaining term of the contract (potential future credit risk). This credit risk is risk-weighted based on the credit rating of the counterparty and the remaining term.

The Group maintains control limits from a credit risk point of view and (for a significant part of the derivative portfolio) uses Credit Support Annexes (CSAs) to International Swaps and Derivatives Association (ISDA) master agreements to mitigate the credit risk through regular margin calls. This credit risk exposure is managed as part of the overall lending limits with financial institutions.

It should be noted that while because of the above the Group mitigates interest rate risk and currency risk from an economic perspective, these derivatives do not always qualify for hedge accounting from an accounting perspective. The Group has applied hedge accounting if requirements in IFRS are met. Reference is made to Note D – Derivative financial instruments and hedge accounting.

Credit risk

Credit risk definition

As a result of its normal business activities, the Group is exposed to credit risk, which is the risk of financial losses due to default on a debt that may arise from a borrower failing to make required payments. More generally, credit risk is the risk that the value of a debt obligation will decline due to a change in the borrower's ability to make payments, whether that change is an actual default or a change in the probability of default. 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 materially by the underlying value of the available collateral (i.e. leased object).

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

The Group's definition of default is aligned with the regulatory definition. 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 (Local Procurement) 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 the implementation of the new definition of default, LeasePlan followed a two-step approach. The first step was implementing the new definition of default, which was done as of 1 January 2021. The second step is updating our regulatory models (for both the Corporate and Retail counterparties). These new models have been sent to the supervisor and a model assessment process has been conducted by the supervisor.

Credit risk management policy

The Group has issued policies and standards which regulate the governance of the local credit risk management organisation. Group entities are required to define their credit acceptance criteria and set their limits on counterparty and concentration risks as well as the types of business and conditions thereof in local policies. For its credit risk management, the Group distinguishes between corporate clients, retail clients, governments, banks and others. In this respect, retail clients are from a regulatory point of view defined as small and medium entities (SMEs) and private households. Except for retail clients, which are assessed whenever a credit application is received, the credit risk of all counterparties is assessed at least once a year.

For corporate counterparties, the Group has an internal rating system in place, segmented into 14 non-default rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. The governance framework built around models ensures that the rating tools are kept under constant review and are renewed when necessary. For this purpose, the Group monitors on a quarterly basis whether the performance of the models meets internal and external requirements. The Group's internal ratings scale for corporate counterparties and mapping of external ratings are as follows:

Group'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

The ratings of Standard & Poor's shown in the table above are mapped to the Group's rating classes based on the long-term average default rates for each external grade. The Group uses the external ratings where available to benchmark its internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

The Group also applies internal models to determine the credit risk to retail exposures in the United Kingdom and the Netherlands. Where the Group uses internal models to determine the credit rating of a counterparty, capital is calculated based on AIRB models. The models for credit risk relate especially to the determination of:

- Probability of Default - the likelihood of the default of a client in the next 12 months (expressed in %).
- Loss Given Default - the loss the Group expects to incur at the moment of a default (expressed in %).
- Exposure at Default - the expected amount the Group is exposed to when a client goes into default.
- Remaining maturity - the contractual remaining term of the lease contract.

These internal models are used as a basis to comply with IFRS 9 requirements. Reference is made to Note C – Financial assets and liabilities.

For government, bank and other retail customers' counterparty exposures, the Group does not use internal models. The credit rating of these exposures is determined based on external ratings, being the lowest rating of Standard & Poor's and Moody's (if available). For the determination of the risk-weight of these exposures, the Group applies the Standardised Approach (which prescribes fixed percentages for risk weighting depending on characteristics and conditions of the exposure) to determine capital requirements.

Each local entity is required to maintain a watch list, which is based on the internal rating grades and other available information. These lists are reviewed in regular meetings by the credit committees. A qualitative analysis of total credit exposures, defaults and losses is reported on a monthly basis to the Group's Risk Committee.

As per above, credit risk arising from the use of the relationship with banking and treasury counterparties is laid down in a specific counterparty risk standard. Limits are set on a legal entity basis and are included in the Group's risk appetite and approved on a yearly basis. Key criteria used in setting limits are, among others, large exposure rule, long-term debt ratings, credit risk assessments on the related banks and participation in the revolving credit facility. The Group's treasury risk management monitors the exposures, against the approved limits, on an ongoing basis.

Daily, the treasury risk management department reviews the current spread on credit default swaps (CDS) of all relevant banking counterparties and sovereigns in the market. The spread of a CDS, securing debt holders against a counterparty or sovereign defaulting on its debt, highlights the market participant's perceived credit risk on such a counterparty. Large or unusual volatility is raised to the Senior Treasury Risk Manager for review. For credit risk in reinsurance, reference is made to the section on motor insurance risk.

Credit risk management structure and organisation

The Group's Managing Board sets authority levels for all the Group's entities, allowing them to decide on counterparty acceptance and renewal. The authority levels are granted based on the relative size of the Group entity and the quality of credit risk management. If a requested facility exceeds the local authority level, the underwriting team of Group Risk Management, Combined Risk and Pricing Committee or the Supervisory Board is authorised to decide on credit acceptance and renewal thereof. Next to these authority bodies, LeasePlan is also included in the delegation framework of Société Générale after the acquisition by ALD. This means that for certain requested facility, depending on the amount of customer specifics, also the approval from the relevant department in Société Générale is required. The Group has a custom-built web-based global credit risk management system in place to efficiently, and in accordance with granted authorities, handle and monitor credit requests and defaults.

Credit risk measurement

In accordance with the CRR/CRD IV regime, the Group measures its credit risk items in the following categories: exposure classes, geographic segmentation, industry segmentation and client concentration (single customers and groups of customers. To the financial statements, credit risk exposure on lease receivables is reflected in two separate items based on the accounting classification of the lease, as either a finance or operating lease receivable (see Note C –Financial assets and liabilities). The property and equipment under operating lease and rental fleet (see Note I – Property and equipment under operating lease, rental fleet, and vehicles available for lease) are reported as non-financial fixed assets.

The following financial assets have provisions for expected credit loss:

- Receivables from financial institutions
- Rebates and bonuses & commissions receivable
- Reclaimable damages
- Lease receivables from clients

For these financial assets further disclosures are provided. Refer to below:

By geography

The following table shows the concentration of the financial assets that have provisions for ECL in geographical sectors as at 31 December:

	Member states of the European Union		Rest of the world	Total
	(euro)	(non-euro)		
Receivables from financial institutions	1,027,182	21,547	11,555	1,060,284
Lease receivables from clients	1,165,308	1,084,562	48,211	2,298,080
Rebates and bonuses and commissions receivable	298,776	33,851	1,093	333,720
Reclaimable damages	46,643	4,662	1,005	52,310
Deferred payment sale of subsidiaries	233,361	–	–	233,361
Total as of 31 December 2023	**2,771,270**	**1,144,621**	**61,864**	**3,977,756**

	Member states of the European Union		Rest of the world	Total
	(euro)	(non-euro)		
Receivables from financial institutions	826,310	52,250	8,952	887,511
Lease receivables from clients	1,104,082	907,743	33,405	2,045,230
Rebates and bonuses and commissions receivable	251,725	37,817	722	290,264
Reclaimable damages	33,583	5,288	676	39,547
Deferred payment sale of subsidiaries	233,102	–	–	233,102
Total as of 31 December 2022	**2,448,802**	**1,003,098**	**43,755**	**3,495,655**

By industry

A summary of the approximation of the concentration of the financial assets per industry as of 31 December can be shown as follows:

	Financial institutions	Manu-facturing	Wholesale trade	Transport and public utilities	Public sector	Other industries	Total
Receivables from financial institutions	1,060,284	–	–	–	–	–	1,060,284
Rebates and bonuses and commissions receivable	–	333,720	–	–	–	–	333,720
Reclaimable damages	52,310	–	–	–	–	–	52,310
Lease receivables from clients	61,390	241,863	200,349	520,937	49,288	1,224,253	2,298,080
Deferred payment sale of subsidiaries	–	–	–	–	–	233,361	233,361
Total as of 31 December 2023	**1,173,984**	**575,583**	**200,349**	**520,937**	**49,288**	**1,457,615**	**3,977,756**
Receivables from financial institutions	887,511	–	–	–	–	–	887,511
Rebates and bonuses and commissions receivable	–	290,264	–	–	–	–	290,264
Reclaimable damages	39,547	–	–	–	–	–	39,547
Lease receivables from clients	63,110	237,206	193,509	528,218	42,969	980,219	2,045,230
Deferred payment sale of subsidiaries						233,102	233,102
Total as of 31 December 2022	**990,168**	**527,470**	**193,509**	**528,218**	**42,969**	**1,213,321**	**3,495,655**

By credit rating
The table below summarises the credit rating of the most relevant financial assets of the Group:

				2023
	Not credit-impaired (12-months ECL)	Not Credit Impaired (Lifetime ECL)	Credit Impaired	Total
Receivables from financial institutions				
AAA-A	1,041,023			1,041,023
BBB - B	7,361			7,361
Other	12,290			12,290
Lease Receivables from Clients				
AAA-A		835,807	33,282	869,088.83
BBB - B		602,324	20,734	623,057.20
CCC - C		1,946	52	1,997.53
Other		799,830	57,062	856,892.35
Loss allowance	-390	-12,436	-40,519	-53,345
Carrying amount	**1,060,284**	**2,227,470**	**70,610**	**3,358,365**

				2022
	Not credit-impaired (12-months ECL)	Not Credit Impaired (Lifetime ECL)	Credit Impaired	Total
Receivables from financial institutions				
AAA-A	757,124			757,124
BBB - B	124,893			124,893
Other	5,884			5,884
Lease Receivables from Clients				
AAA-A		963,083	22,376	985,459
BBB - B		560,754	18,101	578,855
CCC - C		1,736	33	1,769
Other		477,394	48,910	526,304
Loss allowance	-390	-12,477	-34,680	-47,547
Carrying amount	**887,511**	**1,990,490**	**54,740**	**2,932,741**

Operational risk

Operational risk definition
Operational risk within LeasePlan is part of the Non-Financial Risk Management (NFRM) domain, and it involves the risk of a positive, negative, or potential loss resulting from inadequate or failed internal processes, human behaviour, and systems or external incidents. Business continuity risk, intragroup arrangement risk, third-party risk, transaction processing and execution risk, physical security and safety risk, internal and external fraud risk, change failure risk, information risk, legal risk, financial reporting risk, model risk, and human resources risk are classified as operational risk categories. Some of the risk categories have separate policies and standards. LeasePlan has defined an internal fraud policy and a fraud risk management framework to prevent, detect, investigate/handle and remediate/follow-up internal and external fraud. This policy and framework describe a structured approach based on the fraud risk cycle (i.e. fraud risk identification, assessment, mitigation, monitoring, and reporting). Additionally, LeasePlan has defined and implemented control measures to prevent and detect fraud, such as access management, dual control, segregation of duties, background check / employee screening, induction programme, physical controls, performance measurement control on top 10 largest sales and monitoring of credit card expenses and salary payment procedures, among others. External fraud is monitored as part of LeasePlan's risk appetite indicators on a monthly basis. LeasePlan has a zero-tolerance policy towards internal fraud.

Standardised Approach
Operational risk is included under the Pillar 1 capital and total risk exposure amount on the Standardised Approach (STD). In 2023, under Pillar 1 the operational risk regulatory capital requirement is EUR 230 million (for 2022: EUR 220 million).

Operational risk management structure and organisation
The Group's non-financial risk management policy, as set by the Group Risk Committee (GRC), states that local management is responsible for managing the operational risks in their local entity. An operational risk role is appointed as a second line function for each entity, which is the driving force behind the increase in risk awareness and the improvement of operational risk management within the local entity. Group Risk management is responsible for monitoring the operational risk profile and the validation of operational risk reporting. Group Risk management analyses the operational risk incidents reported by local entities and the performance against the risk appetite and reports subsequently to the GRC on a monthly basis and on a quarterly basis to the Risk Committee of the Supervisory Board. This report also includes the operational risk position of the Group at consolidated level.

Operational risk loss reporting
To ensure that operational risk losses are consistently reported and monitored at Group level, the local entities report all operational risk incidents above a minimal threshold set by Group Risk (based on gross impact). Reporting of incidents below this threshold is encouraged. The Group distinguishes between gross impact (the maximum estimated impact known at the moment of identification, irrespective of any potential recovery) and net impact (gross impact minus recovered amounts).

Group Risk ensures the Managing Board are made aware of the material risk developments. The Group Risk Function is responsible for providing an integral view of incidents and impact.

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

Risk mitigation
The analysis of operational losses and the result of the risk assessments performed, among other, leads to the definition of mitigating actions to (further) reduce the risk exposure. A process is in place to ensure that mitigating measures are implemented within the agreed timelines.

Based on LeasePlan's risk profile, experience and appetite, insurance coverage is in place for the main high impact, low likelihood events that are inherent to the environment LeasePlan is operating in. Current insurance policies consist of several separate programmes (e.g. General Liability and Property Damage) and participation is mandatory for local entities.
Those risks which have been identified, but cannot be mitigated, avoided, or insured, are formally accepted by the appropriate level of authority.

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

Operational risk measurement
During 2023, the Group recorded 1,284 operational risk incidents with a gross impact above EUR 1,000, amounting to a total net impact of EUR 17 million (EUR 15 million in 2022). The impact of the incidents was within risk appetite.

The majority of the recorded operational risk incidents (61% from the total amount and 84% of the total number of incidents) are classified in the event category 'Execution: Delivery and Process Management'. The distribution of the Group's operational risk incidents is as follows:

	2023		2022	
Basel Category	% total (EUR)	% total (nr)	% total (EUR)	% total (nr)
Business Disruption and System Failures	0%	1%	2%	1%
Clients: Products and Business Practices	5%	8%	4%	5%
Damage to Physical Assets	2%	0%	0%	2%
Employment practices and workplace safety	0%	0%	0%	0%
Execution: Delivery and Process management	61%	84%	80%	87%
External Fraud	32%	7%	10%	5%
Internal Fraud	0%	0%	4%	0%
Total	**100%**	**100%**	**100%**	**100%**

Motor insurance risk

The Group arranges multi-national corporate insurance programmes to protect all its entities. Insurance policies issued are written by leading global insurance companies, on a 'Freedom of Services' basis and apply to all European Union (EU) countries and Norway. For non-EU countries or where local regulations require, the Group has arranged for local policies to be issued, by the same insurers or their authorised agents. Insurance covers purchased on a global level are Property, Combined General Liability, Employment Practices Liability, Crime, Directors & Officers Liability, Cyber and Professional Indemnity cover. Additionally, where local legislation requires a policy to be in place in a particular entity, such as Employers' Liability Insurance or Workers' Compensation Insurance, such cover is arranged by the local entity and confirmation of the same is provided to the risk department at corporate centre.

Motor insurance risk definition
As a result of its normal business activities the Group is exposed to motor insurance risk. Motor insurance risk is the risk of financial losses, relating to damage or loss to vehicles or contents because of a road traffic incident, natural catastrophe event, fire or theft.

Additionally, some local entities offer a non-insurance solution referred to as 'risk retention'. For non-compulsory lines of cover, where local regulations permit, the Group may offer a warranty for damage sustained to a vehicle, up to a pre-defined limit, in return for a higher lease charge. This risk also consists of long-tail risks (e.g. motor third-party liability and legal defence, where LeasePlan agrees to refund the insurer an agreed amount as a deductible) and short-tail risks (e.g. motor material damage and passenger indemnity).

Motor insurance risk management structure and organisation
Group risk management is responsible for monitoring the motor insurance risk profile. Motor insurance risks (referred to as insurance risk) are underwritten by the Group's insurance subsidiary, LeasePlan Insurance (Euro Insurances DAC), based in Dublin, Ireland. In addition, some local entities have a local risk retention scheme for motor material damages and retain the damage risk, whilst also offering additional insurance coverage through either LeasePlan Insurance or external insurers. LeasePlan Insurance is regulated by the Central Bank of Ireland and its 'European passport' enables it to support the Group entities in all EU countries and Norway. LeasePlan Insurance is capitalised in accordance with the Standardised Approach of Solvency II. LeasePlan Insurance maintains external reinsurance cover on an excess of loss basis for motor third-party liability risks and catastrophic events. LeasePlan Insurance purchases reinsurance cover for these risks above a prescribed coverage limit with an external reinsurance panel to minimise the budgetary impact of a single large accident and/or event.

Annually, the Group risk management department prepares the risk appetite statement, which includes all risk areas and requires approval of the Managing Board and the Supervisory Board. On a quarterly basis, the Group risk management department reports to the Group's Motor Insurance Governance Committee, the Group Risk Committee, and the Risk Committee of the Supervisory Board on performance against the risk appetite, including developments within motor insurance.

Motor insurance risk management policy
The overall approach of the Group is to selectively accept damage risk within the Group entities and/or insurable risk in LeasePlan Insurance. The Group's objective is to identify and develop the motor insurance risk profile and to continuously monitor and manage these risks in line with the risk appetite for motor insurance risk. The Group prefers to accept damage and insurance risk positions arising from its own operating and (to a lesser extent) finance lease portfolio. Damage and insurance specialists in each Group entity (or associated insurance mediation entity), accept damage or insurance risks in accordance with the strict Risk Selection and Pricing Procedures issued by LeasePlan Insurance, or in accordance with criteria set by the Group risk department and local management teams, for the risk retention schemes. These procedures set out the scope and nature of the risks to be accepted (or not) as well as the local authority rules.

Settlement of insured damages is handled by specialist teams within entities, outsourced to by LeasePlan Insurance or alternatively outsourced to specialised independent damage handling companies in accordance with service level agreements. Settlement of damages is performed by specialised damage handling teams, within the entities, when a local risk retention scheme is in place.

To clearly identify, monitor, manage and limit the risks, principles are laid down in a motor insurance risk policy and standard, that must be adhered to by all Group entities. The main requirements are the existence of a risk function, which oversees insurance risk, within all Group entities and which is independent from the insurance pricing department, as well as the existence of a local risk committee to monitor insurance risk, which is required to monitor exposure and discuss trends and developments within the portfolio. Clear authorisation structures are in place for intended launches of and changes in insurance structures and programmes. (Re)insurers are selected based on their financial strength, price, capacity, and service. For large fleet requests, entities must refer quotes for fleets above 2,500 units to the Group's Insurance Risk Review Committee, for approval.

Motor insurance risk measurement
The Group monitors the damage and insurance risk acceptance process and the financial performance using actuarial and statistical methods for estimating liabilities and determining adequate pricing levels. Regular analysis of damage, loss ratio statistics, strict compliance with damage handling procedures and policies and, when necessary, reviews of damage and insurance risk pricing ensure a healthy balance between revenues and

damages at both an aggregate level and an individual fleet level. The provision for damages is regularly assessed and periodically verified by external actuaries.

The price for acceptance of damage and insurance risk is set in each market based on prevailing local market conditions after determining appropriate levels of reinsurance cover and the expected costs of managing and settling damages. Regular external actuarial assessments support internal actuarial assessments of the individual programme loss ratios, which are influenced by statistical evidence of accident frequency in the local market and the cost per claim of expected and large damages. This supports the Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) factors used to determine appropriate reserve levels necessary to meet projected short-tail and long-tail damages.

Under the motor insurance risk policy, Group entities measure and monitor their motor insurance risk on a quarterly basis. LeasePlan Insurance and Group entities measure and report their risk exposures by means of premium developments and loss ratio developments to central management. These loss ratios are consolidated and monitored against the Group's overall risk appetite.

Specific notes

All amounts are in thousands of euros, unless stated otherwise

1 Recent developments

ALD acquisition and sale of the subsidiaries in Luxembourg, Finland and Czech Republic
On 22 May 2023 the acquisition of 100% of the LeasePlan shares from ALD was completed. ALD is a subsidiary of Société Générale (52.59%). Other shareholders include the former shareholders of LP Group B.V. (28.73%). The remainder of 18.68% is held by other shareholders, of which 16.40% is free floating on the Paris stock exchange. In August 2023, LeasePlan announced the closing of the transaction with Crédit Agricole Consumer Finance and Stellantis for the sale of LeasePlan entities operating in the Czech Republic, in Finland and in Luxembourg. The divesture of the entities was part of the European Commission's approval requirements for clearing the ALD acquisition of LeasePlan.

Acquisition of NF Fleet SA
On 30 June 2023, LeasePlan acquired 80% of the shares in NF Fleet SA in Norway. This transaction was done as part of an internal reorganisation of the ALD | LeasePlan Group in the context of the acquisition of LeasePlan by ALD which occurred on 22 May 2023. The non-controlling interest participation of 20% held by Nordea has not changed as a result of this transaction. The investment in equity upon acquisition and at the end of the year amounts to EUR 9 million. The minority shares of NF Fleet SA are shown under Non-controlling interests.

Sale of LeasePlan Russia
LeasePlan has taken the decision to sell its operations in Russia. Starting from September 2023, LeasePlan Russia has been classified as a discontinued operation and is presented under a separate caption of the Profit or loss (Net result from discontinued operations). An adjustment of EUR 19.8 million was recognized to bring the carrying value of LeasePlan Russia to the fair value less cost to sell. As at 31 December 2023 LeasePlan's exposure amounts to EUR 21.7 million (equity and loans). LeasePlan Russia was sold in February 2024. Please refer to note 43 Events occurring after balance sheet date.

Integration of LeasePlan and ALD
On 15 March 2024 ALD | LeasePlan successfully obtained the Declaration of No-Objection (DNO) from the ECB to integrate the businesses of ALD and LeasePlan. This approval means that both regulatory bodies are fully supportive of our plans to merge ALD and LeasePlan.

2 Country by country reporting

This note is pursuant to the 'Besluit uitvoering publicatieverplichtingen richtlijn kapitaalvereisten' that implements articles 89 and 90 of the Capital Requirement Directive (CRD IV). The list of entities is equal to the 'List of principal consolidated participating interests' and 'Principal associates and joint ventures entities that are accounted for under the equity method', except for entities that have been disposed during the period. LeasePlan Czech Republic, LeasePlan Finland and LeasePlan Luxembourg have been divested 2023. LeasePlan Russia has been classified as held for sale during 2023. Please refer to Note 11 Discontinued operations.

The amount of government subsidies for 2023 consists mainly of a deduction for Greece of 16.9 million related to the purchase of electric and hybrid vehicles (2022: EUR 9.5 million), with a tax incentive of EUR 4.4 million (2022: EUR 2.5 million), a deduction for the Netherlands of EUR 14.2 million related to environmental tax credits (2022: EUR 4.5 million), with a tax incentive of EUR 3.7 million (2022: EUR 1.2 million). The Italy super depreciation for 2023 amounts to nil (2022: 5.6 million).

2023

Country of activity	Principal subsidiary or participating interest	Main activity	Average FTE (ytd)	Revenues	Profit before tax	Income tax expenses
Netherlands	LeasePlan Corporation N.V. LeasePlan Finance N.V. LeasePlan Global B.V. LeasePlan Nederland N.V. LeasePlan Digital B.V. LeasePlan CN Holding B.V.	Holding Finance/Treasury services Holding Leasing Digital business & services Holding	2,293	1,507,534	-378,221	58,809
United Kingdom	LeasePlan UK Limited	Leasing	551	1,470,766	134,506	-40,093
Italy	LeasePlan Italia S.p.A.	Leasing	521	1,384,526	106,151	-38,411
France	LeasePlan France S.A.S. PLease S.C.S.1	Leasing	475	902,995	104,761	-27,043
Spain	LeasePlan Servicios S.A.	Leasing	421	703,642	102,486	-25,469
Germany	LeasePlan Deutschland GmbH	Leasing	449	947,951	83,296	-26,307
Belgium	LeasePlan Fleet Management N.V.	Leasing	266	565,776	69,676	-17,847
Portugal	LeasePlan Portugal Comericio e Aluguer de Automobeis e Equipamentos Uniperssoal Lda. Unipessoal LDA	Leasing	399	481,347	42,907	-11,501
Norway	LeasePlan Norge A/S	Leasing	133	433,919	38,416	-9,409
Sweden	LeasePlan Sverige AB	Leasing	150	208,339	16,162	-3,361
Finland	LeasePlan Finland Oy (divested in 2023)	Leasing	61	-1,312	-6,469	1,294
Austria	LeasePlan Osterreich Fuhrparkmanagement GmbH Flottenmanagement GmbH1	Leasing	163	183,522	5,641	-2,232
Switzerland	LeasePlan (Schweiz) AG	Leasing	83	82,376	-3,168	77
Denmark	LeasePlan Danmark A/S	Leasing	134	267,518	21,348	-3,900
Poland	LeasePlan Fleet Management (Polska) Sp.z.o.o.	Leasing	199	258,823	13,333	-3,053
Czech Republic	LeasePlan Ceska republika s.r.o.(divested in 2023)	Leasing	107	-4,695	-7,256	1,379
Ireland	Euro Insurances DAC LeasePlan Fleet Management Services (Ireland) Limited LeasePlan Digital B.V (Dublin Branch)	Motor insurance Leasing Digital business & services	323	507,572	93,004	-11,646
Luxembourg	LeasePlan Luxembourg S.A. (divested in 2023) LeasePlan Global Procurement	Leasing Central procurement services	62	-192	4,547	-1,562
Greece	LeasePlan Hellas S.A.	Leasing	188	228,391	30,229	-3,178
Brazil	LeasePlan Brasil Ltda.	Leasing	93	145,111	21,720	-9,418

Country of activity	Principal subsidiary or participating interest	Main activity	Average FTE (ytd)	Revenues	Profit before tax	Income tax expenses
Hungary	LeasePlan Hungaria Gempjarmupark Kezelo es Finanscirozo Zartkoru Reszvenytarsasag	Leasing	114	111,183	15,408	–3,281
Romania	LeasePlan Romania SRL LeasePlan Service Center S.R.L.	Leasing Administration Services	131	81,813	4,901	–683
Slovakia	LeasePlan Slovakia s.r.o.	Leasing	63	68,959	2,859	–603
India	LeasePlan India Private Limited	Leasing	73	89,663	–5,390	–684
Mexico	LeasePlan Mexico S.A. de C.V.	Leasing	180	133,056	14,452	–4,336
Russia	LeasePlan Rus LLC (classified as held for sale)	Leasing	59	–	–1,415	375
Turkey	LeasePlan Otomotiv Servis ve Ticaret A.S.	Leasing	180	352,508	86,568	–21,285
United Arab Emirates	LeasePlan Emirates Fleet Management - LeasePlan Emirates LLC1	Leasing	–	–	3,601	–
Total as at 31 December			**7,872**	**11,111,092**	**614,054**	**–203,369**

[1] *Investments accounted for using the equity method*

2022 represented due to discontinued operations

Country of activity	Principal subsidiary or participating interest	Main activity	Average FTE (ytd)	Revenues	Profit before tax	Income tax expenses
Netherlands	LeasePlan Corporation N.V. LeasePlan Finance N.V. LeasePlan Global B.V. LeasePlan Nederland N.V. LeasePlan Digital B.V. LeasePlan CN Holding B.V.	Holding Finance/Treasury services Holding Leasing Digital business & services Holding	2,062	1,297,770	639,361	–143,605
United Kingdom	LeasePlan UK Limited	Leasing	520	1,308,357	165,245	–29,185
Italy	LeasePlan Italia S.p.A.	Leasing	511	1,305,204	173,493	–52,487
France	LeasePlan France S.A.S. PLease S.C.S[1]	Leasing	465	862,745	127,591	–34,721
Spain	LeasePlan Servicios S.A.	Leasing	433	733,596	113,309	–27,321
Germany	LeasePlan Servicios S.A.	Leasing	439	849,416	101,835	–32,092
Belgium	LeasePlan Fleet Management N.V.	Leasing	268	474,570	60,220	–15,253
Portugal	LeasePlan Portugal Comericio e Aluguer de Automobeis e Equipamentos Uniperssoal Lda. Unipessoal LDA	Leasing	382	440,942	50,432	–14,353
Norway	LeasePlan Norge A/S	Leasing	129	383,779	28,016	–6,164
United States	LeasePlan USA Inc. (divested in 2022)	Leasing	587	–	–15,690	3,922

Country of activity	Principal subsidiary or participating interest	Main activity	Average FTE (ytd)	Revenues	Profit before tax	Income tax expenses
Sweden	LeasePlan Sverige AB	Leasing	146	189,820	24,379	–5,036
Finland	LeasePlan Finland Oy [2]	Leasing	98	–2,053	–7,236	1,447
Austria	LeasePlan Osterreich Fuhrparkmanagement GmbH Flottenmanagement GmbH1	Leasing	164	176,044	11,687	–3,131
Switzerland	LeasePlan (Schweiz) AG	Leasing	81	81,383	–246	312
Denmark	LeasePlan Danmark A/S	Leasing	133	245,753	18,454	–4,052
Poland	LeasePlan Fleet Management (Polska) Sp.z.o.o.	Leasing	197	211,451	26,966	–7,073
Czech Republic	LeasePlan Ceska republika s.r.o. [2]	Leasing	169	–6,996	–13,518	2,568
Ireland	Euro Insurances DAC LeasePlan Fleet Management Services (Ireland) Limited LeasePlan Digital B.V (Dublin Branch)	Motor insurance Leasing Digital business & services	311	138,117	63,475	–10,211
Luxembourg	LeasePlan Luxembourg S.A.[2] LeasePlan Global Procurement	Leasing Central procurement services	83	–241	2,325	–135
Greece	LeasePlan Hellas S.A.	Leasing	177	181,240	26,985	–4,001
Brazil	LeasePlan Brasil Ltda.	Leasing	89	111,757	23,375	–9,745
Hungary	LeasePlan Hungaria Gempjarmupark Kezelo es Finanscirozo Zartkoru Reszvenytarsasag	Leasing	106	101,693	15,018	–2,655
Romania	LeasePlan Romania SRL LeasePlan Service Center S.R.L.	Leasing Administration Services	126	78,435	6,801	–2,867
Slovakia	LeasePlan Slovakia s.r.o.	Leasing	62	62,593	4,639	–979
India	LeasePlan India Private Limited	Leasing	72	78,322	2,401	–99
Mexico	LeasePlan Mexico S.A. de C.V.	Leasing	169	99,699	13,357	–4,006
Russia	LeasePlan Rus LLC[3]	Leasing	64	-	-2,919	-
Turkey	LeasePlan Otomotiv Servis ve Ticaret A.S.	Leasing	189	279,857	136,347	–24,365
United Arab Emirates	LeasePlan Emirates Fleet Management - LeasePlan Emirates LLC[1]	Leasing	-	–	3,233	–
Total as at 31 December			**8,233**	**9,683,253**	**1,799,335**	**–425,287**

[1] *Investments accounted for using the equity method*
[2] *Companies divested during 2023 and represented due to discontinued operations*
[3] *Companies classified as held-for- sale during 2023 for which the sale is expected to complete during 2024.*

3 Segment information

LeasePlan's core business activity consists of providing leasing and fleet management services, including the purchase, financing, insurance, maintenance and remarketing of vehicles, to external customers. The Group offers a mono-line product through all its LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. The Group's key management is responsible for allocating resources to the segments and assesses its performance.

In December 2022 LeasePlan United States was sold after having been classified from June 2022 as a discontinued operation and is presented under a separate caption of the Profit or loss (Net result from discontinued operations) in the tables below (see note 11). LeasePlan United States was included in the segment Rest of the world.

In August 2023, LeasePlan Czech Republic, LeasePlan Finland and LeasePlan Luxembourg were sold after having been classified from November 2022 as a discontinued operation and are presented under a separate caption of the Profit or loss (Net result from discontinued operations) in the tables below (see note 11). All of them were included in the segment Europe.

Segments
The Group identified Europe and Rest of the world as reportable segments (please refer to Note S – Segment reporting). Operating segments are reported in accordance with the internal reporting provided to the Group's key management.

- Europe
Geographies in this segment are all European countries where the Group operates including Turkey, Russia and United Arab Emirates. Russia is included in discontinued operations as at 31 December 2023. The Czech Republic, Finland and Luxembourg are also part of discontinued operations starting from November 2022 and have been sold In August 2023.

- Rest of the world
Geographies in this segment are Brazil, India and Mexico. The United States is included in discontinued operations at 31 December 2022 and no longer part of 2023 figures.

Although the quantitative thresholds in IFRS for Rest of world are not met, management assumes that information about the segment is still useful to users of the financial statements. As a result of the upcoming legal restructurings in 2024, the segment information and reporting is under review. Management is of the opinion that keeping the segment information in 2023 consistent with prior year is most useful for the users of the financial statements.

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

The segment information is presented in the table below.

	Europe		Rest of the world		Total	
In millions of euros	2023	2022	2023	2022	2023	2022
Serviced fleet (in thousands) at period end	1,549	1,552	65	77	1,615	1,628
Revenues	**10,720**	**9,395**	**380**	**288**	**11,100**	**9,683**
Finance lease and Other interest income	311	160	–1	–1	309	158
Finance cost	669	271	64	36	734	307
Car and other depreciation and amortisation	2,818	2,659	104	74	2,922	2,734
Underlying taxes	268	359	15	16	283	375
Underlying net result from continuing operations	**928**	**1,230**	**22**	**35**	**950**	**1,265**
Underlying net result from discontinued operations	24	78	–	75	25	153
Underlying net result	**952**	**1,307**	**22**	**111**	**975**	**1,418**
Total assets	32,237	33,620	1,011	901	33,248	34,520
Total liabilities	28,240	28,212	871	740	29,111	28,952

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

	FTE's (average)		Underlying Revenues		Lease Contracts	
	Units		In millions of euros		In millions of euros	
Country of activity	2023	2022	2023	2022	2023	2022
United Kingdom	551	520	1,471	1,308	3,382	3,028
Italy	521	511	1,385	1,305	2,763	2,278
Netherlands	2,293	2,062	1,497	1,298	3,690	3,326
Other	4,506	5,139	6,748	5,772	14,753	12,813
As at 31 December	**7,872**	**8,233**	**11,100**	**9,683**	**24,588**	**21,444**

Alternative Performance Measures

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

The reconciliation from IFRS measures to Alternative Performance Measures for 2023 and 2022 is included in the tables below:

	IFRS results 31 December 2023	Underlying adjustments			Underlying results 31 December 2023
		Restructuring and other special items[1]	Unrealised results on financial instruments[2]	Asset impairments and valuation allowance[3]	
Revenues	**11,111,092**	**−10,718**			**11,100,374**
Direct cost of revenues	9,189,286	–	-287,722	–	8,901,563
Gross profit	**1,921,807**	**−10,718**	**287,722**	–	**2,198,811**
Total operating expenses	1,340,231	−121,889		−243,409	974,934
Other income	25,807	1,418	−22,477		4,748
Share of profit of investments accounted for using the equity method	6,671	−1,964			4,707
Profit before tax	**614,054**	**110,624**	**265,246**	**243,409**	**1,233,332**
Income tax expenses	203,369	7,418	71,606	932	283,325
Net result from continuing operations	**410,685**	**103,206**	**193,640**	**242,476**	**950,007**
Net result from discontinued operations	31,900	−7,246	–		24,654
Net result for the period	**442,585**	**95,960**	**193,640**	**242,476**	**974,661**

[1] Includes tax related provisions (EUR 49.4 million), integration costs (EUR 41.9 million), other consulting (EUR 8.2million), and professional consultancy costs related to ECB transition (EUR 6.7 million).

[2] Other income includes EUR 22.5 million fair value gain on equity instruments.

[3] Includes impairment on NGDA EUR 240 million (see note 23), and impairment on fixed assets for EUR 3.7 million.

	IFRS results 31 December 2022	Underlying adjustments			Underlying results 31 December 2022
		Restructuring and other special items[1]	Unrealised results on financial instruments	Asset impairments and valuation allowance[2]	
Revenues	**9,683,253**				**9,683,253**
Direct cost of revenues	6,884,459	–	247,258	31,061	7,162,778
Gross profit	**2,798,793**	–	**−247,258**	**−31,061**	**2,520,474**
Total operating expenses	954,992	−70,171		6,469	891,290
Other income	−50,649		55,106		4,458
Share of profit of investments accounted for using the equity method	6,182				6,182
Profit before tax	**1,799,335**	**70,171**	**−192,151**	**−37,530**	**1,639,825**
Income tax expenses	425,287	23,131	−64,155	−9,504	374,759
Net result from continuing operations	**1,374,048**	**47,040**	**−127,996**	**−28,026**	**1,265,066**
Net result from discontinued operations	561,344	−408,787	–		152,557
Net result for the period	**1,935,392**	**−361,746**	**−127,996**	**−28,026**	**1,417,623**

[1]Includes professional consultancy costs related to ECB transition (EUR 44.9 million) and other consulting (EUR 25.2 million) for a total of EUR 70.1 million before tax (EUR 47.1 million after tax). EUR 408.8 million included in Net result from discontinued operations relates to EUR 409.5 million gain on sale of subsidiaries and associates and EUR 0.8 million of allocated costs and professional consultancy costs of the discontinued businesses reclassified to this caption.

[2] Includes EUR 55.1 million fair value loss on equity instruments included in other income.

[3]Includes lease contracts impairment reversals for a total of EUR 31.1 million before tax and impairment release on fixed assets for EUR 6.5 million for a total before tax of EUR 37.5 million (EUR 28.0 million after tax).

4 Revenues and direct cost of revenues

Revenues

Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. In general, lease and additional services are provided, invoiced and paid on a monthly basis. The vehicles sold are in general paid before the vehicle is transferred to the customer.

	2023	2022
Operating lease income	4,397,349	3,905,782
Finance lease and other interest income	320,025	158,394
Additional services income	2,512,347	2,331,234
Vehicle sales and End of contract fees	3,881,371	3,287,842
Revenues	**11,111,092**	**9,683,253**

Finance lease and other interest income includes an amount of EUR 15.0 million (2022: EUR 11.6 million) related to Other interest income and includes a gain/loss of EUR 93 million on the net monetary position in the reporting period due to hyperinflation accounting of LeasePlan Turkey (for more information please refer to Basis of preparation).

The Group uses a business function based approach in presenting its revenue streams. Gains and losses upon derecognition of financial assets and those arising from modification of finance lease contracts are not separately disclosed given the undue cost and effort required to produce this information.
Operating lease income includes an amount of EUR 961.1 million (2022: EUR 697.5 million) related to the interest component.

Direct cost of revenues

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

	Note	2023	2022
Depreciation cars[1]		2,769,540	2,636,524
Impairment operating lease assets[2]	21	36,603	-32,210
Finance cost		733,846	294,076
Unrealised (gains)/losses on financial instruments		276,986	-235,755
Impairment charges on loans and receivables		25,960	13,637
Lease cost		**3,842,935**	**2,676,271**
Additional services cost		1,649,905	1,513,461
Vehicle and Disposal costs		3,696,446	2,694,727
Direct cost of revenues		**9,189,286**	**6,884,459**

1 Includes the impact of prospective depreciation as a result of changes in estimates related to used-car market, in total amount of EUR 560 million (2022: EUR 435 million)

2 Impairment operating lease assets is included in the line item Depreciation cars in the consolidated statement of profit or loss.

Gross profit (net lease income and vehicle sales income)

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

	Note	2023	2022
Lease services		1,188,028	1,119,940
Impairment operating lease assets[1]	21	–36,603	32,210
Unrealised gains/(losses) on financial instruments		–276,986	235,755
Lease		**874,439**	**1,387,905**
Fleet management and other services		218,959	189,739
Repair and maintenance services		277,572	283,250
Damage services		272,254	344,784
Insurance services		93,657	–
Additional services		**862,442**	**817,773**
End of contract fees		133,049	110,196
Profit/(loss) on disposed vehicles (PLDV)		51,876	482,919
Profit/(loss) on disposed vehicles and End of contract fees		**184,925**	**593,115**
Gross profit		**1,921,807**	**2,798,793**

1 Impairment operating lease assets is included in the line item Depreciation cars in the consolidated statement of profit or loss.

Net finance income

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

	2023	2022
Operating lease - interest income	961,134	697,546
Finance lease and other interest income	320,025	158,394
Finance cost	–733,846	–294,076
Net interest income	**547,313**	**561,864**
Unrealised gains/(losses) on financial instruments	–276,986	235,755
Impairment charges on loans and receivables	–25,960	–13,637
Net finance income	**244,366**	**783,983**

5 Impairment charges on loans and receivables

Net impairment charges can be detailed as follows:

	Note	2023	2022
Lease receivables from clients			
Net charge		25,564	15,199
Recovery after write-off		–1,580	–787
Subtotal impairment lease receivable from clients	20	**23,984**	**14,412**
Other		222	–319
		24,206	**14,093**
Reclaimable damages		1,378	1,118
Rebates and bonuses		377	–1,573
Total impairment charges on loans and receivables		**25,961**	**13,638**

6 Staff expenses

	2023	2022
Wages and salaries	430,262	405,888
Social security charges and taxes	70,193	66,033
Defined contribution pension costs	23,010	21,717
Defined benefit post-employment costs	2,314	2,768
Other staff expenses	104,607	101,466
Total	**630,385**	**597,873**

The average number of staff (FTEs) employed (including temporary staff) by the Group at the end of the year was 7,872 (2022: 8,233 of whom 329 employed in entities divested in 2023), of whom 2,293 (2022: 2,062) were employed in the Netherlands. At 31 December the total number of staff employed by the Group was 7,704 (2022: 7,876 of whom 328 employed in entities divested in 2023).

The breakdown of pension and post-employment costs is as follows:

	Note	2023	2022
Current service cost	31	2,002	2,460
Interest expense/(income)	31	370	197
Curtailments and settlements	31	–59	110
Defined benefit post-employment costs		2,314	2,768
Defined contribution pension costs		23,010	21,717
Total pension and post-employment costs		**25,324**	**24,484**

7 Other operating expenses

The breakdown of other operating expenses is as follows:

	2023	2022
Professional services expenses	211,755	208,164
Facilities	25,994	21,799
Marketing and sales	24,064	25,890
Other general and administrative expenses	89,084	9,436
Total	**350,897**	**265,289**

Higher other general and administrative expenses are mainly driven by the non-profit related taxes (EUR 65.6 million) travel (EUR 3.8 million) and lower gain on tangible fixed assets (EUR 2.3 million). Facilities cost increased with 19% in 2023 vs 2022 (EUR 4.2 million)

8 Other depreciation and amortisation

	Note	2023	2022
Depreciation and impairment other property and equipment	22	53,492	43,423
Amortisation and impairment of intangible assets	23	305,457	48,407
Total		**358,949**	**91,830**

In 2023, a total amount of EUR 242.4 million has been recognised as net impairments (2022: net impairment reversal of EUR 6.1 million), of which EUR 241.4 million impairment charge related to IT projects and software (2022: EUR 1.8 million) and EUR 1.0 million impairment charge for right-of-use assets related to offices, and other tangible fixed assets (2022: net impairment reversal of EUR 7.7 million related to offices, CarNext retail buildings and other tangible fixed assets).

The impairment charge related to IT projects and software of EUR 241.4 million mainly includes an impairment of EUR 240 million for the end-to-end leasing platform New Generation Digital Architecture (NGDA). For details, see note 23 Intangible assets.

Please refer to Note 22 - Other property and equipment for the disclosure related to the impairment reversal recognised on right-of-use assets.

9 Other income

This caption includes the positive fair value adjustment on the investment in equity instruments related to SG Fleet Group and Constellation Group for an amount of EUR 22.5 million (2022: negative fair value adjustment of EUR 55.1 million), the dividend income of EUR 4.4 million from these investments (2022: EUR 4.5 million), and the loss on sale of SG Fleet Group equity instruments of EUR 1.1 million.

10 Income tax expenses

The income tax expenses in the statement of profit or loss can be shown as follows:

	2023	2022
Current tax		
Current tax on profits for the year	167,128	253,954
Adjustments in respect of prior years	9,146	–7,395
Total current tax	**176,274**	**246,559**
Deferred tax		
Origination and reversal of temporary differences	29,078	188,461
Changes in tax rates	11,127	–8,076
Adjustments in respect of prior years	–13,110	–1,657
Total deferred tax	**27,094**	**178,728**
Total	**203,369**	**425,287**

The revaluation of LeasePlan's deferred tax positions in certain countries is caused by changes in tax rates, primarily Turkey.

The deferred tax adjustments in respect of prior years mainly include: (i) movement in the deferred tax assets in relation to unrecognised tax losses and unrecognised tax credits resulting in a tax credit of EUR 2.2 million (2022: tax credit of EUR 1.9 million) and (ii) a tax credit of EUR 9.2 million due to adjustments in respect of prior years (2022: a tax charge of EUR 3.1 million).

Further information on deferred tax assets and liabilities is presented in Note 25.

Effective tax rate reconciliation

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic nominal tax rate of the domicile country (25.8%) of the parent and is as follows:

	%	2023	%	2022
Profit before tax:		**614,054**		**1,799,335**
Tax calculated at domicile country nominal tax rate	25.8%	158,426	25.8%	464,228
Effect of different tax rates in foreign countries		–2,579		–20,154
Weighted average taxation	**25.4%**	**155,847**	**24.6%**	**444,074**
Income not subject to tax		–30,270		–5,473
Expenses not deductible for tax purposes		70,630		3,814
Changes in tax rates		11,127		–8,076
Adjustments in respect of prior years:				
Current tax		9,146		–7,395
Deferred tax		–13,110		–1,657
Total effective taxation	**33.1%**	**203,369**	**23.6%**	**425,287**

The weighted average of the local tax rates applicable to the Group for 2023 is 25.4% (2022: 24.6%), which is lower than the domicile country nominal tax rate of 25.8% predominantly as a result of the fact that the Group realises on average relatively more profits in jurisdictions with a tax rate lower than 25.8%.

Income not subject to tax over 2023 includes the effect of the tax incentive on the purchase of electric cars in Greece and the Netherlands and the deduction of interest on AT1 instruments. Expenses not deductible for tax purposes over 2023 includes the impairment of intangible assets in the Netherlands, non-deductible tax penalties in Italy and the impact of hyperinflation in Turkey.

The tax charge/credit relating to components of other comprehensive income is as follows:

	2023			2022		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Cash flow hedges	–	–	–	–	–	–
Post-employment benefit reserve	−4,724	1,128	−3,596	11,555	−3,032	8,523
Exchange rate differences	−163,685	–	−163,685	−66,508	–	−66,508
Total	**−168,409**	**1,128**	**−167,281**	**−54,953**	**−3,032**	**−57,985**

11 Discontinued operations

On 1st of August 2023, LeasePlan Czech Republic, LeasePlan Finland and LeasePlan Luxembourg were sold after having been classified from November 2022 as a discontinued operation and are presented under a separate caption of the Profit or loss (Net result from discontinued operations).

As at 30 September 2023, LeasePlan Russia has been classified as a discontinued operation and is presented under a separate caption of the Profit or loss. In December 2023, an impairment of EUR 20 million was recognised for LeasePlan Russia.

As per 30 June 2022 LeasePlan presents the subsidiary LeasePlan United States as discontinued operation. On December 1st, 2022 LeasePlan United States was sold.

The comparative condensed consolidated statement of profit or loss and other comprehensive income have been re-presented to show the discontinued operations separately from continuing operations.

The profit of the period is attributable entirely to the owners of the company:

In thousands of euros	2023	2022
External revenues	**324,859**	**969,233**
External expenses	**303,216**	**776,149**
Income tax expenses	−10,825	−41,220
Results from operating activities	**10,819**	**151,863**
Gain on sale of discontinued operation, after tax[1]	21,081	409,481
Net result from discontinued operations	**31,900**	**561,344**

[1] includes EUR 21 million gain on the divestment of LeasePlan Finland, LeasePlan Luxembourg and LeasePlan Czech Republic (2022: EUR 409 million gain on the divestment of LeasePlan United States)

Cash flow from (used in) discontinued operations:

	2023	2022
Net cash inflow/(outflow) from operating activities	42,197	206,375
Net cash inflow/(outflow) from investing activities	297,785	459,966
Net cash inflow/outflow from financing activities	–42,396	–50,207
Net movement in cash and balances with banks	**297,586**	**616,134**

Composition of gain on sale of discontinued operations for LeasePlan Czech Republic, Finland and Luxembourg:

	2023
Consideration received - Cash	273,600
Net asset value and related costs of discontinued operations	(234,211)
Other transactions costs	(7,592)
Gain on sale of subsidiaries [2]	**31,797**

[2] tax exempt

12 Cash flow statement supplementary information

Changes in liabilities arising from financing activities are shown in the table below.

			Movements in 2023			
	Note	Balance as at 1 January	Financing cash flows	Foreign exchange adjustment	Other non - cash movements	Balance as at 31 December
Borrowings from financial institutions	29	2,899,950	–47,474	–13,412	–14,888	2,824,176
Funds entrusted	27	10,852,278	900,641	–	–	11,752,919
Debt securities issued	30	9,055,215	–1,912,629	–58,147	177,214	7,261,653

			Movements in 2022			
	Note	Balance as at 1 January	Financing cash flows	Foreign exchange adjustment	Other non - cash movements	Balance as at 31 December
Borrowings from financial institutions	29	3,164,355	29,025	–7,341	–286,089	2,899,950
Funds entrusted	27	10,334,671	517,607	–	–	10,852,278
Debt securities issued	30	9,401,924	32,040	–7,755	–370,994	9,055,215

Please note that for Borrowings from financial institutions, the supplemental cash flow information excludes bank overdrafts (see Note 13).

13 Cash and cash equivalents

The breakdown of cash and cash equivalents for the purpose of the statement of cash flows is as follows:

	Note	2023	2022
Cash and balances at central banks		3,535,583	7,117,329
Deposits with banks		526,174	473,071
Call money, cash at banks	15	182,600	155,556
Bank overdrafts	29	−159,321	−132,370
Cash and cash equivalents excluding those related to assets held for sale		**4,085,036**	**7,613,586**
Cash and cash equivalents related to assets held for sale		15,300	−22,132
Balance as at 31 December for the purpose of the statement of cash flows		**4,100,336**	**7,591,453**

All cash and balances at (central) banks are available at call except for the mandatory reserve deposits at the Dutch Central Bank. A monetary policy instrument of the European Central Bank is the minimum reserve requirement, whereby credit institutions in the euro area are obliged to maintain a specified average amount of cash reserves – the so-called minimum reserves – with their respective national banks for successive periods of four to five weeks. The cash reserve requirements serve to create a liquidity shortage in the euro area, so that banks depend on the European Central Bank's liquidity-providing mechanism for their liquidity needs. The mandatory reserve deposits amounting to EUR 107 million (2022: EUR 99 million) form part of 'Cash and balances at central banks'.

Cash and balances at central banks decreased over the period, mainly due to the fact that new bonds were not issued.

The average interest rate on the outstanding cash and balances at central banks is 3.8% (2022: 2.0%).

14 Investments in equity and debt securities

Investments in equity and debt securities includes bonds and notes held at amortised cost and equity instruments measured at fair value through profit or loss.

	Note	2023	2022
Bonds and Notes held at amortised cost		84,716	44,422
Equity instruments at fair value (through profit and loss)	9	35,040	78,719
Balance as at 31 December		**119,756**	**123,141**

The equity instruments caption includes the interest in SG Fleet Group and the interest in Constellation Automotive Holdings S.a.r.l..

The equity investments in SG Fleet are publicly traded and have a level 1 fair valuation. In November 2023, LeasPlan sold 70% of its share of SG Fleet Group in amount of 42.3 million.

The equity interest in Constellation Automotive Holdings S.a.r.l. has a level 3 fair valuation since more than an insignificant part of the inputs in terms of the overall valuation are not market observable. In April 2023, LeasePlan has distributed 75% of the participation in Constellation Automotive Holdings S.a.r.l. as dividend in kind in amount of 23.9 million.

Please refer to Note 39 Fair value of financial instruments for more information on the valuation and related assumptions.

15 Receivables from financial institutions

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

	Note	2023	2022
Deposits with banks		526,174	473,071
Call money, cash at banks	13	182,600	155,556
Cash collaterals deposited for securitisation transactions		35,256	30,815
Cash collaterals deposited for derivative financial instruments		311,914	224,067
Other cash collateral deposited		4,340	4,003
Balance as at 31 December		**1,060,284**	**887,511**

The cash collateral deposited for securitisation transactions relates to the Bumper securitisation transactions. The cash collateral deposited for derivative financial instruments originates from Credit Support Annexes (CSAs) to International Swaps and Derivatives Association (ISDA) master agreements and reference is made to the Financial risk paragraph (strategy in using financial instruments).

The average interest rate on the receivables from financial institutions is 10.0% (2022: 3.4%). The increase in the average interest rate in 2023 mainly relates to an increase in short term deposits in Turkey with high interest rates.

The receivables from financial institutions all reside in Stage 1, and there is no significant increase in credit risk as at 31 December 2023. The provision for expected credit losses amounts to EUR 0.4 million (2022: EUR 0.4 million).

The maturity analysis is as follows:

	2023	2022
Three months or less	952,075	825,952
Longer than three months, less than a year	77,046	33,376
Longer than a year, less than five years	31,163	28,146
Longer than five years	–	37
Balance as at 31 December	**1,060,284**	**887,511**

16 Derivative financial instruments

Below is a summary disclosure of the hedging instruments. The carrying amounts of all hedging instruments of the Group are included in the balance sheet line item 'Derivative financial instruments' for both asset and liability positions.

Hedging gains or losses are recognised in the statement of profit or loss in the caption 'Unrealised gains/(losses) on financial instruments'.

Hedging instruments

	31 December 2023						
Hedging instrument		Fair value					
	Notional amounts	Assets	Liabilities	Change in FV used in calculating hedge ineffectiveness	Change in value of the hedging instrument recognised in OCI	Amounts reclassified from the hedge reserve to profit or loss	Hedge ineffectiveness recognized on hedge relationships, in profit or loss
Fair value hedge							
Interest rate swaps	3,914,136	1,880	210,205	179,157			3,257
Cross currency swaps/forwards	25,536	–	3,266	629			52
Total Derivatives in hedge	**3,939,672**	**1,880**	**213,471**	**179,786**	**–**	**–**	**3,309**
Interest rate swaps	22,453,956	190,166	150,318	–210,853			
Cross currency swaps/forwards	6,265,338	121,206	146,997	–69,327			
Total Derivatives not in hedge	**28,719,294**	**311,372**	**297,315**	**–280,180**	**–**	**–**	**–**
Total	**32,658,966**	**313,252**	**510,785**	**–100,393**	**–**	**–**	**3,309**

	31 December 2022						
Hedging instrument		Fair value					
	Notional amounts	Assets	Liabilities	Change in FV used in calculating hedge ineffectiveness	Change in value of the hedging instrument recognised in OCI	Amounts reclassified from the hedge reserve to profit or loss	Hedge ineffectiveness recognized on hedge relationships, in profit or loss
Fair value hedge							
Interest rate swaps	5,499,097	771	380,404	–373,261			–1,332
Cross currency swaps/forwards	52,031	–	4,991	–1,202			–70
Total Derivatives in hedge	**5,551,128**	**771**	**385,395**	**–374,463**	**–**	**–**	**–1,402**
Interest rate swaps	21,237,093	363,898	122,362	183,618	–	–	–
Cross currency swaps/forwards	5,398,343	180,471	42,074	53,183	–	–	–
Total Derivatives not in hedge	**26,635,437**	**544,369**	**164,436**	**236,801**	**–**	**–**	**–**
Total	**32,186,564**	**545,140**	**549,831**	**–137,662**	**–**	**–**	**–1,402**

Hedged items

Below is a summary disclosure of the hedged items. A number of fixed rate bonds included in fair value hedges are measured at amortised cost and are constantly being adjusted for gains/losses attributable to the interest rate being hedged.

	31 December 2023				
Hedged item	Notional amounts	Fair value		Change in value of the hedged item (calculating hedge ineffectiveness)	Amount of FVH* adjustment included in the carrying amount
		Assets	Liabilities		
Fair value hedge					
Interest rate swaps	3,914,136	–	-3,749,876	-175,899	187,608
Cross currency swaps/forwards	22,241	–	-22,240	-578	340
Total Derivatives in hedge	**3,936,377**	–	**-3,772,116**	**-176,477**	**187,948**

	31 December 2022				
Hedged item	Notional amounts	Fair value		Change in value of the hedged item (calculating hedge ineffectiveness)	Amount of FVH* adjustment included in the carrying amount
		Assets	Liabilities		
Fair value hedge					
Interest rate swaps	5,499,097	–	5,158,004	371,929	363,508
Cross currency swaps/forwards	47,597	–	47,179	1,132	917
Total Derivatives in hedge	**5,546,694**	–	**5,205,183**	**373,061**	**364,425**

* FVH Fair value hedge – CFH Cash flow hedge

17 Other receivables and prepayments

This item includes prepayments in respect of expenses attributable to a subsequent period and amounts still to be received, rebates and bonuses receivable, as well as to amounts that are not classified under any other asset. The majority of the other receivables and prepayments have a remaining maturity of less than one year.

	2023	2022
Rebates and bonuses and commissions receivable	333,720	290,264
Prepaid lease related expenses	206,462	191,737
VAT and other taxes	303,770	131,057
Reclaimable damages	52,310	39,547
Other prepayments and accrued income	236,318	217,614
Interest to be received	5,148	2,560
Reinsurance assets	–	38,186
Reinsurance contracts held that are assets	43,367	–
Other receivables	366,782	349,857
Balance as at 31 December	**1,547,878**	**1,260,822**

Balances written-off from other receivables were not significant for the years 2023 and 2022.

The Expected Credit Losses for Rebates and bonuses and commission receivable, Reclaimable damages and Reinsurance assets amount to EUR 8 million (2022: EUR 6 million).

For reinsurance and insurance contract assets reference is made to Note 31- Provisions.

18 Inventories

	Note	2023	2022
Cars and trucks from terminated lease contracts	21	334,551	261,397
Valuation allowance		−2,301	−1,102
Carrying amount cars and trucks from terminated lease contracts		**332,250**	**260,295**
New cars and trucks in stock		5,581	4,754
Balance as at 31 December		**337,831**	**265,049**

In line with our expectations, the beneficial pricing of the used-car market continued in the first half of 2023 and normalized in the second half.

The valuation allowance for inventory increased to EUR 2.3 million, or 0.7% of the gross book value of cars and trucks from terminated lease contracts. The allowance represents the impact of the write down to the lower net realisable value of the inventories. The allowance increased due to indexation of stock under hyperinflation accounting at LP Turkey. The release is booked on the Vehicle and disposal costs report line in the Direct cost of revenues.

The sensitivity of an additional 1% decline in used-car prices does not translate into an additional allowance for inventory. The 1% decline is not a linear variable.

19 Loans to investments accounted for using the equity method

The loans to investments accounted for using the equity method are accounted for at amortised cost (less impairment) and the maturity analysis is as follows:

	2023	2022
Loans deposited	39,500	110,500
Carrying amount as at 31 December	**39,500**	**110,500**

	2023	2022
Three months or less	13,000	19,000
Longer than three months, less than a year	26,500	52,000
Longer than a year, less than five years	–	39,500
Balance as at 31 December	**39,500**	**110,500**

No impairment recognised in 2023 (nil in 2022).

Credit facilities have been concluded with investments accounted for using the equity method amounting to EUR39.5 million (2022: EUR 110.5 million) out of which the drawn amount is EUR 39.5 million (2022: EUR 110.5 million) as at 31 December.

20 Lease receivables from clients

This item includes amounts receivable under lease contracts and trade receivables, after deduction of allowances for impairment, where necessary.

	2023	2022
Amounts receivable under finance lease contracts	1,572,187	1,456,136
Trade receivables	781,637	641,854
Impairment	–55,744	–52,760
Balance as at 31 December	**2,298,080**	**2,045,230**

The maturity analysis is as follows:

	2023	2022
Three months or less	913,966	759,216
Longer than three months, less than a year	399,066	360,758
Longer than a year, less than five years	1,030,613	967,913
Longer than five years	10,180	10,103
Impairment	–55,744	–52,760
Balance as at 31 December	**2,298,080**	**2,045,230**

Reference to the fair value of the receivables is made in Note 39 Fair value of financial instruments.

Trade receivables represent unpaid, current lease receivables under existing operating lease contracts or receivables related to inventory sales.

The impairment allowance of EUR 55.7 million (2022: EUR 52.8 million) includes EUR 2.8 million (2022: EUR 5.6 million) related to invoices under commercial disputes and EUR 53.0 million (2022: EUR 47.2 million) of expected credit loss (ECL) recognised under IFRS 9.

Impairment allowance

The ECL allowances include lifetime expected credit losses amounting to EUR 12.4 million (year-end 2022: EUR 12.5 million) for non-credit impaired lease receivables and EUR 40.5 million (year-end 2022: EUR 34.7 million) for credit impaired lease receivables. In 2023, changes in the ECL allowance relate to three main sources: exclusion of several subsidiaries (please see Note 11 Discontinued operations), reduction of management ECL overlay and increased prices of used cars, which serve as the key collateral.

The table below summarises the movements in the expected credit loss allowances related to lease receivables.

Changes in loss allowance	Lease receivables from clients that are not credit impaired	Lease receivables from clients that are credit impaired	Total
Balance as at 1 January 2022	**19,683**	**56,506**	**76,188**
Adjustment for hyperinflation	–	33	33
Transfers (credit impaired vs non-credit impaired)	–5,047	5,047	–
Sale of subsidiaries	–3,389	–5,416	–8,805
Increases due to origination and acquisition of lease contracts	2,409	–	2,409
Decreases due to derecognition of lease contracts	–	–6,674	–6,674
Changes due to change in credit risk (net remeasurement)	–1,026	11,197	10,171
Decrease in allowance due to write-offs	–	–25,689	–25,689
Currency translation adjustments and other	–153	–324	–477
Balance as at 31 December 2022	**12,477**	**34,680**	**47,156**
Sale of subsidiaries / discontinued operations	–2	–	–2
Increases due to origination and acquisition of lease contracts	5,176	415	5,591
Decreases due to derecognition of lease contracts	–1,484	–220	–1,704
Changes due to change in credit risk (net remeasurement)	–4,229	25,291	21,062
Changes due to modifications without derecognition (net)	420	105	525
Decrease in allowance due to write-offs	–	–19,587	–19,587
Currency translation adjustments and other	81	–165	–84
Balance as at 31 December 2023	**12,438**	**40,519**	**52,957**

The following table provides information on the changes in gross carrying values of lease receivables.

Changes in Gross Carrying Values	Lease receivables from clients that are not credit impaired	Lease receivables from clients that are credit impaired	Total
Balance as at 1 January 2022	**3,507,393**	**68,255**	**3,575,648**
Transfers between stages	-39,343	39,343	-
Sale of subsidiaries	-1,681,327	-168	-1,681,495
Assets held for sale	-132,799	3,441	-129,358
Additions	1,319,796	-	1,319,796
Terminated contracts	-390,794	-2,241	-393,035
Redemptions	-733,951	-	-733,951
Write-offs	-	-23,026	-23,026
Currency translation adjustments	63,703	-2,548	61,155
Other movements	101,278	977	102,255
Balance as at 31 December 2022	**2,013,956**	**84,034**	**2,097,990**
Transfers between stages	-11,662	11,662	-
Sale of subsidiaries	-78,572	-306	-78,878
Assets held for sale	75,704	422	76,126
Acquisitions	5,613	77	5,690
Additions	678,906	-	678,906
Terminated contracts	-184,924	-	-184,924
Redemptions	-390,908	-	-390,908
Write-offs	-	-13,931	-13,931
Currency translation adjustments	8,035	280	8,315
Other movements	191,525	2,282	193,807
Balance as at 31 December 2023	**2,307,673**	**84,520**	**2,392,193**

The Group has developed models to estimate expected credit losses for lease receivables, for corporate clients in all countries, retail clients in the Netherlands and retail clients in the United Kingdom. The calculation of expected credit losses also includes the explicit incorporation of forecasts of future economic conditions in all our subsidiaries with different scenario weighting applied. Reference is made to Note C - Financial assets and liabilities. Sensitivities of ECL amounts calculated via these models to different macro-economic scenarios are analysed in the table below.

The Group uses the macro-economic information and forecasts from data provider IHS Markit as input to its expected credit loss models, next to the developments in parameters such as defaults and amounts overdue. IHS Markit Baseline scenario is updated each quarter, and the Group uses it as its optimistic scenario. For the pessimistic scenario and baseline scenario the Group applies the Mainland China downside scenario (published August 2023), the Global De-Dollarization scenario (published August 2023), and the El Nino weather pattern scenario (published August 2023).

The continuing war in Ukraine remains a strong source of future uncertainty. In addition, now mainland China downturn also raises questions about its impact on the wider global markets when data is not readily available from China. Furthermore, the Baseline scenarios continue to worsen each time an update is issued by IHS Markit. Therefore, LeasePlan decided to keep a 100% weighting to a pessimistic scenario as of the end of Dec 2023.

The granted COVID related payment reliefs led the Group to book EUR 2 million ECL overlay as of the end of 2022. This overlay has been released at the end of 2023.

If a 100% optimistic scenario is applied, the ECL allowance for non-credit impaired lease receivables is EUR 2.7 million lower.

2023	Corporate clients		Retail clients - UK		Retail clients - NL		Other	Total	
	ECL	Sensitivity	ECL	Sensitivity	ECL	Sensitivity	ECL	ECL	Sensitivity
Carrying value of ECL	3,237	-	8,174	-	37	-	989	12,436	–
ECL base	2,503	-	5,965	-	34	-	921	9,424	-
Optimistic scenario	143	6%	139	2%	–	–0%	–9	273	3%
Adverse scenario	734	29%	2,208	37%	3	8%	67	3,012	32%

2022	Corporate clients		Retail clients - UK		Retail clients - NL		Other	Total	
	ECL	Sensitivity	ECL	Sensitivity	ECL	Sensitivity	ECL	ECL	Sensitivity
Carrying value of ECL	4,509	-	6,650	-	63	-	1,254	12,477	–
ECL base	2,366	-	5,409	-	47	-	971	8,793	-
Optimistic scenario	95	4%	–233	–4%	–3	–5%	–50	–190	–2%
Adverse scenario	2,143	91%	1,241	23%	16	34%	283	3,683	42%

Finance lease contracts

The amounts receivable from clients includes finance lease receivables, which can be analysed as follows: Gross investment in finance leases, with remaining maturities.

	2023	2022
Not longer than a year	565,748	516,125
Longer than a year, less than two years	462,434	391,973
Longer than two years, less than three years	373,158	335,402
Longer than three years, less than four years	181,017	223,560
Longer than four years, less than five years	106,855	77,986
Longer than five years	42,284	29,589
	1,731,497	**1,574,635**
Unearned finance income on finance lease	171,229	129,128
Net investment in finance leases	**1,560,268**	**1,445,507**

Net investment in finance leases, with remaining maturities

	2023	2022
Not longer than a year	525,415	481,437
Longer than a year, less than five years	996,905	936,510
Longer than five years	37,948	27,560
Balance as at 31 December	**1,560,268**	**1,445,507**

A part of the finance lease assets is encumbered (securitised) because of the asset backed securitisation transactions concluded by the Group. The total value of the securitised finance lease assets amounts to EUR 310 million (2022: EUR 259 million). For further details on the transactions refer to Note 41 and Note 21 of the consolidated financial statements.

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

	Note	Operating lease	Rental fleet	Vehicles available for lease	Total
Cost		26,390,760	344,695	383,115	27,118,571
Accumulated depreciation and impairment		–7,302,399	–76,264	–	–7,378,663
Carrying amount as at 31 December 2021		**19,088,362**	**268,431**	**383,115**	**19,739,908**
Restatement due to hyperinflation		277,551	10,361	3,879	291,791
Carrying amount as at 1 January 2022		**19,365,913**	**278,792**	**386,994**	**20,031,699**
Sale of subsidiary		–329,709	–	–224,524	–554,233
Purchases/additions		6,640,026	351,436	669,429	7,660,892
Disposals		–2,311,871	–38,852	–	–2,350,723
Transfer from vehicles available for lease		386,994	–	–386,994	–
Transfer to inventories	18	–261,397	–	–	–261,397
Depreciation		–3,089,499	–71,312	–	–3,160,811
Impairment charge		–3,744	–	–	–3,744
Impairment reversal		35,955	–	–	35,955
Transfer to assets held for sale		–942,064	–12,957	–	–955,021
Currency translation adjustments		–279,402	–12,044	–776	–292,221
Carrying amount as at 31 December 2022		**19,211,202**	**495,064**	**444,129**	**20,150,395**
Cost		26,351,463	615,673	444,129	27,411,265
Accumulated depreciation and impairment		–7,140,261	–120,609	–	–7,260,870
Carrying amount as at 31 December 2022		**19,211,202**	**495,064**	**444,129**	**20,150,395**
Restatement due to hyperinflation		324,949	13,599	12,682	351,230
Carrying amount as at 1 January 2023		**19,536,151**	**508,663**	**456,812**	**20,501,625**
Acquired through business combinations		97,555	1,114	–	98,670
Sale of subsidiary		–61,876	–1,320	–	–63,196
Purchases/additions		8,836,615	411,349	630,530	9,878,494
Disposals		–2,743,495	–207,457	–	–2,950,953
Transfer from vehicles available for lease		446,669	–	–446,669	–
Transfer to inventories	18	–334,551	–	–	–334,551
Depreciation		–3,463,476	–104,236	–	–3,567,712
Impairment charge		–46,764	–	–	–46,764
Impairment reversal		10,161	–	–	10,161
Transfer to assets held for sale		–31,752	–	–	–31,752
Currency translation adjustments		–262,206	–6,380	–9,217	–277,803
Carrying amount as at 31 December 2023		**21,983,031**	**601,733**	**631,455**	**23,216,219**
Cost		29,617,973	742,028	631,455	30,991,457
Accumulated depreciation and impairment		–7,634,942	–140,295	–	–7,775,237
Carrying amount as at 31 December 2023		**21,983,031**	**601,733**	**631,455**	**23,216,219**

The depreciation of the rental fleet is presented in the consolidated statement of profit or loss in the line item 'Additional service cost'.

The Group periodically assesses whether, as a result of changes in the estimated residual value and/or the useful life of the property and equipment under operating leases, prospective adjustments to the depreciation charges are required at consolidated level. As anticipated, used car markets have been normalizing during 2023 with a general trend in a decrease of EV prices. It is expected that normalization will continue but used car prices will remain above the long-term trend. A prospective depreciation adjustment in amount of EUR 560 million (2022: EUR 435 million) was recorded that decreased the depreciation during the period. The adjustment relates to vehicles that terminated in 2023 and are expected to be terminated in 2024 and beyond.

Further information about asset risk is included in the Risk Management section.

Impairments

The net impairment charge for 2023 amounts to EUR 36.6 million, related mainly to updating impairment value for hyperinflation accounting in LeasePlan Turkey of EUR 38 million, central impairment charge of EUR 3.4 million and EUR 4.8 million reversal is related to reversal of book value losses on early terminated cars for defaulted operating lease customers. In addition, the assets-held-for-sale caption includes a 19 million impairment of the portfolio in Russia to reflect the expected selling price.

The impairment analysis is based on an assessment of the value in use of all lease contracts. For our projections of cash flows, including the cash flows from residual values upon termination of the lease contract, we have considered the semiconductor shortage, rising inflation, and the appalling events in Ukraine. The recoverable amount related to impaired lease agreements amounted to EUR 189 million as at 31 December 2023 (31 December 2022: EUR 116 milion).

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

The sensitivity of an additional 1% decline in used-car prices of the impaired lease contracts will translate into EUR 1.1 million additional impairment for the total remaining duration.

Asset backed securitisation transactions

The Group concluded a number of asset backed securitisation transactions hereinafter identified as the Bumper transactions. These transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies (which are included in the consolidated financial statements of the company).

As a result of this sale this caption includes encumbered (securitised) operating lease assets amounting to EUR 3.1 billion (2022: EUR 3.1 billion), which can be detailed as follows:

	2023	2022
Bumper BE	402,977	600,773
Bumper DE S.A.	573,173	249,539
Bumper FR 2022-1	512,357	630,623
Bumper NL 2020-1 B.V.	249,693	390,741
Bumper NL 2022-1 B.V.	558,027	893,275
Bumper NL 2023-1 B.V.	627,430	–
Bumper UK 2021-1 Finance PLC	132,234	325,632
Total	**3,055,892**	**3,090,582**

For further information about the asset backed securitisation transactions reference is made to Note 30.

An approximation of the future minimum lease payments under non-cancellable operating leases in aggregate and for each of the following periods can be summarised as follows:

	2023	2022
Not longer than a year	3,791,419	3,143,477
Longer than a year, less than five years	7,551,887	5,545,283
Longer than five years	78,709	56,749
Total maturity	**11,422,015**	**8,745,508**

Undiscounted lease payments to be received under operating leases, with remaining maturities:

	2023	2022
Not longer than a year	8,388,690	7,773,226
Longer than a year, less than two years	6,002,865	5,360,324
Longer than two years, less than three years	4,864,171	4,168,115
Longer than three years, less than four years	3,452,731	2,534,842
Longer than four years, less than five years	1,051,931	687,065
Longer than five years	225,081	156,460
Total maturity	**23,985,468**	**20,680,031**

22 Other property and equipment

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

	31 December 2023	31 December 2022
Owned	78,445	87,648
Leased	132,357	153,066
Total	**210,802**	**240,714**

	Note	Property	Equipment	Total
Carrying amount as at 31 December 2021		**213,138**	**83,377**	**296,515**
Restatement due to hyperinflation		178	1,191	1,369
Carrying amount as at 1 January 2022		**213,316**	**84,568**	**297,884**
Sale of subsidiary		–14,788	–5,016	–19,804
Purchases/additions		19,993	55,933	75,926
Disposals		–29,579	–19,943	–49,522
Impairment reversal		7,725	179	7,904
Transfer to held for sale		–8,087	–4,760	–12,847
Depreciation		–35,686	–23,022	–58,707
Currency translation adjustments and impairment	8	325	–445	–119
Carrying amount as at 31 December 2022		**153,219**	**87,495**	**240,714**
Cost		291,354	199,932	491,286
Accumulated depreciation and impairment		–138,135	–112,437	–250,572
Carrying amount as at 31 December 2022		**153,219**	**87,495**	**240,714**
Restatement due to hyperinflation		146	1,571	1,717
Carrying amount as at 1 January 2023		**153,365**	**89,066**	**242,431**
Acquired through business combinations		–	123	123
Sale of subsidiary		1,146	–1,189	–43
Purchases/additions		25,516	36,497	62,013
Disposals		–11,750	–24,624	–36,374
Impairment charge		–985	–	–985
Impairment reversal		–	7	7
Transfer to held for sale		–79	–179	–258
Depreciation		–34,155	–21,063	–55,218
Currency translation adjustments		388	–1,284	–896
Carrying amount as at 31 December 2023	8	**133,446**	**77,356**	**210,802**
Cost		281,902	198,767	480,669
Accumulated depreciation and impairment		–148,377	–121,232	–269,609
Carrying amount as at 31 December 2023		**133,525**	**77,535**	**211,060**

The title to the other property and equipment is not restricted and these assets are not pledged as security for liabilities.

Below is presented the disclosure related to IFRS 16. The leased assets mainly include property such as buildings and IT and other equipment. Information regarding leased assets is presented in the table below:

	Property	Equipment	Total
Carrying amount as at as at 31 December 2021	**207,187**	**1,276**	**208,462**
Restatement due to hyperinflation	178	–	178
Carrying amount as at 1 January 2022	**207,365**	**1,276**	**208,640**
Sale of subsidiary	–14,788	–	–14,788
Purchases/additions	19,647	4,440	24,087
Disposals	–29,061	–	–29,061
Impairment reversal	7,726	–	7,726
Depreciation	–35,039	–1,111	–36,149
Transfer	–7,715	–	–7,715
Currency translation adjustments	314	14	327
Carrying amount as at 31 December 2022	**148,447**	**4,619**	**153,066**
Restatement due to hyperinflation	146	–	146
Carrying amount as at 1 January 2023	**148,593**	**4,619**	**153,212**
Sale of subsidiary	1,098	–	1,098
Purchases/additions	25,124	29	25,154
Disposals	–11,750	–	–11,750
Impairment charge	–984	–	–984
Depreciation	–33,486	–1,192	–34,677
Transfer	–79	–	–79
Currency translation adjustments	381	4	385
Carrying amount as at 31 December 2023	**128,896**	**3,460**	**132,357**

In May 2023 LeasePlan Digital BV (Dublin Branch) and LeasePlan Fleet Management Services Ireland Limited (LeasePlan Ireland) agreed to swap floors in the LeasePlan House to allow LeasePlan Ireland to refurbish the larger 4th Floor for their requirements as a new bigger leasing entity in the post ALD merge world. Since the covid pandemic LeasePlan Digital Dublin has transferred to a hybrid working model and the space needed for work is smaller, compared with previous years. Digital Dublin will use only the 2nd floor of this building.

Since the 1st floor is not going to be used by LeasePlan Digital for its own operating purposes and a sub-tenant has not yet been found for the interim period, LeasePlan Digital Dublin recognised an impairment of EUR 2.07 million.

The maturity of the discounted lease liabilities is shown below:

	31 December 2023	31 December 2022
Not longer than a year	33,240	33,360
Longer than a year	114,768	135,445
Total	**148,009**	**168,805**

For maturity analysis of undiscounted contractual cash flow of lease liabilities refer to Treasury risk measurement in the Risk management paragraph.

Amounts recognised in statement of profit or loss:

	31 December 2023	31 December 2022
Interest on lease liabilities	–2,991	–2,853
Income from sub-leasing right-of-use assets	719	1,136
Expenses relating to short-term leases	–121	–107
Expenses relating to leases of low-value assets	–75	–106
Total	**–2,467**	**–1,929**

23 Intangible assets

	Note	Internally developed software	Software licenses	Customer relationships	Customer contracts	Goodwill	Assets under construction	TOTAL
Carrying amount as at 31 December 2021		**60,100**	**20,090**	**1,613**	**37**	**98,604**	**171,067**	**351,511**
Restatement due to hyperinflation		–	556	–	–	–	–	556
Carrying amount as at 1 January 2022		**60,100**	**20,645**	**1,613**	**37**	**98,604**	**171,067**	**352,066**
Sale of subsidiary		–9,856	–730	–	–	–	–	–10,586
Purchases/additions		4,883	5,178	–	–	–	163,773	173,833
Amortisation	8	–40,380	–6,660	–660	–37	–	–	–47,737
Impairment charge	8	–2,679	–	–	–	–	–516	–3,195
Impairment reversal		1,349	–	–	–	–	–	1,349
Transfer to assets held for sale		–	–36	–	–	–	–	–36
Assets available for use		152,985	27	–	–	–	–153,012	–
Currency translation adjustments		339	–153	–	–	–	–	186
Carrying amount as at 31 December 2022		**166,740**	**18,271**	**953**	–	**98,604**	**181,312**	**465,881**
Cost		292,881	65,070	14,441	8,000	98,604	181,312	660,309
Accumulated depreciation and impairment		–126,141	–46,800	–13,488	–8,000	–	–	–194,429
Carrying amount as at 31 December 2022		**166,740**	**18,271**	**953**	–	**98,604**	**181,312**	**465,881**
Restatement due to hyperinflation		–	662	–	–	–	–	662
Carrying amount as at 1 January 2023		**166,740**	**18,933**	**953**	–	**98,604**	**181,312**	**466,543**
Sale of subsidiary		–	–5	–	–	–	–	–5
Purchases/additions		–	3,001	–	–	–	150,031	153,032
Amortisation	8	–58,531	–5,003	–587	–	–	–	–64,121
Impairment charge	8	–81,946	–	–	–	–	–159,932	–241,878
Impairment reversal		–	–	–	–	–	477	477
Assets available for use		119,974	–	–	–	–	–119,974	–
Transfer to assets held for sale		–	–42	–	–	–	–	–42
Currency translation adjustments		–14	–584	–	–	–	–	–597
Carrying amount as at 31 December 2023		**146,223**	**16,301**	**366**	–	**98,604**	**51,914**	**313,409**
Cost		410,810	66,700	14,441	8,000	98,605	211,369	809,924
Accumulated depreciation and impairment		–264,587	–50,399	–14,075	–8,000	–	–159,454	–496,515
Carrying amount as at 31 December 2023		**146,223**	**16,301**	**366**	–	**98,605**	**51,914**	**313,409**

The remaining amortisation period for the majority of the intangible assets with a finite life is approximately six years. The title to the intangible assets is not restricted and the intangible assets are not pledged as security for liabilities.

Since 2019, LeasePlan has invested to build an end-to-end leasing platform New Generation Digital Architecture (NGDA). As at 31 December 2023, the book value before 2023 impairments of NGDA related IT assets amounts to EUR 447 million and consists of EUR 227 million of Internally developed software, EUR 11 million of Software licenses and EUR 209 million of Assets under construction.

During the fourth quarter of 2023, LeasePlan has determined that this IT system development project, (NGDA), will not meet the expected product and service improvements in the emerging digital world in which the Company operates. NGDA software was intended to deliver the fully digital end-to-end leasing value chain across all core processes ranging from commercial activities to quote generation to financial accounting. The serious technical issues faced through the development of NGDA assets, jeopardizing their financial and strategic performance in the market, compelled management to stop the project and dispose of a significant number of related assets within the next year. Therefore, the value in use of these assets is considered close to their fair value less cost of disposal, estimated close to zero. It is anticipated that the migration to a new IT setup will be completed by end 2024.

These assets, which are mainly used in the UK and the Netherlands, have been restructured and existing initiatives have been largely abandoned. Given the indication of value loss, as per IAS 36, an impairment loss of EUR 240 million (2022: EUR 0.5 million) has been recognised for the related intangibles assets, of which EUR 82 million related to Internally developed software and EUR 158 million related to Assets under construction. These impairments were all recognised in the reporting segment Europe.

NGDA related IT development assets for an amount of EUR 196 million and software licenses of EUR 11 million are still carried at cost on the balance sheet. The NGDA related IT development assets consist of EUR 145 million related to Internally developed software and EUR 51 million related to Assets under construction. These are separately developed IT modules that are still expected to generate economic benefits in the future.

In addition to the impairments described above, LeasePlan recognised a provision for onerous contracts in the amount of EUR 5.5 million. The amount represents the unavoidable costs of existing contracts related to NGDA. These contracts will be cancelled as soon as possible.

Annually, or more frequently if events or changes in circumstances indicate a potential impairment, assets under construction are assessed for impairment. The impairment calculation is based on fair value less cost of disposal. Assets under construction are treated as corporate assets, which cannot be allocated on a consistent basis to individual cash generating units and are allocated to the group of cash generating units being the Europe segment. The impairment test is done in two steps: the impairment test on individual country level included in the Europe segment without allocation of assets under construction and the impairment test on Europe segment level with allocated assets under construction. The recoverable amount is determined by discounting future cash flows generated from the continuing use of the group of cash generating units. Cash flows were projected based on actual results and 5-year business plans and forecasts. The pre-tax discount rate of 16.3% (post-tax of 12.2%) was applied. Based on this assessment no additional impairment was recognised in 2023 (2022: nil).

Goodwill relates to acquisitions in previous years. All acquired companies were engaged in providing lease services. Goodwill is allocated to the Group's cash generating units which have incorporated the acquisitions. Cash generating units are the individual countries in which LeasePlan has an entity.

The cash generating units to which goodwill is allocated are listed in the table below:

		Key assumptions applied in fair value less cost of disposal		
	Goodwill	Post-tax discount rate	Pre-tax discount rate	Terminal growth rate
LeasePlan Italy	46,646	12.8%	17.2%	2.3%
LeasePlan Portugal	27,232	12.5%	16.7%	2.3%
LeasePlan Spain	14,413	12.2%	15.6%	2.3%
LeasePlan France	10,313	11.0%	14.2%	2.3%
Total	**98,604**			

Annually, or more frequently if events or changes in circumstances indicate a potential impairment, goodwill is assessed for impairment. There was no impairment recognised in 2023 (2022: nil). The impairment test is identical for all cash generating units and is based on fair value less cost of disposal. The fair value less cost of disposal was determined by discounting future cash flows generated from the continuing use of the cash generating units in which the acquired operating companies were incorporated. Cash flows were projected based on actual results and 5-year business plans and forecasts. The growth rates included in the business plans and forecasts exceed the long-term average growth rate for this business. After the five-year forecast period, one-year stabilisation and terminal growth rate of 2.3% was assumed.

A post-tax discount rate was applied which is built up of a (i) risk free rate (2.3%), (ii) a market premium (6.0%) multiplied by a market specific beta (1.35) and (iii) a country risk premium (ranging between 0.5% and 2.4%).

The recoverable amounts of all cash generating units with goodwill exceed their carrying amounts.

24 Investments accounted for using the equity method

Principal investments in the consolidated financial statements are:

	% of ownership interest			
	2023	2022	Country of business and incorporation	Activity
Equity accounted investments				
LeasePlan Emirates L.L.C.	49.0%	49.0%	Emirate of Abu Dhabi	Leasing
Flottenmanagement GmbH	49.0%	49.0%	Austria	Leasing
PLease S.C.S.	99.3%	99.3%	France	Leasing

All investments accounted for using the equity method in the table above are interests in joint ventures.

PLease S.C.S.

PLease is a Société en Commandite Simple (S.C.S.) under French law, whereby the Group is one of the partners. PLease is governed by a steering committee and a strategic committee whereby the Group can nominate two of the four members of each committee. In the steering committee decisions require a majority of its member votes and in the strategic committee decisions can only be taken unanimously.

The amounts recognised in the balance sheet are as follows:

	2023	2022
Equity accounted investments	18,204	18,421
Balance as at 31 December	**18,204**	**18,421**

The amounts recognised in the statement of profit or loss are as follows:

	2023	2022
Equity accounted investments	6,671	6,182
Balance as at 31 December	**6,671**	**6,182**

The summarised financial information below does not represent the proportionate share of the entity but the actual amount included in the separate financial statements of the material interests in investments accounted for using the equity method.

	2023	2022
	Equity accounted investments	Equity accounted investments
Other current assets	27,932	23,339
Total current assets	**27,932**	**23,339**
Total non-current assets	**366,868**	**273,138**
Current financial liabilities	58,787	47,074
Current liabilities other	53,490	45,278
Total current liabilities	**112,277**	**92,352**
Non-current financial liabilities	242,053	163,541
Other non-current financial liabilities	3,527	3,285
Total non-current liabilities	**245,580**	**166,826**
Net assets (100%)	**36,943**	**37,299**

The total assets of joint venture entities amount to EUR 395 million (2022: EUR 296 million), of which EUR 126 million (2022: EUR 191 million) relate to PLease S.C.S.

The summarised statement of comprehensive income below does not represent the proportionate share of entity but the actual amount included for the material interests in investments accounted for using the equity method.

	2023	2022
	Equity accounted investments	Equity accounted investments
Revenues	**171,740**	**108,742**
Depreciation and amortisation	–530	–511
Interest income	–1,780	731
Interest expense	–6,033	–3,361
Profit before tax	11,906	12,937
Income tax expenses	–651	–172
Profit for the period	**11,255**	**12,765**
Other comprehensive income net of tax	–160	–88
Total comprehensive income (100%)	**11,095**	**12,677**
Dividend received by the Group	6,275	5,350

The reconciliation to the proportional share of the Group included in the summarised financial information is as follows:

	2023	2022
	Equity accounted investments	Equity accounted investments
Net assets (100%) as at 1 January	37,299	33,579
Dividend paid	–12,767	–11,004
Other movements	2,314	–
Result for the year	11,255	12,765
Exchange rate differences	–1,158	1,960
Net assets (100%) as at 31 December	36,943	37,299
Percentage of interest	various	various
Interest in associates/jointly controlled entities	18,204	18,421
Carrying value	**18,204**	**18,421**

The amount of net assets is mainly related to LeasePlan Emirates L.L.C. EUR 33 million (2022: EUR 33 million).

25 Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities as at 31 December are attributable to the following:

	Deferred tax assets		Deferred tax liabilities	
	2023	2022	2023	2022
Goodwill	1,269	2,544	–	-
Other intangible fixed assets	1,343	823	–	-
Property and equipment under operating lease	43,418	43,738	614,496	552,375
Other property and equipment	8,976	6,127	28,389	19,150
Provisions	39,980	30,301	407	213
Deferred leasing income	85,860	78,307	22,920	21,173
Tax value of losses carry forward recognised	144,858	144,946	–	-
Tax credits and prepayments	463	927	–	-
Other Receivables	23,523	8,602	64,257	85,858
Other Payables	54,839	45,821	6,224	18,709
Tax assets / liabilities	**404,528**	**362,136**	**736,693**	**697,479**
Offset of deferred tax assets and liabilities	–233,689	–224,314	–233,689	–224,314
Balance as at 31 December	**170,840**	**137,821**	**503,004**	**473,165**
Net tax position:			**332,164**	**335,343**
Movement net tax position	3,179	–208,201		

The movement in the net deferred tax position can be summarised as follows:

	Note	2023	2022
Balance as at 1 January		**–335,343**	**–127,143**
Statement of profit or loss (charge)/credit	10	–27,094	–178,728
Tax (charge)/credit relating to components of other comprehensive income	10	1,128	–3,032
Other movements		–4,589	–36,694
Exchange rate differences		33,734	10,255
Balance as at 31 December		**–332,164**	**–335,343**

The statement of profit or loss (charge)/credit can be broken down as follows:

	Deferred tax assets		Deferred tax liabilities	
	2023	2022	2023	2022
Goodwill		–	1,275	2,082
Other intangible fixed assets	520	227		–
Property and equipment under operating lease		145,645	89,979	–
Other property and equipment		–	4,693	3,746
Provisions	8,233	5,751		
Deferred leasing income	3,256	–		12,127
Tax value of losses carry forward recognised	1,821	–		226,044
Tax credits and prepayments		–	394	6,335
Other receivables	34,863	–		46,183
Other payables	20,553	–		33,834
Movement in deferred tax	**69,247**	**151,623**	**96,342**	**330,351**
Movement in deferred tax liabilities	–69,247	–151,623	–69,247	–151,623
Statement of profit or loss (charge)/credit	**–**		**27,094**	**178,728**

Exchange rate differences can be broken down as follows:

	Deferred tax assets		Deferred tax liabilities	
	2023	2022	2023	2022
Property and equipment under operating lease	33,401	9,334	–	–
Other property and equipment	–	–	1,696	1,404
Provisions	53	–	–	35
Deferred leasing income	2,431	1,955	–	–
Tax value of losses carry forward recognised	–	–	1,910	1,074
Tax credits and prepayments	–	–	69	58
Other receivables	998	–	–	721
Other payables	527	2,256	–	–
Tax (assets)/ liabilities	**37,410**	**13,545**	**3,676**	**3,290**
Offset of deferred tax assets and liabilities	–3,676	–3,290		
Exchange rate differences	**33,734**	**10,255**		

The Group recognises deferred tax assets for the tax value of losses and tax credits carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has not recognised deferred tax assets in respect of tax losses of EUR 107.5 million (2022: EUR 41.2 million) and has not recognised tax credits for an amount of EUR 1.3 million (2022: EUR 1.2 million) as the Group considers it is not probable that future taxable profits will be available to offset these tax losses and to settle tax credits with current tax liabilities (also taking into account expiry dates when applicable). The majority of the unrecognised losses of EUR 107.5 million do not have an expiry date (EUR 3 million of the unrecognised losses have an expiry date) and the utilisation of tax credits is limited in time. The strong increase in unrecognised DTA is due to the

recognition of an impairment of the main IT system development project, New Generation Digital Architecture (NGDA), for further details refer to Note 23.

The expiration profile of the tax credits not recognised can be illustrated as follows:

	2023	2022
Expires within one year	–	500
Expires after a year, less than five years	1,006	688
Expires after five years	292	53
Total	**1,298**	**1,241**

The expiration profile of the losses carried forward can be illustrated as follows:

Losses	2023	2022
Expire within one year	–	2,417
Expire after a year, less than five years	282	7,261
Expire after five years	41,911	14,376
No expiry date	563,207	584,404
Total	**605,401**	**608,458**
Tax value	**144,858**	**144,946**

The total tax value of losses carried forward is presented before offsetting the corresponding deferred tax liabilities (which are reflected in the offset of deferred tax assets and liabilities as shown in the first table of this note).

The deferred tax liability relating to property and equipment under operating leases reverses over the remaining term of the operating lease contracts, which ranges from three to four years.

Breakdown of certain net deferred tax asset positions by jurisdiction:

	2023	2022
Netherlands	59,343	–
Spain	24,530	30,928
United Kingdom	41,145	40,805
Italy	–	13,213
Total	**125,018**	**84,946**

The table above includes a breakdown of certain net deferred tax asset positions by jurisdiction for which the utilisation is dependent on future taxable profits whilst the related entities have incurred losses in either the current or the preceding year. In 2023, the aggregate amount for the most significant entities is EUR 125.0 million (2022: EUR 84.9 million). Recognition is based on the fact that it is probable that the entity will have taxable profits before expiration of the deferred tax assets.

26 Assets and liabilities classified as held-for-sale

As per 30 September 2023, LeasePlan Russia has been classified as held-for-sale. Reference is made to note 11 Discontinued operations.

As at 31 December 2023, the disposal groups comprised assets of EUR 31 million less liabilities of EUR 9 million, all valued at fair value less costs to sell, detailed as follows.

	2023
Receivables from financial institutions	15,343
Other receivables and prepayments	288
Inventories	1,548
Lease receivables from clients	2,226
Property and equipment under operating lease & Rental fleet	10,922
Other property and equipment	258
Intangible assets	42
Corporate income tax receivable	48
Assets classified as held-for-sale	**30,675**
Trade and other payables and Deferred income	4,126
Lease liabilities	80
Provisions	5
Deferred tax liabilities	4,680
Liabilities classified as held-for-sale	**8,891**
Net assets held for sale	**21,784**

27 Funds entrusted

Funds entrusted includes non-subordinated loans from banks and saving deposits.

For the maturity analysis refer to the Treasury risk measurement in the Risk management paragraph.

Savings deposits raised by LeasePlan Bank amount to EUR 11.6 billion (2022: EUR 10.8 billion) of which 35.0% (2022: 31.6%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V., which holds a banking licence in the Netherlands. As of September 2015, LeasePlan Bank also operates in the German savings deposit market with a cross-border offering from the Netherlands.

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

	2023	2022
Three months or less	1.60%	1.10%
Longer than three months, less than a year	2.71%	0.79%
Longer than a year, less than five years	1.53%	0.71%

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

The interest payable in the amount of EUR 55.5 million (2022: EUR 14.6 million) is presented in the line-item trade and other payables and deferred income of the statement of financial position.

The funds entrusted outstanding balance is all denominated in EUR. Reference is made to the Risk section (Treasury risk).

28 Trade and other payables and deferred income

	2023	2022
Trade payables	945,462	794,410
Deferred leasing income	334,105	402,339
Lease related accruals	810,783	712,433
Other accruals and other deferred amounts owed	375,669	1,497,793
Interest payable	132,155	77,243
Accruals for contract settlements	144,799	130,406
VAT and other taxes - payable	48,161	27,438
Balance as at 31 December	**2,791,134**	**3,642,060**

The majority of the trade and other payables and deferred income, except for deferred leasing income, have a remaining maturity of less than one year. Deferred leasing income relates to amounts received in advance, as part of the monthly lease instalments, to cover lease expenses in a subsequent period. Lease related accruals mainly consist of accruals for lease related service expenses.

Other accruals and other deferred amounts owed contain accruals for a number of different staff expenses, including for the variable remuneration. The accrual for variable remuneration also contains the liability for Phantom Share Units ('PSUs'). The fair value of the accrual is EUR 15.6 million at the end of 2023 (2022: EUR 14.5 million).

Variable remuneration

Variable remuneration cannot exceed 100% of fixed remuneration. For control functions it is capped at 50%. For staff who work for the Dutch operating entity this maximum is further capped at 20%. Variable remuneration for senior management consists of cash (50%) and non-cash elements (50%), i.e. PSUs. A minimum 40% deferral is applied to the total annual variable remuneration (both cash and PSUs), with a progressive ratio depending on the level of variable remuneration. The maximum deferral percentage is capped at 70%. The total variable remuneration will be deferred for a period of four years whereby annual vesting is applied. The Managing Board has a deferral period of five years and a minimum deferral of 60%.

The movements in the number of PSUs outstanding are as follows:

	2023	2022
Outstanding as at 1 January	142,249	146,713
Granted	151,819	94,147
Settled during the year	-140,798	-98,611
Outstanding as at 31 December	153,270	142,249

The PSU result recognised during 2023 relating to PSU revaluation amounts to EUR 0.5 million (2022: EUR -0.2 million).

29 Borrowings from financial institutions

This item includes amounts owed to banks under government supervision.

For the maturity analysis refer to Treasury risk measurement in the Risk management paragraph.

On demand amounts owed to financial institutions relating to call money and bank overdraft balances form part of the cash and balances with banks in the cash flow statement. Borrowings from financial institutions include an outstanding balance of EUR 710.8 million (2022: EUR 728.1 million) which is non-euro currency denominated as at 31 December. The remainder of the borrowings from financial institutions is denominated in euro.

The interest payable in the amount of EUR 19.1 million (2022: EUR 8.2 million) is presented in the line-item trade and other payables and deferred income of the statement of financial position.

In addition to centrally arranged credit facilities at a Group level, the Group also has credit facilities in place at the level of some of its subsidiaries.

30 Debt securities issued

This item includes negotiable, interest bearing securities, held at amortised cost.

In thousands of euros	**2023**	**2022**
Bond and notes - originated from securitisation transactions	2,249,238	2,336,762
Bonds and notes - other	5,200,363	7,082,878
Bonds and notes - other (fair value adjustment)	–187,948	–364,425
Balance as at 31 December	**7,261,653**	**9,055,215**

There is no pledge nor security for these debt securities except for the bonds and notes which are originated from securitisation transactions.

The debt securities issued include an outstanding balance of EUR 1.2 billion (2022: EUR 1.7 billion) which is non-euro currency denominated as at 31 December. The remainder of the debt securities is denominated in euros. The fair value adjustment is attributable to the hedged risk on bonds and notes in fair value hedges. This fair value hedging policy is described in the Risk section (Strategy in using financial instruments).

The average interest rates applicable to the outstanding balances can be summarised as follows:

	2023	**2022**
Average interest rate	2.6%	1.9%

The interest payable in the amount of EUR 48.1 million (2022: EUR 53.5 million) is presented in the line item trade and other payables and deferred income of the statement of financial position.

For the maturity analysis refer to the Treasury risk measurement in the Risk management section.

The caption 'Bonds and notes – originated from securitisation transactions' can be detailed as follows:

	2023	2022
Bumper BE	285,173	492,882
Bumper FR 2022-1	381,226	500,000
Bumper DE S.A.	–	106,475
Bumper DE S.A. 2023-1	500,000	–
Bumper NL 2020-1 B.V.	86,093	257,129
Bumper NL 2022-1 B.V.	450,000	700,000
Bumper NL 2023-1 B.V.	500,000	–
Bumper UK 2021-1 Finance PLC	50,177	284,376
Total	**2,252,668**	**2,340,863**

In February 2023, Bumper DE 2023-1 was issued for a total of EUR 500 million of asset-backed security senior notes.

In September 2023, Bumper NL 2023-1 was issued for a total of EUR 500 million of asset-backed security senior notes.

In September 2023, Bumper NL 2022-1 was extended for a total of EUR 400 million. There was an additional draw-down under the related facility in December 2023 for EUR 50 million, leaving EUR 50 million left undrawn of the total facility of EUR 500 million.

These Bumper transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies. Debt securities were issued by most of these special purpose companies to finance these transactions. The special purpose companies are responsible for making interest and principal payments to the noteholders. The noteholders do not have recourse to the company or other Group companies in case of non-performance or default by the special purpose companies. The Group has deposited cash collateral for these securitisation transactions; reference is made to Note 15 of the consolidated financial statements. The higher rated notes are sold to external investors and the other (non-rated) notes are bought by the company. The company provided funding to facilitate the purchase of Bumper notes by Group companies.

A number of fixed rate bonds are included in a fair value hedge whereby the bonds (hedged items) are measured at amortised cost and are constantly being adjusted for gains/losses attributable to the risk being hedged. This adjustment is recognised in the statement of profit or loss, where it offsets (to a large extent) the remeasurement of the fair value of the hedging instruments that is also recognised in the statement of profit or loss.

Transaction costs related to issued bonds and new Bumpers are equal to EUR 3.4 million (2022: EUR 4.1 million) and they are fully capitalised and amortised over the duration of the deals.

31 Provisions

	2023	2022
Insurance contracts liability	438,841	–
Damage services provision	192,021	584,751
Post-employment benefits	14,450	10,839
Other provisions	89,254	26,827
Balance as at 31 December	**734,566**	**622,418**

The majority of provisions are expected to be recovered or settled within 12 months.

Insurance and reinsurance contracts

	2023		
	Assets	Liabilities	Net
Insurance contract liabilities		438,841	438,841
Reinsurance contract held	43,367		43,367
Total Insurance issued and reinsurance held	**–43,367**	**438,841**	**395,474**

The roll-forward of net asset or liability for insurance contracts reported as insurance provisions issued showing the liability (and asset) for remaining coverage and the liability for incurred claims for all insurance products issued by Euro Insurances DAC. Applying the exemption in IFRS 17 the comparative disclosure is not included.

Insurance contract liability

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	1,037	4,978	379,647	11,771	–	397,433
Insurance contract assets as at 01/01	–	–	–	–	–	–
Net insurance contract (assets)/liabilities as at 01/01	1,037	**4,978**	**379,647**	**11,771**	–	**397,433**
	–	–	–	–	–	–
insurance revenue	–353,397	–	–	–	–	–353,397
insurance service expenses	13,658	3,002	274,242	3,424	–	294,327
Incurred claims and other expenses	–	–	369,499	10,096	–	379,595
Amortisation of insurance acquisition cash flows	13,658	–	–	–	–	13,658
Losses on onerous contracts and reversals of those losses	–	3,002	–	–	–	3,002
Changes to liabilities for incurred claims	–	–	–95,257	–6,671	–	–101,928
Insurance service result	–339,739	3,002	274,242	3,424	–	–59,071
Effect of movements in exchange rates	–	–279	–6,549	4,504	–	–2,324
Total changes in the statement of comprehensive income Cash flows	–339,739	**2,723**	**267,693**	**7,928**	–	**–61,395**
	–	–	–	–	–	–
Premiums received/	346,392	–	–	–	–	346,392
Claims and other expenses paid	–	–	–229,930	–	–	–229,930
Insurance acquisition cash flows	–13,658	–	–	–	–	–13,658
Total cash flows	332,734	–	–229,930	–	–	102,803
Net insurance contract (assets)/liabilities as at 31 /12	–5,969	**7,700**	**417,410**	**19,699**	–	**438,841**
Insurance contract liabilities as at 31 /12	–5,969	7,700	417,410	19,699	–	438,841
Insurance contract assets as at 31 /12	–	–	–	–	–	–
Net insurance contract (assets)/liabilities as at 31 /12	–5,969	**7,700**	**417,410**	**19,699**	–	**438,841**

The development of insurance claims incurred provides insight in the estimate of the ultimate value of expected claims. The top half of the table below illustrates how the Group's estimate of total insurance claims outstanding for each accident year has changed at successive year ends. The bottom half of the table below reconciles the cumulative claims to the amounts in the balance sheet provisions. The accident year basis is considered the most appropriate for the business written by the Group.

	<2018	2019	2020	2021	2022	2023	Total
At end of accident year	981,258	139,265	94,993	117,661	138,924	252,289	
one year later	948,095	142,106	90,048	113,718	202,522		
two years later	938,705	140,191	98,738	207,270			
three years later	925,955	118,717	141,237				
four years later	923,578	146,565					
five years later	1,719,205						
Estimate of cumulative claims	1,719,205	146,565	141,237	207,270	202,522	252,289	2,669,088
Cumulative payments to date	–1,602,083	–133,667	–109,905	–112,747	–128,213	–111,590	–2,198,205
Effect of discounting	–5,154	–1,509	–3,146	–6,289	–5,690	–11,985	–33,774
Total gross outstanding claim liabilities	111,968	11,388	28,186	88,234	68,619	128,714	437,110
Less: Reinsurance	13,921	882	3,927	2,948	4,136	17,552	43,367
Gross outstanding claim liabilities net of Reinsurance	**98,047**	**10,506**	**24,259**	**85,286**	**64,483**	**111,162**	**393,743**

The expected maturity analysis of the gross outstanding damage liabilities excluding reinsurance is as follows:

	2023	2022
Not longer than 1 year	258,916	–
Between 1-2 years	74,603	–
Between 2-5 years	65,826	–
Longer than 5 years	39,496	–
TOTAL	438,841	–

Damage services provision

The majority of damage service provisions are expected to be recovered or settled within 12 months.

	Damage risk retention provision
Balance as at 31 December 2022	**584,751**
Opening value adjustment	–423,904
Sale of subsidiary	–1,056
Additions recognised in income statement	249,154
Reversals	–73,239
Usage	–144,475
Other movements	339
Transfer to Held-for-sale	1,264
Hyperinflation	–310
Currency translation adjustments	–503
Balance as at 31 December 2023	**192,021**
Usage within a year	140,522
Usage after a year	51,500

(*)IFRS 17 adoption

Provision for post-employment benefits

The provision for post-employment benefits comprises both defined benefit pension plans and other post-employment benefits. The Group operates a number of pension plans around the world. Most of these pension plans are defined contribution plans. The Group has sponsored defined benefit pension plans and the total number of participants in these pension plans is 1,354 (2022: 1,686) of whom 959 are active employees and 390 are inactive participants. The plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. In the plans, pensions generally do not receive inflationary increases once in payment. The benefit payments are from trustee administered funds. Plan assets held in trusts are governed by local regulations and practice, as is the nature of the relationship between the company and the trustees (or equivalent) and their composition. In addition, the Group operates other post-employment benefit plans in three countries for legally required termination indemnities, which are payable at either the retirement date or the date the employee leaves the Group. The amount of the benefit depends on the length of service of the employee at the dismissal or retirement date. The majority of these plans are unfunded where the company meets the benefit payment obligation as it falls due. The total number of participants of these other post-employment benefit plans is 366 (2022: 352).

The provision for the defined benefit liability recognised in the balance sheet is as follows:

	2023	2022
Present value of funded obligations	41,693	39,451
Fair value of plan assets	−37,049	−39,045
Asset ceiling	–	164
Deficit of funded plans	**4,644**	**570**
Present value of unfunded obligations	9,806	10,269
Total deficit of defined benefit plans as per 31 December	**14,450**	**10,839**

The impact of minimum funding requirement/asset ceiling is nil in 2023 (2022: EUR 0.2 million).
The valuations of provisions for post-employment benefits are performed by independent qualified actuaries on an annual basis.

The following tables summarise the impact on the balance sheet, payment obligations, assets and economic assumptions in respect of the main post-employment benefits in the various countries.

	Note	Present value of obligation	Fair value of plan assets	Asset ceiling	Total
Balance as at 1 January 2023		**49,720**	**–39,045**	**164**	**10,839**
Current service cost	6	2,002	–	–	2,002
Interest expense/(income)	6	1,727	–1,358	–	370
Past service costs and gains and losses on settlements	6	–59	–	–	–59
		3,671	**–1,358**	–	**2,314**
Return on plan assets, excluding amounts included in interest income / expense		1	485	–	486
Gain/loss from changes in demographic assumptions		–435	–	–	–435
Gain/loss from changes in financial assumptions		938	–	–	938
Experience (gains)/losses		3,565	170	–	3,735
		4,069	**655**	–	**4,724**
Remeasurements					
Exchange differences		323	–172	–166	–15
Contributions - Employers		–	–2,945	–	–2,945
Contributions - Plan participants		380	–380	–	–
Benefit payments		–7,106	6,552	–	–554
Currency translation adjustments		441	–356	2	87
Balance as at 31 December 2023		**51,499**	**–37,049**	–	**14,450**

	Note	Present value of obligation	Fair value of plan assets	Asset ceiling	Total
Balance as at 1 January 2022		**62,326**	**−38,035**	**–**	**24,291**
Sale of subsidiary		−766	–	–	−766
Current service cost	6	2,467	18	–	2,485
Interest expense/(income)	6	563	−366	–	197
Past service costs and gains and losses on settlements	6	110	–	–	110
		2,374	**−348**	**–**	**2,026**
Return on plan assets, excluding amounts included in interest income / expense		–	514	–	514
Gain/loss from changes in demographic assumptions		−19	–	–	−19
Gain/loss from changes in financial assumptions		−14,039	–	–	−14,039
Experience (gains)/losses		1,614	−5	–	1,609
		−12,444	**509**	**–**	**−11,935**
Remeasurements					
Change in asset ceiling, excl. amounts incl. in int exp.		–	–	161	161
Exchange differences		34	–	–	34
Contributions - Employers		–	−2,827	–	−2,827
Contributions - Plan participants		367	−367	–	–
Benefit payments		−3,411	2,374	–	−1,037
Currency translation adjustments		473	−350	3	126
Balance as at 31 December 2022		**49,720**	**−39,045**	**164**	**10,839**

Reference is made to Note 6 for the details on the amounts recognised in the statement of profit or loss in respect of the Group's post-employment defined benefit plans. Expected contributions to post-employment defined benefit plans are EUR 2.9 million for the year ending 31 December 2023.

There are no defined benefit pension plans that are wholly unfunded and none of the collective and individual pension plans in the various countries are fully funded.

The averages of the main actuarial assumptions used to determine the value of the provision for post-employment defined benefits as at 31 December were as follows:

	2023	2022
Discount rate	4.5%	4.6%
Inflation	2.8%	3.1%
Salary growth rate	4.1%	4.2%
Pension growth rate	1.5%	1.0%

The rates used for interest discount factors, inflation, salary developments and future pension increases reflect country specific conditions. The expected return on plan assets is determined by considering the current level of

expected returns on risk free investments (primarily government bonds), the historical level of the risk-free premium associated with the respective asset classes and the expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets. The expected returns of the individual plans have been weighted based on the fair value of the assets of the plans to determine the average expected return on plan assets. All other assumptions are weighted based on the post-employment benefit obligations.

The following table shows the sensitivity of the defined benefit liability to a change of 0.5% in the following assumptions:

	0.5% decrease of assumption	0.5% increase of assumption
Discount rate change	20,039	16,220
Inflation change	17,040	19,098
Salary growth rate change	17,018	19,349
Pension growth rate change	8,158	8,158

Assumptions regarding future mortality experience are set based on published statistics and actuarial advice. The average life expectancy in years of a pensioner at the retirement date on the balance sheet date is as follows:

	2023	2022
Male	23.4	27.5
Female	24.1	28.8

Plan assets comprise the following:

	2023			2022		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equity instruments	2,402	–	2,402	2,343	–	2,343
Debt instruments	3,613	–	3,613	3,781	24	3,806
Property	1,834	–	1,834	483	1,429	1,912
Investment funds	1,131	28,069	29,200	248	30,737	30,985
Total assets	**8,980**	**28,069**	**37,049**	**6,855**	**32,190**	**39,045**

The expected maturity analysis of undiscounted post-employment benefits is:

	Not longer than a year	Longer than a year, less than two years	Longer than two years, less than five years	Longer than five years	Total
Expected maturity undiscounted post-employment benefits	2,484	2,422	7,722	90,517	103,145

The cumulative actuarial result recognised in the combined statements of comprehensive income is EUR −4.7 million (2022: EUR 11.6 million).

Other provisions

	Other long-term employee benefits	Termination benefits	Litigation	Miscellaneous	Other provisions
Balance as at 31 December 2021	**5,952**	**1,577**	**8,877**	**15,951**	**32,357**
Adjustments for hyperinflation	12	125	–	3	140
Sale of subsidiary	–	–	–	–207	–207
Additions recognised in income statement	971	220	368	3,490	5,050
Reversals	–324	–1,057	–414	–2,929	–4,724
Usage	–491	–356	–795	–443	–2,085
Other movements	–	–	–	341	341
Transfer to Held-for-sale	–	–	–794	–638	–1,432
Release to income statement	–	–	–2,734	–	–2,734
Hyperinflation	–11	–111	–	–2	–125
Currency translation adjustments	–7	–66	32	286	246
Balance as at 31 December 2022	**6,101**	**333**	**4,542**	**15,851**	**26,827**
Opening value adjustment	28	164	–	2	194
Sale of subsidiary	–	–	–2,437	–664	–3,101
Additions recognised in income statement	498	358	61,149	8,889	70,894
Reversals	–61	–106	–1,739	–2,209	–4,114
Usage	–513	–152	–	–1,730	–2,395
Other movements	–116	–	1,678	–2,094	–531
Transfer to Held-for-sale	–	–	794	638	1,432
Release to income statement	–	–	180	–	180
Hyperinflation	–17	–100	–	–1	–119
Currency translation adjustments	–27	–162	2	174	–14
Balance as at 31 December 2023	**5,894**	**334**	**64,168**	**18,857**	**89,254**
Usage within a year	1,097	167	1,774	2,885	5,923
Usage after a year	4,798	168	62,394	15,972	83,331

Other long-term employee benefits

Other long-term employee benefits include provisions for medium-term bonus schemes, jubilee payments and extra leave entitlements.

Termination benefits

The provision for termination benefits relates to expected payments to terminate the employment of an employee or group of employees before the normal termination date. The balance relates to a small number of employee-related litigations and obligations of relatively small size.

Litigation

Litigation provisions have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. These provisions are not employee related. Legal provisions depend on court proceedings so no assumptions related to future events have been disclosed.

Miscellaneous

Miscellaneous provisions include a provision for restructuring-related expenses as well as items which cannot be classified under one of the other captions such as provisions for guarantee payments. The provision for restructuring-related expenses is not material (2022: not material).

32 Share capital and share premium

At 31 December 2023, the authorised capital amounted to EUR 250 million (2022: EUR 250 million), divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each, of which EUR 71.6 million is issued and paid up. The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. The share premium includes the amount paid in excess of the nominal value of the share capital.

33 Other reserves

	Translation reserve	Post-employment benefit reserve	Hyperinflation reserve	Total
Balance as at 1 January 2022	**-141,372**	**-6,499**	**142,234**	**-5,637**
Gains/(losses) arising during the year	-71,939	11,555	5,431	-54,953
Related income tax	-	-3,032	-	-3,032
Balance as at 31 December 2022	**-213,311**	**2,024**	**147,665**	**-63,622**
Restatement due to hyperinflation	-	-	180,758	180,758
Balance as at 1 January 2023	**-213,311**	**2,024**	**328,423**	**117,136**
Gains/(losses) arising during the year	-55,596	-4,724	-108,808	-169,128
Related income tax	-	1,128	-	1,128
Balance as at 31 December 2023	**-268,908**	**-1,572**	**219,616**	**-50,864**

Translation reserve

The movement in 2023 is caused by appreciation of the euro against the main local currencies, mainly the Turkish lira and Pound sterling. An amount of EUR 8 million was released because it related to LeasePlan Czech Republic, divested in Q3 2023.

Post-employment benefit reserve

The post-employment benefit reserve comprises the actuarial gains and losses recognised on defined benefit post-employment plans.

Hyperinflation reserve

The Group has reported the restatement effect on equity, due to the hyperinflation economy of the Turkish subsidiary, in this specific reserve. The reserve includes the gain of the year that is part of profit and loss and it is shown in the caption Exchange rate differences in the statement of other comprehensive income. For more information please refer to Basis of preparation section.

34 Retained earnings

Dividend

In 2023 LeasePlan declared dividends for a total amount of EUR 2,372 million, of which EUR 1.911 million related to LPC pre-closing distribution of 2022 and Q1 2023 net results and an additional dividend of EUR 461 million based on the interim balance sheet of 1 January 2023.

The pre-closing dividend amount of EUR 1,911 million includes a cash dividend in the amount of EUR 1,887 million as well as a dividend distribution in kind in the amount of EUR 24 million. Shares in Constellation were distributed as dividend to LP Group B.V. For details on Constellation, see note 38 related parties.

Profit appropriation

Reference is made to the company financial statements on the appropriation of profits for the year and the movements in the reserves.

Transfer

During 2023 a transfer has been made from retained earnings for the accrual of the interest coupon on AT1 capital securities in an amount of EUR 66.7 million (2022: EUR 36.9 million).

35 AT1 capital securities

In May 2019 LeasePlan Corporation N.V. (fully owned by LP Group B.V.) issued EUR 500 million in capital securities, including transaction costs in the amount of EUR 5 million. The capital securities qualify as Additional Tier 1 capital (AT1) and are undated, deeply subordinated, resettable and callable. Redemption is discretionary to LeasePlan Corporation N.V. five years after the issue date, unless permitted by applicable banking regulations or on each interest payment date thereafter at their prevailing principal amount, together with accrued and unpaid interest.

There is a fixed interest coupon of 7.375 % per annum, payable semi-annually.
Accrued interest in 2023 on AT1 capital securities amounts to EUR 36.9 million (2022: EUR 36.9 million). In 2023 an amount of EUR 36.9 million was paid related to the period November 2022 - November 2023, including EUR 3.4 million accrued in 2022. The remaining part of EUR 3.3 million is payable in May 2024.

Interest is non-cumulative and fully at the discretion of LeasePlan Corporation N.V. so any failure by the issuer to pay interest or the prevailing principal amount when due in respect of the capital securities shall not constitute an event of default and does not give holders any right to demand repayment of the prevailing principal amount.

For all the reasons above, LeasePlan Corporation N.V. classified and accounted the capital securities and related interest accruals, as equity and not debt.

In May 2023 LeasePlan Corporation N.V. (fully owned by LP Group B.V.) issued EUR 500 million in capital instruments to LP Group B.V.. The capital securities qualify as Additional Tier 1 capital (AT1) and are undated, deeply subordinated, resettable and callable. Redemption is discretionary to LeasePlan Corporation N.V. five years after the issue date, unless permitted by applicable banking regulations or on each interest payment date thereafter at their prevailing principal amount, together with accrued and unpaid interest.

There is a fixed interest coupon of 9.742 % per annum, payable annually. Accrued interest in 2023 on AT1 capital securities amounts to EUR 29.8 million which is payable in May 2024.

Interest is non-cumulative and fully at the discretion of LeasePlan Corporation N.V. so any failure by the issuer to pay interest or the prevailing principal amount when due in respect of the capital securities shall not constitute an event of default and does not give holders any right to demand repayment of the prevailing principal amount.

For all the reasons above, LeasePlan Corporation N.V. classified and accounted the capital securities and related interest accruals, as equity and not debt.

36 Non - controlling interest

On 30 June 2023, LeasePlan acquired 80% of the shares in NF Fleet SA in Norway. This transaction was done as part of an internal reorganisation of the ALD | LeasePlan Group in the context of the acquisition of LeasePlan by ALD which occurred on 22 May 2023. The non-controlling interest participation of 20% held by Nordea has not changed as a result of this transaction. The investment in equity upon acquisition and at the end of the year amounts to EUR 9 million. The minority shares of NF Fleet SA are shown under Non-controlling interests.

37 Commitments

The Group has entered into commitments relating to the forward purchase of property and equipment under operating lease and rental fleet amounting to EUR 4.0 billion (2022: EUR 5.8 billion) as at the balance sheet date. The increase is driven by a high order book impacted by the semiconductor chips shortages caused by the continuing war between Ukraine and Russia. These commitments are entered into in the ordinary course of business and the majority is back-to-back matched with lease contracts entered into with customers.

The commitments relating to short-term leases and low-value leases are EUR 2.6 million and EUR 0.4 million respectively.

The Group has issued guarantees to the total value of EUR 365 million (2022: EUR 387 million) of which EUR 363 million (2022: EUR 385 million) is related to residual value guarantees issued to clients.

38 Related parties

Identity of related parties

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

LP Group B.V. is the shareholder of the company. On 22 May 2023 ALD acquired 100% of the shares in LP Group B.V. ALD is a subsidiary of Société Générale (52.59%). Other shareholders mainly include the former shareholders of LP Group B.V. (28.73%) including ADIA, ATP, GIC, PGGM and TDR Capital. None of these investors has (an indirect) controlling interest in the company. The remainder of 18.68% is held by other shareholders, of which 16.40% is free floating on the Paris stock exchange. The business relations between the company, LP Group B.V. and its shareholders are handled on normal market terms.

In October 2021 Constellation Automotive Group, which already had a controlling interest in British Car Auction (BCA), acquired LeasePlan's participating interest in CN Group B.V. and brought all entities in Constellation Automotive Holdings. In return LeasePlan obtained newly issued ordinary shares in Constellation Automotive Holdings. LeasePlan continues doing business with BCA and CN Group B.V. and selling ex-lease vehicles on an arm's length basis under a long-term service agreement. The result of the transactions with Constellation Automotive Holdings for 2023 is not material at Group level. The amount of accounts receivables outstanding with Constellation Automotive Holdings at the end of 2023 is EUR 3.0 million (2022: EUR 3.9 million). Sales revenues from transactions with Constellation Automotive Holdings in 2023 amount to EUR 0.7 billion (2022: EUR 0.8 billion).

All business relations with investments accounted for using the equity method are in the ordinary course of business and handled on normal market terms. As of 31 December 2023, an amount of EUR 39.5 million (year-end 2022: EUR 110.5 million) is provided as loans to investments accounted for using the equity method.
The interest income recognised by the Group on these funding transactions amounts to EUR 0.7 million (2022: EUR 1.5 million). Furthermore, the Group charged a service fee amounting to EUR 0.8 million (2022: EUR 0.6 million) to the investments accounted for using the equity method.

Upon acquisition of LP Group BV, ALD issued Additional Tier 1 (AT1) and Tier 2 (T2) capital instruments for EUR 500 million and 750 million respectively to ensure relevant capital requirements to LP Group B.V and LP Group B.V. issued AT1 and T2 capital instruments for EUR 500 million and EUR 750 million respectively, to LeasePlan Corporation. The net income apportioned to the new Tier 1 amounts to EUR 29.8 million. The interest cost on the T2 capital instrument during the period of 22nd of May until the 31 of December amounts to EUR 33.2 million. The interest payable as of 31 of December is EUR 6.2 million. For the maturity analysis refer to Treasury risk measurement in the Risk management paragraph.

LeasePlan Corporation has bank balances with Société Générale through its French subsidiaries, with cash at bank of EUR 19.4 million, deposits of EUR 21.1 million and cash collateral deposited of EUR 3.2 million. LeasePlan Corporation furthermore has loans from ALD in the amount of EUR 1,618 million, consisting of a loan for Treasury activities of EUR 1,550 million and a pre-existing loan to NF Fleet of EUR 68 million. For the maturity analysis refer to the Treasury risk measurement in the Risk management paragraph.

LeasePlan Treasury uses derivative financial instruments from Société Générale. At the 31 of December, the multicurrency financing swaps (not in hedge) had an asset value of EUR 9.9 million, a liability of EUR 19.1 million and a nominal amount of EUR 1,448.7 million. The interest rate swaps had an asset value of EUR 20.3 million and a liability value of EUR 13.8 million.

Transactions with the Managing Board

The Managing Board consists of the key management personnel. In addition to their salaries, the Group provides non-cash benefits to the Managing Board and contributes to post-employment defined contribution plans on their behalf. The Managing Board is also the statutory executive board of the Company. Remuneration of the Managing Board is disclosed, as required by Part 9 Book 2 of the Dutch Civil Code.

The statutory board remuneration is as follows:

	2023	2022
Fixed remuneration	2,212	3,480
Other short-term employee benefits	1,431	1,409
Post-employment benefits	61	35
Other long-term employee benefits	3,922	2,526
Termination benefits*	3,480	-
Total**	**11,106**	**7,451**

* Includes remuneration relating to the period after the board membership ended and severance of former board members.

** New MB was appointed as of closing.

The Group has not granted any loans, guarantees or advances to members of the Managing Board. Some Managing Board members have participated in a Management Investment Plan (details provided in the Management Investment Plan section below).

For information on the remuneration principles of the Managing Board, please refer to the Remuneration Report.

Remuneration of the members of the Supervisory Board

The following table summarises the income components for the seven independent members of the Supervisory Board.

In Euros	2023	2022
Mr Tim Albertsen*	-	-
Ms Hélène Crinquant*	-	-
Ms Odile de Saivre*	-	-
Dr Herta von Stiegel	126,000	118,500
Mr Paul Scholten	130,500	111,500
Mr Steven van Schilfgaarde	137,500	118,500
Mrs Allegra van Hövell-Patrizi***	-	24,750
Mr Jos Streppel**	80,929	191,000
Mr Eric-Jan Vink**	39,964	91,000
Mr Stefan Orlowski**	42,964	72,575

* Appointed 23 May 2023. Part of the Société General Group (majority owner of ALD), in line with their policies not eligible for fees.

**Stepped down on 22 May 2023.

***Stepped down in 2022

The remuneration awarded to each Supervisory Board member is reflective of the meetings attended.

Management Investment Plan

Selected members of LeasePlan management, including Managing Board members, had made an indirect investment alongside the Consortium in LeasePlan through a Management Investment Plan (the 'MIP'). The MIP was not linked to employee performance or remuneration, but operated as a separated investment instrument via which participants have invested their own capital in the company at their own risk in return for depository receipts. These investments exposed each participant to the full economic risk of LeasePlan's business.

To facilitate the allocation of the MIP investment to individual employees, the investment in the MIP was held indirectly via a management holding company ('ManCo'). ManCo issued shares to a specially incorporated foundation that issues depositary receipts to each participant as evidence of the investment. These depositary receipts exposed the participant to the full economic risks of the underlying shares held by ManCo in an indirect parent company of LeasePlan.

The ability of a participant to dispose of their investment was linked to the Consortium's exit, which was triggered by the sale of LP Group B.V. to ALD. Participants sold their investment just like the Consortium for cash and shares in ALD, subject to certain conditions including 'lock-ups'. Participants that ceased to be employed by a LeasePlan Group company prior to an exit were entitled to sell part or all of the depositary receipts. The price payable for the depositary receipts depended on the reason and timing of the cessation of the participant's employment. LeasePlan had no obligation to repurchase depositary receipts from a participant or to make any other cash payments to the participants under the MIP, so the arrangement was classified as an equity-settled share-based payment.

ManCo was capitalised with a mix of ordinary shares, preference shares and a loan. Management participants subscribed for depositary receipts for ordinary shares, while the Consortium subscribed for ordinary shares and preference shares in ManCo. When the Consortium exited LeasePlan, the preference shares were automatically converted into ordinary shares in ManCo for a specified rate linked to the returns achieved by the Consortium at the time of exit. The loan has been repaid in full.

The movements in the number of shares that the participants have indirectly acquired under the MIP are as follows:

	2023	2022
Balance as at 1 January	**24,421,347**	**24,534,347**
Issued	–	–
(Re)purchased	-24,421,347	-113,000
Balance as at 31 December	–	**24,421,347**

The participants had a total of EUR 24.4 million invested via ManCo in LeasePlan Corporation N.V. (2022: EUR 24.4 million). Of that number, the total aggregated investment of Managing Board members was EUR 4.7 million (2022: EUR 4.7 million).

The acquisition price of the ordinary shares in ManCo represented the fair market value of those shares, being in line with the subscription price as paid by the Consortium for their interest in the ordinary shares. Accordingly, there was no impact on the Group's results or its financial position from the MIP.

Following the acquisition of LP Group B.V. by ALD, ManCo continued to hold shares in ALD to facilitate additional payment under the MIP following the deferred consideration calculations if required. Following final settlement, ManCo will be dissolved.

The company or another Group entity was under no circumstances be required to settle in cash. Accordingly, this arrangement is classified as an equity-settled share-based investment arrangement. The company therefore determines the fair value of the shares at the grant date and recognises, if applicable, an expense for the services received over the service period with a corresponding increase in equity.

39 Fair value of financial instruments

The table below summarises the Group's financial assets and financial liabilities, of which the derivatives are measured at fair value and the other financial assets and other financial liabilities are measured at amortised cost on the balance sheet as at 31 December 2023. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value of financial instruments

As at 31 December 2023	Carrying value	Fair value			
In thousands of euros		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivatives financial instruments in hedge	1,880	–	1,880	–	1,880
Derivatives financial instruments not in hedge	311,372	–	311,372	–	311,372
Investments in equity securities	35,040	19,635	–	15,405	35,040
Financial assets not measured at fair value	–	–	–	–	–
Cash and balances at central banks	3,535,583				
Investments in debt securities	84,716	83,314	–	–	83,314
Receivables from financial institutions	1,060,284				
Lease receivables from clients	2,298,080	–	2,355,488	–	2,355,488
Loans to investments using the equity method	39,500	–	39,343	–	39,343
Investments in equity accounted investments	18,204				
Other receivables and prepayments *	624,108				
Total financial assets	**8,008,768**	**102,949**	**2,708,083**	**15,405**	**2,826,437**
Financial liabilities measured at fair value	–	–	–	–	–
Derivatives financial instruments in hedge	213,471	–	213,471	–	213,471
Derivatives financial instruments not in hedge	297,315	–	297,315	–	297,315
Financial liabilities not measured at fair value	–	–	–	–	–
Funds entrusted	11,752,919	–	11,776,302	–	11,776,302
Trade and other payables and deferred income *	1,485,973	–	1,485,973	–	1,485,973
Borrowings from financial institutions	2,980,623	–	3,014,771	–	3,014,771
Debt securities issued	7,261,653	–	7,320,206	–	7,320,206
Subordinated loans	750,000	–	750,000	–	750,000
Loans from related parties	1,617,613	–	1,671,322	–	1,671,322
Total financial liabilities	**26,359,566**	–	**26,529,360**	–	**26,529,360**

* Other receivables and Other payables that are not financial assets or liabilities are not included

Fair value of financial instruments

As at 31 December 2022	Carrying value		Fair value		
In thousands of euros		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivatives financial instruments in hedge	771	–	771	–	771
Derivatives financial instrument not in hedge	544,369	–	544,369	–	544,369
Investments in equity securities	78,719	51,919	–	26,800	78,719
Financial assets not measured at fair value					
Cash and balances at central banks	7,117,329				
Investments in debt securities	44,422	41,862	–	–	41,862
Receivables from financial institutions	887,511				
Lease receivables from clients	2,045,230	–	2,080,819	–	2,080,819
Loans to investments using the equity method	110,500	–	109,235	–	109,235
Investments in equity accounted investments	18,421				
Other receivables and prepayments *	565,368				
Total financial assets	**11,412,640**	**93,781**	**2,735,194**	**26,800**	**2,855,775**
Financial liabilities measured at fair value					
Derivatives financial instruments in hedge	385,395	–	385,395	–	385,395
Derivatives financial instruments not in hedge	164,436	–	164,436	–	164,436
Financial liabilities not measured at fair value					
Funds entrusted	10,852,278	–	10,831,050	–	10,831,050
Trade and other payables and deferred income *	871,653				
Borrowings from financial institutions	3,032,320	–	2,994,433	–	2,994,433
Debt securities issued	9,055,215	–	9,014,857	–	9,014,857
Total financial liabilities	24,361,297	–	23,390,172	–	23,390,172

* Other receivables and Other payables that are not financial assets or liabilities are not included

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

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

Financial instruments in level 1

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

Financial instruments in level 2

Level 2 inputs are inputs other than quoted market prices included within level I. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximise

the use of observable market input data available and rely only for insignificant input on entity specific estimates. Specific valuation techniques used to value financial instruments include:

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

Financial instruments in level 3

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

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

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

In April 2023, the Group has distributed 75% of the participation in Constellation Automotive Holdings S.a.r.l. as dividend in kind.

The Group applies the market multiple in the valuation as at 31 December 2023, as it has changed outside a corridor of +/-10% of the initial multiple. The change in the fair value of the equity securities of EUR 12.5 million is recognised in other income.

The fair value of the share in Constellation Automotive Holdings S.a.r.L as at 31 December 2023 is EUR 15.4 million (31 December 2022: EUR 26.8 million).

The sensitivity of the fair value to a change in the multiple of 10% amounts to approximately EUR 2 million.

40 Offsetting financial assets and financial liabilities

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting agreements and similar agreements.

				Related amounts not offset in the balance sheet		
	Gross amounts of recognised financial instruments	Gross amounts of recognised financial instruments offset in the balance sheet	Net amounts of financial instruments presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
As at 31 December 2023						
Derivative financial assets - 2023	313,252	-	313,252	−313,252	–	–
Derivative financial liabilities - 2023	510,785	-	510,785	−313,252	−52,620	144,914
As at 31 December 2022						
Derivative financial assets - 2022	545,140	-	545,140	−545,140	–	–
Derivative financial liabilities - 2022	549,831	-	549,831	−545,140	−138,450	−133,759

For the financial assets and liabilities subject to enforceable master netting agreements or similar agreements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both intend to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Except for derivative financial instruments, there are no other financial assets or liabilities subject to offsetting.

41 Transfer of (financial) assets

The Group engages in various securitisation transactions (reference is made to Note 15, Note 20 and Note 21 of the consolidated financial statements of the Group and Note 13 of the company financial statements). Because of such transactions (financial) assets are transferred from the originating LeasePlan subsidiaries to special-purpose companies. The special-purpose companies are controlled by the company and included in the consolidated financial statements, and, in view of this, the transferred (financial) assets are not de-recognised in their entirety from a Group perspective.

	Loans and receivables			
	Receivables from clients (finance leases)	Receivables from financial institutions (collateral deposited)	Property and equipment under operating lease	Total
As at 31 December 2023				
Carrying amount				
Assets	309,552	35,256	3,055,892	3,400,700
Associated liabilities				
Bonds and notes originated from securitisation transactions				2,249,238
Net carrying amount position				**1,151,462**
For those liabilities that have recourse only to the transferred assets				
Fair value				
Assets	322,740	35,256	3,169,312	3,527,308
Associated liabilities				
Bonds and notes originated from securitisation transactions				2,252,063
Net fair value position				**1,275,245**
As at 31 December 2022				
Carrying amount				
Assets	259,474	30,815	3,090,582	3,380,871
Associated liabilities				
Bonds and notes originated from securitisation transactions				2,336,762
Net carrying amount position				**1,044,109**
For those liabilities that have recourse only to the transferred assets				
Fair value				
Assets	264,787	30,815	3,181,117	3,476,718
Associated liabilities				
Bonds and notes originated from securitisation transactions				2,337,989
Net fair value position				**1,138,729**

42 Contingent assets and liabilities

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

43 Events occurring after balance sheet date

Sale of LeasePlan Russia
The Group has completed the sale of its subsidiary LeasePlan Russia to Expo Capital Liz, a local company active in the automotive and leasing sector on 26 February, 2024. The sale of LeasePlan Russia, representing a funded fleet of 3,500 vehicles, has received clearance from the relevant Russian regulatory authorities. In December 2023, an impairment loss of EUR 19.8 million was recognised for LeasePlan Russia. LeasePlan recorded a loss on disposal of EUR 15.3 million in its income statement in 2024.

Integration of LeasePlan and ALD
On 15 March 2024 ALD | LeasePlan successfully obtained the Declaration of No-Objection (DNO) from the ECB to integrate the businesses of ALD and LeasePlan. This approval means that both regulatory bodies are fully supportive of our plans to merge ALD and LeasePlan. The integration efforts have started in April 2024. In each country where ALD | LeasePlan operates, the LeasePlan entities will be merged with the ALD entities. As part of these integration efforts, all the LeasePlan entities will be sold by LeasePlan Corporation NV to ALD at fair market value prices. LeasePlan Corporation NV, which also includes LeasePlan Bank, will continue to exist as a separate entity. LeasePlan Mexico and LeasePlan Brazil will remain on the balance sheet of LeasePlan Corporation NV as equity investments.

As a result of these integration efforts, the financial statements of LeasePlan Corporation NV in 2024 and beyond will mainly include the LeasePlan Bank activities. The income statement in 2024 will also include the operating activities of the LeasePlan entities up until the moment of sale as well as the result on sale of these entities.

As part of the corporate restructuring, management has requested regulatory approval to call the EUR 500 million AT1 instrument issued on 29 May 2019. This approval has been granted.

Company financial statements

Statement of profit or loss of the company

For the year ended 31 December

Amounts in thousands of euros	Note	2023	2022
Revenues		**737,091**	**356,672**
Finance cost	3	671,280	281,457
Unrealised (gains)/losses on financial instruments		276,936	-235,800
Direct cost of revenues		**948,216**	**45,657**
Gross profit		**-211,125**	**311,015**
Other operating expenses	5	25,080	21,814
Other depreciation and amortisation	14	2,342	2,157
Total operating expenses		**27,422**	**23,971**
Other income	7	34,433	394,532
Result before tax and share in result in investments		**-204,114**	**681,576**
Income tax expenses	8	74,428	-51,337
Share of profit in equity accounted investments	11&12	572,122	1,305,294
Net result		**442,436**	**1,935,533**

An amount of EUR 32 million (2022: represented EUR 561 million) included in Share of profit in equity accounted investments is related to discontinued operations. Please refer to note 11 of the consolidated financial statements.

Statement of financial position of the company

Before appropriation of result

As at 31 December

Amounts in thousands of euros	Note	2023	2022
Assets			
Cash and balances at central banks	9	3,535,580	7,117,323
Investments in equity and debt securities	7	19,635	51,919
Receivables from financial institutions	10	380,000	265,424
Loans to subsidiaries	11	17,297,351	14,551,200
Investments subsidiaries	11	4,139,552	4,310,054
Loans to and investments in notes issued by special purpose companies	13	64,734	194,076
Loans to investments accounted for using the equity method	12	39,500	110,500
Investments accounted for using the equity method	12	16,154	16,205
Intangible assets	14	1,488	1,168
Other assets	15	1,304,109	1,258,420
Total assets		**26,798,105**	**27,876,289**
Liabilities			
Borrowings from financial institutions	16	1,102,478	1,189,709
Funds entrusted	17	11,649,270	10,753,544
Debt securities issued	18	5,011,748	6,727,763
Provisions	19	19,573	14,227
Other liabilities	20	4,880,367	3,622,836
Total liabilities		**22,663,436**	**22,308,078**
Equity			
Share capital		71,586	71,586
Share premium		506,398	506,398
Legal reserves		1,490,086	1,592,547
Other reserves		-50,864	-63,763
Retained earnings excluding net result		713,971	1,064,853
Net result current year		375,762	1,898,653
Equity of owners of the parent	21	**3,106,938**	**5,070,273**
AT1 capital securities		497,919	497,937
AT1 capital - securities - parent		529,812	-
Total equity		**4,134,669**	**5,568,210**
Total equity and liabilities		**26,798,105**	**27,876,289**

Notes to the company financial statements

All amounts are in thousands of euros, unless stated otherwise

1 General

For certain notes to the company's balance sheet, reference is made to the notes to the consolidated financial statements.

The company's financial statements are prepared pursuant to the provisions in Part 9, Book 2, of the Dutch Civil Code, by applying the accounting policies used in the consolidated financial statements under IFRSs pursuant to the provisions of Article 362 sub 8, Part 9, Book 2, of the Dutch Civil Code.

In accordance with Article 362 sub 8, Book 2 of the Dutch Civil Code, the recognition and measurement principles applied in these company financial statements are the same as those applied in the consolidated financial statements; reference is made to Note 2 'Basis of preparation' of the consolidated financial statements.

Under reference to Article 362 sub 8, Part 9, Book 2 of the Dutch Civil Code, the investments accounted for using the equity method are also measured in accordance with IFRS as applied in the consolidated financial statements of the company.

Investments in subsidiaries and in investments accounted for using the equity method

The investments in subsidiaries are accounted for in accordance with the net value of assets and liabilities, based upon accounting policies used in the consolidated financial statements. If the net asset value is negative, it will be stated at nil. If and insofar as the Group can be held fully or partially liable for the debts of the subsidiary, or has the firm intention of enabling the subsidiary to settle its debts, a provision is recognised for this.
The company applies RJ 100.107a, which implies that the expected credit losses on intercompany loans and receivables in the company financial statements are eliminated according to the Dutch accounting standards chapter 260 'De verwerking van resultaten op intercompany-transacties in de jaarrekening'.

Loans to and investments in notes issued by special purpose companies

Loans provided to special purpose companies and investments in notes issued by special purpose companies do not meet the condition in IFRS 9 that the cash flows represent solely payments of principal and interest. As a consequence, these loans and investments are measured at fair value through profit or loss. The impact of the change in fair value measurement of these intercompany loans and investments in debt securities is adjusted in the investments in subsidiaries. The fair value changes are eliminated in accordance with RJ 100.107a.

2 Interest and similar income from subsidiaries and other interest income

In 2023 the company recognised EUR 167.1 million (2022: EUR 30.2 million) as other interest income. The variance compared to last year is mainly due to changes in interest rates with positive impact on the interest received on deposits to central banks.

3 Finance cost

	2023	2022
Interest expenses on debt securities	117,744	115,641
Interest expenses on funds entrusted	197,261	34,856
Interest expenses on borrowings from financial institutions and other	356,275	130,959
Total	**671,280**	**281,457**

4 Managing Board remuneration

Detailed information on remuneration of the Managing Board and the members of the Supervisory Board is included in Note 38 Related parties to the consolidated financial statements. For information on the remuneration policy of the Managing Board, please refer to the Group Remuneration Report.

5 Other operating expenses

Other operating expenses include professional fees, office overheads and other general expenses. The company does not directly employ any staff.

6 Audit fees

The table below shows the fees attributable for services provided by the Group auditors. The fees are presented as part of the caption Other operating expenses.

		2023		2022
	KPMG	KPMG	Total	Total
	NL	Other	KPMG	KPMG
Audit services	4,074	4,912	8,986	7,248
Audit related services	35	240	275	300
Other (non-audit) services		–	–	31
Total Services	**4,109**	**5,151**	**9,260**	**7,579**

For the period to which the statutory audit relates, KPMG has provided the following services to LeasePlan Corporation:

- Audit of financial statements;
- Quarterly reviews and the audit for regulatory purposes;
- Procedures relating to prospectuses;
- Agreed upon procedures for regulatory purposes;

7 Other Income

This caption includes the unrealised positive fair value adjustment on the investment in equity instruments related to SG Fleet Group for an amount of EUR 10 million (2022: negative fair value adjustment of EUR 19.4 million), the dividend income from the investment of EUR 4.4 million (2022: 4.5 million), the loss on sale of equity instruments related to SG Fleet Group for an amount of 1.1 million, and the gain from the sale of LeasePlan Finland, Luxembourg and Czech Republic for an amount of EUR 31.8 million (2022: the gain from the sale of LeasePlan United States for an amount of EUR 409 million).

Please refer to note 11 Discontinued operations and note 14 Investments in equity and debt securities of the consolidated financial statement for more information.

8 Income tax

The company forms a fiscal unity with LP Group B.V. regarding corporate income tax and VAT. Reference is made to Note 10 of the consolidated financial statements.

	2023	2022
Current tax		
Current tax on result for the year	2,415	-4,266
Adjustment in respect of prior years	374	-9,027
Total current tax	**2,790**	**-13,293**
Deferred tax		
Origination and reversal of temporary differences	-77,218	64,630
Changes in tax rates	-	-
Total deferred tax	**-77,218**	**64,630**
Total	**-74,428**	**51,337**

9 Cash and balances at central banks

The majority of this amount is cash deposited at the Dutch Central Bank of which a part is the mandatory reserve deposit that amounts to EUR 107 million (2022: EUR 99 million) which is not available for use in the Group's day-to-day operations.

10 Receivables from financial institutions

A breakdown of this caption is as follows:

	2023	2022
Amounts receivable from banks	68,086	41,357
Cash collateral deposited for derivatives	311,914	224,067
Balance as at 31 December	**380,000**	**265,424**

11 Investments in and loans to subsidiaries

Movements in investments in Group companies are as follows:

	2023	2022
Balance as at 1 January	**4,310,054**	**3,578,975**
IFRS 17 first time application	16,212	–
Hyperinflation	211,227	191,496
Result for the year	568,522	1,301,909
Acquired through business combinations	3,491	–
Sale of subsidiary	–242,457	–314,289
Capital reduction	–23,850	–
Dividend received	–514,368	–374,538
Direct changes in equity	–3,596	8,687
Revaluations	12,110	–4,806
Currency translation adjustments	–197,792	–77,380
Balance as at 31 December	**4,139,552**	**4,310,054**

Reference is made to the list of principal consolidated participating interests.
During 2023 the participating interest in LeasePlan Finland, Luxembourg and Czech Republic were sold. Please refer to Note 11 Discontinued operations of the consolidated financial statements.

Revaluations relate to the negative net asset value of subsidiaries based on Group accounting standards. The direct changes in equity relate to the actuarial gains and losses recognised on defined benefit post-employment plans.

The maturity analysis on loans to subsidiaries is as follows:

	2023	2022
Three months or less	1,985,002	1,753,398
Longer than three months less than a year	4,340,472	3,879,278
Longer than a year, less than five years	10,971,876	8,918,524
Balance as at 31 December	**17,297,351**	**14,551,200**

12 Investments accounted for using equity method and loans to investments

The investment only relates to a joint venture in the United Arab Emirates.
Movements are as follows:

	2023	2022
Balance as at 1 January	**16,205**	**15,179**
Share of results	3,601	3,232
Dividend received	–3,039	–3,079
Revaluations	–45	–88

Currency translation adjustments	–567	960
Balance as at 31 December	**16,154**	**16,205**

The loans only relate to a joint venture entity of the Group (France).

The maturity analysis on the loans to joint ventures is as follows:

	2023	2022
Three months or less	13,000	19,000
Longer than three months less than a year	26,500	52,000
Longer than a year, less than five years	–	39,500
Balance as at 31 December	**39,500**	**110,500**

The company has entered into loan commitments of EUR 39.5 million (2022: EUR 110.5 million) of which EUR 39.5 million has been drawn at 31 December 2023 (2022: EUR 110.5 million). There are no other material contingent liabilities of the joint ventures.

13 Loans to and investments in notes issued by special purpose companies

This caption includes investments in special purpose companies involved in securitisation programmes concluded by LeasePlan Group. The Group consolidates the special purpose companies as control is retained. The subordinated loan provided by LeasePlan Corporation N.V. (the company) in Bumper DE S.A. 2019-I in amount of EUR 128.6 million was has been paid off in 2023.

The company owns B-notes in Bumper FR 2022-1 (EUR 32.5 million) and Bumper NL 2020-I (EUR 29 million). The B-notes of Bumper FR 2022-1 have a legal maturity date of June 2026. The B-notes of Bumper NL 2020-I B.V. have a legal maturity date of April 2025.

	2023	2022
Bumper DE S.A.	–	128,582
Bumper FR 2022-1	3,234	3,994
Total loans to special purpose companies	**3,234**	**132,576**
Bumper FR 2022-1	32,500	32,500
Bumper NL 2020-1 B.V.	29,000	29,000
Bumper NL 2023-1 B.V.	–	–
Total investments in notes issued by special purpose companies	**61,500**	**61,500**
Balance as at 31 December	**64,734**	**194,076**

14 Intangible assets

	Internally generated software development	Software licenses	Customer relationships	Assets under constr. - Intangible	Total
Carrying amount as at 1 January 2022	–	**167**	**1,098**	–	**1,265**
Purchases/additions	203	–	–	222	425
Amortisation	–34	–121	–366	–	–521
Carrying amount as at 31 December 2022	**169**	**46**	**732**	**222**	**1,168**
Cost	203	2,727	3,659	222	6,811
Accumulated amortisation and impairment	–34	–2,681	–2,927	–	–5,642
Carrying amount as at 1 January 2023	**169**	**46**	**732**	**222**	**1,168**
Purchases/additions	–	–	–	753	753
Amortisation	–68	–	–366	–	–434
Carrying amount as at 31 December 2023	**102**	**46**	**366**	**975**	**1,488**
Cost	203	2,727	3,659	975	7,564
Accumulated amortisation and impairment	–102	–2,681	–3,293	–	–6,076
Carrying amount as at 31 December 2023	**102**	**46**	**366**	**975**	**1,488**

15 Other assets

Besides derivative financial instruments this caption includes a corporate income tax receivable from fiscal authorities and Group companies forming part of the fiscal unity. The company settles corporate income tax due or receivable on taxable income with its Group companies forming part of the fiscal unity as if these Group companies were responsible for their tax filings on a stand-alone basis.

The other assets are made up as follows:

	2023	2022
Derivative financial instruments	320,216	545,068
Tax receivable	38,796	33,996
Amounts receivable from group companies	362,788	232,473
Other	582,308	446,883
Balance as at 31 December	**1,304,109**	**1,258,420**

Below a summary disclosure of the hedging instruments is presented. Derivative financial instruments are carried at fair value and are made up as follows. Hedging gains or losses are recognised in the statement of profit or loss in the caption 'Unrealised gains/(losses) on financial instruments'.

Hedging instruments

	31 December 2023						
Hedging instrument	Notional amounts	Fair value		Change in FV used in calculating hedge ineffectiveness	Change in value of the hedging instrument recognised in OCI	Amounts reclassified from the hedge reserve to profit or loss	Hedge ineffectiveness recognized on hedge relationships, in profit or loss
		Assets	Liabilities				
Fair value hedge							
Interest rate swaps	3,914,136	1,880	210,205	179,157			3,257
Cross currency swaps/forwards	25,536	–	3,266	629			52
Total Derivatives in hedge	**3,939,672**	**1,880**	**213,471**	**179,786**	**–**	**–**	**3,309**
Interest rate swaps	20,589,788	170,166	137,186	−158,344			
I/C Interest rate swaps	–	–	–				
Cross currency swaps/forwards	6,265,338	121,206	146,997	−69,327			
Total Derivatives not in hedge	**26,855,126**	**291,372**	**284,182**	**−227,671**	**–**	**–**	**–**
IRS Inter-company (A)	2,764,168	26,965	20,123	−52,459			
Derivatives inter-company (A)	**2,764,168**	**26,965**	**20,123**	**−52,459**			
Total	**33,558,966**	**320,216**	**517,777**	**−100,344**	**–**	**–**	**3,309**

Hedging instrument	31 December 2022 Notional amounts	Fair value		Change in FV used in calculating hedge ineffectiveness	Change in value of the hedging instrument recognised in OCI	Amounts reclassified from the hedge reserve to profit or loss	Hedge ineffectiveness recognized on hedge relationships, in profit or loss
		Assets	Liabilities				
Fair value hedge							
Interest rate swaps	5,499,097	771	380,404	–373,261	–	–	–1,332
Cross currency swaps/forwards	52,031	–	4,991	–1,202	–	–	–70
Total Derivatives in hedge	**5,551,128**	**771**	**385,395**	**–374,463**	–	–	**–1,402**
Interest rate swaps	19,534,730	304,389	122,362	132,062	–	–	–
I/C Interest rate swaps	3,102,339	59,437	5	–	–	–	–
Cross currency swaps/forwards	5,398,343	180,471	42,074	53,183	–	–	–
Total Derivatives not in hedge	**28,035,413**	**544,296**	**164,441**	**185,245**	–	–	–
Total	**33,586,541**	**545,068**	**549,836**	**–189,218**	–	–	**–1,402**

Hedged items

Below a summary disclosure of the hedged items is presented. A number of fixed rate bonds are included in fair value hedges whereby the notes (the hedged items) are measured at amortised cost and are constantly being adjusted for gains/losses attributable to the risk being hedged.

Hedged item	31 December 2023 Notional amounts	Fair value		Change in value of the hedged item (calculating hedge ineffectiveness)	Amount of FVH* adjustment included in the carrying amount
		Assets	Liabilities		
Fair value hedge					
Interest rate swaps	3,914,136	–	3,749,876	–175,899	187,608
Cross currency swaps/forwards	22,241	–	22,240	–578	340
Total Derivatives in hedge	**3,936,377**	–	**3,772,116**	**–176,477**	**187,948**

	31 December 2022				
Hedged item	Notional amounts	Fair value		Change in value of the hedged item (calculating hedge ineffectiveness)	Amount of FVH* adjustment included in the carrying amount
		Assets	Liabilities		
Fair value hedge					
Interest rate swaps	5,499,097	–	5,158,004	371,929	363,508
Cross currency swaps/forwards	47,597	–	47,179	1,132	917
Total Derivatives in hedge	**5,546,694**	–	**5,205,183**	**373,061**	**364,425**

* FVH Fair value hedge – CFH Cash flow hedge

16 Borrowings from financial institutions

This caption includes amounts owed to credit institutions under government supervision.
The maturity of these loans are as follows:

	2023	2022
Less than three months	55,352	139,709
Longer than a year, less than five years	1,047,126	1,050,000
Balance as at 31 December	**1,102,478**	**1,189,709**

Borrowings from financial institutions include an outstanding balance of EUR 2.7 million (2022: EUR 1.3 million) which is non-euro currency denominated as at 31 December 2023. The remainder of the borrowings from financial institutions is denominated in euro. The related average interest rate was 4.8% (2022: 3.1%).

17 Funds entrusted

The maturity analysis of funds entrusted is as follows:

	2023	2022
Three months or less	8,468,191	8,153,984
Longer than three months less than a year	2,385,176	1,701,180
Longer than a year, less than five years	795,904	898,379
Balance as at 31 December	**11,649,270**	**10,753,544**

This caption shows deposits raised by LeasePlan Bank of which 35.0% (2022: 31.6%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a banking licence in the Netherlands. The LeasePlan Bank also operates on the German banking market with a cross border offering from the Netherlands.

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

	2023	2022
Three months or less	1.60%	1.10%
Longer than three months less than a year	2.71%	0.79%
Longer than a year, less than five years	1.53%	0.71%
Longer than five years	n/a	n/a

The interest rate of the on-demand accounts is set monthly. The funds entrusted are denominated in euro.

18 Debt securities issued

This caption includes negotiable, interest-bearing securities, held at amortised cost.

	2023	2022
Bonds and notes - other	5,199,696	7,092,188
Bonds and notes - other (fair value adjustment)	-187,948	-364,425
Balance as at 31 December	**5,011,748**	**6,727,763**

The average interest rates applicable to the outstanding balances can be summarised as follows:

	2023	2022
Average interest rate	2.0%	1.8%

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

	2023	2022
Three months or less	513,592	29,749
Longer than three months less than a year	895,691	1,841,359
Longer than a year, less than five years	3,540,006	4,763,356
Longer than five years	62,459	93,299
Balance as at 31 December	**5,011,748**	**6,727,763**

The debt securities include an outstanding balance of EUR 1.1 billion (2022: EUR 1.4 billion) which is non-euro currency denominated as at 31 December. The remainder of the debt securities is denominated in euro.

19 Provisions

The provision relates to subsidiaries with a negative net asset value based on Group accounting standards.

20 Other liabilities

The other liabilities are composed of:

	2023	2022
Loans from group companies	3,295,981	1,642,139
Accounts payable to group companies	140,625	1,244,372
Derivative financial instruments	517,777	549,836
Other accruals and deferred income	882,787	83,182
Corporate income tax payable	33,706	92,806
Lease liabilities	9,491	10,502
Balance as at 31 December	**4,880,367**	**3,622,836**

Other accruals and deferred income mainly includes accrued interest payable. There are no dividends payable included in the Accounts payable to group companies as at 31 December 2023 (31 December 2022: EUR 1,194 million). For derivative financial instruments reference is made to the table in Note 15.

The maturity analysis of the loans from Group companies is as follows:

	2023	2022
Three months or less	160,709	138,127
Longer than three months less than a year	235,000	5,000
Longer than a year, less than five years	2,900,272	1,499,011
Balance as at 31 December	**3,295,981**	**1,642,139**

21 Equity

Share capital

As at 31 December 2023, the authorised capital amounted to EUR 250 million, divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each, of which EUR 71.6 million is issued and paid up. There were no movements in the issued and paid up capital in 2023 and 2022.

The movement in shareholders' equity is as follows:

In thousands of euros	Share capital	Share premium	Legal reserves	Other non-distributable reserves	Retained earnings	Net result current year	Equity of owners of the parent	AT1 capital securities	AT1 capital - securities - parent	Total equity
Balance as at 31 December 2021	71,586	**506,398**	**1,229,845**	**−147,872**	**1,641,463**	**980,535**	**4,281,955**	**497,937**	–	**4,779,892**
Restatement due to hyperinflation	–	–	–	191,496	–	–	191,496	–	–	191,496
Balance as at 1 January 2022	71,586	**506,398**	**1,229,845**	**43,624**	**1,641,463**	**980,535**	**4,473,450**	**497,937**	–	**4,971,387**
Net result	–	–	–	–	–	1,935,533	1,935,533	–	–	1,935,533
Transfer - accrued interest on AT1 capital securities	–	–	–	–	–	−36,880	−36,880	36,880	–	–
Other comprehensive income	–	–	–	−107,387	–	–	−107,387	–	–	−107,387
Total comprehensive income	–	–	–	**−107,387**	–	**1,898,653**	**1,791,266**	**36,880**	–	**1,828,146**
Transfer from / to	–	–	362,702	–	−362,702	–	–	–	–	–
Appropriation of net result	–	–	–	–	980,535	−980,535	–	–	–	–
Final dividend	–	–	–	–	−608,850	–	−608,850	–	–	−608,850
Interim dividend declared	–	–	–	–	−585,593	–	−585,593	–	–	−585,593
Interest coupon paid on AT1	–	–	–	–	–	–	–	−36,880	–	−36,880
Balance as at 31 December 2022	71,586	**506,398**	**1,592,547**	**−63,763**	**1,064,853**	**1,898,653**	**5,070,273**	**497,937**	–	**5,568,210**
Restatement due to hyperinflation	–	–	–	180,899		–	180,899	–	–	180,899
IFRS17 first time application					16,071		16,071			16,071
Balance as at 1 January 2023	71,586	**506,398**	**1,592,547**	**117,136**	**1,080,934**	**1,898,642**	**5,267,243**	**497,937**	–	**5,765,180**
Net result	–	–	–	–	–	442,436	442,436	–	–	442,436
Transfer - accrued interest on AT1 capital securities	–	–	–	–	–	−66,673	−66,673	36,862	29,812	–
Other comprehensive income	–	–	–	−168,000	–	–	−168,000	–	–	−168,000
Total comprehensive income	–	–	–	**−168,000**	–	**375,762**	**207,762**	**36,862**	**29,812**	**274,435**
Transfer from / to	–	–	−102,461	–	102,461	–	–	–	–	–
Appropriation of net result	–	–	–	–	1,898,642	−1,898,642	–	–	–	–
Final dividend declared	–	–	–	–	−2,371,558	–	−2,371,558	–	–	−2,371,558
Issuance costs AT1 capital securities	–	–	–	–	–	–	–	–	500,000	500,000
Interest coupon paid on AT1	–	–	–	–	–	–	–	−36,880	–	−36,880
Change in scope - acquire entity	–	–	–	–	3,491	–	3,491	–	–	3,491
Balance as at 31 December 2023	71,586	**506,398**	**1,490,086**	**−50,864**	**713,971**	**375,762**	**3,106,939**	**497,919**	**529,812**	**4,134,669**

Other non-distributable reserves amounting to EUR 50.9 million (negative) include Translation adjustment reserve of EUR 268.9 million (negative) offset by hyperinflation reserve of EUR 181 million (positive) and by IFRS 17 first time application of EUR 16 million(positive). Legal reserves are non-distributable reserves required for specific purposes in line with Part 9, Book 2, of the Dutch Civil Code and/or by local law. The legal reserves are the minimum reserves to be maintained for the non-distributable share in cumulated profits of subsidiaries and investments accounted for using the equity method.

Proposed profit appropriation

In April 2023, a dividend was declared, based on the interim balance sheet of 1 January 2023. This dividend, in the amount of EUR 460.7 million, was paid on 19 April 2023 by LeasePlan Corporation N.V. to its shareholder LP Group B.V.

In May 2023, a total amount of dividend was declared, based on the interim balance sheet of 31 March 2023, related to net results of 2022 and Q1 2023 (pre-closing distribution). This dividend, in the amount of EUR 1,911 million, was paid on 19 May 2023 by LeasePlan Corporation N.V. to its shareholder LP Group B.V. An amount of EUR 1,887 was paid in cash and an amount of EUR 24 million was paid in kind in the form of shares in Constellation.

The total 2023 net result attributable to the equity owners of the parent amounts to EUR 375.8 million. The Managing Board proposes to the general meeting of shareholders to add the net result 2023 to the retained earnings and at this point in time not to resolve on the distribution of the net result.

22 Commitments

Loan commitments have been concluded with investments accounted for using the equity method amounting to EUR 39.5 million (2022: EUR 110.5 million) of which 39.5 is drawn (2022: 110.5 million) (reference is made to note 12).

Other commitments are related to rental lease payments EUR 3.1 million (2022: EUR 4.0 million). Furthermore other guarantees related to buildings leased remains unchanged EUR 0.9 million (2022: EUR 0.8 million).

23 Contingent liabilities

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Dutch Civil Code, the company has filed a declaration of joint and several liabilities with respect to the majority of the subsidiaries in the Netherlands. Abridged financial statements have accordingly been prepared for these subsidiaries.

The company forms a fiscal unity with a number of Group companies in the Netherlands regarding corporate income tax and VAT. As a result, the company can be held jointly liable for tax returns of those subsidiaries. As at 31 December 2023 guarantees had been provided on behalf of the consolidated subsidiaries outside the Netherlands. These guarantees had been provided in respect of commitments entered into by those companies and amount to a value of EUR 1.7 billion (2022: EUR 2.0 billion).

24 Subsequent events

No material events occurred after 31 December 2023, except of those disclosed in the note 43 Events occurring after balance sheet date to the consolidated financial statements, that require disclosure in accordance with the provisions in Part 9, Book 2, of the Dutch Civil Code, by applying the accounting policies used in the consolidated financial statements under IFRS pursuant to the provisions of Article 362 sub 8, Part 9, Book 2, of the Dutch Civil Code, nor events affecting the financial position of the company as at 31 December 2023 or the result for the year then ended.

Amsterdam, 3 May 2024

Managing Board
Laurent Saucié – CEO
Marc Dierckx – CFO
Berno Kleinherenbrink – deputy CEO
Fred Weenig - CRO

Supervisory Board
Tim Albertsen, Chair
Odile de Saivre, Vice-Chair
Hélène Crinquant
Steven van Schilfgaarde
Herta von Stiegel
Paul Scholten

Other information

1 Distribution of profit

Provision of the Articles of Association on the profit appropriation, Article 31

1. The Managing Board shall in respect of distributable profits make a proposal for the distribution of a dividend and the allocation to the general reserve. Such a proposal is subject to the approval of the General Meeting.
2. With due observance of paragraph 1 of this article, the distributable profits shall be at the disposal of the General Meeting for distribution of dividend or to be added to the reserves or for such other purposes within the company's objectives as the meeting shall decide. In calculating the amount of profit to be distributed in respect of each share, only the amount of the mandatory payments towards the nominal amount of the shares shall be considered.
3. The company may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law. In calculating the appropriation of profits, the shares held by the company in its own share capital shall not be considered.
4. Distribution of profits shall take place after the adoption of the annual accounts which show that the distribution is permitted.
5. The General Meeting may resolve to distribute one (1) or more interim dividends and/or other interim distributions, provided that the requirement laid down in paragraph 3 of this article has been met as shown in an interim statement of assets and liabilities as referred to in Article 2:105(4) of the Dutch Civil Code.
6. Dividends shall be payable immediately after they have been declared, unless the General Meeting provides otherwise.
7. The claim for payment of dividends shall lapse on the expiry of a period of five (5) years.

2 List of principal consolidated participating interests

Pursuant to Article 379, Part 9, Book 2, of the Dutch Civil Code a full list of Group companies and investments accounted for using the equity method complying with the relevant statutory requirements has been filed with the Chamber of Commerce. Unless stated otherwise, the percentage interest is 100% or nearly 100%.

All holdings are in the ordinary share capital of the undertaking concerned. Reference is made to notes of the consolidated financial statements for disposals of subsidiaries in note 11. LeasePlan Czech Republic, LeasePlan Finland and LeasePlan Luxembourg were divested in 2023.

Principal subsidiaries, which are fully included in the consolidated financial statements, are:

LeasePlan Brasil Ltda., Brazil

LeasePlan Česká republika s.r.o., divested on 1 August 2023

LeasePlan Danmark A/S, Denmark

LeasePlan Deutschland GmbH, Germany

LeasePlan Digital B.V., the Netherlands

LeasePlan Finland Oy, Finland, divested on 1 August 2023

LeasePlan Fleet Management N.V., Belgium

LeasePlan Fleet Management (Polská) Sp. z.o.o., Poland

LeasePlan Fleet Management Services Ireland Limited, Ireland

LeasePlan France S.A.S., France

LeasePlan Hellas S.A., Greece

LeasePlan Hungária Gépjárműpark Kezelö és Finanszírozó Zártkörű Részvénytársaság, Hungary

LeasePlan India Private Limited, India

LeasePlan Italia S.p.A., Italy

LeasePlan Luxembourg S.A., Luxembourg, divested on 1 August 2023

LeasePlan México S.A. de C.V., Mexico

LeasePlan Nederland N.V., the Netherlands

LeasePlan Norge A/S, Norway

LeasePlan Österreich Fuhrparkmanagement GmbH, Austria

LeasePlan Portugal Comércio e Aluguer de Automóveis e Equipamentos Unipessoal Lda., Portugal

LeasePlan Romania S.R.L., Romania

LeasePlan Rus LLC, Russia, classified as held for sale as per September 2023

LeasePlan (Schweiz) AG, Switzerland

LeasePlan Service Center, Romania

LeasePlan Servicios S.A., Spain

LeasePlan Slovakia s.r.o., Slovakia

LeasePlan Sverige AB, Sweden

LeasePlan Otomotive Servis ve Ticaret A.Ş. Turkey

LeasePlan UK Limited, United Kingdom

Euro Insurances Designated Activity Company, Ireland

LeasePlan Finance B.V., the Netherlands

LeasePlan Information Services Limited., Ireland, merged with LeasePlan Digital B.V. on 1 August 2022

LeasePlan Global B.V., the Netherlands

Special purpose companies with no shareholding by the Group are:
Bumper UK 2019-I, Finance PLC, England
Bumper DE S.A., Germany
Bumper BE NV/SA, Belgium
Bumper NL 2020-I B.V., the Netherlands
Bumper UK 2021-I Finance PLC, England
Bumper FR 2022-1, France
Bumper NL 2022-1 B.V., the Netherlands
Bumper NL 2023-1 B.V., the Netherlands

Principal investments accounted for using the equity method in the consolidated financial statements are:
LeasePlan Emirates Fleet Management – LeasePlan Emirates LLC, United Arab Emirates (49%)
PLease S.C.S., France (99.3%)
Flottenmanagement GmbH, Austria (49%)

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Dutch Civil Code, a declaration of joint and several liability with respect to the financial obligations of the majority of the participating interests in the Netherlands is filed. Such declaration is filed for the following participating interests.
AALH Participaties B.V.
Accident Management Services (AMS) B.V.
Firenta B.V.
LeasePlan CN Holding B.V., the Netherlands
LeasePlan Digital B.V.
Lease Beheer Holding B.V.
Lease Beheer Vastgoed B.V.
LeasePlan Global B.V. (formerly Lease Beheer N.V.)
LeasePlan Finance B.V.
LeasePlan Nederland N.V.
Transport Plan B.V.
LeasePlan Rechtshulp B.V. (formerly WeJeBe Leasing B.V.)

Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of LeasePlan Corporation N.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2023 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code; and
- the accompanying Company financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2023 of LeasePlan Corporation N.V. ("LeasePlan" or "The Company") based in Amsterdam. The financial statements include the consolidated financial statements and the Company financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2023
2 the following consolidated statements for 2023: the statement of profit or loss, the statements of comprehensive income, changes in equity and cash flows; and
3 the notes comprising a summary of the material accounting policies and other explanatory information.

The Company financial statements comprise:

1 the statement of financial position of the Company as at 31 December 2023;
2 the statement of profit or loss of the Company for 2023; and
3 the notes comprising a summary of the accounting policies and other explanatory information.

KPMG Accountants N.V., a Dutch limited liability Company registered with the trade register in the Netherlands under number 33263683, is a member firm of the global organization of independent member firms affiliated with KPMG International Limited, a private English Company limited by guarantee.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

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

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Summary

Materiality

- Materiality of EUR 50 million
- 4.5 % of the 3 years average of profit before tax from continued operations

Group audit

- Audit coverage of 97% of total assets
- Audit coverage of 96% of revenue

Risk of material misstatements related to Fraud, NOCLAR, Going concern

- Fraud risks: presumed risk of management override of controls and presumed risk of revenue recognition for service income.
- Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatements related to NOCLAR risks identified.
- Going concern risks: no going concern risks identified.

Key audit matters

- Valuation of operating lease assets
- Revenue Recognition for service income
- Valuation of Intangible Assets (software in use and under construction)

Materiality
Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 50 million (2022: EUR 50 million). The materiality has been determined with reference to the 3 years average PBTCO. We consider the 3 years average profit before tax from continued operations as the most appropriate benchmark because the profit before tax for 2023 is deemed very volatile. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 2.5 million (2022: EUR 2.5 million) would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit
LeasePlan is at the head of a group of components. The financial information of this group is included in the financial statements of LeasePlan .

Our group audit mainly focused on significant components. The group is engaged in fleet and vehicle management services, mainly through operating lease and was active through 38 components in 28 countries in 2023.

We have included 13 significant components in scope of our group audit, located in 12 different countries. We have identified components as significant when they are either individually financially significant due to their relative size compared to LeasePlan as a whole or because we assigned a significant risk of material misstatement to one or more account balances of the component.

We also performed a full scope audit on 16 out of 25 of the non-significant components.

Group entities located in the Netherlands are audited by KPMG Accountants N.V. Components located abroad in scope for group reporting are audited by KPMG Member firms. We sent detailed instructions to all component auditors, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported to us.

We set component materiality levels, which ranged from EUR 4 million to EUR 26 million, based on the mix of size and financial statement risk profile of the components within the group to reduce the aggregation risk to an acceptable level.

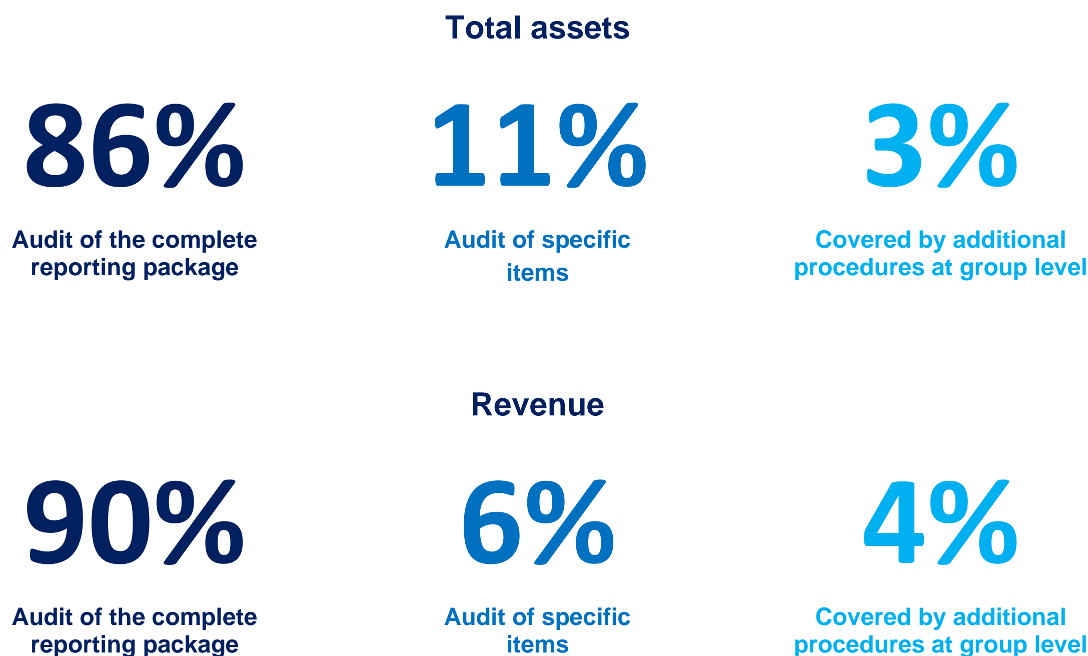
For the execution of our group audit we:

- performed off-site file reviews of the work performed by component auditors in Mexico, Italy, Germany, United Kingdom, Netherlands and Turkey;
- held virtual meetings with all the component auditors in scope of our audit; and
- held virtual meetings with the IT audit team in Ireland for group wide IT services and performed off-site file reviews.
- In addition to the above, on 31 October 2023, we hosted a global audit planning meeting for the senior staff involved in the audit at group level and components of the group. Purpose of this meeting was to discuss and agree our audit risk assessment and our global audit approach. Representatives of the LeasePlan organisation in finance, risk and IT provided an overview of key developments in the organisation.
- For the residual population not in scope we performed analytical procedures in order to corroborate that our scoping remained appropriate throughout the audit.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

The consolidation of the group, the disclosures in the financial statements and certain accounting topics that are performed at group level are audited by the group engagement team at the headquarter in Amsterdam, where central functions such as control, reporting and tax, risk management, strategic finance and group internal audit are located Intangible Assets. The items audited by the group audit team, include, but are not limited to, assessment of the use of the going concern assumption, assessment of the necessity of prospective depreciation, the valuation and impairment of operating lease assets, the valuation of expected credit loss recognised in respect to finance lease receivables and trade receivables for non-defaulted customers, goodwill impairment testing and taxation for the Dutch fiscal unity.

The audit coverage as stated in the section summary can be further specified as follows:



Audit response to the risk of fraud and non-compliance with laws and regulations

In chapter 'Risk Management' of the annual report, the Managing Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, whistleblowing procedures and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, those charged with governance and other relevant functions, such as Internal Audit, Legal Counsel and Compliance. As part of our audit procedures, we:

- assessed other positions held by Managing Board members and paid special attention to procedures and governance/compliance in view of possible conflicts of interest;
- evaluated correspondence with supervisory authorities and regulators as well as legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and identified the following areas as those most likely to have a material effect on the financial statements:

- Capital requirement Directive IV (CRD IV);
- Wet op het financieel toezicht (Wft);
- Anti-Money Laundering (AML)/Financial Economic Crime (FEC); and
- Data privacy regulation (GDPR).

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk).

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively such as estimates related to the valuation of operating lease assets and the revenue recognition for service income.

Responses:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and estimates related to the valuation of operating lease assets and the revenue recognition for service income.
- We performed a data analysis of high-risk journal entries that are indicative of management override of control and evaluated key estimates and judgments for bias by the Company's management, including retrospective reviews of prior years' estimates with respect to the valuation of operating lease assets, the revenue recognition for service income and the impact of the expected merger with ALD. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

We incorporated elements of unpredictability in our audit, including potential bias by the Company's management in relation to the expected merger with ALD.

Revenue recognition for service income (a presumed risk).

Risk:

- We assess the accounting of revenue for service income as a complex and judgmental area, which gives management the opportunity to manipulate the recognized revenue for service income, which has a potential impact on the results of the Company.

Response:
We refer to key audit matter 'Revenue recognition for service income'.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that could have a material effect on amounts recognised or disclosures provided in the financial statements.

Audit response to going concern

The Managing Board has performed its going concern assessment and has not identified any significant going concern risks. To assess the Managing Board's assessment, we have performed, inter alia, the following procedures:

- we considered whether the Managing Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analysed the Company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks.

The outcome of our risk assessment procedures on the going concern assessment, including our consideration of findings from our audit procedures on other areas, did not give reason to perform additional audit procedures on management's going concern assessment.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Managing Board and the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Furthermore, compared to last year the key audit matter with respect to the Valuation of software (in use and under construction) has been added.

Valuation of Operating lease assets

Description

LeasePlan's portfolio of vehicles under operating lease contracts, rental fleet and vehicles available for lease amounts to EUR 23.2 billion as at 31 December 2023. These vehicles are measured at cost less accumulated depreciation and impairments. Management makes an assessment of the residual value and the useful life of leased vehicles at year-end. Determining residual values and useful lives involves management judgement and is subject to a high degree of estimation uncertainty, which has increased due to increased volatility in second hand car prices. Changes are either accounted for as an impairment charge or as a change in accounting estimate through prospective depreciation.

Impairment assessment is performed at cash generating unit level. The residual value is an estimate of the amount that could be received from disposal of the vehicle at the reporting date if the asset was already of the age and in the condition that it will be in when LeasePlan expects to dispose of it. Residual value does not include expected future inflation or expected increases and decreases in the ultimate disposal value.

The Group's Asset Risk Management department monitors the actual asset performance of each reporting entity against the defined asset risk appetite. Reporting entities assess the estimated residual values of the existing operating lease portfolio by comparing contracted residual values and book values to the latest expectations of market prices, by means of the so-called 'fleet risk assessment'. Certain aspects of this assessment require significant judgement, such as developments of the used car markets, the impact of technological developments and changing laws and regulations affecting the residual value of vehicles. On top of that, management performs impairment trigger assessments and impairment calculations, as and when applicable, for identified loss making contracts.

The risk for the financial statements is that the re-assessment of these residual values through the prospective depreciation is prone to error due to significant estimation uncertainty and therefore the valuation of operating lease assets could be misstated or that the impairment on operating lease assets might be misstated due to an incomplete assessment as well as inappropriate assumptions.

Due to the significance of the operating lease assets, the related risk of error and fraud and the significance of the estimation uncertainty, we consider the valuation of the operating lease assets as key audit matter.

Our response

- We obtained an understanding of the asset risk management framework as designed and implemented at group level and at reporting entity level.
- At group level we analysed the main developments and trends resulting from the fleet risk assessment. At reporting entity level we reconciled and tested samples of the data used in the fleet risk assessments (FRA) to underlying source systems and assessed the reasonableness of the valuation assumptions used in the FRA.
- We have specifically assessed that management actions and compensating elements as well as other risk bearing elements of the lease contract (i.e. repair, maintenance and tyre replacement) are excluded from the assessment of prospective depreciation at group level. We have assessed the retrospective review of FRA results. Furthermore, we tested the accuracy and completeness of the prospective depreciation assessment.
- We have assessed and challenged management's impairment trigger assessment performed at each reporting entity, with a focus on the timely detection of impairments existing at client lease contract level. For this purpose we have assessed the profit or loss from disposal of vehicles ('PLDV') for the most recent months, assessed developments in the FRA predictions and inspected if customers are overall loss-making.
- For impairments recognised we tested the appropriateness of the impairment models used and the key assumptions applied by management for which variations had the most significant impact on the level of impairments. We involved our valuation specialists to assess the adequacy of the applied impairment models and to evaluate the reasonableness of key parameters used. We engaged local KPMG teams to vouch the correctness of key data used as input to the impairment model.
- We assessed whether the disclosures appropriately address the measurement basis and uncertainties for prospective depreciation and impairments and draw attention to note 21 of

the financial statements, which describes management's approach to determine the amount of the impairment of the operating lease portfolio as well as the main valuation uncertainties and sensitivities.

Our observation

Overall, we assess the assumptions used by management and related estimates resulted in a valuation of vehicles leased under operating lease contracts within a reasonable range and to be adequately disclosed in accordance with IFRS-EU in note 21 of the financial statements. We reported to the Managing Board and the Supervisory Board our improvement observations on the control environment for the valuation of operating lease assets.

Revenue recognition for service income

Description

As part of its Cars as a Service offering LeasePlan offers a range of bundled and stand-alone services as part of the lease contracts to meet the specific needs of clients. Apart from financing of vehicles, these services can include maintenance, fuel, accident and fleet management, rental and insurance.

Any volume related bonuses related to expenses are credited directly to expenses. Purchase bonuses received on purchases of vehicles for operating lease contracts are deducted from the purchase consideration and result in lower depreciation, whereas for finance lease contracts these bonuses are immediately recognized in the statement of profit or loss. In addition services may include pass on costs, collected on behalf of third parties such as fuel and road taxes that are not presented as revenues.

Revenues and costs of these service elements are recognised and considered on a separate basis, while the timing of the revenue recognition (over the term and/ or at the end of the contract) of certain service elements can also be impacted by the selected pricing model, closed or open calculation. For closed calculation contracts the overall risk result, both positive and negative, is borne by LeasePlan. For open calculation contracts, under certain circumstances the portion of the positive result from the lease contract is shared with the client upon termination of the lease contract.
We assess the accounting of revenue and cost of revenue for service income as a complex and judgemental area that also includes a risk of error and fraud and have therefore identified revenue recognition as key audit matter.

Our response

We have tested internal controls with respect to the various revenue streams and performed substantive audit procedures. Our procedures included amongst others substantive analytical procedures on the revenue streams and test of details on management's assumptions. We specifically tested management's assumptions in relation to the margins for RMT (repair,maintenance and tyres) services at reporting entity level (including audit procedures in relation to fraud). Amongst others we have performed a retrospective review on the realised service income in comparison to the budgeted service income.

We also performed substantive testing on the cut-off results and related accruals on terminated contracts for both open and closed calculation contracts. In addition we have performed procedures on the adequacy and consistency of the accounting policies applied. In this context we paid particular attention to the revenue recognition over the term of the contract for closed calculation contracts in relation to repair, maintenance and tyres services (RMT).

Our observation

Overall we assess the assumptions applied in the revenue recognition for service income (RMT) to be reasonable.

Valuation of software (in use and under construction)

Description

In December 2023 the Managing Board decided on the Reframing of the Business Transformation, because of New Generation Digital Architecture (‘NGDA’) deployment issues faced, defects and usage constraints, decommissioning specific modules (either in use and/or under constructions) and applying a waved-approach and a reduced roll-out of modules across geographic locations going forward. This reframing of the Business Transformation created an impairment trigger which resulted in an impairment of EUR 240 million. This impairment, resulted in a significant risk whether the recognized software (either in use and/or under construction) is valued correctly as per year-end.

Our response

- Perform inquiries with key personnel members responsible for the impairment assessment.
- Inspect the minutes of relevant committee meetings.
- Assess the appropriateness of the impairment trigger assessment.
- Assess the reasonability of critical estimates and parameters used for the impairment calculation.
- Verify that the impairment calculations are in accordance with the accounting policy and data used are reliable and accurate.
- Test the accuracy and completeness of the impairment trigger assessments and impairment calculations with the help of KPMG IT specialists.
- Verify that the impairment disclosure is in accordance with IAS 36.

The perimeter of assets in scope consists of two categories:

- assets which are still expected to be used/generate benefits based on economic useful life (EUR 206 million). These assets are corporate assets and tested at CGU’s level with no impairment identified.
- assets residually in use or under construction (EUR 240 million) for which the decision to dispose has already been taken on 15 December 2023 due to deployment issues faced.

For the last categories of assets, a decision to decommission the assets as soon as possible but before end of 2024 has been made allowing to consider that value in use is nil at the end of 2023. Based on the estimation the fair value less costs of disposal and value in use are close to 0 at the end of 2023, allowing an individual asset assessment in accordance with IAS 36.22, which resulted in an impairment of EUR 240 million.

Our observation

Overall, we assessed the assumptions and related estimates used by management for the valuation of software (in use and under construction) as reasonable.

Report on the other information included in the annual report

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Managing Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements [and ESEF]

Engagement

We were engaged by the General Meeting of Shareholders as auditor of LeasePlan on 21 September 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Services rendered

For the period to which our statutory audit relates, in addition to this audit, we have provided the following services to LeasePlan and its controlled undertakings:

- review of condensed consolidated interim financial statements for the first and second quarter 2023 in accordance with the International Standard on Review Engagements (ISRE 2410);
- audit of COREP and FINREP reporting to De Nederlandsche Bank N.V. (DNB) in accordance with Dutch Standards on Auditing;
- report on controls at a service organisation for the DGS reporting to DNB;
- agreed-upon procedures for the interest rate risk reporting to DNB;
- audit of the statutory financial statements of a number of securitisation vehicles controlled by LeasePlan;
- agreed-upon procedures on the ex-ante contribution to the Single Resolution Fund to DNB;
- assurance engagements with respect to prospectuses;
- agreed-upon procedures and assurance engagements for the benefit of external stakeholders for the controlled undertakings.

European Single Electronic Format (ESEF)

LeasePlan Corporation N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in XHTML format, including the (partly) marked-up consolidated financial statements as included in the reporting package by LeasePlan Corporation N.V. , complies in all material respects with the RTS on ESEF.

The Managing Board is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby the Managing Board combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF. We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included among others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of Managing Board and the Supervisory Board for the financial statements

The Managing Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Managing Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Managing Board under supervision of the Supervisory Board is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Managing Board is responsible for assessing the LeasePlan's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Managing Board should prepare the financial statements using the going concern basis of accounting unless the Managing Board either intends to liquidate the LeasePlan or to cease operations, or has no realistic alternative but to do so. The Managing Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

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

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at eng_oob_01.pdf (nba.nl).This description forms part of our auditor's report.

Amstelveen, 3 May 2024
KPMG Accountants N.V.

B.M. Herngreen RA

Glossary

AFM	The Dutch Authority for the Financial Markets (AFM) has been responsible for supervising the operation of the financial markets since 1 March 2002.
AT1	Additional Tier 1 capital securities.
CaaS	LeasePlan purchases, funds and manages vehicles for its customers, providing a complete end-to-end service through its Car-as-a-Service (CaaS) business for a typical contract duration of three to four years.
CAGR	Compound Annual Growth Rate.
ECB	European Central Bank.
EOCF	End of Contract Fees.
EV	Electric vehicle.
FMCs	Fleet management companies.
ICE	Internal combustion engine.
LCV	Light commercial vehicles.
NCI	Non-controlling interest.
OEMs	Vehicle original equipment manufacturers.
PLDV	Profit-and-loss on Disposal of Vehicles.
PV	Passenger vehicle.
RMT	Repair, maintenance and tyres.
RV	Residual value of a vehicle.
LeasePlan Bank	The online retail deposit bank operated by LeasePlan Corporation N.V. under a banking licence from DNB.