ALD

French *société anonyme* with a share capital of EUR 848,617,644
Registered office: 1-3 rue Eugène et Armand Peugeot, Corosa, 92500 Rueil-Malmaison, France
Registered with the Trade and Companies Register of Nanterre under number 417 689 395

EXEMPTION DOCUMENT TO THE OBLIGATION TO PUBLISH A PROSPECTUS PREPARED IN CONNECTION WITH THE CONTRIBUTION OF SHARES IN LEASEPLAN TO ALD

In accordance with Article L.621-8 IV of the French Monetary and Financial Code (*Code monétaire et financier)* and Article 212-34 of the General Regulation of the French *Autorité des marchés financiers* (the "**AMF**"), this exemption document (the "**Exemption Document**") is published prior to the extraordinary general meeting of ALD's shareholders due to take place on 28 April 2023 on first convocation, convened to vote on the contribution of shares in LeasePlan to ALD and the corresponding increase of ALD' share capital in consideration for the contribution.

The notice of ALD extraordinary shareholders' meeting (*avis de réunion*) containing the draft resolutions to be submitted to the vote of ALD's shareholders was published in the French *Bulletin des annonces légales obligatoires* (BALO) dated 24 March 2023. The convening notice (*avis de convocation*) containing the final draft resolutions to be submitted to the vote of ALD's shareholders was published in the French *Bulletin des annonces légales obligatoires* (BALO) dated 7 April 2023.

The Exemption Document incorporates by reference the 2022 universal registration document of ALD, in English language, which was filed with the AMF under number D.23-0261 on 12 April 2023 (the "**ALD 2022 Universal Registration Document**").

A cross-reference table is provided in the Exemption Document to allow for easy retrieval of information incorporated by reference.

Copies of this Exemption Document and the ALD 2022 Universal Registration Document can be obtained free of charge at the registered office of ALD (1-3 rue Eugène et Armand Peugeot, Corosa, 92500 Rueil-Malmaison, France), as well as in electronic form on ALD's website (https://www.aldautomotive.com/). The ALD 2022 Universal Registration Document is also available on the AMF's website (www.amf-france.org).

In accordance with item 1.5 of the Annex 1 of the Delegated Regulation (EU) 2021/528 of 16 December 2020 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the minimum information content of the document to be published for a prospectus exemption, it is stated that:

- the Exemption Document does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129;
- the Exemption Document has not been subject to the scrutiny and approval by the AMF, relevant competent authority in accordance with Article 20 of Regulation (EU) 2017/1129.

DEFINITIONS

In this Exemption Document:

ALD	means ALD S.A., a French *société anonyme*, whose registered office is located at 1-3, rue Eugène et Armand Peugeot, Corosa, 92500 Rueil-Malmaison, France, registered with the trade and companies register under number 417 689 395 RCS Nanterre;
ALD 2021 Universal Registration Document	means the Universal Registration Document of ALD, in English language, which was filed with the AMF under number D.22-0340 on 22 April 2022;
ALD 2022 Universal Registration Document	means the Universal Registration Document of ALD, in English language, which was filed with the AMF under number D.23-0261 on 12 April 2023;
ALD 2021 URD Amendment	means the first amendment to the ALD 2021 Universal Registration Document, in English language, which was filed with the AMF under number D.22.0340-A01 on 28 November 2022;
ALD ABSA	has the meaning set out in Section 3.2.1.3 of the Exemption Document;
ALD Business Plan	has the meaning set out in Section 3.2.1.5 of the Exemption Document;
ALD New Ordinary Shares	has the meaning set out in Section 3.2.1.3 of the Exemption Document;
ALD Prospectus	refers to the prospectus prepared in connection with ALD Rights Issue, which was approved by the AMF under number 22-0470 on 28 November 2022, consisting of (i) the ALD 2021 Universal Registration Document, (ii) the ALD 2021 URD Amendment, (iii) an English language securities note and (iv) an English and French language summary of the prospectus (included in the securities note);
ALD Rights Issue	has the meaning set out in Section 3.2.1.1 of the Exemption Document;
AMF	means the French *Autorité des marchés financiers*;
CAG	has the meaning set out in Section 3.1.2.1 of the Exemption Document;
CET1	has the meaning set out in Section 3.1.2.1 of the Exemption Document;
Closing Date	has the meaning set out in Section 3.2.1.1 of the Exemption Document;

Contribution	has the meaning set out in Section 3.2.1.1 of the Exemption Document;
Contribution Agreement	has the meaning set out in Section 3.2.1.1 of the Exemption Document;
Contribution Appraiser	has the meaning set out in Section 3.2.1.2 of the Exemption Document;
Delegated Regulation (EU) 2021/528 of 16 December 2020	means the Delegated Regulation (EU) 2021/528 of 16 December 2020 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a division
European FTT	has the meaning set out in Section 4.1.3 of the Exemption Document;
EVs	has the meaning set out in Section 2.2.2.1 of the Exemption Document;
Exemption Document	means this exemption document;
Existing Shares	has the meaning set out in Section 4.3.1 of the Exemption Document;
FHC	has the meaning set out in Section 3.2.1.1 of the Exemption Document;
Fleet Management	has the meaning set out in Section 2.1.2.1 of the Exemption Document;
Framework Agreement	has the meaning set out in Section 3.2.1.1 of the Exemption Document;
French FTT	has the meaning set out in Section 4.1.2 of the Exemption Document;
FTC	has the meaning set out in Section 4.1.2 of the Exemption Document;
Full Service Leasing	has the meaning set out in Section 2.1.2.1 of the Exemption Document;
Gross Operating Income	has the meaning set out in Section 2.1.2.1 of the Exemption Document;
Group	refers to ALD and its consolidated subsidiaries taken as a whole;
Internal Rules of the Board of Directors	has the meaning set out in Section 3.2.1.1 of the Exemption Document;

LCVs	has the meaning set out in Section 3.1.2.1 of the Exemption Document;
LeasePlan	means LP Group B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands, whose registered office is at Gustav Mahlerlaan 360, 1082 ME Amsterdam, the Netherlands registered with the Dutch Trade Register under number 62635034, which is a holding company owning 100% of the share capital of LeasePlan Corporation;
LeasePlan Business Plan	has the meaning set out in Section 3.2.1.5 of the Exemption Document;
LeasePlan Corporation	means LeasePlan Corporation N.V. a public company with limited liability (*naamloze vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands, whose registered office is at Gustav Mahlerlaan 360, 1082 ME Amsterdam, the Netherlands registered with the Dutch Trade Register under number 39037076;
LeasePlan Corporation 2022 Annual Report	has the meaning set out in Section 2.2 of the Exemption Document;
Leasing Contract margin	has the meaning set out in Section 2.1.2.1 of the Exemption Document;
Lincoln	means Lincoln Financing Holdings Pte. Limited, a private limited company incorporated in Singapore, whose registered office is at 10 Changi Business Park Central 2 #05-01 Hansapoint@CBP, Singapore 486030 registered with the Accounting and Corporate Regulatory Authority of Singapore under number 201505585M;
OEM	has the meaning set out in Section 3.1.2.3 of the Exemption Document;
Participating Member States	has the meaning set out in Section 4.1.3 of the Exemption Document;
Regulation (EU) 2017/1129	means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
Regulation EU 596/2014 of the European Parliament and of the Council	means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC;

Services margin	has the meaning set out in Section 2.1.2.1 of the Exemption Document;
SMEs	has the meaning set out in Section 2.2.2.1 of the Exemption Document;
Total Margins	has the meaning set out in Section 2.1.2.1 of the Exemption Document;
Transaction	has the meaning set out in Section 3.2.1.1 of the Exemption Document;
Used Car Sales result / UCS result	has the meaning set out in Section 2.1.2.1 of the Exemption Document.

<u>**TABLE OF CONTENT**</u>

Exemption Document established in accordance with the Annex 1 of the Delegated Regulation (EU) 2021/528 of 16 December 2020

1. PERSONS RESPONSIBLE FOR DRAWING UP THE EXEMPTION DOCUMENT, THIRD PARTY INFORMATION AND EXPERTS REPORT

1.1. Identification of persons responsible for drawing up the Exemption Document

For ALD:

Mr. Tim Albertsen, Chief Executive Officer (*Directeur général*) of ALD

For LeasePlan:

Mr. Tex Gunning, Chief Executive Officer of LeasePlan Corporation

1.2. Responsibility statement

For ALD:

"*I certify that the information contained in the Exemption Document is, to the best of my knowledge, in accordance with the facts and that there are no omissions likely to affect its import.*"

On 13 April 2023

Mr. Tim Albertsen

Chief Executive Officer (*Directeur général*) of ALD

For LeasePlan:

"*I hereby certify that the information included under Section 2.2. of this Exemption Document pertaining to LeasePlan is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.*"

On 13 April 2023

Mr. Tex Gunning

Chief Executive Officer of LeasePlan Corporation

1.3. Expert's statement or report

By court order (*ordonnance*) dated 5 May 2022, at the request of ALD, the President of the Nanterre Commercial Court appointed Cabinet Ledouble (8, rue Halévy 75009 Paris), represented by Mrs. Agnès Piniot as contribution appraiser (*commissaire aux apports*) (the "**Contribution Appraiser**") in order for such Contribution Appraiser to carry out the missions provided for by the provisions of Articles L. 225-147, R.22-10-7, R. 22-10-8 and R. 225-136 of the French Commercial Code (*Code de commerce*).

No incompatibility was identified regarding the appointment of Cabinet Ledouble, represented by Mrs. Agnès Piniot, as Contribution Appraiser.

In accordance with Articles L. 225-147, R.22-10-7, R. 22-10-8 and R. 225-136 of the French Commercial Code (*Code de commerce*), the Contribution Appraiser shall (i) assess the value of the Contribution and the special advantages (if any) and (ii) draft a report on such elements.

In accordance with the AMF Doctrine (*position-recommendation*) n°2020-06 and pursuant to the above-mentioned court order of the President of the Nanterre Commercial Court, the

Contribution Appraiser shall also (i) assess the fairness of the exchange ratio and (ii) draft a report on such elements.

The two reports of the Contribution Appraiser (which are incorporated by reference in this Exemption Document) are available on ALD's website:

https://www.aldautomotive.com/Portals/international/Documents/Rapport%20des%20commissaires%20aux%20apports%20sur%20la%20valeur%20de%20l'apport.pdf?ver=2023-04-07-160241-433&timestamp=1680876404769;

https://www.aldautomotive.com/Portals/international/Documents/Rapport%20des%20commissaires%20aux%20apports%20sur%20la%20r%C3%A9mun%C3%A9ration%20de%20l'apport.pdf?ver=2023-04-07-160242-217&timestamp=1680876420927.

1.4. Information sourced by a third party

Not applicable.

1.5. Regulatory statements

The Exemption Document does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 and has not been subject to the scrutiny and approval by the AMF, relevant competent authority in accordance with Article 20 of Regulation (EU) 2017/1129.

2. INFORMATION ON THE ISSUER AND ON THE OFFEREE COMPANY, COMPANY BEING ACQUIRED OR COMPANY BEING DIVIDED

2.1. For ALD, beneficiary company of the Contribution

2.1.1 General information

2.1.1.1 Name, domicile, date of incorporation, legislation, legal form and legal entity identifier

ALD (and together with its consolidated subsidiaries, the "**Group**") is a French *société anonyme* (limited liability company) incorporated in France since 19 February 1998 and registered with the French Trade and Companies Register of Nanterre under number 417 689 395.

The registered office of ALD is located at 1-3 rue Eugène et Armand Peugeot, Corosa, 92500 Rueil-Malmaison, France.

Legal Entity Identifier (LEI): 969500E7V019H9NP7427

Telephone number: +33 (0) 1 57 29 36 60

Company's website: https://www.aldautomotive.com

The information on the Company's website does not form part of the Exemption Document unless that information is incorporated by reference into the Exemption Document.

2.1.1.2 Persons responsible for the financial audit

Deloitte & Associés (6, Place de la Pyramide, 92908 Paris La Défense Cédex, France), represented by Mr. Pascal Colin.

Ernst & Young et Autres (Tour First, TSA 14444, 92037 Paris-La Défense Cédex, France), represented by Mr. Vincent Roty.

2.1.2 Business overview

2.1.2.1 Principal activities

ALD is a full service leasing[1] ("**Full Service Leasing**") and fleet management[2] ("**Fleet Management**") Group with a managed fleet of 1,806 thousand vehicles as at 31 December 2022. The Group operates directly in 43 countries and has commercial alliances in 16 countries as at 31 December 2022, thus extending its geographical coverage. The Group is active on the whole Full Service Leasing value chain and focuses on providing solutions encompassing a broad range of services that can also be provided on a standalone basis.

The Group benefits from a diversified income base consisting of three principal components: the leasing contract margin ("**Leasing Contract margin**"), the services margin ("**Services

[1] Under a full service lease, the client pays the leasing company a regular monthly lease payment to cover financing, depreciation of the vehicle and the cost of various services provided in relation to the use of the vehicle (such as maintenance, replacement car, tyre management, fuel cards and insurance).

[2] Fleet Management services include the provision of outsourcing contracts to clients under which the vehicle is not owned by the Group but is managed by the Group and for which the client pays fees for the various Fleet Management services provided. These services are generally identical to those listed under the full-service leasing above, with the exception of the financing service, as the vehicle is owned by the client.

margin”, and together with the Leasing Contract margin, the “**Total Margins**”) and used car sales result (“**Used Car Sales result**”)[3].

Under its primary product offering, Full Service Leasing, the Group purchases vehicles with a view to leasing them to its customers. During the lease period, it earns a financing spread (Leasing Contract margin), equal to the difference between, on the one hand, the leasing contract revenue it receives from customers, equal to the expected depreciation of the leased vehicle plus the interest charge for funding the vehicle as well as other associated costs, and, on the other hand, the leasing contract costs, which are comprised of the costs for the depreciation of the leased vehicle and the costs of funds the Group incurs to fund the vehicles.

The Group also generates income from the wide range of services that it offers under both its Full Service Leasing and Fleet Management products, such as maintenance and repairs, insurance, tyres and replacement vehicles. This income is referred to as the Services margin, representing the difference between the fixed costs invoiced in the monthly rental and the costs incurred by the Group in providing these services.

Finally, the Group generates income from the remarketing of its used vehicles at the termination of a lease contract, referred to as the Used Car Sales result. The Group markets and sells used vehicles at the end of their lease through various channels: dealers and international traders, directly to the users of the vehicles or sales to individual customers via auctions, respectively through its auction platforms and online vehicle sales (ALD Carmarket), or one of the 51 showrooms in 20 countries. ALD Carmarket has become the main channel used to market and resell its used vehicles. Via this website, the Group also proposes a “remarketing as a service” solution whereby it remarkets, on behalf of its customers and partners, used cars which it does not own, earning a fee from the proceeds of the sale and services.

The following table sets out the distribution of the Group’s three principal sources of consolidated gross operating income (“**Gross Operating Income**”) for the financial years ended 31 December 2022 and 31 December 2021:

(in EUR million)	**Year ended 31/12/2022 (audited)**	**Year ended 31/12/2021 (audited)**
Leasing Contract margin	1,181.1	732.8
Services margin	703.2	650.0
Used Car Sales result	747.6	437.7
GROSS OPERATING INCOME	**2,631.8**	**1,820.6**

[3] Following completion of the Transaction, the combined entity will keep the same three IFRS reporting segments.

The following table gives the breakdown of managed fleet by product offering for the financial years ended 31 December 2022 and 31 December 2021:

(in thousands of vehicles)	**Year ended 31 December 2022**		**Year ended 31 December 2021**	
Full Service Leasing	1,464[4]	81%	1,427	83%
Fleet Management	342[5]	19%	299	17%
TOTAL FLEET	1,806[6]	100%	1,726	100%

Full Service Leasing contracts represented 81% of the Group's total fleet as at 31 December 2022 and Fleet Management represented 19% of the Group's total fleet as at 31 December 2022.

For a full description of the Group's activities, please refer to Section 1.2 "*Detailed profile*" of ALD 2022 Universal Registration Document.

2.1.2.2 Significant changes having an impact on the operations and principal activities since the end of the period covered by the latest published audited financial statements

No exceptional event has had or is likely to have a significant impact on the main activities of the Group since 31 December 2022.

2.1.2.3 Principal markets

The Group's wide geographical coverage makes it one of the largest players in the Full Service Leasing and Fleet Management industry in Europe and in the world, allowing it to generate economies of scale reinforcing the Group's competitive position. As at 31 December 2022, the Group has a direct presence in 43 countries spread over five continents, enhanced by strategic alliances in 16 countries. The geographical coverage is expected to be further extended in 2023, thanks to a new joint venture with Mitsubishi HC Capital Inc. in Thailand, which is expected to be followed by others in the region.

[4] Including approximately 51,000 vehicles from entities held for sale: Russia, Belarus and remedies agreed with antitrust authorities (Portugal, Ireland and Norway except NF Fleet Norway)

[5] Including approximately 7,000 contracts from entities held for sale: Russia, Belarus and remedies agreed with antitrust authorities (Portugal, Ireland and Norway except NF Fleet Norway)

[6] Including approximately 57,000 contracts from entities held for sale: Russia, Belarus and remedies agreed with antitrust authorities (Portugal, Ireland and Norway except NF Fleet Norway)

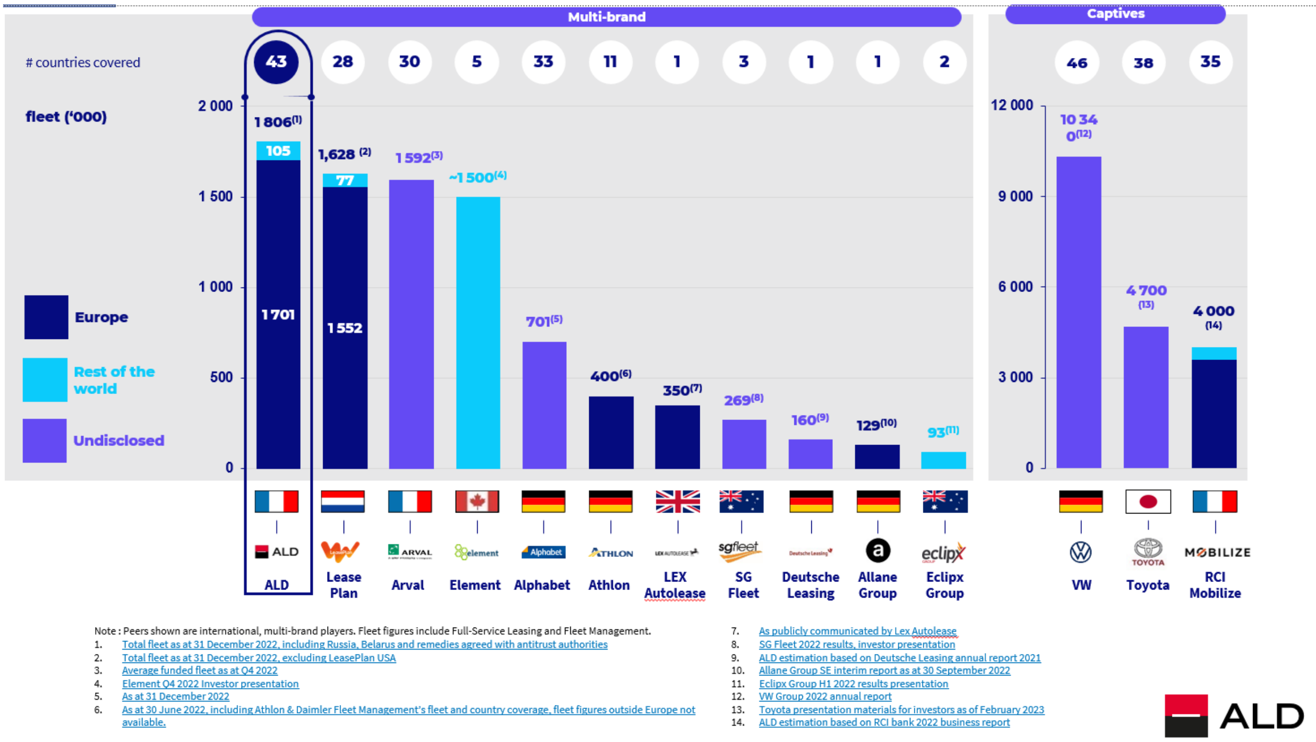
The following table shows a breakdown of product offerings by number of vehicles and geographic region for the financial years ended 31 December 2022 and 31 December 2021:

	As at 31 December 2022			**As at 31 December 2021**		
(*In thousands of vehicles*)	**Full Service Leasing**	**Fleet Management**	**Total**	**Full Service Leasing**	**Fleet Management**	**Total**
Western Europe	1,139	311	1,450	1,108	269	1,377
Central and Eastern Europe	148	8	156	146	7	153
Northern Europe	85	11	96	85	11	96
South America, Africa and Asia	93	13	105	87	13	100
TOTAL FLEET	**1,464**	**342**	**1,806**	**1,427**	**299**	**1,726**
%	81%	19%	100%	83%	17%	100%

Revenues from external customers and fleets by country generating more than EUR 500 million are detailed below:

	Year ended 31 December 2022		**Year ended 31 December 2021**	
(*In EUR million*)	**Revenues from external customers**	**Rental Fleet on the statement of financial position**	**Revenues from external customers**	**Rental Fleet on the statement of financial position**
France	2,260.4	5,495.9	2,241.7	4,977.0
Italy	1,257.6	2,532.1	1,374.8	2,224.9
UK	1,116.4	2,326.7	1,074.7	2,238.8
Germany	1,092.4	2,282.1	921.8	2,292.1
Spain	820.1	1,959.8	724.1	1,764.2
Netherlands	686.0	1,528.4	679.4	1,466.8
Belgium	680.6	1,604.6	622.9	1,455.3
Other countries	3,305.2	6,350.1	2,840.2	5,292.2
TOTAL	**11,218.8**	**24,079.6**	**10,479.6**	**21,711.3**

The following graph presents the competitive environment of ALD as at the date indicated therein:



For a full description of the Group's competitive environment, please refer to Section 1.2.3 "*Competitive environment*" of ALD 2022 Universal Registration Document.

2.1.3 Investments

As at 31 December 2021, Bansabadell Renting and Fleetpool, whose acquisitions were announced during the financial year ended 31 December 2021, were not consolidated in the Group's financial statements, due to the late closing date of the transactions. These two acquisitions were presented as "Other non-current financial assets" in the Group's statement of financial position. The two entities were included in the Group's scope of consolidation as at 31 December 2022. These two acquisitions were paid for in cash from the Group's own internal cash resources.

Please refer to Section 3 "*Description of the Transaction*" of this Exemption Document for a detailed description of the ongoing acquisition of LeasePlan.

For a full description of the Group's investment, please refer to Section 2.1.4 "*Investments*" of ALD 2022 Universal Registration Document.

2.1.4 Corporate governance

2.1.4.1 Administrative, management or supervisory bodies

The names, business addresses and functions within ALD of the members of the administrative, management or supervisory bodies are detailed in Section 3.1 "*Composition of administrative and management bodies*" of Chapter 3 "*Corporate governance*" of ALD 2022 Universal Registration Document incorporated by reference herein.

2.1.4.2 Identity of major shareholders

As at 31 March 2023, the share capital of ALD is distributed as follows:

Shareholders	**Number of ordinary shares**	**% of the share capital**	**Number of voting rights(1)**	**% of the voting rights(1)**
Societe Generale	429,649,292	75.9%	429,649,292	76.1%
Free float	135,297,823	23.9%	135,297,823	23.9%
Treasury shares	797,981	0.1%	N/A	N/A
Total	**565,745,096**	**100.0%**	**564,947,115**	**100.0%**

(1) % of the voting rights = gross voting rights including those related to treasury shares. The treasury shares are deprived of voting rights exercisable at the shareholders' general meeting.

2.1.4.3 Number of employees

The table below shows the evolution of the workforce over the last two financial years. All employees, whether with full-time or part-time work contracts, are counted as 1 in the workforce. It excludes the external workforce such as trainees, service providers and consultants.

	As at 31 December 2022	**As at 31 December 2021**
France	1,556	1,491
Europe	4,859	4,736
Outside Europe	829	823
Total	**7,244**	**7,050**

2.1.5 Financial information

2.1.5.1 Annual financial statements for the twelve months prior to the publication of the exemption document and related audit reports

ALD's individual and consolidated financial statements for the financial year ended 31 December 2022 and the related reports of the statutory auditors are presented in Chapter 6 "*Financial information*" of the ALD 2022 Universal Registration Document (incorporated by reference herein).

2.1.5.2 Accounting standards

ALD's accounting standards are presented in Note 3 "*Summary of significant accounting policies*" of Section 6.2 "*Notes to consolidated financial statements*" under Chapter 6 "*Financial information*" of ALD 2022 Universal Registration Document (incorporated by reference herein) with regard to the consolidated financial statements for the financial year ended 31 December 2022.

2.1.5.3 Significant change in the financial position which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published

Subject to Section 2.3 "*Subsequent Events*" of ALD 2022 Universal Registration Document, there have been no significant changes in the financial position of the Group since 31 December 2022.

2.1.5.4 Management report referred to in Articles 19 and 29 of Directive 2013/34/EU.

ALD's annual financial report and management report are respectively detailed in Section 9.2 "*Cross-reference table for the Annual financial report*" and Section 9.3 "*Cross-reference table for the management report*" of ALD 2022 Universal Registration Document (incorporated by reference herein).

2.1.6 Legal and arbitration proceedings

Except as disclosed in Section 4.5.2 "*Legal, fiscal and compliance risks*" of the ALD 2022 Universal Registration Document, to ALD's knowledge, there are no administrative, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had, in the 12 months preceding the date of the Exemption Document, a significant effect on ALD's financial position or profitability.

2.1.7 Summary of the information disclosed under Regulation (EU) No 596/2014 of the European Parliament and of the Council

During the last twelve months preceding the date of the Exemption Document, the following information has been made public under Regulation EU 596/2014 of the European Parliament and of the Council:

Significant operations carried out by the company

- ALD launched a capital increase with shareholder's preferential subscription rights of approximately EUR 1.2 billion in connection with the contemplated acquisition of LeasePlan (press release of 29 November 2022). Such capital increase resulted in the issuance of 161,641,456 new ordinary shares, at a subscription price of EUR 7.50 per new share (of which EUR 1.50 of par value and EUR 6.00 of issue premium), representing gross proceeds of EUR 1,212,310,920 (including the issue premium).

Other information

- Conclusion of a placement agency agreement ("*contrat de direction*") on 28 November 2022 with a group of financial institutions led by Citigroup Global Markets Europe AG, J.P. Morgan SE and Société Générale relating to the capital increase of ALD as part of the financing of the Transaction (press release of 30 November 2022). This agreement constituted a regulated agreement (*convention réglementée*) within the meaning of Article L.225-38 of the French Commercial Code (*Code de commerce*) in consideration of Société Générale's 79.80% stake in the share capital of ALD. The purpose of the placement agency agreement was to set the terms and conditions according to which the syndicate were to coordinate and manage the placement of the capital increase with shareholder's preferential subscription rights of approximately EUR1.2 billion in connection with the Transaction.

- General Management committee change (press release of 13 December 2022): ALD announced that Gilles Bellemère has decided to step down from his position as Deputy Chief Executive Officer of ALD, effective 31 December 2022, in order to focus on his role as Chief Executive Officer of ALD Automotive France, the Group's largest subsidiary, in addition to the direct supervision of ALD Automotive in Morocco and Algeria. He will remain a member of ALD's Executive Committee.

- Board of Directors change (press release dated 7 February 2023): ALD announced that Frédéric Oudéa has been appointed as director by cooptation with immediate effect following the resignation of Karine Destre-Bohn. The appointment of Frédéric Oudéa as director will be submitted for approval at the next ALD annual general meeting. Frédéric Oudéa's mandates as CEO and Director of Societe Generale will expire at the next annual general meeting of Societe Generale in May 2023.

2.2. For LeasePlan, contributed company

As part of the contemplated Contribution, ALD will acquire 100% of the share capital of LP Group B.V., referred to in this Exemption Document as LeasePlan.

LP Group B.V. is a holding company that owns 100% of LeasePlan Corporation N.V.'s shares, the latter being the sole operating asset of LP Group B.V. The business activities are conducted at the level of LeasePlan Corporation N.V.

LP Group B.V. being a holding company, the information presented below relates to LeasePlan Corporation N.V. as the head of the operational group. For investment comprehension, in addition to the financial information for the operational group headed by LeasePlan Corporation, the financial information for LeasePlan which is the holding company that is being directly contributed and the 100% parent company of LeasePlan Corporation is also included in this Exemption Document. The financial information for the financial year ended 31 December 2022 of LP Group B.V. is attached as Annex 1. In accordance with Article 3 of Delegated Regulation (EU) 2021/528 of 16 December 2020, this Exemption Document incorporates by reference LeasePlan Corporation's 2022 annual report (containing LeasePlan Corporation's publicly available audited consolidated financial statements as at and for the fiscal year ended 31 December 2022 (as set out on pages 114 through 199 of LeasePlan Corporation's 2022 annual report, and the independent auditor's report thereon on pages 214 through 226)) (the "**LeasePlan Corporation 2022 Annual Report**") which can be obtained from:

https://www.leaseplan.com/corporate/~/media/Files/L/Leaseplan/documents/AR22.pdf.

2.2.1 General information

2.2.1.1 Name, domicile, date of incorporation, legislation, legal form and legal entity identifier

The name of the operating company being contributed is LeasePlan Corporation N.V. and its registered office is located at Gustav Mahlerlaan 360, 1082 ME Amsterdam.

LeasePlan Corporation is incorporated as a *naamloze vennootschap* under the laws of the Netherlands.

Its date of incorporation is 27 February 1963.

Its Legal Entity Identifier (LEI) is: 724500C60L930FVHS484.

LeasePlan's website: https://www.leaseplan.com/

The information on LeasePlan's website does not form part of the Exemption Document unless that information is incorporated by reference into the Exemption Document.

2.2.1.2 Persons responsible for the financial audit

KPMG Accountants N.V. ("**KPMG**") has audited LeasePlan's and LeasePlan Corporation's consolidated and company financial statements in accordance with generally accepted auditing standards in the Netherlands for the financial year ended 31 December 2022 and it issued an unqualified independent auditor's report thereon.

The KPMG auditor who signed the financial statements on behalf of KPMG is a member of the Dutch Professional Organisation of Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

KPMG's business address is Laan van Langerhuize 1, 1186 DS Amstelveen, The Netherlands.

KPMG is governed by Dutch law in the Netherlands and is subject to supervision by the Authority for the Financial Markets ("**AFM**"). The AFM has granted KPMG a license to perform financial statement audits of public interest entities.

2.2.2 Business overview

2.2.2.1 Principal activities

LeasePlan Corporation is a global leader in car-as-a-service, being the purchasing, funding and management of vehicles for its customers, providing a complete end-to-end service for a typical contract duration of three to four years ("**Car-as-a-Service**"), with approximately 1.6 million vehicles under management in 28 countries as at 31 December 2022.

LeasePlan Corporation's services include vehicle procurement; vehicle financing; repairs, maintenance and tyre management; damage handling and insurance; charging solutions for electric vehicles ("**EVs**"); fleet management and consulting; and fuel, accident and rental management. LeasePlan Corporation offers these services through an integrated operating model that enables it to leverage its scale and implement best practices across countries, while generating multiple, contractually recurring revenue streams.

LeasePlan Corporation's resilient and cash-generative Car-as-a-Service business provides subscription-based mobility solutions with integrated services. LeasePlan Corporation offers corporates, small and medium-sized enterprises ("**SMEs**") and private individuals a complete end-to-end service for a typical contract duration of three to four years. Ownership of the vehicle, which is made possible through LeasePlan Corporation's diversified funding programme, is inherent to its business model and allows LeasePlan Corporation to capture the associated value chain of services throughout the entire vehicle life cycle. LeasePlan Corporation also has an online retail bank, LeasePlan Bank, which operates in the Netherlands and Germany, which is an important source of funding for its fleet.

After purchasing, funding and managing vehicles for its customers, LeasePlan Corporation maximises the value of vehicles coming off contract by selling them or, increasingly, re-leasing them, meaning that its fleet turns over relatively quickly and, by design, contains only the latest and cleanest vehicle models.

In the long term, LeasePlan Corporation's aim is to fully digitise its business model, to deliver digital services at digital cost levels and capture the growth opportunities that it identifies from time to time.

A more detailed description of LeasePlan Corporation's business is set forth on pages 13 to 87 of LeasePlan Corporation 2022 Annual Report.

2.2.2.2 Significant changes having an impact on the operations and principal activities since the end of the period covered by the latest published audited financial statements

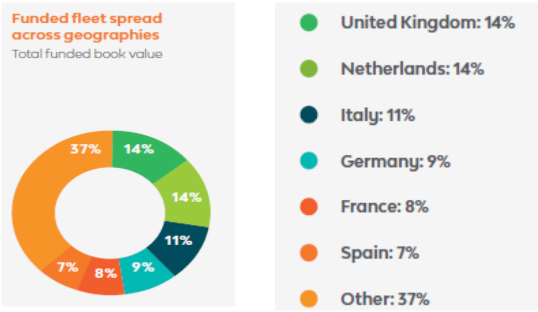
To LeasePlan Corporation's knowledge, except as disclosed in the LeasePlan Corporation 2022 Annual Report, no exceptional event has had or is likely to have a significant impact on the main activities of LeasePlan Corporation since 31 December 2022.

2.2.2.3 Principal markets

As at 31 December 2022, there are approximately 1.6 million vehicles in LeasePlan Corporation's serviced fleet across 28 countries. LeasePlan Corporation's scale and broad geographic presence enable it to service its local, regional and international customers.

The following table shows a breakdown of the funded fleet spread across geographies as at 31 December 2022:

LeasePlan Corporation's funded fleet spread across geographies as at 31 December 2022



LeasePlan Corporation Car-as-a-Service business benefits from its (i) global scale and local leadership, (ii) diversified customer base and (iii) diversified fleet across geographies and brands, with a growing proportion of EVs.

LeasePlan Corporation's diversified customer base comprises of the segments 'corporates', with a fleet of more than 25 vehicles (55% of funded fleet); 'SMEs,' with a fleet of 25 or fewer vehicles (37% of funded fleet); and 'private individuals' (8% of funded fleet). LeasePlan Corporation's customer base is also diversified across industries and countries, with no industry representing more than 25% of the fleet.

Finally, LeasePlan Corporation manages mainly passenger vehicles (79%[7]) and light commercial vehicles (20%[8]). LeasePlan Corporation's fleet is well diversified in terms of types of vehicles, countries of registration, brands and models, with no country representing more than 14% of its total funded fleet.[9] The geographic diversity of LeasePlan Corporation's fleet allows LeasePlan Corporation to focus its investments and limits exposure to region-specific risks.

A more detailed description of LeasePlan Corporation's principal markets is set forth on pages 3, 14 to 18 and 156 to 159 of LeasePlan Corporation 2022 Annual Report.

2.2.3 Investments

LeasePlan Corporation has been and is investing in its next generation digital architecture ("**NGDA**") and the rollout of NGDA across the LeasePlan group. NGDA is LeasePlan Corporation's new landscape for products, services, processes and data which is based on a harmonised global data, application and systems infrastructure, which enables LeasePlan Corporation to scale rapidly. In 2022, LeasePlan Corporation has launched NGDA in the Netherlands.

[7] Of funded book value as at December 31, 2022
[8] Of funded book value as at December 31, 2022
[9] Total funded book value as at December 31, 2022

2.2.4 Corporate governance

2.2.4.1 Administrative, management or supervisory bodies

LeasePlan Corporation is governed by a Supervisory Board and a Managing Board. The Supervisory Board consist of Jos Streppel (Chairman), Steven van Schilfgaarde (Vice-Chairman), Paul Johannes Scholten, Herta von Stiegel, Stefan Orlowski and Eric-Jan Vink, and the Managing Board consists of Tex Gunning as Chief Executive Officer, Toine van Doremalen as Chief Financial Officer and Jochen Sutor as Chief Risk Officer. LeasePlan Corporation also has an Executive Committee which comprises members of the Managing Board as well as LeasePlan Corporation's Cluster Directors and certain senior functional directors.

The Executive Committee ensures that LeasePlan Corporation's businesses, countries and functions are properly represented in the decision-making process. In this manner, the Executive Committee enables LeasePlan Corporation in the development and execution of 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, including LeasePlan Corporation's Articles of Association.

A more detailed description of LeasePlan Corporation's management and supervisory bodies is set forth on pages 88 to 101 and 108 to 111 of LeasePlan Corporation 2022 Annual Report.

2.2.4.2 Identity of major shareholders

LeasePlan is the sole shareholder of LeasePlan Corporation, with TDR Capital LLP, sovereign wealth funds Abu Dhabi Investment Authority and Government of Singapore Investment Corporation, and pension funds PGGM N.V. and ATP among the indirect shareholders of LeasePlan Corporation. None of these investors alone has a direct or indirect controlling interest in LeasePlan Corporation. There are no shares without voting rights or shares that give no or limited entitlement to profits or reserves of the company.

Following the proposed transaction with ALD, LeasePlan will have a new shareholder structure.

A more detailed description of LeasePlan Corporation's major shareholders is set forth on pages 109 and 120 of LeasePlan Corporation 2022 Annual Report.

2.2.4.3 Number of employees

As at 31 December 2022, the total number of staff employed by LeasePlan Corporation and its subsidiaries was 7,876.

2.2.5 Financial information

2.2.5.1 Annual financial statements for the twelve months prior to the publication of the exemption document

LeasePlan Corporation's audited company and consolidated financial statements for the financial year ended 31 December 2022, and the independent auditor's report, are set out on pages 114 to 210 and pages 214 to 226 of the LeasePlan Corporation 2022 Annual Report.

LP Group B.V.'s audited company and consolidated financial statements as at and for the fiscal year ended 31 December 2022, and the independent auditor's report thereon are attached as attached as Annex 1.

2.2.5.2 Accounting standards

The consolidated financial statements for the year ended 31 December 2022 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. LeasePlan Corporation's accounting standards are summarised in Note 3 "*Summary of significant accounting policies*" of Section "*Consolidated financial statements*" of LeasePlan Corporation 2022 Annual Report (incorporated by reference herein) with regard to the consolidated financial statements for the financial year ended 31 December 2022.

2.2.5.3 Significant change in the financial position which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published

There has been no significant change in the financial position of LeasePlan Corporation since 31 December 2022.

2.2.5.4 Management report referred to in Articles 19 and 29 of Directive 2013/34/EU

LeasePlan Corporation's management report is set out on pages 12 to 111 of LeasePlan Corporation 2022 Annual Report.

2.2.6 Legal and arbitration proceedings

To LeasePlan Corporation's knowledge, there are no administrative, legal or arbitration proceedings (including any such proceedings which are pending or threatened), except as disclosed in the LeasePlan Corporation 2022 Annual Report, which may have, or have had, in the 12 months preceding the date of the Exemption Document, a significant effect on LeasePlan Corporation's financial position or profitability.

2.2.7 Summary of the information disclosed under Regulation (EU) No 596/2014 of the European Parliament and of the Council

No information disclosed under Regulation (EU) No 596/2014 of the European Parliament and of the Council over the last 12 months.

3. DESCRIPTION OF THE TRANSACTION

3.1. Purpose and objectives of the Transaction

3.1.1 Background and presentation of the Transaction

The background and presentation of the Transaction is detailed in paragraph "*LeasePlan Acquisition*" of Section 2.1.2.2 "*Key strategic initiatives and operational developments*" of the ALD 2022 Universal Registration Document (incorporated by reference herein).

3.1.2 Purpose of the Transaction

3.1.2.1. ALD and LeasePlan complementary capabilities

The combination of ALD and LeasePlan is expected to be highly synergetic and create an opportunity to cross-leverage the two companies' complementary skills and strengths.

Clients

ALD and LeasePlan serve the same three client segments (large corporates, small- and medium-sized enterprises (SMEs), individual consumers), but each of them has specific areas of leadership.

LeasePlan has a network of large and very large blue-chip international and national corporate clients and has been particularly strong in this segment in which there is limited customer overlap between LeasePlan and ALD.

ALD has developed a strong partnership network with more than 150 partners across a large spectrum of sectors. It has allowed the Company to rapidly develop its presence in the SME and individual consumers segments.

This is expected to give the combined entity the best footprint across all segments.

Products and Digital

Both companies have developed a strong track record in innovation and digitalization, fostered by an entrepreneurial mindset. The combination is expected to result in leading positions in most of the new mobility markets and segments, strongly supported by ALD's recent acquisitions of Fleetpool, the leading digital subscription model in Germany, and Skipr, a leading Corporate MaaS digital platform in Europe. Strong specialities in LeasePlan include specific offerings on light commercial vehicles ("**LCVs**") and for customers focused on managing last-mile delivery fleets.

Insurance, Service and Operations

ALD and LeasePlan both have complementary insurance capabilities with ALD's reinsurance business and LeasePlan's captive motor insurance company. Both companies can leverage on an extensive network of captive and non-captive service providers for repair, maintenance, tyres and accident damage.

Remarketing

ALD and LeasePlan both have experience developing in-house remarketing platforms: ALD Carmarket and CarNext. ALD Carmarket sells over 250,000 vehicles per year in 41 countries and has a physical network in 20 countries. CarNext's operations were carved out from LeasePlan and subsequently acquired in 2021 by Constellation Automotive Group ("**CAG**"), which is expected to become one of the leading digital used car sales players in Europe through its different participations in CarNext and BCA. CAG will be a partner of choice of ALD's future remarketing strategy.

Funding

ALD's funding mix and strong credit ratings (debt ratings: BBB S&P / BBB+ Fitch, both on CreditWatch positive) benefit from the support of Societe Generale, facilitating efficient access to external funding. LeasePlan is also an established issuer in the debt capital market (debt ratings: BBB- S&P / BBB+ Fitch / Baa1 Moody's). ALD's debt ratings are expected to be upgraded to A- by both S&P and Fitch following the completion of the Transaction. LeasePlan also relies on its deposit collection platforms in Germany and the Netherlands. The combined entity would therefore have an enlarged funding sources base (deposits, loans, bonds and securitizations would represent approximately 25%, 10%, 25% and 10%, respectively, of total funding in the target combined funding structure), while continuing to benefit from Societe Generale's support (expected to represent approximately 30%).

In addition, ALD is expected to issue EUR 750 million of Additional Tier 1 and EUR 1,500 million of Tier 2 debt fully subscribed by Societe Generale upon completion of the Transaction.

ALD aims to have a robust capital position with approximately 12% of Common Equity Tier 1 ("**CET1**") capital and layers of Additional Tier 1 and Tier 2 capital ensuring the maintenance of an adequate management buffer over all solvency ratios upon completion of the Transaction. ALD's total capital ratio would reach approximately 16% upon completion of the Transaction.

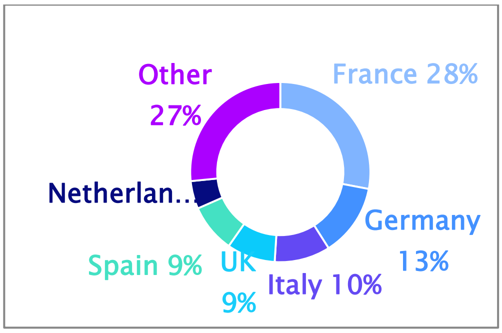
Geographical footprint

ALD and LeasePlan both have a large geographical presence, covering 43 and 28 countries, respectively, and 44 for the combined entity[10] as at 31 December 2022. The two companies are broadly present in similar geographies (especially for the largest countries by fleet size which are France, the Netherlands, Germany, the UK, Spain and Italy). The combination will allow for a more balanced presence across mature European markets.

[10] Taking into account the sale of LeasePlan USA completed on 1 December 2022 and of entities held for sale: Russia, Belarus and remedies agreed with antitrust authorities.

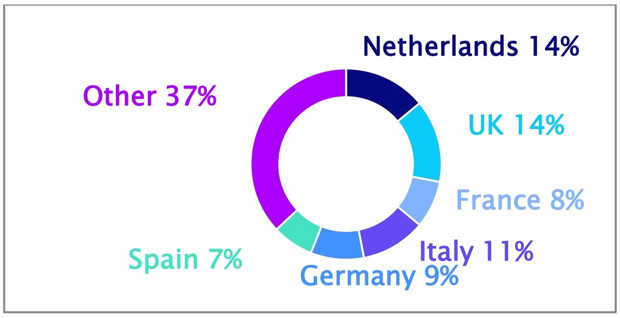
The graphs below present the breakdown ALD's and LeasePlan's respective geographical footprint as at 31 December 2022:

ALD fleet breakdown as at 31 December 2022



Note: Total fleet as at 31 December 2022, excluding Russia, Belarus and remedies agreed with antitrust authorities

LeasePlan fleet breakdown as at 31 December 2022



Note: Estimated total fleet as at 31 December 2022, taking into account the sale of LeasePlan USA completed on 1 December 2022 and remedies agreed with antitrust authorities, based on funded fleet book value

3.1.2.2. Synergies and value creation expected from the Transaction

The combination of ALD and LeasePlan is expected to be highly synergetic and create an opportunity to cross-leverage the two companies' complementary capabilities. As a leading global player in mobility worldwide, ALD will benefit from a fast-growing market driven by strong underlying megatrends, including:

- the shift from ownership to usership on all fronts: large corporates, SMEs and individual consumers (including B2B2E[11]);
- the data-driven digital transformation of the mobility industry; and
- the transition towards zero-emission and sustainable mobility.

[11] Business to business to employees.

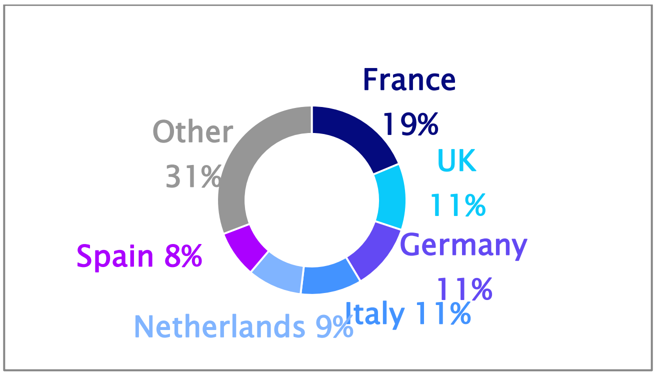
3.1.2.3. Size

The increased size of ALD, with a total fleet size of approximately 3.3 million[12] vehicles as at 31 December 2022, would provide several key advantages.

Thanks to the combination with LeasePlan, ALD would be able to propose a global offering and coverage of all customer segments (large corporates, SMEs, consumers) and increased breadth in terms of products and services. The Transaction would also enable ALD to anticipate future market needs and meet client expectations with industry-leading operating efficiency and optimized procurement.

The combined entity would also benefit from a more balanced geographical coverage, notably between the more mature countries of operation[13]:

Combined Entity Fleet as at 31 December 2022



Note: Based on the sum of ALD and LeasePlan total fleets as at 31 December 2022, taking into account the sale of LeasePlan USA completed on 1 December 2022 and remedies agreed with antitrust authorities; LeasePlan breakdown estimated based on funded fleet book value

The combined entity's significant procurement volumes would give ALD significant savings opportunities, in particular through volume discounts:

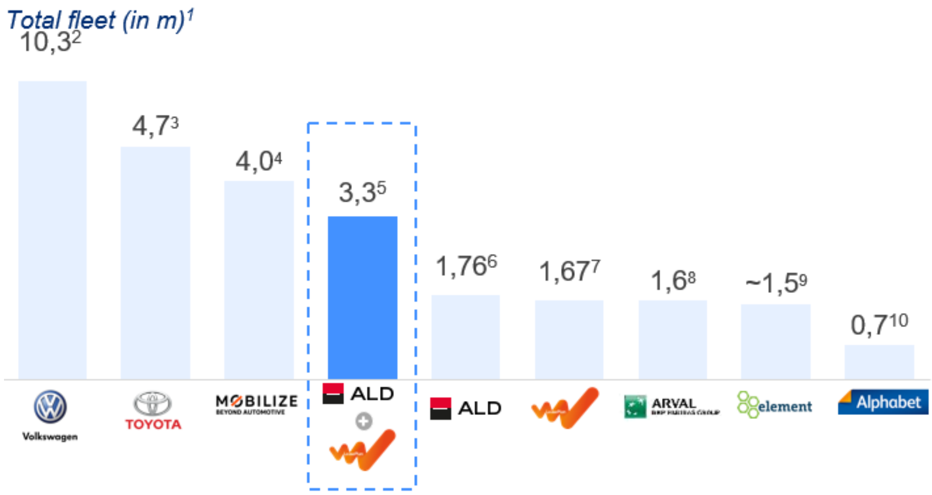
- combined fleet of approximately 3.3 million[14] vehicles (as at 31 December 2022)
- approximately 800,000 vehicles and 4 million tyres purchased per year
- other combined pools of direct and indirect procurement, including other vehicle-related consumables and services, and company-related services (i.e. IT services, real estate, etc.)

With this step-change in size, the combined entity would be better positioned to compete with large original equipment manufacturer ("**OEM**") captives (such as VW, Toyota and RCI Mobilize) and other companies entering or potentially looking to enter the fleet leasing market.

[12] Taking into account the sale of LeasePlan USA completed on 1 December 2022 and of entities held for sale: Russia, Belarus and remedies agreed with antitrust authorities.

[13] Taking into account the sale of LeasePlan USA completed on 1 December 2022 and of entities held for sale: Russia, Belarus and remedies agreed with antitrust authorities.

[14] Taking into account the sale of LeasePlan USA completed on 1 December 2022 and of entities held for sale: Russia, Belarus and remedies agreed with antitrust authorities.



1. *As at 31 December 2022*
2. *VW Group 2022 Annual report*
3. *Toyota presentation Materials for Investors, February 2023*
4. *ALD estimation based on RCI bank 2022 business report*
5. *As at 31 December 2022*
6. *Total fleet as at 31 December 2022, excluding Russia, Belarus and remedies agreed with antitrust authorities*
7. *Total fleet as at 31 December 2022, taking into account the sale of LeasePlan USA completed on 1 December 2022 and remedies agreed with antitrust authorities*
8. *Average Funded fleet as at 31 December 2022*
9. *Element Q4 2022 Investor presentation*
10. *As at 31 December 2022*

3.1.2.4. Digital

Following the Transaction, ALD believes it will be ideally positioned to lead the digital transformation of the industry, embracing the sustainable mobility sector's global growth megatrends.

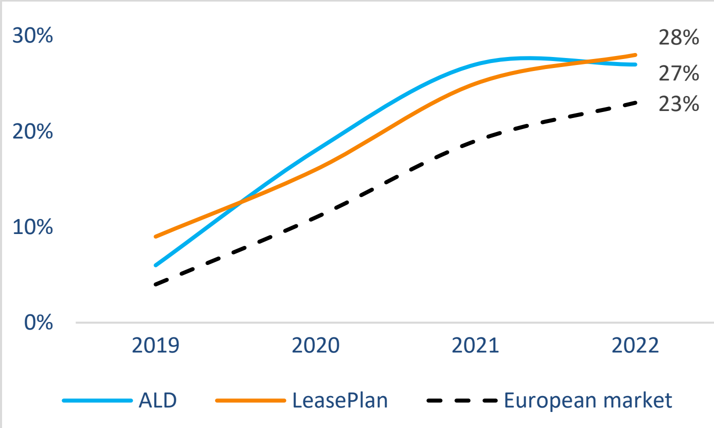
The combined entity would benefit from an enhanced ability to invest and develop new mobility products and ancillary services. For informative purposes, combined strategic investments[15] represented approximately EUR 400 million in 2021. This would allow the combined entity to build new digital business models based on core value chain competencies.

3.1.2.5. Sustainability

As a result of the Transaction, the combined entity is expected to become a leading global provider of sustainable mobility solutions and the partner of choice for clients to support the transition towards electric vehicles (EVs).

[15] Including both operating and capital expenditures

EV penetration in new car deliveries



ALD: European Union, United Kingdom, Norway and Switzerland

LeasePlan: European Union 22 countries

European market: Share of EV in new passenger car deliveries (Battery Electric Vehicle and Plug in Hybrid Electric Vehicle); Source: EV volumes

3.1.2.6. Delivering value to ALD shareholders through the creation of the leading global sustainable mobility player

The combined entity is expected to be well-placed to seize new growth opportunities in the sustainable mobility sector. Powered by its enlarged offering, geographical presence, and extensive digital capabilities, the combined entity is expected to benefit from strong growth across all client categories.

The highly synergetic nature of this combination and the complementary capabilities of ALD and LeasePlan are expected to generate significant value for ALD's shareholders.

This transformative combination is expected to position ALD for long-term fleet growth of at least 6% *per annum* post integration.

ALD is targeting a Cost/Income[16] (excluding Used Car Sales) ratio of 46% to 47% by 2025, representing a strong improvement compared to 56%[17] for the combined entity in 2022. This improvement in efficiency is expected to further boost the Company's resilience through the cycle.

Improvement in efficiency will be underpinned by scale effects and cost synergies. Annual run-rate procurement and cost synergies are estimated at approximately EUR 440 million *per annum* before tax and expected to fully materialize by 2025. Procurement optimization would contribute a substantial part of this, through synergies on vehicle and tyre spending and savings on services and indirect expenditure. The remainder would come from other cost synergies. Total restructuring costs are estimated at approximately EUR 475 million before tax, incurred from 2022 to 2025.

[16] Computed as: Total overheads/gross margin (excluding Used Car Sales)

[17] Based on LeasePlan's disclosure and excluding non operating items.

ALD targets a dividend pay-out ratio of 50% over 2022 to 2025 and expects this transaction to provide attractive returns and significant value creation for its shareholders.

For a full description of the Group's strategy, please refer to Sections 1.4 "*Strategy*" and 1.5 "*Acquisition of LeasePlan*" of ALD 2022 Universal Registration Document.

3.2. Conditions of the Transaction

3.2.1 Background and legal aspects of the Contribution

3.2.1.1. Legal aspects of the Contribution

Pursuant to a framework agreement entered into between ALD, LP Group B.V., LeasePlan Corporation N.V. and Lincoln Financing Holdings Pte. Limited on 22 April 2022, as amended on 28 March 2023 (the "**Framework Agreement**"), ALD will acquire 100% of the share capital of LeasePlan (the "**Transaction**").

Based on a LeasePlan's estimated net asset value of EUR 3,502 million at closing and subject to a contingent consideration of an amount up to EUR 235 million in cash (as further described in Section 6.7 "*Unaudited pro forma consolidated financial information*" of the ALD 2022 Universal Registration Document), the Transaction will be financed through a combination of cash and a mix of ALD shares and warrants in the following proportions:

- approximately EUR 1.8bn in cash, financed through (i) a capital increase with shareholders' preferential subscription rights of ALD of approximately EUR 1.212 billion completed on 20 December 2022 ("**ALD Rights Issue**") and (ii) the issuance of EUR 0.6 billion of subordinated debt (Tier 2) fully subscribed by Société Générale in accordance with the Framework Agreement, in consideration of which ALD will receive such number of LeasePlan shares representing 35% of its share capital; and
- the issuance to Lincoln of (i) 224,905,293 newly issued ALD ordinary shares with a par value of EUR 1.50 each and (ii) 26,310,039 newly issued ALD ordinary shares to which 26,310,039 new ALD warrants will be attached (*Actions à bon de souscription d'actions*), in each case as consideration for a contribution in kind (*apport en nature*) by Lincoln to ALD of such number of LeasePlan shares representing 65% of its share capital (the "**Contribution**").

The Contribution will take the form of a contribution in kind (*apport en nature*) in accordance with article L. 225-147 of the French Commercial Code (*Code de commerce*).

The terms and conditions of the Contribution are set forth in a contribution agreement entered into between ALD and Lincoln on 5 April 2023 (the "**Contribution Agreement**").

(a) Date of reunion of ALD's board of directors which approved the Contribution and execution date of the Contribution Agreement

The board of directors of ALD, after review of the terms and conditions of the Contribution as set out in the draft Contribution Agreement submitted to it, approved the Contribution and the execution of the Contribution Agreement during its meeting held on 5 April 2023.

The CEO of ALD executed the Contribution Agreement on 5 April 2023.

(b) Date of the financial statements

The terms and conditions of the Contribution have been established on the basis of:

- ALD's audited consolidated financial statements for the financial year ended on 31 December 2021 and ALD's unaudited consolidated interim financial statements for the six-month period ended on 30 June 2022 and ALD's unaudited consolidated financial statements for the financial year ended on 31 December 2022 examined by the board of directors on 7 February 2023, and
- LeasePlan's audited consolidated financial statements for the financial years ended on 31 December 2021 and 31 December 2022.

(c) Closing Date of the Contribution from a legal standpoint – Conditions Precedent

Subject to the satisfaction or waiver of the conditions precedent listed below, the Contribution will be completed on 28 April 2023 or, in the event that one or several of the conditions precedents would not be satisfied by this date, on the date on which the last of these conditions precedent would be satisfied but in any event no later than 22 October 2023 (the "**Closing Date**").

The completion of the Contribution is subject to certain closing conditions, some of which being already satisfied as of the date of this Exemption Document as described below.

The main closing conditions are as follows:

- the obtention of a waiver by the AMF of the obligation to file a tender offer on ALD;
- the approval from the European Central Bank and other regulatory and foreign investment authorities;
- the approval of the Transaction from antitrust authorities;
- approvals of the Transaction by the shareholders' general meetings of ALD and LeasePlan; and
- the delivery by each of ALD and LeasePlan of a pre-agreed book value at closing.

Waiver by the AMF of the obligation to file a tender offer on ALD

Following completion of the Transaction, Société Générale, TDR, Lincoln and ATP acting in concert will exceed the legal thresholds of 30% of the share capital and voting rights of ALD, which characterizes a situation where a public offer must be filed in accordance with Article 234-2 of the AMF General Regulation.

In this context, Société Générale, TDR, Lincoln and ATP requested and obtained from the AMF the granting of an exemption from the obligation to file a public offer for ALD shares, on the basis of Articles 234-9, 4° and 234-9, 6° of the AMF General Regulation, as published by the AMF on 10 November 2022, and which decision has not been the subject of an application for review within the opposition period provided for in the applicable regulations.

Approval from the European Central Bank and other regulatory authorities

LeasePlan Corporation currently has a banking license granted by the European Central Bank, allowing it to raise deposits under the Dutch deposit guarantee scheme. ALD has applied to the ECB for a Financial Holding Company ("**FHC**") status. The granting of the status of FHC by the ECB to ALD is a condition precedent to the completion of the Transaction. As at the date of this Exemption Document, the ECB already granted ALD FHC's status, effective upon completion of the Transaction.

The completion of the Transaction is conditioned upon the obtention of a decision of non-objection from the ECB for the change of control of LeasePlan Corporation. On 25 November 2022, the ECB rendered a decision confirming their non-objection to the change of control of LeasePlan Corporation.

The completion of the Transaction is also conditioned upon the obtention of several regulatory clearances or the completion of formal notifications in foreign jurisdictions (mostly in Europe and in Brazil) from financial regulatory authorities and other authorities including in relation to foreign investment regulations. As at the date of this Exemption Document, each of these regulatory clearances have already been obtained and it is expected that the outstanding regulatory notifications will have been made prior to the closing of the Transaction.

Approval from antitrust authorities

ALD has obtained all merger control clearances conditioning the completion of the Transaction. The last clearance was obtained from the European Commission on 25 November 2022, it being specified that (i) this clearance is conditional to the divestiture of the subsidiaries carrying on the full-service leasing and fleet management business of ALD in Portugal, in Ireland and in Norway (with the exception, in the latter country, of NF Fleet Norway, a company jointly owned by ALD and Nordea) and of LeasePlan in the Czech Republic, in Finland and in Luxembourg and (ii) closing of the Transaction is contingent on receiving from the European Commission a decision agreeing the proposed acquiror and the terms agreed with the latter for the divestiture of these entities. An agreement with Crédit Agricole Consumer Finance has been reached on 22 March 2023 for the sale of these six entities.

Approvals by the shareholders' general meetings of ALD and LeasePlan

The completion of the Transaction is subject to the prior approval by the shareholders' general meeting of ALD of the issuance of ALD New Ordinary Shares and ALD ABSA as consideration for the contribution in kind (*apport en nature*) by Lincoln to ALD of the fraction of the LeasePlan shares it holds which are not acquired in cash. Such shareholders' general meeting is expected to be held on 28 April 2023.

The completion of the Transaction is also subject to the prior approval by the shareholders' general meeting of LeasePlan of the distribution of a pre-closing dividend, in accordance with the calculation method agreed upon in the Framework Agreement and taking into account the contemplated sale of LeasePlan USA by LeasePlan Corporation. Such shareholders' approval is expected to take place on or prior to the Closing Date.

Delivery by each of ALD and LeasePlan of a pre-agreed book value at closing

The completion of the Transaction is subject to:

- the LeasePlan closing amount (equal to the estimated LeasePlan closing net asset value plus the amount of distribution paid between 30 June 2021 and closing of the Transaction) being not less than EUR 5.084 billion (subject to certain upward/downward adjustments); and
- the ALD closing amount (equal to the estimated ALD closing net asset value plus the amount of distribution paid between 6 January 2022 and closing of the Transaction)

being not less than EUR 6.391 billion (subject to certain upward/downward adjustments).

(d) Effective date of the Contribution from an accounting and tax perspective

The effective date of the Contribution from an accounting and tax perspective shall correspond to that same date on which the extraordinary shareholders' meeting of ALD will approve the Contribution and proceed with the related share capital increase of ALD.

(e) Main planned amendments to ALD's articles of association

ALD's articles of association shall be amended as from the Closing Date, in particular, to modify the share capital amount, to confer double voting rights to any share fully paid-up which is held in registered form (*inscrite au nominative*) by the same shareholder in the shares registration account of ALD since at least two years, to delete the statutory prohibition of designating directors over 70 years of age and to give a casting vote to the Chairman of the board.

The benefit of double voting rights will be applicable retroactively as soon as ALD's articles of association are amended. As a result, Société Générale will benefit from double voting rights as soon as ALD's article of association are amended to this effect. ATP, Lincoln and TDR will undertake to hold their ALD shares in bearer form (*au porteur*), in such a way that they will not benefit from double voting rights.

(f) Main planned amendments to ALD's internal rules of the board of directors

In order to adapt internal rules of the ALD Board of Directors to the governance and shareholding of ALD post completion of the Transaction and to the new status of ALD as a financial holding company (the "**Internal Rules of the Board of Directors**"), the Internal Rules of the Board of Directors shall be amended as from the Closing Date.

The new Internal Rules of the Board of Directors will include the following main modifications:

- **Composition of the Board of Directors**:
  - new obligation for the Board of Directors to comprise a majority of non-executive directors who are independent of the day-to-day management of ALD and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement and should consist of directors with the adequate professional knowledge, skills, experience and necessary good repute, honesty, integrity and independence of mind as required by applicable laws and regulations;
  - new obligation for the chair of the Board of Directors to not be an executive director or an effective manager (*dirigeant effectif*) of ALD;
- **New attributions of the Board of Directors**: as from the Closing Date, the Board of Directors:
  - ensures that ALD has a solid governance system including, in particular, a clear organisation ensuring a well-defined, transparent and coherent sharing of responsibilities, effective procedures for the detection, management, monitoring and reporting of risks to which the ALD is or could be exposed, an adequate internal control system, sound administrative and accounting procedures enabling and promoting sound and effective risk management;

- verifies that ALD and the Group operations are carried out in accordance with the laws and regulations governing its activities, and fully comply with the policies, guidelines, instructions, procedures, and commitment limits implemented to govern the taking, management, monitoring and mitigation of the risks to which the ALD may be exposed. It regularly evaluates the adequacy, efficiency and approves the strategies, policies and internal group regulations governing the assumption, management, monitoring, mitigation of the risks which ALD may be exposed to as well as the overall risk appetite set up. It ensures any necessary corrective measures with regards to internal control and risk management failures is timely implemented.

- Amendment of thresholds in relation to investment projects and transactions having to be approved by the Board of Directors:
  - organic growth of any unit amount higher than EUR 50 million (instead of EUR 30 million) in equity or in general expenses and not already approved as part of the annual budget or the strategic plan;
  - external growth for amount higher than EUR 140 million (instead of 3%) of Group's consolidated equity or higher than EUR 70 million (instead of 1.50%) of the Group's consolidated equity if these transactions do not fall within the development priorities approved in the strategic plan;
  - sale of more than EUR 70 million of Group's consolidated equity;
  - partnership where the balance in cash is higher than EUR 70 million of Group's consolidated equity.
- **New matter subject to Board of Directors approval**: remuneration policy applicable within ALD group and in particular relating to executive corporate officers and sets the remuneration for executive corporate officers upon proposal and after examination by the Remuneration Committee;
- **Information of the Board of Director**s: new obligation of the effective managers to inform the Board of Directors of all significant risks, risk management policies and changes made to them.
- **Convening of the Board of Directors**: addition of the possibility, in case of vacancy of the Chairperson, to convene a Board of Directors by a minimum of 1/3 of its members or by the Chief Executive Officer if he/she is a board member.
- **Obligations of the Chairperson**: new prohibition for the Chairperson to have executive responsibilities in ALD.
- **Modifications of the Committees of the Board of Director**s: as from the Closing Date, ALD will have the following five committees: an Audit Committee, a Remuneration Committee, a Risk Committee, an Appointments Committee and a Strategic Committee. Each of these committees will be chaired by an independent director. The Board of Directors' internal regulations describing the detailed functioning and composition of these committees will be available on ALD's website following the completion of the Transaction.
- **Amendment and publication of the new Internal Rules of the Board of Director**s: as from the Closing Date, the Internal Rules of the Board of Directors may be amended

by a decision of the Board of Directors taken by a majority of the directors present or represented at the relevant Board Meeting, it being specified, however, that the provisions of the Internal Rules of the Board of Directors which incorporate some of the provisions of ALD's articles of association may only be amended if the corresponding provisions of the ALD's articles of association have been previously amended by the extraordinary general meeting of the ALD's shareholders.

(g) Opinion of ALD' work council

ALD's work council (*Comité Social et Economique*) has been informed and consulted in connection with the Transaction and issued a favourable opinion on 14 January 2022.

(h) Tax regime applicable to the Contribution

In accordance with article 810, I, of the French Tax Code (*Code general des impôts*), the registration of the Contribution with the tax administration will not be subject to a registration duty.

(i) Indicative timetable of the Transaction

21 March 2023	ALD Board of Directors' meeting convening an extraordinary shareholders' meeting
5 April 2023	ALD Board of Directors' meeting approving the Contribution Agreement
7 April 2023	Publication of the Contribution Appraiser reports on ALD website
13 April 2023	Publication of this Exemption Document on ALD website
28 April 2023	Extraordinary shareholders' meeting of ALD approving the principle, valuation and remuneration of the Contribution, the terms and conditions of the Contribution Agreement and proceeding with its share capital increase by issue of new shares and warrants in remuneration of the Contribution

3.2.1.2. Control of the Contribution

(a) Approval dates of the Contribution by the shareholders of ALD and Lincoln – Commitments to vote in favour on the Contribution

ALD's extraordinary shareholders' meeting called to approve the Contribution is scheduled for 28 April 2023.

Société Générale, which holds 75.94% of the share capital of ALD at the present date, has irrevocably undertook to vote in favour of the Contribution.

Lincoln extraordinary shareholders' meeting called to approve the Contribution is expected to take place prior to the Closing Date.

Certain indirect shareholders of Lincoln (being Lincoln Holding S.à.r.l., Luxinva S.A., Hornbeam Investment PTE. Ltd., Stichting Depositary PGGM Private Equity Funds, Arbejdsmarkedets Tillægspension, ELQ Investors VIII Ltd and Stubham Lodge Ltd), who indirectly hold together 90.8% of the share capital of Lincoln at the present date, have irrevocably undertaken to vote in favour of the Contribution.

(b) Contribution Appraiser appointed by the Nanterre Commercial Court

By court order (*ordonnance*) dated 5 May 2022, at the request of ALD, the President of the Nanterre Commercial Court appointed Ledouble (8, rue Halévy 75009 Paris), represented by Mrs. Agnès Piniot as Contribution Appraiser (*commissaire aux apports*) for the Contribution in order for such Contribution Appraiser to carry out the missions provided for by the provisions of Articles L. 225-147, R.22-10-7, R. 22-10-8 and R. 225-136 of the French Commercial Code (*Code de commerce*).

No incompatibility was identified regarding the appointment of Ledouble, represented by Mrs. Agnès Piniot, as Contribution Appraiser.

In accordance with Articles L. 225-147, R.22-10-7, R. 22-10-8 and R. 225-136 of the French Commercial Code (*Code de commerce*), the Contribution Appraiser shall (i) assess the value of the Contribution and the special advantages (if any) and (ii) draft a report on such elements.

In accordance with the AMF Doctrine (*position-recommendation*) n°2020-06 and pursuant to the above-mentioned court order of the President of the Nanterre Commercial Court, the Contribution Appraiser shall also (i) assess the fairness of the exchange ratio and (ii) draft a report on such elements.

The two reports of the Contribution Appraiser (which are incorporated by reference in this Exemption Document) are available on ALD's website:

https://www.aldautomotive.com/Portals/international/Documents/Rapport%20des%20commissaires%20aux%20apports%20sur%20la%20valeur%20de%20l'apport.pdf?ver=2023-04-07-160241-433&timestamp=1680876404769;

https://www.aldautomotive.com/Portals/international/Documents/Rapport%20des%20commissaires%20aux%20apports%20sur%20la%20r%C3%A9mun%C3%A9ration%20de%20l'apport.pdf?ver=2023-04-07-160242-217&timestamp=1680876420927

(c) Special mandate given by the AMF to the statutory auditors or the Contribution Appraiser

Not applicable.

3.2.1.3. Compensation for the Contribution

(a) Capital increase

In consideration to the Contribution, ALD will issue:

- 224,905,293 new ALD shares, each with a nominal value of EUR 1.50 (the "**ALD New Ordinary Shares**"), and
- 26,310,039 new ALD shares one to which 26,310,039 new ALD warrants will be attached (*Actions à bon de souscription d'actions*) (the "**ALD ABSA**"), each ABSA having a nominal value of EUR 1.50,
- The global exchange ratio being of a total of 65,000,001 LeasePlan shares contributed as part of the Contribution for a total number of 224,905,293 ALD Ordinary Shares and 26,310,039 ALD ABSA.

As a result of the Contribution, the total nominal value of ALD's share capital will be EUR 1,225,440,642 before exercise of ALD ABSA.

The difference between the value of the Contribution (*i.e.*, EUR 2,720,000,000) and the nominal value of the capital increase (*i.e.*, EUR 376,822,998) will represent a contribution premium of EUR 2,343,177,002. This premium will be credited to additional paid-in capital in ALD's statement of financial position (*compte "prime d'apport*"), to which all new and existing shareholders of ALD will have rights.

The terms and conditions of the warrants attached to the ALD ABSA are attached under Annex 2.

(b) Date of entitlement to dividends of the new shares

The ALD New Ordinary Shares issued by ALD in consideration for the Contribution will carry dividend and voting rights as from the Closing Date, with exception to the dividend entitlement (EUR 1.06 per ALD share) for the distributable income of ALD which will be submitted to the vote of ALD's annual general assembly meeting to be held in May 2023, will rank *pari passu* with the existing shares comprising ALD's share capital, will carry the same rights and privileges and will be subject to all the provisions set out in ALD's articles of association.

(c) Listing date

All ALD New Ordinary Shares issued in consideration of the Contribution will be admitted for trading as from the Closing Date.

Accordingly, as soon as possible after the Closing Date, an application will be made for ALD New Ordinary Shares to be listed on Euronext Paris, in such a way that they will be listed on a second quotation line until the payment of the dividend in respect of ALD's distributable income, and will then, as from this payment, be assimilated to the existing shares and admitted to trading on the same quotation line as the existing shares (ISIN FR0013258662).

3.2.1.4. Accounting for the Contribution

(a) Classification and value of the assets contributed and the liabilities assumed

For accounting purposes, the value of the Contribution is based on its fair market value, in accordance with Regulation No. 2014-03 of 5 June 2014 concerning the general accounting plan (*plan comptable general*) of the French Accounting Standards Authority (*Autorité des normes comptables*), as updated on 1st January 2016 and completed by Regulation No. 2016-07 of 4 November 2016, Regulation No. 2017-01 of 5 May 2017 and Regulation 2019-06 of 8 November 2019, as the Contribution is made between separately controlled entities and Lincoln will not take control of ALD as a consequence of the Contribution.

The Contribution will be completed and effective as of the Closing Date.

The LeasePlan shares contributed as part of the Contribution have been valued at their actual value, on the basis of LeasePlan's audited consolidated financial statements for the financial year ended on 31 December 2022.

On this basis, the estimated valuation of the Contribution as of the date of the Contribution Agreement is EUR 2,720,000,000, composed of 65,000,001 LeasePlan shares representing 65% of its share capital.

The difference between the value of the Contribution as of the Closing Date (*i.e.*, the fair market value of the Contribution) and the nominal amount of the share capital increase of ALD carried out in consideration of the Contribution (*i.e.*, EUR 2,343,177,002) will represent a contribution premium, which will be credited to a "contribution premium" account (*compte "prime d'apport"*).

(b) Assets transferred

In accordance with the conditions set out in the Contribution Agreement dated 5 April 2023, Lincoln will contribute to ALD 65 000 001 LeasePlan share representing 65% of its share capital – as of the date of this Exemption Document – for a total amount of EUR 2,720,000,000.

(c) Liabilities transferred

Not applicable.

(d) Revaluations and readjustements performed between the Contribution value and the carrying amount

Not applicable.

(e) Independent assessment of the value of the Contribution by the Contribution Appraiser

The Contribution Appraiser has prepared reports on its assessment of the value of the Contribution by Lincoln and on the fairness on the consideration by ALD for the Contribution. These reports (which are incorporated by reference in this Exemption Document) are available on ALD's website:

https://www.aldautomotive.com/Portals/international/Documents/Rapport%20des%20commissaires%20aux%20apports%20sur%20la%20valeur%20de%20l'apport.pdf?ver=2023-04-07-160241-433&timestamp=1680876404769;

https://www.aldautomotive.com/Portals/international/Documents/Rapport%20des%20commissaires%20aux%20apports%20sur%20la%20r%C3%A9mun%C3%A9ration%20de%20l'apport.pdf?ver=2023-04-07-160242-217&timestamp=1680876420927.

Regarding the value of the Contribution:

Based on the work performed and as of the date of this report, we are of the opinion that the value of the Contribution, amounting to EUR 2,720,000,000, is not overvalued and, consequently, that it is at least equal to the amount of the share capital increase of the beneficiary company plus the contribution premium."

Such findings are a free translation from the original "*Rapport du Commissaire aux apports sur la valeur de l'apport*" regarding the "*Apport des titres de la société LP Group B.V. par la société Lincoln Financing Holdings au profit de la société ALD*" issued by the Contribution Appraiser on 6 April 2023. In the event of discrepancies in translation or in interpretation, the French version should prevail.

Regarding the fairness of the exchange ratio:

"*Based on the work performed and as of the date of this report, we are of the opinion that the consideration for the Contribution consisting in the issuance of 224,905,293 shares and 26,310,039 ABSA of the beneficiary company in exchange for the Contribution of 65,000,0001 LP Group shares is fair*."

Such findings are a free translation from the original "*Rapport du Commissaire aux apports sur la rémunération de l'apport*" regarding the "*Apport des titres de la société LP Group B.V. par la société Lincoln Financing Holdings au profit de la société ALD*" issued by the Contribution

Appraiser on 6 April 2023. In the event of discrepancies in translation or in interpretation, the French version should prevail.

(f) Details of the calculation of the share premium

The difference between the value of the Contribution (*i.e.*, EUR 2,720,000,000) and the nominal value of the capital increase of ALD (*i.e.*, EUR 376,822,998) will represent a contribution premium of EUR 2,343,177,002. This premium will be credited to additional paid-in capital in ALD's statement of financial position (*compte "prime d'apport*"), to which all new and existing shareholders of ALD will have rights.

3.2.1.5. Valuation of the Contribution

(a) Financial assumptions retained in valuing the Contribution

Pursuant to the Contribution Agreement, Lincoln will contribute 65,000,001 LeasePlan shares representing 65% of the share capital, to ALD.

The remaining shares composing the share capital of LeasePlan (*i.e.*, 35,000,000 LeasePlan shares representing 35% of the share capital) will be purchased by ALD by cash payment of circa EUR1.8bn on the Closing Date.

The valuation works of the assets contributed as part of the Contribution have therefore been conducted on the basis of 100% of the share capital and voting rights of LeasePlan.

The valuation works has been conducted following a multi-criteria analysis (see paragraph (b) "Description of the criteria retained in determining the value of the Contribution").

The valuation of LeasePlan was made on the basis of the 2021-2025 projections presented by the LeasePlan's management to the European Central Bank in April 2021, reworked by ALD's management in Q4 2022 without taking into account any potential synergies related to the Transaction and removing the contribution for the US activities (LeasePlan USA) to be disposed of before the closing of the Transaction (the "**LeasePlan Business Plan**").

The valuation has been performed using market data (source: Factset) dated 27 October 2021, which corresponds to the last day of trading before the publication of a press release confirming discussions on a potential business combination between LeasePlan and ALD.

(b) Description of the criteria retained in determining the value of the Contribution

Dividend Discount Model

This method consists in valuing a company's equity by discounting its future dividends under regulatory capital constraints (projected risk-weighted assets – RWA – and target CET1 ratio), LeasePlan having the status of a credit institution regulated by the Netherlands Central Bank (*De Nederlandsche Bank*).

The following assumptions were used for the DDM method:

- theoretical future dividends calculated under regulatory capital constraints on the basis of a target CET1 ratio of 13.0% (identical to the target level presented as of late 2021 to the European Central Bank for the entity resulting from the combination of LeasePlan and ALD);
- a cost of equity for ALD of 10.0%, which is consistent with the cost of equity used by financial analysts for companies operating in the LeasePlan's business sector, including ALD;

- a terminal value calculated on the basis of a cost of equity of 10.0% and a long-term growth rate of +2.0% per annum (in line with the European Central Bank's long-term inflation target);
- a target IFRS net asset value at the Closing Date as contractually agreed with Lincoln.

The application of the Dividend Discount Model method to the LeasePlan Business Plan results in a value of EUR3.5bn for the shares contributed as part of the Contribution (65% of LeasePlan's shares).

Trading multiples valuation

The trading multiples approach consists in valuing LeasePlan by applying to its financial metrics the multiples observed for a sample of listed companies operating in the same industry. Given LeasePlan's industry, the P/E (net income multiple) approach was used.

ALD was selected as the only relevant reference for valuing LeasePlan, given its similar size, operating model, financial profile and geographical footprint. This relevance is reinforced by the fact that the Transaction consists of a contribution of the majority of the LeasePlan shares (65%) to ALD in exchange for ALD ordinary shares.

Applying ALD's 2022e P/E multiple of 8.0x (based on the 1-month volume weighted average share price on Euronext and ALD's consensus net income from Factset as of 27 October 2021) to the 2022e net income of the LeasePlan Business Plan results in a value of between EUR2.7 bn and EUR2.9bn for the LeasePlan shares contributed as part of the Contribution (before or after remuneration of the Additional Tier 1 securities – which is an instrument similar to LeasePlan's own equity).

Research analysts target price

As LeasePlan is not admitted to trading on a regulated or organized market, it is not covered by research analysts. However, ALD, whose shares are listed on the regulated market Euronext, is covered by research analysts.

Given the strong similarity of LeasePlan's operating model and financial profile with that of ALD, the P/E multiple of ALD implied by the average analysts' target price as of 27 October 2021 and ALD's net income consensus from Factset as of the same date was applied to LeasePlan's net income.

As of 27 October 2021, ALD's research analysts average target price (EUR15.4 per share) and ALD's net income consensus from Factset result in P/E multiples of 8.8x for 2021e and 10.2x for 2022e. Applied to the 2021e and 2022e net income of the LeasePlan Business Plan, the average valuation implied for LeasePlan shares contributed as part of the Contribution amounts to EUR3.7bn.

Value of ALD shares and warrants

As LeasePlan and ALD are operating in the same industry and have similar size, business model, financial profile and geographic footprint, ALD's market valuation provides a sound basis for LeasePlan's valuation.

As part of the transaction, it was agreed that 65% of LeasePlan's shares would be exchanged for newly issued ALD shares and warrants. As of the valuation date of the Contribution, based on an estimated total of approximately 251 million ALD shares to be issued and approximately 26 million warrants, an ALD share price of EUR10.70 (theoretical share price pro-forma of the capital increase, based on an ALD share price of EUR12.12 as of October 27, 2021 - 1 month average), the valuation of the Contribution amounts to EUR2.8bn.

(c) Financial assumptions retained in valuing ALD

The valuation works are based on ALD's 2021-2025 forecasts prepared in November 2020. These 2025 targets have been communicated to the market on the "*Capital Markets Day*" of 12 November 2020 and reworked by ALD's management in the fourth quarter of 2021 without taking into account any potential synergies related to the Transaction to be consistent with the business plan used for the valuation of the Contribution (the "**ALD Business Plan**").

(d) Description of the criteria retained in determining the value of ALD

The valuation of ALD has been conducted on multi-criteria approach identical to that used for the assets contributed as part of the Contribution, in terms of methods and parameters of valuation.

Dividend Discount Model

The application of the Dividend Discount Model to the ALD Business Plan results in a value of EUR7.1bn, based on the same parameters as those used for the valuation of the Contribution (*i.e.*, a target CET1 ratio of 13.0%, a cost of equity of 10.0% and a long-term growth rate of +2.0% per year).

Trading multiples valuation

By symmetry with the trading multiples method used for the valuation of the Contribution, ALD's market capitalization was used as a value reference. ALD's share capital is composed of a single class of ordinary shares which is admitted to trading on the regulated market of Euronext in Paris under the ISIN code FR0013258662. Considering the liquidity of ALD shares (the average daily trading volume on Euronext in the month preceding 27 October 2021 amounted to more than EUR1.0m), the ALD share price represents a relevant reference value for ALD. On 27 October 2021 and based on the volume weighted average price over one month, ALD's market capitalization amounted to EUR4.9bn.

Research analysts target price

The value of ALD implied by the research analysts average share price estimate that followed ALD's share on 27 October 2021 was EUR6.2bn.

(e) Valuation of warrants attached to the ABSA

Warrants (*bons de souscription d'actions*) attached to ordinary shares of ALD (*ABSA*) will be granted as part of the consideration for the Contribution pursuant to the Framework Agreement. The Warrants are equity instruments and securities giving access to the share capital within the meaning of article L. 225-91 et seq. of the French Commercial Code (*Code de commerce*). In the event of exercise by Lincoln of all the warrants attached to the ABSA, its shareholding in the capital of ALD will be increased by 3.12% on a fully diluted basis (including the dilution resulting from the exercise of the ABSA).

The circa 26 million warrants valuation relies on several parameters such as ALD unaffected share price (EUR 12.12 on 27 October 2021), strike price (EUR 2.00), volatility (30%), exercise period (between 1 and 3 years following the Closing Date) and a pre-defined yearly dividend (EUR 0.86).

Based on these parameters, the circa 26 million warrants have a total value of circa EUR 0.1bn. As mentioned in the ALD Prospectus, if the terms and conditions of the share capital increase are used (*i.e.*, an ALD share price of EUR 11.00 on 25 November 2022), the total value of the warrants remains circa EUR 0.1bn.

(f) Summary of the values obtained and inferred exchange ratios

The table below shows the summary of Contribution equity value and ALD value based on the multi-criteria approach and the implied exchange ratios from these valuations.

(in Billion euros)	ALD value	Contribution value	Implied exchange ratio
Dividend Discount Model	7.1	3.5	28.2%
Trading multiples valuation (net income before AT1 coupon)	4.9	2.9	31.0%
Trading multiples valuation (net income after AT1 coupon)	4.9	2.7	29.9%
Research analysts target price	6.2	3.7	31.2%
Value of ALD shares and warrants issued in exchange for the Contribution	4.9	2.8	30.4%

3.3. Risk factors related to the Transaction

The risk factors related to the Transaction are set out in Section 4.3.1 "*Risks related to acquisitions*" of ALD 2022 Universal Registration Document (incorporated by reference herein).

3.4. Conflict of interests

There are no conflict of interests that ALD, LeasePlan and any of their respective shareholders may have in respect of the Transaction.

3.5. Consideration of the offer

Refer to Section 3.2 "*Conditions of the Transaction*" of this Exemption Document.

4. EQUITY SECURITIES OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET FOR THE PURPOSE OF THE TRANSACTION

4.1. Risk factors related to equity securities

The risk factors associated with ALD and its business are described in Chapter 4 of the ALD 2022 Universal Registration Document (incorporated by reference herein). To complete these risk factors, the risk factors related to the securities to be issued as part of the contemplated Contribution are enumerated in the following section.

In accordance with the provisions of Delegated Regulation (EU) 2021/528 of 16 December 2020, the most significant risks (marked with an asterisk) as at the date of the Exemption Document are presented first in accordance with an assessment that reflects their level of impact and likelihood of occurrence, as well as the actions and measures taken by ALD to control these risks.

The material risk factors identified by ALD as at the date of the Exemption Document are described in Chapter 4 of the ALD 2022 Universal Registration Document (incorporated by reference herein), as supplemented by the information below. Should any of these risks materialise, ALD's business, financial position, results, or outlook could be significantly affected.

Other risks and uncertainties not known by ALD as at the date of this Exemption Document or that it currently considers immaterial could exist and materialise, and also disrupt or have an adverse effect on the business, financial position, results, and outlook of ALD or the market price of ALD's shares.

4.1.1 The volatility and liquidity of ALD's shares may fluctuate significantly (*)

The market price of ALD's shares may be subject to significant volatility and may vary depending on a number of factors that ALD does not control. These factors include, among others, the market reaction to:

- changes in the financial results, forecasts, or outlook of ALD or its competitors from one period to another;
- announcements by competitors of ALD or other companies with similar activities, including those concerning the financial and operational performance of these companies or their outlook, and/or announcements concerning the markets in which ALD operates;
- adverse developments in the political, economic, or regulatory situation of the countries and markets in which ALD operates, or in judicial or administrative proceedings concerning ALD;
- evolution of the health situation related to the Covid-19 in the countries in which ALD operates and of the armed conflict in Ukraine;
- announcements of changes in ALD's shareholding structure;
- announcements of changes to the management team or of key employees of ALD; and
- announcements relating to the scope of ALD's assets (acquisitions (such as the acquisition of LeasePlan, disposals, etc.).

Stock markets experienced significant fluctuations in recent years that were often unrelated to the results of the companies whose shares are traded. Market fluctuations and economic conditions could increase the volatility of ALD’s shares. The market price of ALD’s shares and the liquidity of the market for ALD’s shares could fluctuate significantly, in response to various factors and events, which may include the risk factors described in the ALD 2022 Universal Registration Document (incorporated by reference herein).

4.1.2 Transactions in ALD’s shares are subject to the French tax on financial transactions subject to certain exceptions

ALD’s shares are subject to the French financial transaction tax, as defined in Article 235 *ter* ZD of the French Tax Code (*Code général des impôts*) (the “**FTC**”) (the “**French FTT**”) that applies, under certain circumstances and subject to certain exceptions, to the acquisition for consideration of certain equity securities or certain assimilated equity securities admitted to trading on a French, European or foreign regulated market, when such acquisition gives rise to a transfer of ownership and when such securities are issued by a company whose legal seat is located in France and whose stock market capitalization exceeds EUR 1 billion as at December 1 of the year preceding the taxation year. A list of companies that fall under the scope of application of the French FTT is published by decree annually. ALD is on the list updated by the French tax authorities as at 1 December 2022, applicable to transactions realized in 2023 (BOI-ANNX-000467 – as at 21 December 2022).

The French FTT will be due at a rate of 0.3% of the acquisition price of ALD’s share capital by the purchasers on the secondary market, subject to certain exceptions. However, the French FTT will not be applicable to the subscription of the ALD New Ordinary Shares issued in the context of the Contribution.

The French FTT is likely to increase the costs related to the purchase and sale of ALD’s shares and could reduce market liquidity for these shares. Shareholders and investors are invited to contact their usual tax advisor to find out about the potential consequences of the French FTT on their investment, in particular with regard to the subscription, purchase, holding and transfer of ALD New Ordinary Shares issued in the context of the Contribution.

4.1.3 Transactions in ALD’s shares, excluding transactions carried out on the primary market, may be subject to the European financial transaction tax, if enacted

On 14 February 2013, the European Commission published a proposal for a Council Directive to implement a joint European tax on financial transactions between Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (the “**Participating Member States**”) and Estonia, which, if adopted and implemented into French national law, would replace the French FTT and apply, under certain circumstances, to transactions related to ALD’s shares, except for transactions carried out on the primary market. Estonia has since officially announced its withdrawal from the negotiations.

Following the lack of consensus in the negotiations on the directive proposal of 2013, the Participating Member States have agreed to continue the negotiations under a new proposal (the “**European FTT**”) based on the French model, which would concern the listed shares of European companies whose stock market capitalization exceeds EUR 1 billion as at December 1 of the year preceding the taxation year. According to this new proposal, the applicable tax rate would be a minimum of 0.2%, and primary market transactions would be exempt. This new proposal may be amended before its adoption, the timing of which remains uncertain.

Other member states of the European Union may decide to participate in, and additional Participating Member States may decide to withdraw from, this new proposal.

The mechanism for applying and collecting the European FTT has not been confirmed. If the European FTT or any other similar tax is adopted, such taxes could increase the costs related to the purchase and sale of ALD's shares and thus reduce their liquidity on the market.

Shareholders in ALD and investors are advised to contact their usual tax advisor to learn more about the potential consequences of the European FTT.

4.2. Working capital statement

ALD certifies that, from its point of view, ALD's consolidated net working capital is sufficient to cover its obligations over the next twelve months as from the date of this Exemption Document, after taking into account the financing of the Transaction and the payment of the Transaction price.

4.3. Information regarding the equity securities to be offered and/or admitted to trading

4.3.1 Type, class, currency of issue and dividend date of the securities admitted to trading

The ALD New Ordinary Shares to be issued in connection with the Contribution are ordinary shares of the same class as the existing shares of ALD (the "**Existing Shares**") and will be subject to all the provisions of the articles of association of ALD and will be governed by French law.

While the closing of the Transaction is expected before the payment of the dividend of ALD for the financial year ending on 31 December 2022, the contributing shareholders of LeasePlan will not benefit from such dividend. The ALD New Ordinary Shares to be issued in connection with the Contribution will initially be traded on a second quotation line until the payment of the dividend in respect of ALD's financial results during its financial year ending on 31 December 2022, and will then, as from this payment, be assimilated to the existing shares and admitted to trading on the same quotation line as the existing shares (ISIN FR0013258662).

The ALD New Ordinary Shares will be issued in euros (EUR).

Share name: ALD

ISIN code: FR001400FYA8 until the payment of the dividend in respect of ALD's financial results during its financial year ending on 31 December 2022 and then ISIN FR0013258662

Ticker symbol: ALD

Compartment: A

ICB Business Classification: 40201040, Rental and Leasing Services: Consumer

LEI: 969500E7V019H9NP7427

4.3.2 Resolutions, authorisations and approvals by virtue of which the equity securities have been or will be created and/or issued

ALD's extraordinary general meeting convened to issue the ALD New Ordinary Shares in consideration for the Contribution is scheduled on 28 April 2023.

The final draft resolutions submitted to the vote of ALD's shareholders are contained in the convening notice (*avis de convocation*) that was published in the French *Bulletin des annonces légales obligatoires* (BALO) dated 7 April 2023. For the approval of the Contribution, please refer the fourth resolution entitled "*Approbation de l'apport en nature consenti par Lincoln Financing Holdings PTE. Limited de 65 000 001 actions de LP Group B.V. à la Société, de son évaluation et de sa rémunération"*.

4.3.3 Restrictions on the free transferability of the securities

There is no statutory clause limiting the free transferability of ALD's shares.

4.3.4 French regulations on public offers

ALD is subject to the laws and regulations in force in France relating to mandatory public offers, public buyout offers, and squeeze-outs.

4.3.4.1. Mandatory public offers

Article L.433-3 of the French Commercial Code (*Code monétaire et financier*) and Articles 234-1 *et seq.* of the General Regulations of the AMF set forth the conditions for the mandatory filing of a public offer, made under such terms for it to be declared compliant by the AMF, covering all the equity securities and securities giving access to the capital or voting rights of a company whose shares are admitted to trading on a regulated market.

4.3.4.2. Public buyout offer and squeeze-out

Article L.433-4 of the French Commercial Code (*Code monétaire et financier*) and Articles 236-1 *et seq.* (public buyout offer), 237-1 *et seq.* (squeeze-out) of the General Regulations of the AMF set the conditions for filing a public buyout offer and implement a squeeze-out procedure for minority shareholders of a company whose shares are admitted to trading on a regulated market.

4.3.4.3. Third-party public takeover bids on ALD's share capital during the last financial year and the current financial year

No third-party public takeover bids were launched on ALD's share capital during the last financial year or the current financial year.

4.4. Admission to trading and dealing arrangements

4.4.1 Admission to trading

As soon as possible after the Closing Date, an application will be made for ALD New Ordinary Shares to be listed on Euronext Paris, in such a way that they will be listed on a second quotation line until the payment of the dividend in respect of ALD's financial results during its financial year ending on 31 December 2022, and will then, as from this payment, be assimilated to the existing shares and admitted to trading on the same quotation line as the existing shares (ISIN FR0013258662).

4.4.2 Listing place

ALD's shares are admitted to trading on the regulated market of Euronext Paris (Compartment A).

4.4.3 Liquidity agreement, placement and underwriting

ALD entered into a liquidity agreement with Exane BNP Paribas on 14 January 2021 in accordance with the Code of Ethics of the French Financial Markets Association (*Association Française des Marchés Financiers – AMAFI*) and approved by the AMF. This agreement complies with the decision No 2018-01 of the AMF.

4.4.4 Lock-up agreement – Commitment to abstain and/or retain

Societe Generale and certain LeasePlan's selling shareholders (Lincoln Holding S.à r.l. ("**TDR**")[18], Arbejdsmarkedets Tilaegspension ("**ATP**") and Lincoln Financing Holdings Pte. Limited ("**Lincoln**")) are expected to enter into a concerting shareholders' agreement (the "**Shareholders' Agreement**") upon completion of the Transaction.

The main provisions of the Shareholders' Agreement with regard to the transfer of shares of ALD following completion of the Transaction are as follows:

- for a 40-month period following the completion of the Transaction, Societe Generale will undertake not to transfer any ALD shares (subject to certain customary exceptions). At the end of this period, Societe Generale will have the possibility to sell up to 15% of its ALD shares within 12 months following the expiration of this period. In the event that Societe Generale does not make use of this option or makes only partial use of it, Societe Generale may sell up to 20% of its ALD shares in the subsequent 12-month period, and so on, in any event within a limit of 20% of its ALD shares per year;
- for a 12-month period following the completion of the Transaction, ATP, Lincoln and TDR will undertake not to transfer any ALD shares (subject to certain customary exceptions), it being specified that the other existing shareholders of Lincoln will also be bound by a 12-month lock-up undertaking pursuant to a separate lock-up agreement. At the end of this period, ATP, Lincoln and TDR will have the option to transfer up to 50% of their respective ALD shares within 12 months following the expiration of this period. In the event that they do not make use of this option or make only partial use of it, they may each sell up to 66.67% of their respective ALD shares in the subsequent 12-month period, and so on, in any event within a limit of 66.67% of their respective ALD shares per year;
- as from the expiry of the lock-up undertakings of Societe Generale (40 months) and ATP, Lincoln and TDR (12 months) following the completion of the Transaction, there will no longer be a general lock-up of their respective ALD shares but dispositions of shares will be subject to limitations to provide for a potential gradual exit of these shareholders;
- each of Societe Generale, ATP, Lincoln and TDR will undertake not to enter into any transaction that would result in the requirement to file a public offer (*projet d'offre publique*) on ALD (unless they obtain a prior waiver from the AMF); and

- ATP, Lincoln and TDR will undertake not to transfer their ALD shares to (i) a competitor of ALD or a competitor of Societe Generale, (ii) a sanctioned person, or (iii) a person who does not have the required regulatory approvals to proceed with the proposed acquisition.

The Shareholders' Agreement will remain in force until the earliest of the following three dates: (i) the date on which ATP, Lincoln and TDR cease to hold, together, at least 16.67% of the share capital of ALD, (ii) the date on which Societe Generale ceases to hold at least 5% of the share capital of ALD and (iii) the 15th anniversary of the signing of the Shareholders' Agreement.

4.5. Dilution

4.5.1 Impact of the Transaction on ALD's equity and shareholders' situation

For information purposes, the impact of the issue of the ALD New Ordinary Shares and the exercise of the ALD ABSA on the portion per share of the consolidated shareholders' equity (*calculated on the basis of the consolidated shareholders' equity as shown in ALD's consolidated financial statements as at 31 December 2022, and the number of shares making up ALD's share capital at the same date, after deduction of treasury shares*) would be as follows:

	Portion of shareholder's equity, per ordinary share ***(in euros)***	
	Undiluted basis	**Diluted basis(1)**
Before issue of the ALD New Ordinary Shares	12.14	12.12
After issue of the ALD New Ordinary Shares	11.74	11.72
After issue of the ALD New Ordinary Shares and the ALD ABSA	11.37	11.36

(1) In the event of final acquisition of all the shares allocated under the performance shares plans n°5 dated 27 March 2020, n°6 dated 27 March 2020, n°7 dated 26 March 2021, n°8 dated 26 March 2021, n°9 dated 29 March 2022 and n°10 dated 29 March 2022.

For information purposes, the theoretical impact of the issue of the ALD New Ordinary Shares and the exercise of the ALD ABSA on the shareholding interest of a shareholder holding 1% of the share capital of ALD prior to the issue of the ALD New Ordinary Shares and prior to the exercise of the ALD ABSA (*calculated on the basis of the number of shares comprising ALD's share capital as at the date of this Exemption Document*) would be as follows:

	Shareholding interest (%)	
	Undiluted basis	**Diluted basis(1)**
Before issue of the ALD New Ordinary Shares	1.00%	1.00%
After issue of the ALD New Ordinary Shares	0.69%	0.69%
After issue of the ALD New Ordinary Shares and the ALD ABSA	0.67%	0.67%

(1) In the event of final acquisition of all the shares allocated under the performance shares plans n°5 dated 27 March 2020, n°6 dated 27 March 2020, n°7 dated 26 March 2021, n°8 dated 26 March 2021, n°9 dated 29 March 2022 and n°10 dated 29 March 2022.

4.5.2 Impact of the Transaction on the distribution of the share capital and voting rights of ALD and the situation of the shareholders

The following shareholder structures are based on the following assumptions: (i) partial distribution by Lincoln to its indirect shareholders of the newly issued ALD shares and ALD ABSA issued upon closing as consideration for the contribution on the basis of Lincoln's shareholding as provided by Lincoln and (ii) indirect shareholders of Lincoln will receive such number of shares and of ALD ABSA pro rata to their estimated shareholding in Lincoln (it being specified that MIP will not receive any ALD ABSA).

On the basis of the number of shares outstanding as at the date of this Exemption Document, the information brought to the attention of ALD regarding its shareholding structure as at the date of this Exemption Document, the shareholding structure of ALD following the issue of the ALD New Ordinary Shares would be as follows:

Shareholders	**Number of shares**	**% of the share capital**	**Voting rights**	**% of the voting rights(1)(2)**
Societe Generale	429 649 292	52.59%	859 298 584	68.97%
ATP	15 283 695	1.87%	15 283 695	1.23%
TDR	68 438 678	8.38%	68 438 678	5.49%
Lincoln(3)	76 813 084	9.40%	76 813 084	6.17%
Total extended concert	**590 184 749**	**72.24%**	**1 019 834 041**	**81.86%**
Luxinva S.A	33 624 128	4.12%	33 624 128	2.70%
Stichting Depositary PGGM Private Equity Funds	13 051 796	1.60%	13 051 796	1.05%
Hornbeam Investment PTE Ltd	32 314 097	3.96%	32 314 097	2.59%
ELQ Investors VIII Ltd	2 175 299	0.27%	2 175 299	0.17%
Stubham Lodge Ltd	30 454	>0.01%	30 454	>0.01%
Management of LeasePlan (MIP)	9 484 101	1.16%	9 484 101	0.76%
Treasury shares	797 981	0.10%	N/A	N/A
Free float	135 297 823	16.56%	135 297 823	10.86%
Total	**816 960 428**	**100.00%**	**1 245 811 739**	**100.00%**

(1) % of the voting rights = gross voting rights including those related to treasury shares. The treasury shares are deprived of voting rights exercisable at the shareholders' general meeting.

(2) Subject to approval by ALD shareholders' general meeting, double voting rights (*droits de vote double*) will be introduced in the articles of association of ALD as from the completion of the Transaction and will benefit to shareholders holding ALD shares in registered form (*au nominatif*) for more than two years. The benefit of double voting rights will be applicable retroactively as soon as ALD's articles of association are amended. As a result, Societe Generale will benefit from double voting rights as soon as ALD's articles of association are amended to this effect. ATP, Lincoln and TDR will undertake to hold their ALD shares in bearer form (*au porteur*), in such a way that they will not benefit from double voting rights. The computation assumes that shares in the free float are not in registered form for more than two years.

(3) Pursuant to the terms and conditions of the Framework Agreement, Lincoln shall retain a number of the newly issued ALD shares issued upon closing, which will be determined immediately prior to closing. The indicative number of shares retained by Lincoln inserted in this table is a high estimate which could notably be reduced pursuant to the terms and conditions of the Framework Agreement. The final shareholding structure of ALD post-closing will be made public upon completion of closing.

On the basis of the number of shares outstanding as at the date of this Exemption Document, the information brought to the attention of ALD regarding its shareholding structure as at 31 March 2023, the shareholding structure of ALD following the issue of the ALD New Ordinary Shares and the exercise of the ALD ABSA would be as follows:

Shareholders	**Number of shares**	**% of the share capital**	**Voting rights**	**% of the voting rights[(1)(2)]**
Societe Generale	429 649 292	50.95%	859 298 584	67.55%
ATP	17 721 963	2.10%	17 721 963	1.39%
TDR	79 356 969	9.41%	79 356 969	6.24%
Lincoln[(3)]	76 813 084	9.11%	76 813 084	6.04%
Total extended concert	**603 541 308**	**71.57%**	**1 033 190 600**	**81.22%**
Luxinva S.A	38 988 317	4.62%	38 988 317	3.06%
Stichting Depositary PGGM Private Equity Funds	15 134 000	1.79%	15 134 000	1.19%
Hornbeam Investment PTE Ltd	37 469 292	4.44%	37 469 292	2.95%
ELQ Investors VIII Ltd	2 522 333	0.30%	2 522 333	0.20%
Stubham Lodge Ltd	35 312	>0.01%	35 312	>0.01%
Management of LeasePlan (MIP)	9 484 101	1.12%	9 484 101	0.75%
Treasury shares	797 981	0.09%	N/A	N/A
Free float	135 297 823	16.04%	135 297 823	10.64%
Total	**843 270 467**	**100.00%**	**100.00%**	**100.00%**

(1) % of the voting rights = gross voting rights including those related to treasury shares. The treasury shares are deprived of voting rights exercisable at the shareholders' general meeting.

(2) Subject to approval by ALD shareholders' general meeting, double voting rights (*droits de vote double*) will be introduced in the articles of association of ALD as from the completion of the Transaction and will benefit to shareholders holding ALD shares in registered form (*au nominatif*) for more than two years. The benefit of double voting rights will be applicable retroactively as soon as ALD's articles of association are amended. As a result, Societe Generale will benefit from double voting rights as soon as ALD's articles of association are amended to this effect. ATP, Lincoln and TDR will undertake to hold their ALD shares in bearer form (*au porteur*), in such a way that they will not benefit from double voting rights. The computation assumes that shares in the free float are not in registered form for more than two years.

(3) Pursuant to the terms and conditions of the Framework Agreement, Lincoln shall retain a number of the newly issued ALD shares issued upon closing, which will be determined immediately prior to closing. The indicative number of shares retained by Lincoln inserted in this table is a high estimate which could notably be reduced pursuant to the terms and conditions of the Framework Agreement. The final shareholding structure of ALD post-closing will be made public upon completion of closing.

4.6. Advisors

Not applicable.

5. IMPACT OF THE TRANSACTION ON THE ISSUER

5.1. Strategy and objectives

The description of ALD's strategy following the completion of the Transaction is detailed in Section 3.1.2 "*Purpose of the Transaction*" of this Exemption Document.

5.2. Material contracts

There is no material contracts of ALD and LeasePlan, other than contracts entered into in the ordinary course of business, which are materially affected by the Transaction.

As further described in paragraph "*Risk of activating change of control clauses*" of Section 4.3.1 "*Risks related to acquisitions*" of ALD 2022 Universal Registration Document, in its ordinary course of business, LeasePlan is party to material financing, licensing and partnership/commercial agreements which include change of control clauses.

5.3. Disinvestment

In the context of the Transaction, ALD has obtained all merger control clearances conditioning the completion of the Transaction. The last clearance was obtained from the European Commission on 25 November 2022 and is conditional on the divestiture of the subsidiaries carrying on the full-service leasing and fleet management business of ALD in Portugal, in Ireland and in Norway, with the exception, in the latter country, of NF Fleet Norway, a company jointly owned by ALD and Nordea, and of LeasePlan in the Czech Republic, in Finland and in Luxembourg.

The combined fleet of the six entities to be divested represented approximately 3% of the total combined fleet of ALD and LeasePlan (approximately 100,000 vehicles) as of 31 December 2022.

For a full description of the Group's divestments, please refer to paragraph "*Divestments*" of Section 2.1.4.2 of ALD 2022 Universal Registration Document.

5.4. Corporate governance

5.4.1 Composition of ALD's management and Board of Directors following the completion of the Transaction

Following the completion of the Transaction, ALD's management and Board of Directors will be composed as follows:

- Name, function and professional addresses of the members of ALD's management:
  - Tim ALBERSTEN, Chief Executive Officer (*Directeur général),* 1 – 3 rue Eugène & Armand Peugeot, 92500, Rueil-Malmaison (appointment date: 27 March 2020)
  - John SAFFRETT, Deputy Chief Executive Officer (*Directeur général délégué*), 1 – 3 rue Eugène & Armand Peugeot, 92500, Rueil-Malmaison (appointment date: 27 March 2020)

- Name, function and professional addresses of the members of ALD's Board of Directors:
    - Diony LEBOT, Chairman of the Board of Directors (*Présidente du Conseil d'administration*), 17 cours Valmy, 92800, La Défense (appointment date: 27 August 2020, upon proposal of Societe Generale)
    - Frédéric OUDEA, Director (*Administrateur*), 17 cours Valmy, 92800, La Défense (appointment date: 7 February 2023, upon proposal of Societe Generale)
    - Delphine GARCIN-MEUNIER, Director (*Administrateur*), 17 cours Valmy, 92800, La Défense (appointement date: 5 November 2019, upon proposal of Societe Generale)
    - Anik CHAUMARTIN, Independent Director (*Administrateur indépendant*), 21 rue de la Criolla, 92150, Suresnes (appointment date: 20 June 2020)
    - Benoît GRISONI, Director (*Administrateur*), 44 rue traversière, 92100, Boulogne-Billancourt (appointement date: 19 May 2021, upon proposal of Societe Generale)
    - Mark STEPHENS, Director (*Administrateur*), 36 Kingswood Avenue, London NW6 6LS, (appointment date: 28 April 2023, upon proposal of TDR)
    - Hacina PY, Director (*Administrateur*), 17 cours Valmy, 92800, La Défense (appointment date: 28 April 2023, upon proposal of Societe Generale)
    - Tim ALBERTSEN, Director (*Administrateur*), 1 – 3 rue Eugène & Armand Peugeot, 92500, Rueil-Malmaison (appointment date: 26 March 2021, upon proposal of Societe Generale)
    - Didier HAUGUEL, Director (*Administrateur*), 1 – 3 rue Eugène & Armand Peugeot, 92500, Rueil-Malmaison (appointment date: 30 June 2009, upon proposal of Societe Generale)
    - Christophe PERILLAT, Independent Director (*Administrateur indépendant*), 100 rue de Courcelles, 75017, Paris (appointment date: 16 June 2017)
    - Xavier DURAND, Independent Director (*Administrateur indépendant*), Place Costes – Bellonte, 92270, Bois-Colombe (appointment date: 16 June 2017)
    - Patricia LACOSTE, Independent Director (*Administrateur indépendant*), 19 rue d'Aumale, 75009, Paris (appointment date: 16 June 2017)

The Company intends to comply with the most appropriate standards of corporate governance and therefore to comply as closely as possible with the AFEP-MEDEF Code.

With the exception of the elements mentioned in section 3.5.1 "*Statement relating to corporate governance*" of the ALD 2022 Universal Registration Document and recommendation 18.1 of the AFEP-MEDEF Code, relating to the composition of the Nomination and Compensation Committee by a majority of independent directors, the Company's governance will be in compliance with the provisions of the AFEP-MEDEF Code following completion of the Transaction.

The Company has decided not to apply recommendation 18.1 of the AFEP-MEDEF Code in order to ensure that Societe Generale, as the Company's controlling shareholder, has clear control over the appointment of certain key functions following completion of the Transaction. The Nomination and Compensation Committee will therefore be composed of 50% of members appointed upon proposal of Societe Generale.

5.4.2 Conflict of interest

ALD has undertaken procedures for verifying the good repute, skills and experience of the individuals who will be composing ALD's management and Board of Directors following the completion of the Transaction. To the best of ALD's knowledge, there are no potential conflicts of interest that may arise as a result of the carrying out by the individuals referred to in Section 5.4.1 above of any duties on behalf of ALD and such individuals' private interests or other duties.

In addition, the European Central Bank has reviewed and assessed the profile of such individuals in accordance with applicable financial regulations ("*fit and proper*" assessment). No actual or potential, direct or indirect conflict of interest has led the European Central Bank to disallow any of these profiles nor should, in ALD's opinion, lead to such disallowance.

5.4.3 Restrictions on the disposal of ALD's equity securities

The individuals referred to in Section 5.4.1 above have not agreed to any restrictions on the disposal of their holdings in ALD's equity securities following the completion of the Transaction.

5.5. Shareholding

The shareholding structure of ALD immediately after the completion of the Transaction is detailed in Section 4.5.2 "*Impact of the Transaction on the distribution of the share capital and voting rights of ALD and the situation of the shareholders*" of this Exemption Document.

5.6. Pro forma financial information of ALD

The unaudited pro forma consolidated financial information for the financial year ended 31 December 2022 and the related auditors' report are included in Section 6.7 "*Unaudited pro forma consolidated financial information*" and Section 6.8 "*Auditors' report on the unaudited pro forma consolidated financial information*", respectively, of ALD 2022 Universal Registration Document (incorporated by reference herein).

6. DOCUMENTS AVAILABLE

ALD's articles of association are available free of charge on ALD's website:
https://www.aldautomotive.com/Portals/international/Documents/Statuts%20ALD%20certifi%C3%A9s%20conformes%20au%2020%20d%C3%A9cembre%202022.docx.pdf?ver=2023-03-24-103027-987&timestamp=1679650238163

The two reports of the Contribution Appraiser (which are incorporated by reference in this Exemption Document) are available on ALD's website:

- https://www.aldautomotive.com/Portals/international/Documents/Rapport%20des%20commissaires%20aux%20apports%20sur%20la%20valeur%20de%20l'apport.pdf?ver=2023-04-07-160241-433&timestamp=1680876404769;
- https://www.aldautomotive.com/Portals/international/Documents/Rapport%20des%20commissaires%20aux%20apports%20sur%20la%20r%C3%A9mun%C3%A9ration%20de%20l'apport.pdf?ver=2023-04-07-160242-217&timestamp=1680876420927.

It is reminded that this Exemption Document incorporates by reference:

- ALD 2022 Universal Registration Document, which can be obtained from:

  https://www.aldautomotive.com/Portals/international/Documents/ALD2022_URD_EN_MEL.pdf?ver=2023-04-13-135727-647&timestamp=1681387242784

- LeasePlan Corporation 2022 Annual Report, which can be obtained from:

  https://www.leaseplan.com/corporate/~/media/Files/L/Leaseplan/documents/AR22.pdf

7. CROSS-REFERENCE TABLES

The cross-reference table below includes the headings provided for in Annex 1 of Delegated Regulation (EU) 2021/528 of 16 December 2020 and refers to:

- the sections of this Exemption Document;
- the sections of the ALD 2022 Universal Registration Document;
- the pages of the LeasePlan Corporation 2022 Annual Report;

in which is stated the information relating to each of these headings.

		Exemption Document	ALD Information	LeasePlan Information
Annex 1 of Delegated Regulation (EU) 2021/528 of 16 December 2020		**Section(s) – Paragraph(s)**	**Section(s) – Paragraph(s)**	**Page(s)**
1.	**Persons responsible for drawing up the exemption document, third party information and experts report**			
1.1	Identification of persons responsible for drawing up the exemption document	1.1		
1.2	Responsibility statement	1.2		
1.3	Expert's statement or report	1.3		
1.4	Information sourced by a third party	1.4		
1.5	Regulatory statements	1.5		
2.	**Information on the issuer and on the offeree company, company being acquired or company being divided**			
2.1	**General information**			
2.1.1	Legal and commercial name	2.1.1.1 2.2.1.1		
2.1.2	(a) domicile and legal form; (b) legal entity identifier ('LEI'); (c) the law of the country of incorporation; (d) country of incorporation, and the address, telephone number of its registered office (or principal place of business where different from the registered office); (e) hyperlink to the website with a disclaimer that the information on the website does not form part of the exemption document unless that information is incorporated by reference into the exemption document.	2.1.1.1 2.2.1.1		
2.1.3	Names of the auditors for the period covered by the financial statements and the name of the professional body(ies) which they are members of.	2.1.1.2 2.2.1.2		
2.2	**Business overview**			
2.2.1	Principal activities, including the main categories of products sold and/or services performed in the last financial year.	2.1.2.1 2.2.2.1	Section 1.2 "*Detailed profile*" of ALD 2022 Universal Registration	Pages 13 to 87 of 2022 LeasePlan Corporation Annual

		Exemption Document	ALD Information	LeasePlan Information
Annex 1 of Delegated Regulation (EU) 2021/528 of 16 December 2020		**Section(s) – Paragraph(s)**	**Section(s) – Paragraph(s)**	**Page(s)**
			Document	Report
2.2.2	Any significant changes having an impact on the operations and principal activities since the end of the period covered by the latest published audited financial statements.	2.1.2.2 2.2.2.2	Section 2.3.3 "*Subsequent Events*" of ALD 2022 Universal Registration Document	
2.2.3	A brief description of the principal markets, including a breakdown of total revenues by operating segment and geographic market for the last financial year. In case of a division, the description referred to in the first paragraph shall refer to the principal markets where the main assets and liabilities of the company being divided are located.	2.1.2.3 2.2.2.3	Section 1.2.3 "*Competitive environment*" of ALD 2022 Universal Registration Document	Pages 3, 14 to 19 of LeasePlan Corporation 2022 Annual Report
2.3	**Investments**	2.1.3 2.2.3 3	Section 2.1.4 "*Investments*" of ALD 2022 Universal Registration Document	Page 25 of LeasePlan Corporation 2022 Annual Report
2.4	**Corporate governance**			
2.4.1	Names, business addresses and functions within the issuer or, depending on the type of transaction, the offeree company, the company being acquired or the company being divided, of the members of the administrative, management or supervisory bodies and, in case of a limited partnership with a share capital, of partners with unlimited liability.	2.1.4.1 2.2.4.1	Section 3.1 "*Administrative, Management and Supervisory Bodies and General Management*" of Chapter 3 "*Corporate governance*" of the ALD 2022 Universal Registration Document	Pages 88 to 95 of LeasePlan Corporation 2022 Annual Report.
2.4.2	Identity of major shareholders	2.1.4.2 2.2.4.2		Pages 108 and 120 of LeasePlan Corporation 2022 Annual Report.
2.4.3	Number of employees	2.1.4.3 2.2.4.3		Page 29 of the LeasePlan Corporation 2022 Annual Report.
2.5	**Financial information**			
2.5.1	Financial statements	2.1.5.1 2.2.5.1	Chapter 6 "*Financial information*" of the ALD 2022 Universal Registration Document	Pages 114 to 210 and pages 214 to 226 of LeasePlan Corporation 2022 Annual Report.
2.5.2	Accounting standards The financial information shall be prepared in accordance with the International Financial Reporting Standards as endorsed in the Union in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the	2.1.5.2 2.2.5.2	Note 3 of Section 6.2 "*Notes to consolidated financial statements*" under Chapter 6 "*Financial*	Pages 120 to 138 of the LeasePlan Corporation 2022 Annual Report.

		Exemption Document	ALD Information	LeasePlan Information
Annex 1 of Delegated Regulation (EU) 2021/528 of 16 December 2020		**Section(s) – Paragraph(s)**	**Section(s) – Paragraph(s)**	**Page(s)**
	Council (1). Where Regulation (EC) No 1606/2002 is not applicable, the financial information shall be prepared in accordance with: (a) a Member State's national accounting standards for issuers from the EEA, as required by Directive 2013/34/EU of the European Parliament and of the Council (2); (b) a third country's national accounting standards equivalent to Regulation (EC) No 1606/2002 for third country issuers. If such third country's national accounting standards are not equivalent to Regulation (EC) No 1606/2002 the financial statements shall be restated in compliance with that Regulation.		*information*" of ALD 2022 Universal Registration Document;	
2.5.3	A description of any significant change in the financial position which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published, or where no such significant change has occurred, a statement to that effect. Where applicable, information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer and, depending on the type of transaction, the offeree company, the company being acquired or the company being divided for at least the current financial year.	2.1.5.3 2.2.5.3		
2.5.4	Where applicable, the management report referred to in Articles 19 and 29 of Directive 2013/34/EU.	2.1.5.4 2.2.5.4	Section 9.2 "Cross-reference table for the Annual financial report" of the ALD 2021 Universal Registration Document; Section 9.3 "Cross-reference table for the management report" of the ALD 2021 Universal Registration Document.	Pages 12 to 111 of LeasePlan Corporation 2022 Annual Report.
2.6	**Legal and arbitration proceedings**	2.1.6 2.2.6		
2.7	**Summary of information disclosed under Regulation (EU) No 596/2014 of the European Parliament and of the Council**	2.1.7 2.2.7		

		Exemption Document	ALD Information	LeasePlan Information
Annex 1 of Delegated Regulation (EU) 2021/528 of 16 December 2020		**Section(s) – Paragraph(s)**	**Section(s) – Paragraph(s)**	**Page(s)**
3.	**Description of the transaction**			
3.1	**Purpose and objectives of the transaction**			
3.1.1	Purpose of the transaction for the issuer and its shareholders.	3.1.2		
3.1.2	Purpose of the transaction for the offeree company, the company being acquired or the company being divided and its shareholders.	3.1.2		
3.1.3	Description of any anticipated benefits resulting from the transaction.	3.1.2		
3.2	**Conditions of the transaction**			
3.2.1	Information on the procedures and terms of the transaction and the governing law of the agreement executing the transaction. In case of a takeover by means of an exchange offer, the exemption document shall contain the information required by Article 6(3) of Directive 2004/25/EC, or an indication of where that information may be found for perusal. In case of a merger, the exemption document shall contain the information required by Article 91(2) or Article 122 of Directive (EU) 2017/1132, depending on the type of merger, or an indication of where that information may be found for perusal. In case of a division, the exemption document shall contain the information required by Article 137(2) of Directive (EU) 2017/1132 or an indication of where this information may be found for perusal.	3.2		
3.2.2	Where applicable, any conditions to which the effectiveness of the transaction is subject, including any guarantee.	3.2		
3.2.3	Where applicable, any information on break-up fees or other penalties which may be payable if the transaction is not completed.	3.2		
3.2.4	Where the transaction is subject to any notifications and/or requests for authorisations, a description of those notifications and/or requests for authorisations.	3.2		
3.2.5	Where applicable, all information necessary to fully understand the financing structure of the transaction.	3.2		
3.2.6	Timetable of the transaction.	3.2.1.1		
3.3	**Risk factors**	3.3 3.1.1	Chapter 4 "*Risk factors*" of ALD 2022 Universal Registration Document	
3.4	**Conflict of interests**	3.4		
3.5	**Consideration of the offer**			
3.5.1	The addressees of the offer or allotment of the equity	3.5		

		Exemption Document	ALD Information	LeasePlan Information
Annex 1 of Delegated Regulation (EU) 2021/528 of 16 December 2020		Section(s) – Paragraph(s)	Section(s) – Paragraph(s)	Page(s)
	securities connected with the transaction.	3.2		
3.5.2	The consideration offered for each equity security or class of equity securities, and in particular the exchange ratio and the amount of any cash payment.	3.5 3.2		
3.5.3	Information concerning any contingent consideration agreed in the context of the transaction, including, in case of a merger, any obligation of the acquiring company to transfer additional securities or cash to the former owners of the company being acquired if future events occur or conditions are met.	3.5 3.2		
3.5.4	The valuation methods and the assumptions employed to determine the consideration offered for each equity security or class of equity securities, and in particular regarding the exchange ratio.	3.5 3.2		
3.5.5	Indication of any appraisals or reports prepared by independent experts and information where these appraisals or reports may be found for perusal. In case of a merger, the exemption document shall contain the information required by Articles 96 or Article 125 of Directive (EU) 2017/1132, depending on the type of merger, or an indication of where that information may be found for perusal. In case of a division, the exemption document shall contain the information required by Article 142 of Directive (EU) 2017/1132 or an indication of where that information may be found for perusal.	3.5 3.2		
4.	**Equity securities offered to the public or admitted to trading on a regulated market for the purpose of the transaction**			
4.1	**Risk factors**	4.1 3.3	Chapter 4 "*Risk factors*" of ALD 2022 Universal Registration Document	
4.2	**Working capital statement**	4.2		
4.3	**Information concerning the equity securities to be offered and/or admitted to trading**			
4.3.1	General information to be provided: (a) a description of the type, class and amount of the equity securities being offered and/or admitted to trading, including the international security identification number ('ISIN'); (b) currency of the equity securities issued.	4.3.1		
4.3.2	A statement of the resolutions, authorisations and approvals by virtue of which the equity securities have	4.3.2		

		Exemption Document	ALD Information	LeasePlan Information
Annex 1 of Delegated Regulation (EU) 2021/528 of 16 December 2020		Section(s) – Paragraph(s)	Section(s) – Paragraph(s)	Page(s)
	been or will be created and/or issued.			
4.3.3	A description of any restrictions on the free transferability of the equity securities.	4.3.3		
4.3.4	An indication of public takeover bids by third parties in respect of the issuer's equity which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof shall be stated.	4.3.4		
4.4	**Admission to trading and dealing arrangements**			
4.4.1	An indication as to whether the equity securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market, or other equivalent third country markets as defined in Article 1, point (b) of Commission Delegated Regulation (EU) 2019/980 (4), with an indication of the markets in question. Where known, the earliest dates on which the equity securities will be admitted to trading.	4.4.1		
4.4.2	All the regulated markets, or equivalent third country markets as defined in Article 1, point (b), of Delegated Regulation (EU) 2019/980, on which, to the knowledge of the issuer, equity securities of the same class of the equity securities to be offered or to be admitted to trading are already admitted to trading including, where applicable, depository receipts and underlying shares.	4.4.2		
4.4.3	Details of the entities that have given a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and a description of the main terms of their commitment.	4.4.3		
4.4.4	Lock-up agreements: (a) the parties involved; (b) content and exceptions of the agreement; (c) indication of the period of the lock-up.	4.4.4		
4.5	**Dilution**			
4.5.1	A comparison of the net asset value per share as of the date of the latest balance sheet before the transaction and the issue price per share within that transaction.	2.1.4.2		
4.5.2	Additional information where there is a simultaneous or almost simultaneous offer or admission to trading of equity securities of the same class.	N/A		
4.5.3	A table presenting the number of equity securities and voting rights as well as the share capital for both before and after the transaction. An indication of the dilution (including the dilution in voting rights) that existing	4.5		

		Exemption Document	ALD Information	LeasePlan Information
Annex 1 of Delegated Regulation (EU) 2021/528 of 16 December 2020		**Section(s) – Paragraph(s)**	**Section(s) – Paragraph(s)**	**Page(s)**
	shareholders of the issuer will experience as a result of the offer.			
4.6	**Advisors**	N/A		
5.	**Impact of the transaction on the issuer**			
5.1	**Strategy and objectives**	5.1 3.1.2		
5.2	**Material contracts**	5.2		
5.3	**Disinvestment**			
5.3.1	To the extent known, information on material disinvestments such as material sales of subsidiaries or any major line(s) of business after the transaction becomes effective, together with a description of possible impacts on the issuer's group.	5.3		
5.3.2	Information on any material cancellation of future investments or disinvestments previously announced.	5.3		
5.4	**Corporate governance**	5.4		
5.5	**Shareholding**	4.5.2 5.5		
5.6	**Pro forma financial information**			
5.6.1	In case of a significant gross change as defined in Article 1, point (e), of Delegated Regulation (EU) 2019/980, a description of how the transaction might have affected the assets and liabilities and earnings of the issuer, had the transaction been undertaken at the commencement of the period being reported on or at the date reported. This requirement will normally be satisfied by the inclusion of pro forma financial information. Such pro forma financial information shall be presented as set out in items 5.7 to 5.9 and shall include the information indicated therein. Pro forma financial information shall be accompanied by a report prepared by independent accountants or auditors.	5.6	Section 6.7 "*Unaudited pro forma consolidated financial information*" and Section 6.8 "*Auditors' report on the unaudited pro forma consolidated financial information*" of ALD 2022 Universal Registration Document	
5.6.2	Where pro forma financial information is not applicable, the issuer shall provide narrative and financial information about the material impacts that the transaction will have on the issuer's financial statements. That narrative and financial information shall not require auditing. The narrative and financial information shall be prepared in a manner consistent with the applicable financial reporting framework and accounting policies adopted by the issuer in its latest or next financial statements. Where that information is audited, it shall be disclosed in the exemption document that this information was audited as	N/A		

		Exemption Document	ALD Information	LeasePlan Information
Annex 1 of Delegated Regulation (EU) 2021/528 of 16 December 2020		**Section(s) – Paragraph(s)**	**Section(s) – Paragraph(s)**	**Page(s)**
	well as information about the auditors who proceeded with such audit.			
5.7	**Contents of the pro forma financial information**	5.6	Section 6.7 "*Unaudited pro forma consolidated financial information*" of ALD 2022 Universal Registration Document	
5.8	**Principles in preparing and presenting pro forma financial information**			
5.8.1	The pro forma financial information shall be identified in order to distinguish it from historical financial information. The pro forma financial information shall be prepared in a manner consistent with the accounting policies adopted by the issuer in its last or next financial statements.	5.6	Section 6.7 "*Unaudited pro forma consolidated financial information*" of ALD 2022 Universal Registration Document	
5.8.2	Pro forma information may only be published in respect of either of the following: (a) the last completed financial period; (b) the most recent interim period for which relevant unadjusted information has been published or is included in the exemption document.	5.6	Section 6.7 "*Unaudited pro forma consolidated financial information*" of ALD 2022 Universal Registration Document	
5.8.3	Pro forma adjustments shall: (a) be clearly shown and explained; (b) present all significant effects directly attributable to the transaction; (c) be factually supportable.	5.6	Section 6.7 "*Unaudited pro forma consolidated financial information*" of ALD 2022 Universal Registration Document	
5.9	**Requirements for an accountant/auditor report**	5.6	Section 6.8 "*Auditors' report on the unaudited pro forma consolidated financial information*" of ALD 2022 Universal Registration Document	
6	**Documents available**			
6.1	Information on where the following documents, where applicable, can be perused in the 12 months following the publication of the exemption document: (a) the up-to-date memorandum and articles of association of the issuer; (b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the exemption document; (c) all reports, letters, and other documents, valuations and	6		

		Exemption Document	ALD Information	LeasePlan Information
Annex 1 of Delegated Regulation (EU) 2021/528 of 16 December 2020		**Section(s) – Paragraph(s)**	**Section(s) – Paragraph(s)**	**Page(s)**
	statements not covered by points (a) or (b) of this item or by any other points in this Annex, prepared in accordance with Directive 2004/25/EC or Directive (EU) 2017/1132. An indication of the website on which the documents may be perused.			

8. ANNEXES

Annex 1 - LP Group B.V.'s audited company and consolidated financial statements as at and for the fiscal year ended 31 December 2022 and the independent auditor's report thereon

Annex 2 - Terms and conditions of the warrants attached to the ALD ABSA

ANNEX 1

LP Group B.V.’s audited company and consolidated financial statements as at and for the fiscal year ended 31 December 2022 and the independent auditor's report thereon

LP Group B.V.
Annual Report 2022

Table of content

Director's Report

General information

LP Group B.V.

LP Group B.V. (the "Company") is domiciled in Amsterdam, the Netherlands, 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 31 December 2022 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. At 31 December 2022, the Group employed over 7,800 people worldwide and had offices in 28 countries. Changes in the Groups' composition during the reporting period were related to the sale of the Unites States subsidiary and the classification of the subsidiaries in Luxembourg, Finland and Czech Republic as held for sale (please refer to Note 11 Discontinued operations). A list of the principal consolidated participating interests is included in the other information paragraph of the company financial statements.

LeasePlan Corporation N.V. has held a banking licence in the Netherlands since 1993 and it operates under the direct supervision of the European Central Bank.

Investors

LP Group B.V. is the parent company of LeasePlan Corporation N.V. and represents a group of long-term investors. None of these investors has a(n indirect) controlling interest in the Company:

- **ADIA:** Since 1976, the Abu Dhabi Investment Authority (ADIA) has been prudently investing funds on behalf of the Government of Abu Dhabi, with a focus on long-term value creation. ADIA manages a global investment portfolio that is diversified across more than two dozen asset classes and sub categories, including quoted equities, fixed income, real estate, private equity, alternatives and infrastructure.
- **ATP:** ATP was established in 1964 and is Denmark's, and one of Europe's, largest pension funds.
- **ELQ Investors VIII Ltd:** the company's ultimate parent is The Goldman Sachs Group.
- **GIC:** GIC is a leading global investment firm with well over US$100 billion in assets under management. Established in 1981, the firm manages Singapore's foreign reserves and is positioned for long-term and flexible investments across a wide range of asset classes, including public equities, fixed income, real estate, and private equity. In private equity, GIC invests through funds as well as directly in companies, partnering with fund managers and management teams to help businesses achieve their objectives. GIC employs more than 1,800 people.
- **PGGM:** PGGM is a cooperative Dutch pension fund service provider. Institutional clients are offered: asset management, pension fund management, policy advice and management support. Either alone or together with strategic partners, PGGM develops innovative future provisions by linking together pension, care, housing and work.
- **TDR Capital:** TDR Capital LLP is a highly selective private equity firm with a track record of investing in businesses. TDR Capital LLP was founded in 2002 and currently manages funds totalling over EUR 13.0 billion on behalf of a range of sophisticated investors.

Reference is made to the LeasePlan Corporation N.V. Annual Report 2022 for any non financial information not included in this report.

Financial highlights 2022

- **Net result** of EUR 1,922 million (+92%)[1]
- **Underlying net result** was EUR 1,409 million (+87.3%), of which EUR 1,269 million from continuing operations and EUR 140 million from discontinued operations[2]
- **Underlying Lease and Additional Services gross profit** of EUR 1,938 million (+49.6%). The results include adjustments for a reduction in depreciation related to cars that are expected to be terminated of EUR 435 million.
- **PLDV and End of Contract Fees gross profit** of EUR 602 million (+52.6%)[3]
- **Serviced fleet** growth of 7.3% to a total of 1.6 million vehicles with LeasePlan's Q4 2022 order book reaching a new record high[4]
- **Operating expenses** of EUR 906 million (+11.4%) for the full-year due to continued investments in growth and our digital platforms
- **Year-end liquidity buffer** of EUR 9.0 billion.
- The divestment of LeasePlan USA to the parent company of Wheels Donlen (in which Athene is the lead investor) was completed on 1 December 2022.
- ALD has obtained all expected merger control clearances for the completion of the acquisition of LeasePlan. The European Commission's approval is conditional on the divestiture of select subsidiaries.

	2022	2021	% YoY Growth
VOLUME			
Serviced fleet (thousands), as at 31 December	1,628.0	1,521.1	7.0%
Numbers of vehicles sold (thousands)	207.7	241.8	−14.1%
PROFITABILITY			
- Underlying net result from continued operations	1,269.2	688.2	84.4%
- Underlying net result from discontinued operations	140.2	64.1	118.7%
Underlying net result (EUR Million)	1,409.4	752.3	87.3%
Net result (EUR Million)	1,922.6	1,001.5	92.0%
Underlying return on equity	23.9%	16.2%	

Recent developments

[1] 2022 includes a EUR 405 million book gain from the divestment of LeasePlan USA. 2021 included a EUR 219 million book gain from the divestment of LeasePlan Australia and New Zealand and the carve-out of CarNext.
[2] Financial statements including historical periods are adjusted for the anticipated divestment of LeasePlan in Czech Republic, in Finland and Luxembourg (announced on 28 November 2022), the divestment of LeasePlan USA, the divestment of LeasePlan Australia and New Zealand to SG Fleet (transaction closed as per 1 September 2021) and the carve-out of CarNext. The results from these businesses are reported in *the financial statements – Underlying net result from discontinued operations*.
[3] The 2022 PLDV result includes a EUR 117 million impact due to the prospective depreciation adjustment.
[4] Serviced fleet volume is like-for-like incl. current assets held for sale excl. divestments (Lower fleet size compared to 2021 due to the divestment of LeasePlan USA)

ALD acquisition and classification of the subsidiaries in Luxembourg, Finland and Czech Republic as held for sale

In 2022, LeasePlan's shareholders and LeasePlan signed a Framework Agreement with ALD Automotive and Société Générale to create a leading global player in mobility. On 28 November, it was announced that ALD Automotive has obtained all required merger control clearances for the acquisition of LeasePlan. The last clearance was obtained from the European Commission on 25 November, 2022. The Commission's approval is conditional on the divestiture of the subsidiaries carrying on the full-service leasing and fleet management business of ALD in Portugal, in Ireland and in Norway[5], and of LeasePlan in the Czech Republic, in Finland and in Luxembourg. The subsidiaries in these 3 LeasePlan countries have been classified as held-for-sale as at 30 November 2022. Please refer to note 11 Discontinued operations for more information.
We continue to work towards the completion of the proposed merger between LeasePlan and ALD Automotive and expect the transaction to close in the first half of 2023.

Divestment of LeasePlan United States subsidiary

In December 2022, LeasePlan announced the closing of the combination of LeasePlan USA with Wheels Donlen. With its increased scale and investment strength, the new business is set to thrive within the unique US leasing market and accelerate the future of mobility for American drivers. LeasePlan will continue to serve customers in the US through the international Cooperation Agreement signed off with Wheels Donlen.

Ukraine-Russia war

Given the continuing war in Ukraine, LeasePlan has taken the decision to wind down its operations in Russia and will not take any new orders at this time. LeasePlan is committed to taking care of its colleagues and customers in the region throughout this process. Currently, the group assessed that there is no material impact on the business of LeasePlan. As at 31 December 2022 LeasePlan's exposure amounts to EUR 54 million (equity and loans). Based on the actual FX rate as of date of publication, the exposure is close to EUR 54 million.

Core leasing business and used car market

During 2021 an amount of EUR 32.7 million related to the additional impairment of 2020, has been released through Profit/(loss) on disposal of vehicles and a net amount of EUR 4.6 million impairment reversal has been booked related to book value losses on early terminated cars for defaulted operating lease customers.

During 2022, despite the ongoing chip crisis and supply chain disruptions, LeasePlan delivered strong fleet growth. High demand for LeasePlan's mobility services also extended to our used car offering, including used car leasing, supporting continued strong used car results.

Due to the favourable used car market which led to an increase in the residual values estimates, the Group has booked a prospective depreciation adjustment in the amount of EUR 435 million that decreased the depreciation during the remaining period. In addition, the Group has booked a net impairment reversal of EUR 1 million related to reversal of book value losses on early terminated cars for defaulted operating lease customers and a reversal of the additional impairment of 2020 through Profit/(loss) on disposal of vehicles, for an amount of EUR 31 million. During 2022 an amount of EUR 27 million, related to the reversal and utilisation of the existing Operating Lease impairments, has been booked through Profit/(loss) on disposal of vehicles.
Please refer to note 21 Property and equipment under operating lease, rental fleet and vehicles available for lease for more information.

[5] with the exception, in the latter country, of NF Fleet Norway, a company jointly owned by ALD and Nordea

LeasePlan Group Financial performance 2022

In millions of euros, unless otherwise stated	2022	2021	% YoY Growth
Lease & Additional Services income	6,421.1	5,857.4	9.6%
Vehicle Sales & End-of- contract fees	3,314.2	3,280.2	1.0%
Revenues	**9,735.3**	**9,137.6**	**6.5%**
Underlying cost of revenues	**7,195.7**	**7,447.4**	**−3.4%**
Lease Services	1,114.9	564.3	97.6%
Fleet Management & other Services	191.9	148.8	29.0%
Repair & Maintenance Services	284.6	257.6	10.5%
Damage Services and Insurance	346.3	324.9	6.6%
Underlying lease and additional Services	**1,937.7**	**1,295.6**	**49.6%**
End of Contract fees	110.7	115.4	−4.1%
Loss on disposal of vehicles	491.3	279.1	n.m.
Profit/Loss on disposal of vehicles & End-of-contract fees	**602.0**	**394.6**	**52.6%**
Underlying gross profit	**2,539.6**	**1,690.2**	**50.3%**
Underlying operating expenses	906.2	813.4	11.4%
Other income	4.5	0.0	n.m.
Share of profit of investments accounted for using the equity method	6.2	−5.5	n.m.
Underlying profit before tax	**1,644.1**	**871.2**	**88.7%**
Underlying tax	374.9	183.0	104.9%
Underlying net result from continuing operations	**1,269.2**	**688.2**	**84.4%**
Underlying net result from discontinued operations	140.2	64.1	118.7%
Underlying net result	**1,409.4**	**752.3**	**87.3%**
Underlying adjustments	513.2	249.1	n.m.
Reported net result	**1,922.6**	**1,001.5**	**92.0%**
Staff (FTE's at period end)	7,876	7,502	5.0%

Serviced fleet of 1.6 million vehicles (+7.0%) with LeasePlan's Q4 2022 order book reaching a new record high.

Revenues increased by 6.5% to EUR 9,735 million. **Lease and Additional Services income** was up 9.6% to EUR 6,421 million due to fleet growth and additional services from fleet mix. **Vehicle Sales and End of contract fees** increased by 1.0% to EUR 3,314 million mainly due to the strong used-car market.

Underlying Lease and Additional Services gross profit was up 49.6% to EUR 1,938 million mainly driven by serviced fleet growth, stronger results across all service lines. The impact of Turkish hyperinflation was EUR 74 million[6]. The impact from the reduction in depreciation related to cars expected to be terminated was EUR 435 million[7].

[6] 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. As LeasePlan Turkey has more monetary liabilities than assets, this has a net positive impact of EUR 35 million.

[7] The prospective depreciation adjustment is a result of the continued strong used car market environment, which is expected to remain strong. 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.

PLDV and EOCF gross profit was up 52.6% to EUR 602 million primarily driven by the continued strong used-car market partly offset by EUR 117 million impact of margin already recognized under lease and additional services as part of the prospective depreciation adjustment.

Underlying operating expenses were up 11.4% to EUR 906 million due to continued investments in growth and our digital platforms.

The underlying tax rate was up 1.8 percentage points to 22.8% mainly driven by the blend of statutory tax rates.

Underlying net result from continuing operations was up 84.4% to EUR 1,269 million and includes a net gain of EUR 243 million as part of the prospective depreciation adjustment.

Underlying net result from discontinued operations of EUR 140 million. Discontinued operations included LeasePlan USA up to end November 2022 and LeasePlan Czech Republic, Finland and Luxembourg.

Underlying net result was up 87.3% to EUR 1,409 million due to strong performance in lease and additional services and the continued strong used-car market.

Reported net result was up 92% to EUR 1,923 million, including EUR 513 million of underlying adjustments from a EUR 405 million book gain on the sale of LeasePlan USA (2021 included EUR 219 million book gain from the divestment of LeasePlan Australia and New Zealand and the carve-out of CarNext), net EUR 28 million impact of impairment reversals offset by EUR 55 million lower investment value in Constellation and SG Fleet driven by global stock market conditions, net EUR 183 million of mark-to-market impact of derivatives used for hedging, and net EUR 52 million in costs mainly related to our transition to ECB supervision.

Operational Highlights

LeasePlan delivered an exceptionally strong performance in its Car-as-a-Service business in 2022, supported by strong fleet growth (7.0%), strong demand for used cars, as well as increased uptake of our added-value leasing services, including our insurance proposition. LeasePlan's order book again reached a historic high and, although the ongoing semiconductor shortage has delayed delivery of some new orders, the company continued to meet customer demand through its relationships with OEMs, as well as contract extensions and used-car leasing.

On the strategic front, LeasePlan's digital transformation passed a number of key milestones, including the folding in additional markets to our My LeasePlan and MyFleet online service modules, the expansion of our automated LCV fleet management dashboard to additional European countries, and the launch of LeasePlan's NextGen online used car platform in 14 countries. Throughout the year LeasePlan also continued the execution of its 'Driving to Zero' sustainability strategy, with electric cars and plug-in hybrids representing 28% of all new deliveries in 2022. Going forward, LeasePlan's EV offering will be further strengthened by its collaboration with new OEMs, including VinFast and NIO. LeasePlan also submitted its near- and long-term emission reduction targets for verification to the Science Based Targets Initiative.

In December 2022, LeasePlan announced the closing of the combition of LeasePlan USA with Wheels Donlen. With its increased scale and investment firepower, the new business is set to thrive within the unique US leasing market and accelerate the future of mobility for American drivers. We look forward to working with the new company as we continue to serve customers in the US through our international Cooperation Agreement.

In 2022, LeasePlan's shareholders and LeasePlan signed a Framework Agreement with ALD Automotive and Société Générale to create a leading global sustainable mobility player. On 28 November, it was announced that ALD Automotive has obtained all required merger control clearances for the acquisition of LeasePlan. The last clearance was obtained from the European Commission on 25 November, 2022. The Commission's approval is conditional on the divestiture of the subsidiaries carrying on the full-service leasing and fleet management business of ALD in Portugal, in Ireland and in Norway[8], and of LeasePlan in the Czech Republic, in Finland and in Luxembourg.. The transaction is expected to close in the first half of 2023.

[8] with the exception, in the latter country, of NF Fleet Norway, a company jointly owned by ALD and Nordea

Funding and capital

Funding

LeasePlan was active across all its funding levers and raised a total amount of EUR 2.9 billion across Senior Unsecured funding, Asset Backed Securitisation (ABS) as well as Retail Deposits.

In unsecured funding format, LeasePlan issued a EUR 750 million bond in April 2022 and a total amount of matched funding of EUR 459 million was actively delivered through its private placements franchise across NOK, SEK, EUR and CZK. Through its Bumper ABS franchise, LeasePlan delivered a EUR 500 million benchmark public transaction in April from its French portfolio and a EUR 750 million private warehouse in October from its Dutch portfolio. LeasePlan Bank raised EUR 517 million during the year from its retail deposits platform in The Netherlands and Germany, increasing its total volume from EUR 10.2 billion at year end 2021 to EUR 10.8 billion at year end 2022.

These funding activities combined with the liquidity impact of the divestment of LeasePlan USA delivered a record year end liquidity buffer of EUR 9.0 billion made up of EUR 7.6 billion in cash as well as access to the undrawn EUR 1.375 billion Revolving Credit Facility.

Capital

During 2022, the Company has allocated EUR 82.7 million of its 2022 net result to its CET1 capital to strengthen the management buffer. The Common Equity Tier 1 (CET1) ratio as per 31 December 2022 was 15.9% calculated at the regulatory consolidated level (LP Group B.V. consolidated). At this consolidated level, the Tier 1 capital ratio was 17.3% and the Total Capital ratio was 17.7%.

In January 2023, the Company repatriated EUR 1,495.4 million by way of a repayment of nominal share capital (after first having converted the same amount of share premium into nominal share capital).

Just prior to this repatriation, the Company has allocated its net result for the fourth quarter of 2020 (in the amount of EUR 28.2 million), its net result for the financial year 2021 (in the amount of EUR 888.3) and the majority part of its net result for the first half year of 2022 (in the amount of EUR 578.8 million (which excludes the EUR 82.7 million already allocated as mentioned in the first paragraph above)) as part of the retained earnings to its CET1 capital. On a net basis the CET1 capital has not been affected by the nominal share capital repayment.

The Managing Board proposes to the general meeting of shareholders to add part of the net result 2022 in the amount of EUR 1,224.2 million (consisting of the net result for the second half of the year of 2022) to the retained earnings and, at this point in time, not to resolve on the distribution of the net result. This net result relating to the second half year of 2022 is excluded from CET1 capital, with the intention of management to repatriate this, in part or full, to its shareholders in the foreseeable future.

Dividends

During 2022, no dividends were paid by the Company.

Ratings

Following the signing of the Memorandum of Understanding on 6 January 2022 with ALD and Societe Generale, there were a number of actions from the Rating Agencies

- On 10th January Fitch affirmed LeasePlan Corporation N.V.'s Long-Term IDR at BBB+ with a Stable Outlook
- On 10th January S&P placed on CreditWatch positive, LeasePlan Corporation N.V.'s BBB-/A-3 long and short term issuer credit ratings
- On 18th January Moody's affirmed LeasePlan Corporation N.V.'s Baa1 long-term deposit, issuer and senior unsecured ratings and changed the outlook to positive

No further rating actions were taken during 2022.

Risk management

Risks and uncertainties

LP Group 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. Non-financial risks are disclosed in the Non-financial Risk Management section of LeasePlan Corporation N.V. Annual Report 2022.

The groups risk governance principally takes place within the boards of LeasePlan corporation N.V. Where the boards and committees are referenced within this document we principally refer to the boards and committees as they sit within LeasePlan corporation N.V.

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 (expected) 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.

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 contract 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 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.

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 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 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 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.

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 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 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 updated models have been sent to the regulator and LeasePlan is awaiting the model assessment process of the regulator. Given that LeasePlan still needs to apply the current regulatory models, the regulator imposed an add-on to be included in the total TREA of LeasePlan. This add-on was the result of the SREP process.

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 sets authority levels for all of 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. The Group has a custom built web-based global credit risk management system in place in order to efficiently, and in accordance with granted authorities, handle and monitor credit requests and defaults.

Operational risk

Operational risk within LeasePlan is part of the Non-Financial Risk Management 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. 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). 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.

Risk management framework

The groups risk governance principally takes place through the decisions of the Managing Board and within the boards of LeasePlan corporation N.V. Where the boards and committees are referenced within this document we principally refer to the boards and committees as they sit within LeasePlan Corporation N.V.:

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 (Risk Committee of the) Supervisory Board is authorised to decide on credit acceptance and renewal above limits as set out in the Regulations for the (Risk Committee of the) Supervisory Board.

The Supervisory Board has a Selection and Appointment Committee, a Remuneration Committee, an Audit Committee, a Risk Committee and a 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 and the SVP Risk Management 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 once approved. The chairs of the delegated committees can independently escalate matters of their committee to the GRC.

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. The Group uses a mixture of one-to-one relationships (for fair value hedging), as well as many-to-many macro hedging (for cash flow hedging). The hedge ratio is calculated by analysing the relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting. For fair value hedges the hedge ratio is calculated as 1:1, whereas for cash flow hedges the ratio is 0.48:1.

Sustainability strategy

LeasePlan's 'Driving to Zero' sustainability strategy commits it to decisively address the most important Environment, Social and Governance (ESG) issues of our time. Combined with our existing ambitions, 'Driving to Zero' further strengthens our industry leading approach to sustainability.
Three pillars are central in our sustainability strategy:

1. Protect the planet
2. Contribute to societal wellbeing
3. Be responsible

1. Protect the planet

The Intergovernmental Panel on Climate Change (IPCC) has concluded that global temperatures must not rise by more than 1.5°C above pre-industrial levels if we are to avoid the worst impacts of climate change, including irreversible damage to our environment and deeper inequality between rich and poor. To achieve this, global annual greenhouse gas (GHG) emissions must roughly halve by 2030 – and drop to net zero by 2050.
As a responsible company, LeasePlan recognises there is only a small window of time to prevent the worst effects of climate change and that bold actions must be taken today. LeasePlan's updated 'Protect the planet' approach therefore focuses on the following three dimensions:

i. **Lead** the transition to sustainable mobility by accelerating the uptake of zero emission vehicles in our funded fleet;
ii. **Reduce** our carbon footprint to net zero in line with the Paris Agreement, with targets to be validated by the Science-Based Targets initiative; (SBTi)
iii. **Understand** and manage the group's climate risks and opportunities to ensure our business is resilient across a range of potential climate futures

2. Contribute to societal wellbeing

LeasePlan's 'Driving to Zero sustainability strategy aims to contribute to societal well-being and help create a more equal society. In 2022, we continued to progress against our strategy, focusing on the following priority areas:

• Building an ethical, inclusive and progressive culture;
• Offering a safe, healthy and engaging work environment;
• Helping our people reach their potential;
• Having a positive impact in the communities in which we operate;
• Promoting sustainability and customer engagement;
• Improving driver safety in customer and employee fleets;
• Driving supply chain sustainability.

3. Be responsible

Only by conducting business according to our high ethical standards can we win and retain the trust of our stakeholders. LeasePlan's has recently reviewed its sustainability governance structure, implemented ESG metrics for executive remuneration and will soon launch a global ESG-aligned Investment Policy for its Insurance business.

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 LeasePlan Code of Conduct (www.leaseplan.com), which also explains the way in which we deal with each other, customers, suppliers, society at large, government authorities, regulators, investors and business partners. The core values we uphold are Commitment, Expertise, Passion and Respect, which we apply to everything we do. 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 aim to 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 and Supplier Code of Conduct (www.leaseplan.com/corporate). Respect for human rights is also 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.

Corporate 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 28 countries across the globe. These operations are conducted through various local LeasePlan companies.

Composition Managing Board and Gender Diversity

The Managing Board of LP Group B.V. consists of Mr Manjit Dale (managing director A) and Mr Eric-Jan Vink (managing director B).

The Company aims to obtain an equal division of gender into its Managing Board. This means that every time a position within the Managing Board becomes vacant, gender diversity aspects will be taken into account during the procedure of selection and appointment of the candidates.

Given the absence of direct FTEs and the limited scope of LP Group's activities, LeasePlan Corporation N.V.,, is the primary object of our diversity efforts. Our global employee base totalled 7,923[9] at 31 December 2022. Of this number, approximately 52.5% were male and 47.4% were female. For the top three layers, gender distribution was 30.6% for females.

While LeasePlan has a relatively strong balance of gender diversity, we recognise there is still considerable room for us to improve. We are determined to take strong steps to improve our diversity and inclusion in the years ahead and have developed a comprehensive strategy that will help achieve this.

In summary, we are pleased with the results of LP Group B.V. over 2022. We are also confident in LP Group B.V.'s ability to take a next step in the future merger with ALD.

Amsterdam, the Netherlands
22 March 2023

Manjit Dale
DocuSigned by:
Manjit Dale
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Eric-Jan Vink
DocuSigned by:
Eric-Jan Vink
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[9] Total FTE, Including Contingent Workers, excluding Reimbursed leave

Consolidated financial statements

Consolidated statement of profit or loss

for the year ended 31 December

In thousands of euros	Note	2022	2021*
Operating lease income		3,919,754	3,726,287
Finance lease and Other interest income		158,846	61,140
Additional services income		2,342,508	2,069,962
Vehicle sales and End of contract fees		3,314,198	3,280,194
Revenues	4	**9,735,305**	**9,137,582**
Depreciation cars		2,610,838	2,937,143
Finance cost		295,299	259,179
Unrealised (gains)/losses on financial instruments	16	−235,755	−75,602
Impairment charges on loans and receivables	5	13,643	26,780
Lease cost		2,684,025	3,147,501
Additional services cost		1,521,093	1,323,347
Vehicle and Disposal cost		2,712,219	2,885,617
Direct cost of revenues	4	**6,917,337**	**7,356,465**
Lease services		1,394,575	639,926
Additional services		821,415	746,614
Profit/Loss on disposal of vehicles and End of contract fees		601,979	394,577
Gross profit	4	**2,817,968**	**1,781,117**
Staff expenses	6	601,162	472,599
Other operating expenses	7	266,626	274,113
Other depreciation and amortisation	8	102,071	91,567
Total operating expenses		**969,859**	**838,278**
Share of profit of investments accounted for using the equity method	23	6,182	−5,520
Other income	9	−50,649	−8,706
Profit before tax		**1,803,642**	**928,612**
Income tax expenses	10	425,437	200,190
Net result from continuing operations		1,378,205	728,422
Net result from discontinued operations	11	544,398	273,048
Net result for the period		**1,922,603**	**1,001,469**
Attributable to:			
Equity holders of parent		1,885,723	964,845
Holders of AT1 capital securities		36,880	36,880
Non-controlling interest		–	−256

*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	2022	2021
Net result		**1,922,603**	**1,001,469**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit reserve, before tax	33	11,555	1,415
Income tax on post-employment benefit reserve	10	–3,032	–309
Subtotal changes in post-employment benefit reserve, net of income tax		**8,523**	**1,107**
Items that may be reclassified to profit or loss			
Changes in cash flow hedges, before tax		–	1,729
Cash flow hedges recycled from equity to profit or loss, before tax		–	15
Income tax on cash flow hedges	10	–	–436
Subtotal changes in cash flow hedges, net of income tax	10	**–**	**1,308**
Exchange rate differences	33	–66,508	–8,905
Other comprehensive income, net of income tax		**–57,985**	**–6,490**
Total comprehensive income for the year		**1,864,619**	**994,980**
Comprehensive income attributable to:			
Owners of the parent		1,827,739	958,355
Holders of AT1 capital securities		36,880	36,880
Non-controlling interest		–	–256

Comprehensive income attributable to owners of the parent arises from:		
Continuing operations	1,299,152	669,268
Discontinued operations	528,587	289,088

Consolidated statement of financial position

As at 31 December

In thousands of euros	Note	2022	2021
Assets			
Cash and balances at central banks	13	7,117,329	5,447,685
Investments in equity and debt securities	14	123,141	177,220
Receivables from financial institutions	15	1,258,947	687,722
Derivative financial instruments	16	545,140	176,167
Other receivables and prepayments	17	1,257,419	1,031,888
Inventories	18	265,049	370,605
Lease receivables from clients	20	2,045,230	3,492,981
Property and equipment under operating lease, rental fleet and vehicles available for lease	21	20,150,395	19,739,908
Other property and equipment	22	240,714	296,515
Loans to investments accounted for using the equity method	19	110,500	200,000
Investments accounted for using the equity method	23	34,261	32,556
Intangible assets	24	772,160	672,416
Corporate income tax receivable		27,489	18,130
Deferred tax asset	25	137,821	238,147
Assets classified as held-for-sale	26	1,125,301	–
Total assets		**35,210,896**	**32,581,939**

Consolidated statement of financial position – *continued*

As at 31 December

In thousands of euros	Note	**2022**	**2021**
Liabilities			
Trade and other payables and Deferred income	28	2,446,762	2,685,035
Borrowings from financial institutions	29	3,032,320	3,324,010
Derivative financial instruments	16	549,831	108,417
Funds entrusted	27	10,852,278	10,334,671
Debt securities issued	30	9,055,215	9,401,924
Provisions	31	622,418	581,713
Corporate income tax payable		45,307	33,046
Loans from equity investments		–	25,000
Lease liabilities	22	168,805	236,085
Deferred tax liabilities	25	508,949	403,635
Liabilities directly associated with the assets held-for- sale	26	510,636	–
Total liabilities		**27,792,521**	**27,133,537**
Equity			
Share capital	32	100,000	100,000
Share premium	32	3,431,500	3,431,500
Other reserves	33	–52,867	–137,117
Retained earnings	34	3,441,806	1,556,082
Equity of owners of the parent		**6,920,438**	**4,950,465**
Holders of AT1 capital securities	35	497,937	497,937
Total equity		**7,418,375**	**5,448,402**
Total equity and liabilities		**35,210,896**	**32,581,939**

Consolidated statement of changes in equity

in thousands of euros	Share capital	Share premium	Other reserves	Retained earnings	Equity of owners of the parent	Holders of AT1 capital securities	Non-controlling interest	Total equity
Balance as at 1 January 2021	**100,000**	**3,431,500**	**–122,127**	**582,737**	**3,992,110**	**497,937**	**–47**	**4,490,000**
Net result	–	–	–	1,001,725	1,001,725	–	–256	1,001,469
Transfer - accrued interest on AT1 capital securities	–	–	–	–36,880	–36,880	36,880	–	–
Hedging reserve	–	–	–8,500	8,500	–	–	–	–
Other comprehensive income	–	–	–6,490	–	–6,490	–	–	–6,490
Total comprehensive income	**–**	**–**	**–14,990**	**973,345**	**958,355**	**36,881**	**–256**	**994,981**
Sale of subsidiary with NCI	–	–	–	–	–	–	303	303
Interest coupon paid on AT1	–	–	–	–	–	–36,880	–	–36,880
Balance as at 31 December 2021	**100,000**	**3,431,500**	**–137,117**	**1,556,082**	**4,950,465**	**497,937**	**–**	**5,448,402**
Restatement due to hyperinflation	–	–	142,234	–	142,234	–	–	142,234
Balance as at 1 January 2022	**100,000**	**3,431,500**	**5,117**	**1,556,082**	**5,092,699**	**497,937**	**–**	**5,590,636**
Net result	–	–	–	1,922,604	1,922,604	–	–	1,922,604
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**	**1,885,724**	**1,827,739**	**36,880**	**–**	**1,864,619**
Interest coupon paid on AT1	–	–	–	–	–	–36,880	–	–36,880
Balance as at 31 December 2022	**100,000**	**3,431,500**	**–52,867**	**3,441,806**	**6,920,438**	**497,937**	**–**	**7,418,375**

Consolidated statement of cash flows

for the year ended 31 December

In thousands of euros	Note	**2022**	**2021**
Operating activities			
Net result		1,885,724	964,589
Net result holders of AT1 capital securities		36,880	36,880
Adjustments			
Interest income and expense	4	200,405	187,504
Other financial (gain)		−4,458	–
Impairment charges on receivables	5	13,982	23,500
Gain on monetary positions on hyperinflation		−66,094	–
Valuation allowance on inventory		–	−8,046
Depreciation operating lease portfolio and rental fleet	21	3,128,601	3,385,341
Insurance expense		392,326	347,377
Depreciation other property plant and equipment	8	50,803	62,679
Amortisation and impairment on intangibles	8	59,512	49,379
Share of profit in equity accounted investments	23	−6,182	5,520
Gain on sale of subsidiaries / associates	11	−404,919	−219,463
Financial instruments at fair value through profit and loss	16	−180,649	−71,668
Income tax expense		463,647	206,486
Changes in			
Provisions		−379,262	−329,615
Derivative financial instruments		−63,165	−60,687
Trade and other payables and other receivables		49,521	44,468
Inventories	18	265,746	153,244
Amounts received for disposal of objects under operating lease	21	2,350,723	2,604,328
Amounts paid for acquisition of objects under operating lease	21	−7,660,892	−7,256,129
Acquired new finance leases		−1,324,687	−1,440,006
Repayment finance leases		1,138,737	1,074,714
Income taxes received		10,898	20,659
Income taxes paid		−159,660	−109,630
Interest received		159,784	109,632
Interest paid		−326,646	−304,361
Net cash inflow/(outflow) from operating activities		**−369,323**	**−523,306**

Consolidated statement of cash flows - continued

For the year ended 31 December

In thousands of euros	Note	2022	2021
Investing activities			
Net investment in equity and debt securities		−1,028	−19,880
Loans provided to investments accounted for using the equity method	19	–	−101,500
Redemption on loans to investments accounted for using the equity method	19	89,500	258,011
Dividend received from associates and jointly controlled entities	23	9,807	4,694
Changes in held-for-sale investments		–	1,268
Proceeds from disposal of subsidiaries, net of cash disposed of EUR 135,908 (2021: EUR 95,940)	11	331,247	222,711
Proceeds from sale of other property and equipment	22	20,461	21,045
Acquisition of other property and equipment	22	−51,680	−43,914
Acquisition of intangibles assets	24	−173,833	−160,459
Net cash outflow from investing activities		**224,474**	**181,976**
Financing activities			
Receipt from receivables from financial institutions		1,391,523	465,047
Balances deposited to financial institutions		−1,537,662	−468,891
Receipt of borrowings from financial institutions	12	3,105,679	3,236,378
Repayment of borrowings from financial institutions	12	−3,076,655	−3,312,800
Receipt of funds entrusted	12	6,546,597	3,832,859
Repayment of funds entrusted	12	−6,028,990	−2,710,683
Receipt of debt securities	12	2,615,371	3,256,535
Repayment of debt securities	12	−2,583,331	−3,573,233
Receipt of subordinated loans		1,890,368	–
Payment of lease liabilities		−41,594	−44,773
Interest paid AT1 capital securities	35	−36,880	−36,880
Net cash inflow from financing activities		**2,244,426**	**643,557**
Cash and balances with banks as at 1 January		**5,862,270**	**5,557,476**
Net movement in cash and balances with banks		2,099,577	302,228
Exchange gains/(losses) on cash and balances at banks		1,041	2,566
Cash and balances with banks as at 31 December	13	**7,962,888**	**5,862,270**

General notes

1 General information

LP Group B.V.

LP Group B.V. (the "company") is domiciled in Amsterdam, the Netherlands, 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 31 December 2022 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 2022, the Group employed over 7,800 people worldwide and had offices in 28 countries. Changes in the Groups' composition during the reporting period were related to the sale of the United States subsidiary and the classification of the subsidiaries in Luxembourg, Finland and Czech Republic as held for sale (please refer to Note 11 Discontinued operations).
A list of the principal consolidated participating interests is included in the Other information paragraph of the company financial statements.

LeasePlan Corporation N.V. has held a banking licence in the Netherlands since 1993 and it operates under the direct supervision of the European Central Bank.

Ownership of the Company

LP Group B.V. is the parent of LeasePlan Corporation and indirectly represents a group of long-term investors. None of these investors alone has a direct or indirect controlling interest in the company:

- **ADIA:** Since 1976, the Abu Dhabi Investment Authority (ADIA) has been prudently investing funds on behalf of the Government of Abu Dhabi, with a focus on long-term value creation. ADIA manages a global investment portfolio that is diversified across more than two dozen asset classes and sub categories, including quoted equities, fixed income, real estate, private equity, alternatives and infrastructure.
- **ATP:** ATP was established in 1964 and is Denmark's, and one of Europe's, largest pension funds.
- **ELQ Investors VIII Ltd:** the Company's ultimate parent is The Goldman Sachs Group.
- **GIC:** GIC is a leading global investment firm with well over US$100 billion in assets under management. Established in 1981, the firm manages Singapore's foreign reserves and is positioned for long-term and flexible investments across a wide range of asset classes, including public equities, fixed income, real estate, and private equity. In private equity, GIC invests through funds as well as directly in companies, partnering with fund managers and management teams to help businesses achieve their objectives.
- **PGGM:** PGGM is a cooperative Dutch pension fund service provider. Institutional clients are offered: asset management, pension fund management, policy advice and management support. Either alone or together with strategic partners, PGGM develops innovative future provisions by linking together pension, care, housing and work.
- **TDR Capital:** TDR Capital LLP is a highly selective private equity firm with a track record of investing in businesses. TDR Capital LLP was founded in 2002 and currently manages funds totalling over EUR 13.0 billion on behalf of a range of sophisticated investors.

2 Basis of preparation

Statement of compliance and restatements
The consolidated financial statements for the year ended 31 December 2022 were authorised for issue by the Managing Board on 16 March 2023. 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. The opening balance sheet position as per 1 January 2022 has been 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 the other comprehensive income.

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 index in the current and previous reporting periods is as following:

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

The financial statements of the Turkish subsidiary are based on a 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 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 gain of EUR 35.2 million.

Significant judgments 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 the 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, the impairment of intangibles and goodwill, estimates in revenue recognition, the assessment of restructuring provisions and litigation provisions, 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 are included in the specific notes to the statement of financial position.

Changes in accounting policies

During 2022 there have been no changes in accounting policies.

New and amended standards adopted by the Group effective as from 1 January 2022

The following new or revised standards, amendments and interpretations to published standards became effective as per 1 January 2022 (and are endorsed by the EU). The impacts of those standards for the Group are disclosed below. These standards have no impact on the opening balances as at 1 January 2022.

Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework

The amendments are intended to update a reference to the Conceptual Framework without significantly changing requirements of IFRS 3. Also the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and introduce a 'directly related cost approach'. These costs include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract and allocation of indirect overheads is no longer allowed.

IAS 16 Property, Plant and Equipment

This amendment is not applicable to the Group.

Annual Improvements 2018-2020

As part of its process to make non-urgent but necessary amendments to IFRS Standards, the International Accounting Standards Board has issued the Annual Improvements to IFRS Standards 2018-2020. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. These changes are not material for LeasePlan.

- IFRS 1 First-time Adoption of IFRS is not applicable to the Group.
- IFRS 9 amendment clarifies which fees to include in assessment of a modification.
- IAS 16 change, "Property, Plant and Equipment – Proceeds before Intended Use (amendments to IAS 16)", in illustrative example for lease incentives in the payments from the lessor relating to leasehold improvements.
- IAS 41 Agriculture is not applicable to the Group.

Most relevant new and amended standards issued that become effective after 1 January 2023

IFRS 17 – 'Insurance contracts'

The Group will implement IFRS 17 'Insurance Contracts' (as issued by the IASB on 18 May 2017) including Amendments to IFRS 17 (issued on 25 June 2020). The standard will be effective after 1 January 2023 and is endorsed by the EU as per 19 November 2021.

IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts, which was issued in 2005.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows).
- A Contractual Service Margin (CSM) that is deferring any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in profit or loss over the service period (i.e. coverage period).
- A simplified premium allocation approach may be applied for contracts that meet specific conditions. An important condition is that the coverage of the contracts does not exceed one year. The premium allocation approach is quite similar to current accounting under IFRS 4 for non-life products.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income is based on the concept of services provided during the period.

- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures will provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The Group has finalized assessing the impact on shareholders' equity and comprehensive income due to adoption of IFRS 17. Most of the insurance contracts have a coverage period of one year or less and therefore the Group opts to apply the premium allocation approach. The changes in revenue recognition and measurement of insurance liabilities under the new standard, such as requirements for initial recognition, discounting, risk adjustment and allocation of overhead expenses have no significant impact on equity and comprehensive income.

Other changes

The following amendments to standards, endorsed by the EU, become effective after 1 January 2023. Those changes relate to:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021).
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021).

The following amendments to standards are not yet endorsed by the EU and become effective after 1 January 2023. Those changes relate to:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current (issued on 23 January 2020 and 15 July 2020). The IASB has issued an exposure draft to defer the effective date from 1 January 2023 to 1 January 2024.

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

3 Summary of significant 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 the aggregate of the consideration transferred and the fair value of non-controlling interest over 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.

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 refer to "Hyperinflation in Turkey" in Basis of preparation.

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 on initial recognition 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 ten 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 and brand name acquired as part of business combinations and recognised separately from goodwill. Customer relationship intangible assets are amortised over 20 years, brand name is amortised over the useful life of 40 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 – 4 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. Reference is made to Note N - Provisions for reinsurance assets. For 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 reliably estimated. 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 risk retention

The provision for damage risk retention is a contract provision and includes provisions for insurance risk and own material damage provision. The risks included in the provision are those for motor third-party liability, legal defence, motor material damage and passenger indemnity.

Insurance contracts

Insurance contracts are accounted for in accordance with IFRS 4 'Insurance Contracts'. Under IFRS 4, the Group may continue its existing pre-IFRS accounting policies for insurance contracts provided that certain minimum requirements are met. In accordance with this standard, the Group continues to apply the existing non-uniform accounting policies that were applied prior to the adoption of IFRS-EU with certain modifications allowed by IFRS 4 for standards effective after adoption. As a result, specific methodologies applied may differ between the Group's operations as they may reflect local regulatory requirements and local practices for specific product features in these local markets.

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.

Insurance contracts are recognised when the contract is entered into and the premiums are due. The liability is derecognised when the contract expires, is discharged, is disposed or cancelled.
Non-life insurance contract provisions generally include reserves for unearned premiums and outstanding claims and benefits. The reserve for unearned premiums includes premiums received for risks that have not yet expired and inadequate premium levels. Generally, the reserve is released over the coverage period of the premium and is recognised as premium income.

The liability for outstanding claims and benefits is established for all reported claims and damages that have not been settled and any related cash flows, such as claims handling costs. It includes claims that have been incurred but have not been reported (IBNR) to the Group. 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 damages handling expenses. The liability may include 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.
The adequacy of the insurance liabilities is evaluated at each reporting period at the level of the individual claims by each subsidiary based on the general principle that the carrying amount of the net liability must be sufficient to meet any reasonably foreseeable obligations resulting from the insurance contracts based on current assumptions.

Reinsurance assets

Reinsurance assets are balances due from reinsurance companies for ceded insurance liabilities. These balances are not offset against the related insurance liabilities and are separately reported as part of 'Other receivables and prepayments'. Reinsurance contracts are contracts entered into by the Group to receive compensation for claims/benefits incurred on contracts written by the Group (outgoing reinsurance). For contracts transferring sufficient insurance risk, a reinsurance asset is recognised for the expected future benefits, less expected future reinsurance premiums. Reinsurance contracts with insufficient insurance risk transfer are accounted for as investments or service contracts, depending on the nature of the agreement.
Reinsurance assets are measured consistently with the assumptions associated with the underlying insurance contracts and in accordance with the terms of each reinsurance contract. The insurance premiums for the original contracts are presented gross of reinsurance premiums paid in the consolidated statement of profit or loss. Reinsurance contracts are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.
Quarterly the Group assesses whether its amounts recoverable under a reinsurance contract are subject to impairment. The focus of the test is credit risk, which arises from the risk of default by the reinsurer and from disputes regarding coverage. Reinsurance assets are impaired if there is objective evidence, as a result 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. In such a case, the value of the reinsurance asset recoverable is determined based on the best estimate of future cash flows, taking into consideration the reinsurer's current and expected future financial conditions plus any collateral held in trust for the Group's benefit. 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, 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 of LeasePlan Corporation N.V. 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 and damage & insurance services.

Fleet management & other services

Revenue from fleet management services is recognised on a straight-line basis over the term of the fleet management 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 & insurance services

The revenue from the risk retention schemes is recognised based on the monthly lease instalment. This applies for third-party liability and own damage insurance products. Revenue recognition will cease when the contract is terminated by a client or at the end of the contractual term.

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 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.

Finance cost
Finance cost consists of interest expenses and similar charges for interest-bearing liabilities (including interest expenses on lease liabilities) 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 2022 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 24 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 risk retention

The damage risk retention provision is based on estimations with respect to reported and incurred but not reported claims. Techniques applied are statistical modelling based on empirical data and assumptions on future claim development, policyholder behaviour and inflation. The assumptions may differ from the actual data as a result of changes in economic and market conditions.

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 more likely than not 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 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. For further information on risk approach please refer to 'Risk management' section under 'Business' 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 European Central Bank (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 takes into account 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 liquiity 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)

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

Eligible Capital

The Group's eligible regulatory capital consists of CET1 capital and AT1 instruments which can be bridged to IFRS equity. The following table illustrates this reconciliation.

As at December 31	**2022**	**2021**
Total IFRS equity	**7,418,375**	**5,448,402**
Results for the year	– 1,885,723	– 964,845
AT1 capital securities	– 497,937	– 497,937
Total IFRS equity excluding results, interim dividend paid and AT1 capital securities	**5,034,715**	**3,985,620**
Eligible results for the year	82,650	76,500
Dividend accrual - Q4 2020 result	–	– 28,205
Regulatory adjustments	– 1,552,789	– 687,937
Common Equity Tier 1 capital	**3,564,576**	**3,345,979**
Additional Tier 1 capital	333,588	351,203
AT1 instrument eligible as Tier 2 capital [2]	77,559	80,066
Total Capital	**3,975,723**	**3,777,248**

Based on EU endorsed frameworks for Basel III (CRR/CRD IV), the Group's CET1 ratio[1] and Total Capital Ratio as at 31 December is as follows:

As at 31 December	**2022**	**2021**
Total risk exposure amount	22,481,627	22,483,389
Common Equity Tier 1 capital	3,564,576	3,345,979
Common Equity Tier 1 ratio	**15.9%**	**14.9%**
Total Capital	3,975,723	3,777,248
Total Capital ratio	17.7%	16.8%

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 2022 ICAAP, the Group concludes that it is sufficiently capitalised and resilient to future plausible stress scenarios. This conclusion is based on the Group's capital assessment methodologies.

[1] CET1 and TC ratio are based on the consolidated level of LeasePlan Corporation N.V., where LeasePlan Group B.V is part of.

[2] The AT 1 instrument of LeasePlan Corporation N.V is EUR 494.5 million, however due to the regulatory CRR minority interest calculation, the AT1 instrument eligible part is considered as Tier 2 capital.

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 groups risk governance principally takes place through the decisions of the Managing Board and within the boards of LeasePlan corporation N.V. Where the boards and committees are referenced within this document we principally refer to the boards and committees as they sit within LeasePlan corporation N.V.:

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 (Risk Committee of the) Supervisory Board is authorised to decide on credit acceptance and renewal above limits as set out in the Regulations for the (Risk Committee of the) Supervisory Board.

The Supervisory Board has a Selection and Appointment Committee, a Remuneration Committee, an Audit Committee, a Risk Committee and a 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 and the Chief Risk Manager can independently decide to escalate risk related issues to the chairman of the Risk Committee of the Supervisory Board.

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 (expected) 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 a whole, 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 taking into account 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.

Asset risk management

The Group has several risk-mitigating measures in place to manage and mitigate the exposure to non-market residual value risk. 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 effects of the potential negative developments in the used-car market are partially mitigated by the multi-channel approach, which allows further diversifications and optimisation of the revenues generated from the sale of second-hand cars.
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 a number of alternative scenarios.

Using the outcomes of these local assessments as a basis, 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 residual value risk in 28 countries. This geographical diversification, in conjunction with being an independent multi-brand company with well-diversified brand portfolio, also partly mitigates the risk related to residual values.

The Group's residual value position in relation to the total operational lease assets can be illustrated as follows:

	2022	**2021**
Residual value	14,338,965	13,748,227

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 maintain good market access at all times; and
4. compliance with minimum regulatory liquidity and funding requirements at all times.

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 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 meet regulatory liquidity requirements at all times.

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 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.

The Group's central Treasury provides loans to the Group's entities and attracts funds from the market 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 on a monthly basis.

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 2022, 35.9% (2021: 35.6%) 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 regulatory risk management a currency shock will shift TREA and CET1 capital in the opposite direction.

In order to manage its currency risk, the Group has defined triggers and limits on the overall risk exposure, being the sum of all absolute deviations between the local capital ratios and the Group's capital ratio and a trigger on the underlying absolute deviation between the local capital ratios in comparison to the Group's capital ratio.

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 on LeasePlan Corporation level.

The Group's central Treasury provides loans to the Group's entities and attracts funds from the market, thereby acting as the central hub for liquidity management activities. Funds raised through LeasePlan Bank are also placed with Treasury.

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 liquidity stress testing policy.

The Group maintains a number of 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 of LeasePlan Corporation N.V.

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	26	8,166,409	1,725,584	960,241	43	10,852,278
Trade payables	27	794,433				794,433
Borrowings from financial institutions	28	494,124	384,336	2,153,860	–	3,032,320
Debt securities issued	29	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		**9,756,896**	**4,872,282**	**9,675,410**	**138,314**	**24,442,903**

Financial liabilities	**Note**	**0-3 months**	**3-12 months**	**1-5 years**	**>5 years**	**Total**
Funds entrusted	26	6,985,563	2,017,759	1,331,334	14	10,334,671
Trade payables	27	851,114				851,114
Borrowings from financial institutions	28	536,898	648,347	2,138,766	–	3,324,010
Debt securities issued	29	839,988	1,526,992	6,923,409	111,535	9,401,924
Loans fom equity investment		25,000				25,000
Future payments (interest and commitments fees)		44,936	117,981	218,099	14,788	395,804
Lease liabilities		10,909	33,024	141,784	91,469	277,185
Total as at 31 December 2021		**9,294,409**	**4,344,102**	**10,753,392**	**217,806**	**24,609,708**

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	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 at 31 December 2022	**–6,208**	**–31,645**	**–218,844**	**3,285**	**–253,412**

In thousands of euros	**0 – 3 months**	**3 – 12 months**	**1 – 5 years**	**> 5 years**	**Total**
Interest rate swaps / forward rate agreements	–2,332	9,990	32,289	12,007	51,954
Currency swaps inflows	3,576,537	288,794	1,190,435	–	5,055,765
Currency swaps outflows	–3,588,474	–280,361	–1,215,546	–	–5,084,381
Total as at 31 December 2021	**–14,269**	**18,423**	**7,178**	**12,007**	**23,338**

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	**2022**	**2021**
Unencumbered cash at banks	628	573
Unencumbered cash at Dutch Central bank	7,018	5,350
Total on balance liquidity buffer	**7,646**	**5,923**
Committed facilities	1,375	1,375
Total	**9,021**	**7,298**

The Group holds a revolving credit facility with a consortium of 11 banks (EUR 1.4 billion) maturing in November 2024. During 2022 no amounts were drawn under this facility.

The European Central Bank sets out minimum liquidity level requirements demanding that available liquidity exceeds required liquidity at all times as well as a Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) of 100%; the Group is in compliance with 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, taking into account the nine months' minimum regulatory liquidity buffer requirement, in line with the Group's risk appetite statement. At all times during 2022, under regulatory assumption, the Group held enough liquidity to continue business as usual during the most severe stress scenario for a minimum period of nine months.

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 takes into account 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	
	2022	**2021**
Effect within 1 year		
-200 bps	– 42.1	– 14.0
+200 bps	42.1	14.1
Effect within 2 year		
-200 bps	– 126.9	– 44.6
+200 bps	126.9	49.0

2021 numbers have been restated (change of sign) due to improved reporting that facilitates identification of sign next to absolute amplitude of the shock effect

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

	Equity at risk	
	2022	**2021**
-200 bps	123.9	144.5
+200 bps	– 116.8	– 132.7

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 2022:

	EUR	GBP	TRY	DKK	NOK	PLN	Other currencies	Total
Cash and balances at central banks	7,117,329	–	–	–	–	–	–	7,117,329
Investments in equity and debt securities	123,141	–	–	–	–	–	–	123,141
Receivables from financial institutions	1,144,011	−10,822	11,855	8,954	4,983	14,151	85,814	1,258,947
Derivatives - long	4,777,543	27,397	383	–	107,500	24,947	877,860	5,815,629
Interest to be received	2,487	–	28	–	3	26	16	2,560
Rebates and bonuses & commissions receivable	251,725	12,342	831	4,273	8,593	2,779	9,720	290,264
Reclaimable damages	33,583	–	677	1,614	–	105	3,568	39,547
Lease receivables from clients	1,111,454	588,725	4,324	49,893	119,414	22,911	148,509	2,045,230
Investments in equity accounted investments	34,261	–	–	–	–	–	–	34,261
Loans to other third parties	410	9	–	–	–	–	–	419
Loans to equity accounted investments	110,500	–	–	–	–	–	–	110,500
Deferred payment sale of subsidiaries	233,102	–	–	–	–	–	–	233,102
Non-financial assets	**16,384,324**	**2,760,462**	**565,710**	**458,383**	**940,644**	**486,005**	**1,814,929**	**23,410,456**
Total assets	**31,323,871**	**3,378,113**	**583,808**	**523,117**	**1,181,138**	**550,924**	**2,940,416**	**40,481,386**
Funds entrusted	10,852,278	–	–	–	–	–	–	10,852,278
Total derivatives - short	1,889,535	2,234,481	133,819	209,226	319,890	399,058	634,313	5,820,320
Trade payables	587,859	43,605	17,901	32,931	44,323	13,286	54,528	794,433
Interest payable	63,761	377	966	195	4,646	507	6,792	77,243
Borrowings from financial institutions	2,304,277	15,354	29,191	142,610	102,014	7,041	431,832	3,032,320
Lease liabilities	132,248	7,277	178	8,353	3,339	2,793	14,617	168,805
Debt securities issued	7,343,202	283,475	–	–	516,670	16,021	895,846	9,055,215
Non-financial liabilities	**875,889**	**717,654**	**402,542**	**124,704**	**181,630**	**84,882**	**875,095**	**3,262,396**
Total liabilities	**24,049,048**	**3,302,222**	**584,598**	**518,020**	**1,172,512**	**523,587**	**2,913,023**	**33,063,010**
Net position (excl.net invest.in subsidiaries)	7,274,823	75,890	−790	5,097	8,626	27,337	27,393	7,418,375
Currency position		**486,928**	**325,314**	**69,654**	**112,763**	**95,427**	**363,424**	
Net investment in subsidiaries		411,038	326,104	64,557	104,137	68,090	336,031	
Other positions		75,890	−790	5,097	8,626	27,337	27,393	

As at 31 December 2021:

	EUR	GBP	USD	AUD	TRY	Other currencies	Total
Non-financial assets	**15,159,562**	**2,681,185**	**554,438**	**–**	**230,506**	**3,402,990**	**22,028,680**
Total assets	**27,626,502**	**4,566,849**	**1,912,245**	**1,969**	**235,603**	**4,154,572**	**38,497,739**
Non-financial liabilities	**781,614**	**623,912**	**406,921**	**–**	**133,498**	**838,901**	**2,784,848**
Total liabilities	**22,235,776**	**4,547,270**	**1,911,320**	**7**	**235,485**	**4,119,480**	**33,049,337**
Net position (excl.net invest.in subsidiaries)	5,390,726	19,579	925	1,962	118	35,092	5,448,402
Currency position		**373,631**	**219,744**	**1,962**	**106,267**	**544,401**	
Net investment in subsidiaries		354,052	218,818	–	106,149	509,309	
Other positions		19,579	925	1,962	118	35,092	

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 62.3 million (2021: EUR 37.8 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).

	2022		2021	
	Net open position	Currency shock	Net open position	Currency shock
Pound Sterling ("GBP")	411.0	–	354.0	2.7
Turkish Lira ("TRY")	326.1	24.9	106.1	8.8
Danish Krone ("DKK")	64.6	–	101.0	4.6
Norwegian Krone ("NOK")	104.1	–	97.0	0.8
Polish Zloty ("PLN")	68.1	6.8	49.0	0.7
Other [1]	305.3	30.6	232.1	16.3
Total	**1,279.2**	**62.3**	**1,157.4**	**37.8**

[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 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. The Group uses a mixture of one-to-one relationships (for fair value hedging), as well as many-to-many macro hedging (for cash flow hedging). The hedge ratio is calculated by analysing the relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting. For fair value hedges the hedge ratio is calculated as 1:1, whereas for cash flow hedges the ratio is 0.48:1.

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 as a result 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 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. Currently LeasePlan is awaiting the outcome of the model assessment process of the supervisor. Given that LeasePlan still needs to apply the current regulatory models, the regulator imposed an add-on to be included in the total TREA of LeasePlan. This add-on was the result of the SREP process.

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.

On a daily basis, 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 of 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. The Group has a custom built web-based global credit risk management system in place in order 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). For the purpose of 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	1,197,745	52,250	8,952	1,258,947
Lease receivables from clients	1,104,082	907,743	33,405	2,045,230
Rebates and bonuses & 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 at 31 December 2022	**2,820,237**	**1,003,098**	**43,755**	**3,867,090**

	Member states of the European Union		**Rest of the world**	**Total**
	(euro)	**(non-euro)**		
Receivables from financial institutions	621,902	53,271	12,549	687,722
Lease receivables from clients	1,168,585	972,673	1,351,723	3,492,981
Rebates and bonuses and commissions receivable	252,940	36,378	9,568	298,886
Reclaimable damages	32,761	5,039	80	37,880
Total as at 31 December 2021	**2,076,188**	**1,067,361**	**1,373,919**	**4,517,469**

By industry

A summary of the approximation of the concentration of the financial assets per industry as at 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	1,258,947	–	–	–	–	–	1,258,947
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	980,218	2,045,230
Deferred payment sale of subsidiaries	–	–	–	–	–	233,102	233,102
Total as at 31 December 2022	**1,361,604**	**527,470**	**193,509**	**528,218**	**42,969**	**1,213,320**	**3,867,090**
Receivables from financial institutions	687,722	–	–	–	–	–	687,722
Rebates and bonuses and commissions receivable	–	298,886	–	–	–	–	298,886
Reclaimable damages	37,880	–	–	–	–	–	37,880
Lease receivables from clients	172,376	754,213	340,984	503,065	52,660	1,669,683	3,492,981
Total as at 31 December 2021	**897,978**	**1,053,099**	**340,984**	**503,065**	**52,660**	**1,669,683**	**4,517,469**

By credit rating

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

	2022

	Not credit-impaired (12-months ECL)	Not Credit Impaired (Lifetime ECL)	Credit Impaired	Total
Receivables from financial institutions				
AAA-A	1,128,559			1,128,559
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	**1,258,946**	**1,990,490**	**54,740**	**3,304,176**

				2021
	Not credit-impaired (12-months ECL)	**Not Credit Impaired (Lifetime ECL)**	**Credit Impaired**	**Total**
Receivables from financial institutions				
AAA-A	663,210			663,210
BBB - B	11,594			11,594
Other	13,307			13,307
Lease Receivables from Clients				
AAA-A		1,160,050	38,780	1,198,830
BBB - B		1,545,857	46,978	1,592,835
CCC - C		289	30	319
Other		706,418	70,768	777,186
Loss allowance	−390	−15,082	−61,106	−76,578
Carrying amount	**687,721**	**3,397,531**	**95,450**	**4,180,702**

Operational risk

Operational risk definition

Operational risk within LeasePlan is part of the Non-Financial Risk Management 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. 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). 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 2022, under Pillar 1 the operational risk regulatory capital requirement is EUR 220 million (for 2021: EUR 193 million).

Operational risk management structure and organisation

The Group’s operational risk 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 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.

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 2022, the Group recorded 1,112 operational risk incidents with a gross impact above EUR 1,000, amounting to a total net impact of EUR 15 million (EUR 11 million in 2021). The impact of the incidents was within risk appetite.

The majority of the recorded operational risk incidents (80% from the total amount and 87% 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:

	2022		2021	
Basel Category	**% total (EUR)**	**% total (nr)**	**% total (EUR)**	**% total (nr)**
Business Disruption and System Failures	2%	1%	6%	2%
Clients: Products and Business Practices	4%	5%	4%	7%
Damage to Physical Assets	0%	2%	1%	1%
Employment Practices and Workplace Safety	0%	0%	0%	0%
Execution: Delivery and Process Management	80%	87%	83%	87%
External Fraud	10%	5%	6%	3%
Internal Fraud	4%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100%**

Motor insurance risk

The Group arranges multi-national corporate insurance programmes to protect all of 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 car insurance.

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 providers. 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 financial 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 Risk Committee of the Supervisory Board. On a quarterly basis, the Group risk management department reports to the Risk Committee of the Supervisory Board on performance against the risk appetite, including developments within motor insurance. The motor insurance position is further discussed in the Motor Insurance Governance Committee, the Group Risk Committee and shared with the Managing Board and the Risk Committee of the Supervisory Board.

Motor insurance risk management policy

The overall approach of the Group is to selectively accept damage and insurable risk within the Group entities and/or 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. Generally, 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 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 damages is generally outsourced to specialised independent damage handling companies in accordance with service level agreements, although some local entities have a specialist team in place to perform this activity. Settlement of damages is performed by specialised damage handling teams, within the Group, 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 and are monitored, in respect of credit ratings, on a quarterly basis. 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. These support 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 exposure by performing a yearly damage and insurance risk self-assessment. 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 risk appetite.

Specific notes

All amounts are in thousands of euros, unless stated otherwise

1 Recent developments

ALD acquisition and classification of the subsidiaries in Luxembourg, Finland and Czech Republic as held-for-sale

In 2022, LeasePlan's shareholders and LeasePlan signed a Framework Agreement with ALD Automotive and Société Générale to create a leading global player in mobility. On 28 November, it was announced that ALD Automotive has obtained all required merger control clearances for the acquisition of LeasePlan. The last clearance was obtained from the European Commission on 25 November, 2022.
The Commission's approval is conditional on the divestiture of the subsidiaries carrying on the full-service leasing and fleet management business of ALD in Portugal, in Ireland and in Norway[10], and of LeasePlan in the Czech Republic, in Finland and in Luxembourg. The subsidiaries in these 3 LeasePlan countries have been classified as held-for-sale as at 30 November 2022. Please refer to note 11 Discontinued operations for more information.
We continue to work towards the completion of the proposed merger between LeasePlan and ALD Automotive and expect the transaction to close in the first half of 2023.

Divestment of LeasePlan United States subsidiary

In December 2022, LeasePlan announced the closing of the combination of LeasePlan USA with Wheels Donlen. With its increased scale and investment strength, the new business is set to thrive within the unique US leasing market and accelerate the future of mobility for American drivers. LeasePlan will continue to serve customers in the US through the international Cooperation Agreement signed off with Wheels Donlen.

Ukraine-Russia war

Given the continuing war in Ukraine, LeasePlan has taken the decision to wind down its operations in Russia and will not take any new orders at this time. LeasePlan is committed to taking care of its colleagues and customers in the region throughout this process. Currently, the group assessed that there is no material impact on the business of LeasePlan. As at 31 December 2022 LeasePlan's exposure amounts to EUR 54 million (equity and loans). Based on the actual FX rate as of date of publication, the exposure is close to EUR 54 million.

Core leasing business and used-car market

During 2021 an amount of EUR 32.7 million related to the additional impairment of 2020, was released through Profit/(loss) on disposal of vehicles and a net amount of EUR 4.6 million impairment reversal was booked related to book value losses on early terminated cars for defaulted operating lease customers.

During 2022, despite the ongoing chip crisis and supply chain disruptions, LeasePlan delivered strong fleet growth. High demand for LeasePlan's mobility services also extended to our used-car offering, including used-car leasing, supporting continued strong used-car results.

Due to the favourable used-car market which led to an increase in the residual values estimates, the Group has booked a prospective depreciation adjustment in the amount of EUR 435 million that decreased the depreciation during the remaining period. In addition, the Group has booked a net impairment reversal of EUR 1 million related to reversal of book value losses on early terminated cars for defaulted operating lease customers and a reversal of the additional impairment of 2020 through Profit/(loss) on disposal of vehicles, for an amount of EUR 31 million. During 2022 an amount of EUR 27 million, related to the reversal and utilisation of the existing operating lease impairments, has been booked through Profit/(loss) on disposal of vehicles.
Please refer to note 21 Property and equipment under operating lease, rental fleet and vehicles available for lease for more information.

[10] with the exception, in the latter country, of NF Fleet Norway, a company jointly owned by ALD and Nordea

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 United States has been divested and LeasePlan Czech Republic, LeasePlan Finland and LeasePlan Luxembourg have been classified as held for sale during 2022. Please refer to Note 11 Discontinued operations.
The amount of government subsidies for 2022 consists mainly of a deduction for Italy of EUR 5.6 million related to super depreciation (2021: EUR 34.2 million), with a tax incentive of EUR 1.4 million (2021: EUR 8.2 million), and in a deduction for Netherlands of EUR 4.5 million related to environmental tax credit (2021: EUR 1.3 million), with a tax incentive of EUR 1.2 million (2021: EUR 0.3 million).

2022

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 Group B.V. LeasePlan Finance N.V. LeasePlan Global B.V. LeasePlan Nederland N.V. LeasePlan Digital B.V. LeasePlan CN Holding B.V.	Holding Holding Finance/Treasury services Holding Leasing Digital business & services Holding	2,062	1,297,770	628,274	−140,744
United Kingdom	LeasePlan UK Limited	Leasing	520	1,308,357	165,245	−29,185
Italy	LeasePlan Italia S.p.A.	Leasing Used cars	511	1,305,204	173,493	−52,487
France	LeasePlan France S.A.S. PLease S.C.S.1	Leasing Used cars	465	862,745	127,591	−34,721
Spain	LeasePlan Servicios S.A.	Leasing Used cars	433	733,596	113,309	−27,321
Germany	LeasePlan Deutschland GmbH	Leasing Used cars	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 Unipersoal Lda.	Leasing Used cars	382	440,942	50,432	−14,353
Norway	LeasePlan Norge A/S	Leasing Used cars	129	383,779	28,016	−6,164
United States	LeasePlan USA Inc. (divested in 2022)	Leasing	587	–	−15,690	3,922
Sweden	LeasePlan Sverige AB	Leasing	146	189,820	24,379	−5,036

Country of activity	Principal subsidiary or participating interest	Main activity	Average FTE (ytd)	Revenues	Profit before tax	Income tax expenses
Finland	LeasePlan Finland Oy (classified as held for sale)	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. (classified as held for sale)	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. (classified as held for sale) 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	Leasing	64	52,052	12,476	–3,011
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 LLC1	Leasing	–	–	3,233	–
Total as at 31 December			**8,233**	**9,735,305**	**1,803,642**	**–425,437**

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

2021 **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 Group B.V. LeasePlan Finance N.V. LeasePlan Global B.V. LeasePlan Nederland N.V. LeasePlan Digital B.V. CarNext B.V. (divested in 2021) CarNext.com NL B.V. (divested in 2021) PowerD B.V. (divested in 2021) LeasePlan CN Holding B.V.	Holding Holding Finance/Treasury services Holding Leasing Digital business & services Holding Used cars Smart charging services Holding	1,859	1,237,795	197,551	–42,395
United Kingdom	LeasePlan UK Limited	Leasing	534	1,305,008	133,712	–18,296
Italy	LeasePlan Italia S.p.A. CarNext.com IT S.r.l. (divested in 2021)	Leasing Used cars	525	1,218,844	112,249	–29,654
France	LeasePlan France S.A.S. PLease S.C.S.[1] CarNext.com FR (divested in 2021)	Leasing Used cars	498	844,081	52,429	–10,527
Spain	LeasePlan Servicios S.A. CarNext Marketplace Spain SL (divested in 2021)	Leasing Used cars	448	637,534	66,699	–16,539
Germany	LeasePlan Deutschland GmbH CarNext.com DE GmbH (divested in 2021)	Leasing Used cars	447	802,649	45,260	–15,517
Australia	LeasePlan Australia Limited (divested in 2021)	Leasing	247	–	–9,225	863
Belgium	LeasePlan Fleet Management N.V. Bizz Nizz BVBA (divested in 2021)	Leasing Digital business & Services	274	444,742	51,855	–13,243
Portugal	LeasePlan Portugal Comericio e Aluguer de Automobeis e Equipamentos Uniperssoal Lda. CNEXT Marketplace PT, Unipessoal LDA (divested in 2021)	Leasing Used cars	406	422,512	30,205	–7,132
Norway	LeasePlan Norge A/S CarNext.com NO AS (divested in 2021)	Leasing Used cars	140	359,135	21,837	–4,804
United States	LeasePlan USA Inc.[2]. (divested in 2022)	Leasing	576	-	-11,323	2,831
Sweden	LeasePlan Sverige AB	Leasing	141	207,108	10,266	–2,140
Finland	LeasePlan Finland Oy[3]	Leasing	99	-2,193	-6,102	1,220
Austria	LeasePlan Osterreich Fuhrparkmanagement GmbH Flottenmanagement GmbH[1]	Leasing	168	174,826	3,547	–879
Switzerland	LeasePlan (Schweiz) AG	Leasing	77	79,260	765	45
Denmark	LeasePlan Danmark A/S	Leasing	126	236,974	10,350	–2,187
Poland	LeasePlan Fleet Management (Polska) Sp.z.o.o.	Leasing	187	203,706	9,736	–819
Czech Republic	LeasePlan Ceska republika s.r.o.[3]	Leasing	165	-8,468	-13,736	2,610
New Zealand	LeasePlan New Zealand Limited (divested in 2021)	Leasing	62	–	–2,474	–

Country of activity	Principal subsidiary or participating interest	Main activity	Average FTE (ytd)	Revenues	Profit before tax	Income tax expenses
Ireland	Euro Insurances DAC LeasePlan Information Services Limited LeasePlan Fleet Management Services (Ireland) Limited	Motor insurance Information services Leasing	302	126,809	84,901	–10,858
Luxembourg	LeasePlan Luxembourg S.A.[3] LeasePlan Global Procurement	Leasing Central procurement services	82	-177	2,398	127
Greece	LeasePlan Hellas S.A.	Leasing	162	162,617	20,693	–3,847
Brazil	LeasePlan Brasil Ltda.	Leasing	94	67,438	14,961	–5,258
Hungary	LeasePlan Hungaria Gempjarmupark Kezelo es Finanscirozo Zartkoru Reszvenytarsasag	Leasing	99	92,496	8,188	–1,669
Romania	LeasePlan Romania SRL LeasePlan Service Center S.R.L.	Leasing Administration Services	150	71,812	1,120	–468
Slovakia	LeasePlan Slovakia s.r.o.	Leasing	61	66,026	3,382	–714
India	LeasePlan India Private Limited	Leasing	72	71,159	–819	225
Mexico	LeasePlan Mexico S.A. de C.V.	Leasing	164	72,535	9,445	–2,835
Russia	LeasePlan Rus LLC	Leasing	66	38,729	7,957	–1,810
Turkey	LeasePlan Otomotiv Servis ve Ticaret A.S.	Leasing	186	204,625	70,826	–16,519
United Arab Emirates	LeasePlan Emirates Fleet Management - LeasePlan Emirates LLC[1]	Leasing	–	–	1,959	–
Total as at 31 December			**8,416**	**9,137,582**	928,612	**–200,190**

[1] Investments accounted for using the equity method.
[2] Companies divested during 2022 and represented due to discontinued operations.
[3] Companies classified as held for sale during 2022 for which the sale is expected to complete during 2023

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 has been sold and from June 2022 was also classified 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 is included in the segment Rest of the world.

As at 30 November 2022, LeasePlan Czech Republic, LeasePlan Finland and LeasePlan Luxembourg have been classified 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 are included in the segment Europe.

In 2021 LeasePlan Australia, LeasePlan New Zealand and CarNext B.V. and its subsidiaries were sold and were also classified as discontinued operations (the Australian and New Zealand businesses as per 31 March and Carnext B.V. as per 30 June 2021) and are similarly presented under a separate caption of the Profit and Loss (Net result for discontinued operations) in the tables below. LeasePlan Australia and LeasePlan New Zealand were included in the segment Rest of the world and CarNext B.V. was 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. The Czech Republic, Finland and Luxembourg are included in discontinued operations as at 31 December 2022.

- Rest of the world

Geographies in this segment are Brazil, India, Mexico and the United States. The United States is included in discontinued operations as per 30 June 2022. In 2021 Australia and New Zealand were included in this segment under the discontinued operations caption.

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	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Serviced fleet (in thousands) at period end	1,552	1,473	77	332	1,628	1,805
Revenues	**9,447**	**8,930**	**288**	**207**	**9,735**	**9,138**
Finance lease and Other interest income	160	60	−1	1	159	61
Finance cost	272	234	36	26	308	260
Car and other depreciation and amortisation	2,676	2,960	75	65	2,750	3,026
Underlying taxes	359	178	16	5	375	183
Underlying net result from continuing operations	**1,234**	**685**	**35**	**4**	**1,269**	**689**
Underlying net result from discontinued operations	65	−3	75	66	140	63
Underlying net result	**1,299**	**682**	**110**	**70**	**1,409**	**752**
Total assets	34,290	29,922	921	2,660	35,211	32,582
Total liabilities	27,087	24,858	706	2,276	27,793	27,134

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	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
United Kingdom	520	534	1,308	1,305	3,028	3,134
Italy	511	525	1,305	1,219	2,278	2,100
Netherlands	2,062	1,859	1,298	1,238	3,326	2,955
Other	5,139	5,498	5,824	5,376	12,518	13,925
As at 31 December	**8,233**	**8,416**	**9,735**	**9,138**	**21,150**	**22,114**

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 2022 and 2021 is included in the tables below:

	IFRS results 31 December 2022	Underlying adjustments			Underlying results 31 December 2022
		Restructuring and other special items[1]	Unrealised results on financial instruments[2]	Asset impairments and valuation allowance[3]	
Revenues	9,735,305				9,735,305
Direct cost of revenues	6,917,337	–	247,258	31,061	7,195,656
Gross profit	**2,817,968**	**–**	**–247,258**	**–31,061**	**2,539,649**
Total operating expenses	969,859	–70,171		6,469	906,157
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	**1,803,642**	**70,171**	**–192,151**	**–37,530**	**1,644,132**
Income tax expenses	425,437	23,131	–64,155	–9,504	374,909
Net result from continuing operations	**1,378,205**	**47,040**	**–127,996**	**–28,026**	**1,269,223**
Net result from discontinued operations	544,398	–404,225	–	–	140,173
Net result for the period	**1,922,603**	**–357,185**	**–127,996**	**–28,026**	**1,409,396**

[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 404.2 million included in Net result from discontinued operations relates to EUR 404.9 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).

	IFRS results 31 December 2021	Underlying adjustments			Underlying results 31 December 2021
		Restructuring and other special items[1]	Unrealised results on financial instruments	Asset impairments and valuation allowance[2]	
Revenues	9,137,582				9,137,582
Direct cost of revenues	7,356,465	–	90,956		7,447,422
Gross profit	**1,781,117**	**–**	**–90,956**	**–**	**1,690,161**

Total operating expenses	838,278	–22,794		–2,088	813,396
Other income	–8,706		8,706		–
Share of profit of investments accounted for using the equity method	–5,520				–5,520
Profit before tax	**928,612**	**22,794**	**–82,250**	**2,088**	**871,244**
Income tax expenses	200,190	5,355	–23,066	522	183,002
Net result from continuing operations	**728,422**	**17,439**	**–59,184**	**1,566**	**688,242**
Net result from discontinued operations	273,048	–200,930	–4,442	–3,579	64,096
Net result for the period	**1,001,469**	**–183,491**	**–63,627**	**–2,013**	**752,338**

[1] Includes professional consultancy costs related to CarNext (EUR 8.3 million) and other consulting (EUR 14.7 million) for a total of EUR 23.0 million before tax (EUR 17.6 million after tax). EUR 201.1 million (net of tax) included in Net result from discontinued operations relates to EUR 219.0 million of gain on sale of subsidiaries and associates and EUR 17.9 million of allocated costs and professional consultancy costs of CarNext B.V. reclassified to this caption.

[2] Includes EUR 2.1 million impairment charge on non-current assets (EUR 1.6 million after tax). EUR 3.6 million included in Net result from discontinued operations refers to lease contracts impairment reversal on defaulted operating lease customers reclassified to this caption since related to a discontinued business in 2022.

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.

	2022	2021
Operating lease income	3,919,754	3,726,287
Finance lease and other interest income	158,846	61,140
Additional services income	2,342,508	2,069,962
Vehicle sales and End of contract fees	3,314,198	3,280,194
Revenues	**9,735,305**	**9,137,582**

Finance lease and other interest income includes an amount of EUR 11.6 million (2021: EUR 9.7 million) related to Other interest income and includes a gain/loss of EUR 66 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 704.8 million (2021: EUR 640.8 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	2022	2021
Depreciation cars[1]		2,643,048	2,941,690
Impairment operating lease assets[2]	21	–32,210	–4,547
Finance cost		295,299	259,179
Unrealised (gains)/losses on financial instruments		–235,755	–75,602
Impairment charges on loans and receivables		13,643	26,780
Lease cost		**2,684,025**	**3,147,501**
Additional services cost		1,521,093	1,323,347
Vehicle and Disposal costs		2,712,219	2,885,617
Direct cost of revenues		**6,917,337**	**7,356,465**

1 Includes the impact of prospective depreciation as a result of changes in estimates related to used-car market, in total amount of EUR 435 million (2021: EUR nil)
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	2022	2021
Lease services		1,126,609	559,777
Impairment operating lease assets *	21	32,210	4,547
Unrealised gains/(losses) on financial instruments		235,755	75,602
Lease		**1,394,575**	**639,926**
Fleet management and other services		190,563	164,136
Repair and maintenance services		284,575	257,592
Damage services and Insurance		346,277	324,886
Additional services		**821,415**	**746,614**
End of contract fees		110,709	115,436
Profit/(loss) on disposed vehicles (PLDV)		491,269	279,141
Profit/(loss) on disposed vehicles and End of contract fees		**601,979**	**394,577**
Gross profit		**2,817,968**	**1,781,117**

*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:

	2022	2021
Operating lease - interest income	704,823	640,805
Finance lease and other interest income	158,846	61,140
Finance cost	–295,299	–259,179
Net interest income	**568,369**	**442,766**
Unrealised gains/(losses) on financial instruments	235,755	75,602
Impairment charges on loans and receivables	–13,643	–26,780
Net finance income	**790,482**	**491,588**

5 Impairment charges on loans and receivables

Net impairment charges can be detailed as follows:

	Note	**2022**	**2021**
Lease receivables from clients			
Net charge		15,202	26,733
Recovery after write-off		−786	−283
Subtotal impairment lease receivable from clients	20	**14,416**	**26,450**
Other		−319	−807
		14,097	**25,643**
Reclaimable damages		1,118	−387
Rebates and bonuses		−1,573	1,524
Total impairment charges on loans and receivables		**13,643**	**26,780**

6 Staff expenses

	2022	2021
Wages and salaries	408,361	390,762
Social security charges and taxes	66,621	65,042
Defined contribution pension costs	21,717	19,731
Defined benefit post-employment costs	2,768	2,307
Other staff expenses	101,696	−5,242
Total	**601,162**	**472,599**

The average number of staff (FTEs) employed (including temporary staff) by the Group at the end of the year was 8,233 (2021: 8,416 of whom 576 employed in entities divested in 2022), of whom 2,062 (2021: 1,859) were employed in the Netherlands. At 31 December the total number of staff employed by the Group was 7,876 (2021: 8,102 of whom 599 employed in entities divested in 2022).

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

	Note	2022	2021
Current service cost	31	2,460	2,521
Interest expense/(income)	31	197	174
Curtailments and settlements	31	110	−259
Defined benefit post-employment costs		2,768	2,435
Defined contribution pension costs		21,717	19,731
Total pension and post-employment costs		**24,484**	**22,166**

7 Other operating expenses

The breakdown of other operating expenses is as follows:

	2022	2021
Professional services expenses	209,700	221,489
Facilities	21,856	17,455
Marketing and sales	25,896	26,446
Other general and administrative expenses	9,174	8,724
Total	**266,626**	**274,113**

Lower professional services expenses are mainly driven by lower IT and other consultancy (EUR 26.4 million lower), partly offset by higher software license costs (EUR 13.0 million higher) . Other general and administrative expenses include travel and entertainment expenses and non-profit related tax.

8 Other depreciation and amortisation

	Note	2022	2021
Depreciation and impairment other property and equipment	22	43,680	50,141
Amortisation and impairment intangible assets	24	58,391	41,426
Total		**102,071**	**91,567**

In 2022, a total amount of EUR 6.1 million (2021: EUR 3.2 million) has been recognised as net impairment reversal, of which EUR 1.8 million impairment charge related to IT projects and software (2021: EUR 3.6 million) and EUR 7.9 million net impairment reversal for right of use assets related to offices, CarNext retail buildings and other tangible fixed assets (2021: impairment charge of EUR 0.4 million). 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 negative fair value adjustment on the investment in equity instruments related to SG Fleet Group and Constellation Group for an amount of EUR 55.1 million (2021: EUR 8.7 million) and the dividend income of EUR 4.5 million from these investments.

10 Income tax expenses

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

	2022	2021
Current tax		
Current tax on profits for the year	256,666	131,740
Adjustments in respect of prior years	−7,395	2,545
Total current tax	**249,272**	**134,285**
Deferred tax		
Origination and reversal of temporary differences	185,899	80,767
Changes in tax rates	−8,076	−14,107
Adjustments in respect of prior years	−1,657	−754
Total deferred tax	**176,166**	**65,906**
Total	**425,437**	**200,190**

The revaluation of LeasePlan's deferred tax positions in certain countries is caused by changes in tax rates, primarily Turkey and the United Kingdom. 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 1.9 million (2021: tax credit of EUR 0.3 million) and (ii) a tax charge of EUR 3.1 million mainly due to adjustments in respect of prior years (2021: a tax credit of EUR 1.2 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:

	%	2022	%	2021
Profit before tax:		**1,803,642**		**928,612**
Tax calculated at domicile country nominal tax rate	25.8%	465,340	25.0%	232,153
Effect of different tax rates in foreign countries		−21,778		−5,834
Weighted average taxation	**24.6%**	**443,561**	**24.4%**	**226,319**
Income not subject to tax		−5,473		−15,439
Expenses not deductible for tax purposes		4,477		1,627
Changes in tax rates		−8,076		−14,107
Adjustments in respect to prior years:				
Current tax		−7,395		2,545
Deferred tax		−1,657		−754
Total effective taxation	**23.6%**	**425,437**	**21.6%**	**200,190**

The weighted average of the local tax rates applicable to the Group for 2022 is 24.6% (2021: 24.4%) 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 2022 includes the effect of the temporary tax facility in Italy resulting in extra fiscal depreciation on new investments, the deduction of interest on the AT1 instrument and the results of subsidiaries which are excluded under the Dutch participation exemption.

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

	2022			2021		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Cash flow hedges	–	–	–	1,744	−436	1,308
Post-employment benefit reserve	11,555	−3,032	8,523	1,415	−309	1,107
Exchange rate differences	−66,508	–	−66,508	−8,905	-	−8,905
Total	**−54,953**	**−3,032**	**−57,985**	**−5,745**	**−745**	**−6,490**

11 Discontinued operations

As per 30 June 2022 LeasePlan presents the subsidiary LeasePlan United States as discontinued operation. On December 1st, 2022 LeasePlan United States was sold.
Wheels Donlen's parent company, in which Athene Holding Ltd is the lead investor, signed a Stock Purchase Agreement with LeasePlan Corporation to acquire LeasePlan USA, and subsequently combine the business with Wheels Donlen to create a unified fleet management business. As part of this transaction, LeasePlan USA and LeasePlan Corporation entered into a Cooperation Agreement to deliver global fleet management services to both companies' international clients following the completion of the transaction.

As per 30 November 2022 LeasePlan presents the subsidiaries LeasePlan Czech Republic, LeasePlan Finland and LeasePlan Luxembourg as discontinued operations. The sales are expected to be completed during 2023. For more information related to the classification as held for sale, please refer to Note 1 Recent developments.

In 2021 LeasePlan reported three discontinued operations: CarNext B.V. and its subsidiaries, which were sold on 1 July 2021, LeasePlan Australia and LeasePlan New Zealand, which were divested on 1 September 2021.

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

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

	2022	2021
External revenues	**917,180**	**1,246,794**
External expenses	**739,492**	**1,186,543**
Income tax expenses	−38,210	−6,295
Results from operating activities	**139,479**	**53,956**
Gain on sale of discontinued operation, after tax[1]	404,919	219,092
Net result from discontinued operations	**544,398**	**273,048**

[1] includes EUR 405 million gain on the divestment of LeasePlan United States (2021: EUR 124 million gain on the divestment of LeasePlan Australia and New Zealand and EUR 95 million gain arising from the carve out of CarNext)

Cash flow from (used in) discontinued operations:

	2022	2021
Net cash inflow/(outflow) from operating activities	177,745	129,250
Net cash inflow/(outflow) from investing activities	460,078	297,801
Net cash inflow/(outflow) from financing activities	−34,533	−139,570
Net movement in cash and balances with banks	**603,289**	**287,481**

Composition of gain on sale of discontinued operations for LeasePlan United States:

	2022
Consideration received	
- Cash	467,155
- Deferred payment	233,092
Net asset value and related costs of discontinued operations	(295,328)
Gain on sale of subsidiaries [2]	**404,919**

[2] tax exempt

12 Cash flow statement supplementary information

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

	Note	Balance as at 1 January	Movements in 2022 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

	Note	Balance as at 1 January	Movements in 2021 Financing cash flows	Foreign exchange adjustment	Other non - cash movements	Balance as at 31 December
Borrowings from financial institutions	29	3,388,314	−76,422	26,018	−173,555	3,164,355
Funds entrusted	27	9,212,495	1,122,175	–	–	10,334,671
Debt securities issued	30	10,084,252	−316,698	111,332	−476,962	9,401,924

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	**2022**	**2021**
Cash and balances at central banks		7,117,329	5,447,685
Deposits with banks		473,071	387,268
Call money, cash at banks	15	526,992	186,973
Bank overdrafts	29	−132,370	−159,656
Cash and cash equivalents excluding those related to assets held for sale		**7,985,021**	**5,862,270**
Cash and cash equivalents related to assets held for sale		−22,132	-
Balance as at 31 December for the purpose of the statement of cash flows		**7,962,889**	**5,862,270**

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 99 million (2021: EUR 98 million) form part of 'Cash and balances at central banks'.

Cash and balances at central banks increased over the period, mainly as a consequence of the Group's activities to secure the liquidity position.
The average interest rate on the outstanding cash and balances at central banks is 2.0% (2021: −0.5%).

14 Investments in equity and debt securities

This item includes bonds and notes held at amortised cost and equity instruments measured at fair value through profit or loss.

	Note	2022	2021
Bonds and Notes held at amortised cost		44,422	43,394
Equity instruments at fair value (through profit and loss)	9	78,719	133,826
Balance as at 31 December		**123,141**	**177,220**

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.

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.

Please refer to Note 38 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	2022	2021
Deposits with banks		473,071	387,268
Call money, cash at banks	13	526,992	186,973
Cash collaterals deposited for securitisation transactions		30,815	56,429
Cash collaterals deposited for derivative financial instruments		224,067	53,128
Other cash collateral deposited		4,003	3,923
Balance as at 31 December		**1,258,947**	**687,722**

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 2.4% (2021: −0.3%).

The receivables from financial institutions all reside in Stage 1, and there is no significant increase in credit risk as at 31 December 2022. The provision for expected credit losses amounts to EUR 0.4 million (2021: EUR 0.4 million).

The maturity analysis is as follows:

	2022	2021
Three months or less	1,197,388	632,633
Longer than three months, less than a year	33,376	31,189
Longer than a year, less than five years	28,146	23,866
Longer than five years	37	34
Balance as at 31 December	**1,258,947**	**687,722**

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'. Below the impact is shown of hedging gains or losses including the de-designation adjustment which for 2022 is nil (2021: EUR 0.7 million).

Hedging instruments

	31 December 2022						
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	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**

	31 December 2021						
Hedging instrument	Notional amounts	Fair value		Change in FV used in	Change in value of the hedging instrument recognised in OCI	Amounts reclassified from the hedge	Hedge ineffectiveness recognized on hedge
		Assets	Liabilities				

				calculating hedge ineffectiveness		reserve to profit or loss	relationships, in profit or loss
Fair value hedge							
Interest rate swaps	6,774,611	51,715	40,147	−91,482			1,514
Cross currency swaps/forwards	78,263	–	2,862	−1,489			−17
Cash flow hedges							
Interest rate swaps	–	–	–	1,729	1,744	−1,729	15
Total Derivatives in hedge	**6,852,875**	**51,715**	**43,009**	**−91,242**	**1,744**	**−1,729**	**1,512**
Interest rate swaps	26,664,647	56,840	24,717	79,984	–	–	–
Cross currency swaps/forwards	4,718,169	67,612	40,692	−1,137	–	–	–
Total Derivatives not in hedge	**31,382,815**	**124,451**	**65,409**	**78,847**	**–**	**–**	**–**
Total	**38,235,690**	**176,167**	**108,417**	**−12,395**	**1,744**	**−1,729**	**1,512**

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 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**

	31 December 2021				
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	6,774,611	–	6,804,202	92,996	–8,421
Cross currency swaps/forwards	74,298	–	75,377	1,472	–215
Total Derivatives in hedge	**6,848,910**	**–**	**6,879,578**	**94,467**	**–8,636**

* 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.

	2022	**2021**
Rebates and bonuses and commissions receivable	290,264	298,886
Prepaid lease related expenses	191,737	234,736
VAT and other taxes	131,355	125,899
Reclaimable damages	39,547	37,880
Other prepayments and accrued income	217,614	214,112
Interest to be received	2,560	1,613
Reinsurance assets	38,186	39,357
Other receivables	346,156	79,405
Balance as at 31 December	**1,257,419**	**1,031,888**

Balances written-off from other receivables were not significant for the years 2022 and 2021.

The Expected Credit Losses for Rebates and bonuses and commission receivable, Reclaimable damages and Reinsurance assets amounts to EUR 6 million (2021: EUR 7 million).

18 Inventories

	Note	2022	2021
Cars and trucks from terminated lease contracts	21	261,397	280,463
Valuation allowance		−1,102	−1,102
Carrying amount cars and trucks from terminated lease contracts		**260,295**	**279,361**
New cars and trucks in stock		4,754	57,184
Other inventories		–	34,061
Balance as at 31 December		**265,049**	**370,605**

In line with our expectations, the beneficial pricing of the used-car market continued in 2022.

The valuation allowance for inventory was stable, compared to 2021, at EUR 1.1 million, or 0.4% 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 release is booked on the Vehicle and disposal costs report line in the Direct cost of revenues.

The decrease of EUR 34 million in the other inventories is related to the sale of LeasePlan United States during 2022.

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:

	2022	2021
Loans deposited	110,500	200,000
Carrying amount as at 31 December	**110,500**	**200,000**

	2022	2021
Three months or less	19,000	24,500
Longer than three months, less than a year	52,000	65,000
Longer than a year, less than five years	39,500	110,500
Balance as at 31 December	**110,500**	**200,000**

No impairment recognised in 2022 (nil in 2021).

Credit facilities have been concluded with investments accounted for using the equity method amounting to EUR 111 million (2021: EUR 200 million) out of which the drawn amount is EUR 111 million (2021: EUR 200 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.

	2022	2021
Amounts receivable under finance lease contracts	1,456,136	2,784,194
Trade receivables	641,854	791,454
Impairment	–52,760	–82,667
Balance as at 31 December	**2,045,230**	**3,492,981**

The maturity analysis is as follows:

	2022	2021
Three months or less	759,216	1,143,727
Longer than three months, less than a year	360,758	834,098
Longer than a year, less than five years	967,913	1,583,329
Longer than five years	10,103	14,493
Impairment	–52,760	–82,667
Balance as at 31 December	**2,045,230**	**3,492,981**

Reference to the fair value of the receivables is made in Note 38 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 52.8 million (2021: EUR 82.7 million) includes EUR 5.6 million (2021: EUR 6.5 million) related to invoices under commercial disputes and EUR 47.2 million (2021: EUR 76.2 million) of expected credit loss (ECL) recognised under IFRS 9.

Impairment allowance

The ECL allowances include lifetime expected credit losses amounting to EUR 12.5 million (year-end 2021: EUR 19.7 million) for non-credit impaired lease receivables and EUR 34.7 million (year-end 2021: EUR 56.5 million) for credit impaired lease receivables. In 2022, 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 2021	**16,841**	**61,425**	**78,266**
Transfers (credit impaired vs non-credit impaired)	–987	987	–
Sale of subsidiaries	864	23	887
Increases due to origination and acquisition of lease contracts	3,622	–	3,622
Decreases due to derecognition of lease contracts	–	–9,476	–9,476
Changes due to change in credit risk (net remeasurement)	–867	26,788	25,921
Decrease in allowance due to write-offs	–	–24,237	–24,237
Currency translation adjustments and other	210	996	1,206
Balance as at 31 December 2021	**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 / discontinued operations	–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**

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 2021	**3,157,235**	**68,061**	**3,225,297**
Transfers between stages	−34,580	34,580	–
Sale of subsidiaries	−333,439	−744	−334,182
Additions	1,374,590	-	1,374,590
Terminated contracts	−343,941	−6,877	−350,818
Redemptions	−628,144	−8,119	−636,263
Write-offs	-	−21,011	−21,011
Currency translation adjustments	140,409	1,840	142,249
Other movements	175,263	524	175,787
Balance as at 31 December 2021	**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**

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 IHS Markit Eurozone Recession scenario (published in July 2022) and IHS Markit Russia Isolation scenario (published in April 2022).

The Group keeps applying a 100% weighting to a pessimistic scenario in each country, due to the continued disruptions and gradually worsening macro-economic outlooks. Further, the Group applies ECL overlay to compensate for negative events not captured by its models. The granted COVID related payment reliefs led the Group to book EUR 4.9 million ECL overlay as of the end of 2021. It has been replaced by high inflation and high interest rate driven ECL overlay of EUR 2 million as of the end of 2022.
If a 100% optimistic scenario is applied, the ECL allowance for non-credit impaired lease receivables is EUR 1.8 million lower

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%

2021	Corporate clients		Retail clients - UK		Retail clients - NL		Other	Total	
	ECL	Sensitivity	ECL	Sensitivity	ECL	Sensitivity	ECL	ECL	Sensitivity
Carrying value of ECL	6,560	-	6,579	-	48	-	1,895	15,082	–
ECL base	4,941	-	5,488	-	46	-	1,796	12,271	-
Optimistic scenario	−296	−6%	−527	−10%	−1	−1%	−27	−851	−7%
Adverse scenario	1,619	33%	1,091	20%	2	5%	98	2,811	23%

Finance lease contracts

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

	2022	**2021**
Not longer than a year	516,125	1,183,389
Longer than a year, less than two years	391,973	764,759
Longer than two years, less than three years	335,402	489,550
Longer than three years, less than four years	223,561	303,908
Longer than four years, less than five years	77,986	209,405
Longer than five years	29,589	31,050
	1,574,635	**2,982,061**
Unearned finance income on finance lease	129,128	220,706
Net investment in finance leases	**1,445,507**	**2,761,355**

Net investment in finance leases, with remaining maturities

	2022	**2021**
Not longer than a year	481,437	1,103,083
Longer than a year, less than five years	936,510	1,628,508
Longer than five years	27,560	29,764
Balance as at 31 December	**1,445,507**	**2,761,355**

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 259 million (2021: EUR 332 million). For further details on the transactions refer to Note 40 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		25,835,836	228,129	304,963	26,368,929
Accumulated depreciation and impairment		−7,129,091	−48,452	–	−7,177,543
Carrying amount as at 1 January 2021		**18,706,745**	**179,677**	**304,963**	**19,191,386**
Sale of subsidiary		−562,948	–	–	−562,948
Purchases/additions		6,711,230	163,594	381,305	7,256,129
Disposals		−2,574,218	−30,110	–	−2,604,328
Transfer from vehicles available for lease		304,963	–	−304,963	–
Transfer to inventories	18	−280,463	–	–	−280,463
Depreciation		−3,347,877	−42,010	–	−3,389,888
Impairment charge		−3,006	–	–	−3,006
Impairment reversal		7,553	–	–	7,553
Currency translation adjustments		126,383	−2,721	1,811	125,473
Carrying amount as at 31 December 2021		**19,088,362**	**268,431**	**383,115**	**19,739,908**
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**

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. For 2022, as a result of the continued strong used-car market environment, which is expected to remain strong, the residual values were reviewed and adjusted upwards. As a result, a prospective depreciation adjustment in amount of EUR 435 million (2021: nil) was recorded that decreased the depreciation during the period. The adjustment relates to vehicles that are expected to be terminated in Q4 2022, 2023, 2024, 2025 and 2026 and beyond.

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

Impairments

The net impairment reversal for 2021 amounted to EUR 4.5 million, related to reversal of book value losses on early terminated cars for defaulted operating lease customers.

We have continued to see the used-car market recover strongly across most of our core markets as B2B and B2C business activities resumed.

The net impairment reversal for 2022 amounts to EUR 32.2 million, out of which EUR 31 million is related to a reversal of the additional impairment of 2020 through Profit/(loss) on disposal of vehicles and EUR 1 million is related to reversal of book value losses on early terminated cars for defaulted operating lease customers. During 2022 an amount of EUR 27 million, related to the reversal and utilisation of the existing operating lease impairments, has been booked through Profit/(loss) on disposal of vehicles.

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 risk of further COVID-19 outbreaks, and from Q4 2022 onwards the outlook is business as usual back to pre-COVID level; we also considered the semiconductor shortage, rising inflation, and the appalling events in Ukraine. The recoverable amount related to impaired lease agreements amounted to EUR 116 million as at 31 December 2022 (31 December 2021: EUR 1.4 billion). The variation versus 2021 is due to the fact that the majority of the impairment booked during 2020 has now been reversed.

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 (2021: EUR 2.3 billion), which can be detailed as follows:

	2022	2021
Bumper BE	600,773	643,400
Bumper DE S.A. 2019-1	249,539	464,460
Bumper FR 2022-1	630,623	–
Bumper NL 2020-1 B.V.	390,741	558,261
Bumper NL 2022-1 B.V.	893,275	–
Bumper UK 2019-1 Finance PLC	–	185,533
Bumper UK 2021-1 Finance PLC	325,632	494,693
Total	**3,090,582**	**2,346,348**

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:

	2022	2021
Not longer than a year	3,144,930	3,033,421
Longer than a year, less than five years	5,561,129	5,462,652
Longer than five years	56,749	50,625
Total maturity	**8,762,808**	**8,546,697**

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

	2022	2021
Not longer than a year	7,773,226	7,340,371
Longer than a year, less than two years	5,360,324	5,418,549
Longer than two years, less than three years	4,168,115	4,476,441
Longer than three years, less than four years	2,534,842	2,595,320
Longer than four years, less than five years	687,065	698,169
Longer than five years	156,460	128,182
Total maturity	**20,680,031**	**20,657,032**

22 Other property and equipment

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

	31 December 2022	31 December 2021
Owned	87,648	88,053
Leased	153,066	208,462
Total	**240,714**	**296,515**

	Note	Property	Equipment	Total
Carrying amount as at 1 January 2021		**289,981**	**97,724**	**387,705**
Sale of subsidiary		−40,906	−17,785	−58,691
Purchases/additions		22,255	43,485	65,740
Disposals		−20,642	−18,188	−38,830
Impairment charge		−1,929	−22	−1,950
Impairment reversal		1,363	965	2,328
Transfer		−776	776	–
Depreciation and impairment	8	−39,478	−23,578	−63,057
Currency translation adjustments		3,270	−1	3,270
Carrying amount as at 31 December 2021		**213,138**	**83,377**	**296,515**
Cost		337,988	206,251	544,239
Accumulated depreciation and impairment		−124,849	−122,874	−247,723
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 assets held-for-sale		−8,087	−4,760	−12,847
Depreciation	8	−35,686	−23,022	−58,707
Currency translation adjustments		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**

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 1 January 2021	**273,745**	**2,891**	**276,635**
Sale of subsidiary	−34,837	−466	−35,303
Purchases/additions	21,735	91	21,826
Disposals	−17,680	−105	−17,785
Impairment charge	−1,929	–	−1,929
Impairment reversal	1,363	–	1,363
Depreciation	−38,456	−1,136	−39,592
Currency translation adjustments	3,245	1	3,246
Carrying amount 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**

In 2022 due to a recovery in the use of office spaces, an impairment amount of EUR 7.7 million was reversed.
LeasePlan sells cars via the sales shops, which are the main assets identified related to the ex-CarNext business. We defined local ex-CarNext businesses as the CGUs to which the right of use is allocated.
The Group tested the CGUs for impairment and recognised an impairment reversal of EUR 6.3 million (2021: EUR 1.1 million).The recoverable amounts of the CGU were estimated based on the present values of the future cash flows expected to be generated by sales shops in those countries (value in use), discounted by a pre-tax discount rate of 10.4%.

The maturity of the discounted lease liabilities is shown below:

	31 December 2022	31 December 2021
Not longer than a year	33,360	35,763
Longer than a year	135,445	200,323
Total	**168,805**	**236,085**

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 2022	31 December 2021
Interest on lease liabilities	–2,871	–3,854
Income from sub-leasing right-of-use assets	1,136	1,114
Expenses relating to short-term leases	–107	94
Expenses relating to leases of low-value assets	–106	–106
Total	**–1,947**	**–2,752**

23 Investments accounted for using the equity method

Principal investments in the consolidated financial statements are:

	% of ownership interest			
	2022	**2021**	**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.
The investment in Flottenmanagement GmbH is considered not material.

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:

	2022	**2021**
Equity accounted investments	34,261	32,556
Balance as at 31 December	**34,261**	**32,556**

The amounts recognised in the statement of profit or loss are as follows:

	2022	**2021**
Equity accounted investments	6,182	–5,520
Balance as at 31 December	**6,182**	**–5,520**

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.

	2022	2021
	Equity accounted investments	Equity accounted investments
Other current assets	23,339	30,951
Total current assets	**23,339**	**30,951**
Total non-current assets	**273,138**	**323,917**
Current financial liabilities	47,074	23,391
Current financial liabilities other	45,278	49,152
Total current liabilities	**92,352**	**72,543**
Non-current financial liabilities	163,541	246,085
Other non-current financial liabilities	3,285	2,661
Total non-current liabilities	**166,826**	**248,746**
Net assets (100%)	**37,299**	**33,579**

The total assets of joint venture entities amount to EUR 296 million (2021: EUR 355 million), of which EUR 191 million (2021: EUR 259 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.

	2022	2021
	Equity accounted investments	Equity accounted investments
Revenues	**108,742**	**98,645**
Depreciation and amortisation	–511	–445
Interest income	731	484
Interest expense	–3,361	–3,519
Profit before tax	12,937	8,186
Income tax expenses	–172	–190
Profit for the period	**12,765**	**7,997**
Other comprehensive income net of tax	–88	168
Total comprehensive income	**12,677**	**8,165**
Dividend received by the Group	5,350	4,694

The reconciliation to the proportional share of the Group included in the summarised financial information is as follows:

	2022	2021
	Equity accounted investments	**Equity accounted investments**
Net assets (100%) as at 1 January	33,579	32,780
Dividend paid	–11,004	–9,601
Result for the year	12,765	7,997
Exchange rate differences	1,960	2,403
Net assets (100%) as at 31 December	37,299	33,579
Percentage of interest	various	various
Interest in associates/jointly controlled entities	**34,261**	**32,556**
Carrying value	**34,261**	**32,556**

The amount of net assets is mainly related to LeasePlan Emirates L.L.C. EUR 33 million (2021: EUR 31 million).

24 Intangible assets

	Note	Internally developed software	Software licenses	Customer relationships	Customer contracts	Goodwill	Brand names	Assets under construction	Total
Carrying amount as at 1 January 2021		**44,445**	**32,477**	**148,409**	**1,262**	**276,348**	**12,572**	**84,685**	**600,200**
Sale of subsidiary		−16,296	−9,222	–	–	−5,466	–	−8,317	−39,301
Purchases/additions		4,248	4,107	–	–	–	–	152,109	160,464
Amortisation	8	−26,735	−7,084	−10,385	−1,225	–	−357	–	−45,786
Impairment charge		−861	–	–	–	–	–	−3,142	−4,004
Impairment reversal		410	–	–	–	–	–	–	410
Assets avaiable for use		54,286	17	–	–	–	–	−54,303	–
Currency translation adjustments		604	−207	–	–	–	–	34	430
Carrying amount as at 31 December 2021		**60,100**	**20,090**	**138,024**	**37**	**270,883**	**12,215**	**171,067**	**672,416**
Cost		170,851	77,552	205,896	31,081	270,883	14,266	171,067	941,596
Accumulated depreciation and impairment		−110,751	−57,462	−67,872	−31,044	–	−2,051	–	−269,179
Carrying amount as at 31 December 2021		**60,100**	**20,090**	**138,024**	**37**	**270,883**	**12,215**	**171,067**	**672,416**
Restatement due to hyperinflation		–	556	–	–	–	–	–	556
Carrying amount as at 1 January 2022		**60,100**	**20,645**	**138,024**	**37**	**270,883**	**12,215**	**171,067**	**672,972**
Sale of subsidiary		−9,856	−730	–	–	−4,562	–	–	−15,148
Purchases/additions	8	4,883	5,178	–	–	–	–	163,773	173,833
Amortisation		−40,380	−6,660	−10,233	−37	–	−357	–	−57,666
Impairment charge		−2,679	–	–	–	–	–	−516	−3,195
Impairment reversal		1,349	–	–	–	–	–	–	1,349
Assets available for use		152,985	27	–	–	–	–	−153,012	–
Transfer to assets held for sale		–	−36	–	–	−134	–	–	−170
Currency translation adjustments		339	−153	–	–	–	–	–	186
Carrying amount as at 31 December 2022		**166,740**	**18,271**	**127,792**	**–**	**266,187**	**11,859**	**181,312**	**772,160**
Cost		292,881	65,070	205,896	30,291	266,187	14,266	181,312	1,055,904
Accumulated depreciation and impairment		−126,141	−46,800	−78,104	−30,291	–	−2,407	–	−283,744
Carrying amount as at 31 December 2022		**166,740**	**18,271**	**127,792**	**–**	**266,187**	**11,859**	**181,312**	**772,160**

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

Assets under construction as at 31 December 2022 mainly include the investments in New Generation Digital Architecture (NGDA) and IT Excellence. The Group checks feasibility, availability and intention in respect of finalisation of assets under construction each year. Based on this analysis the Group recognised impairment of EUR 0.5 million (2021: EUR 3.1 million). Please refer to Note 8 for the disclosure related to the impairment recognised on intangibles assets.

In addition, 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 10.7% (post-tax of 13.1%) was applied. Based on this assessment no additional impairment was recognised in 2022 (2021: nil).

Goodwill relates to the acquisition of LeasePlan Corporation N.V. by LP Group B.V.. LeasePlan Corporation N.V. is engaged in providing lease services. Goodwill is allocated to the groups of cash generating units which have incorporated the acquisition. Groups of cash generating units are the two reportable segments “Europe” and “the rest of the world” in which LeasePlan is operating.
The groups of cash generating units to which goodwill is allocated are listed in the table below.
LeasePlan US was divested as per 1 December 2022, and the allocated goodwill for an amount of EUR 4.6 million was part of the gain on disposal of the two subsidiaries. LeasePlan US was included in the Rest of the world segment. For this reason, the balance of goodwill as per 31 December 2022 is EUR 266.2 million.

	Goodwill	Key assumptions applied in fair value less cost of disposal		
		Post-tax discount rate	**Pre-tax discount rate**	**Terminal growth rate**
Europe	263,672	10.7%	13.1%	0.0%
Rest of the world	2,515	10.7%	13.5%	0.0%
Total	**266,187**			

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 2022 (2021: 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. As of 2019/2020 LeasePlan embarked on a fully digitized mobility service provider with the aim to reach digital service levels by 2025. That means that in the next years LeasePlan will invest in it its Next Generation Digital Architecture, further improving profitability. After the five year forecast period one year stabilisation and a terminal growth rate of 0.0% was assumed.

A post-tax discount rate was applied which is built up of a (i) risk free rate 2%, (ii) a market premium 6.5% multiplied by a market specific beta 1.03 and (iii) a country risk premium of 2%.

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

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	
	2022	**2021**	**2022**	**2021**
Goodwill	2,544	4,626	–	-
Other intangible assets	–	–	34,961	37,751
Property and equipment under operating lease	43,738	57,312	552,375	676,593
Other property and equipment	6,127	8,040	19,150	15,075
Provisions	30,301	28,371	213	293
Deferred leasing income	78,307	76,261	21,173	9,314
Tax value of losses carry forward recognised	144,946	371,458	–	-
Tax credits and prepayments	927	7,320	–	-
Other Receivables	8,602	15,781	85,858	40,997
Other Payables	45,821	56,675	18,709	11,309
Tax assets / liabilities	**361,313**	**625,843**	**732,440**	**791,332**
Offset of deferred tax assets and liabilities	−223,491	−387,696	−223,491	−387,696
Balance as at 31 December	**137,821**	**238,147**	**508,949**	**403,635**
Net tax position:			**371,127**	**165,488**
Movement net tax position	−205,639	−78,176		

The movement in the net deferred tax position can be summarised as follows:

	Note	2022	2021
Balance as at 1 January		**−165,488**	**−87,313**
Statement of profit or loss (charge)/credit	10	−176,166	−64,406
Tax (charge)/credit relating to components of other comprehensive income	10	−3,032	−745
Other movements		−36,695	−22,893
Exchange rate differences		10,255	9,869
Balance as at 31 December		**−371,127**	**−165,488**

The statement of profit or loss (charge)/credit can be broken down as follows:

	Deferred tax assets		Deferred tax liabilities	
	2022	**2021**	**2022**	**2021**
Goodwill	–	1,509	2,082	-
Other intangible assets	2,790	–	–	−2,456
Property and equipment under operating lease	145,645	8,260	–	89,458
Other property and equipment	–	−1,481	3,746	6,760
Provisions	5,751	−6,004	–	−104
Deferred leasing income	–	8,984	12,127	5,775
Tax value of losses carry forward recognised	–	26,011	226,044	−20,729
Tax credits and prepayments	–	4,254	6,335	−191
Other receivables	–	−12,390	46,183	8,881
Other payables	–	−8,111	33,834	−1,955
Movement in deferred tax	**154,185**	**21,033**	**330,351**	**85,440**
Movement in deferred tax liabilities	−154,185	−21,033	−154,185	−21,033
Income statement (charge)/credit		**–**	**176,166**	**64,407**

Exchange rate differences can be broken down as follows:

	Deferred tax assets		Deferred tax liabilities	
	2022	**2021**	**2022**	**2021**
Property and equipment under operating lease	9,334	290	–	–
Other property and equipment	–	–	1,404	104
Provisions	–	224	35	–
Deferred leasing income	1,955	337	–	–
Tax value of losses carry forward recognised	–	8,436	1,074	–
Tax credits and prepayments	–	–	58	53
Other receivables	–	974	721	–
Other payables	2,256	–	–	236
Tax (assets)/ liabilities	**13,545**	**10,261**	**3,290**	**393**
Offset of deferred tax assets and liabilities	−3,290	−393		
Exchange rate differences	**10,255**	**9,869**		

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 41.2 million (2021: EUR 47.9 million) and has not recognised tax credits for an amount of EUR 1.2 million (2021: EUR 17 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 41.2 million do not have an expiry date (EUR 6.1 million of the unrecognised losses have an expiry date) and the utilisation of tax credits is limited in time.

The expiration profile of the tax credits not recognised can be illustrated as follows:

	2022	2021
Expires within one year	500	335
Expires after a year, less than five years	688	14,616
Expires after five years	53	2,076
Total	**1,240**	**17,026**

The expiration profile of the losses carried forward can be illustrated as follows:

Losses	2022	2021
Expires within a year	2,417	-
Expires after a year, less than five years	7,261	79,864
Expires after five years	14,376	64,331
No expiry date	584,404	1,543,848
Total	**608,458**	**1,688,044**
Tax value	**144,946**	**371,458**

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:

	2022	2021
Netherlands	–	25,149
Spain	30,928	34,442
United Kingdom	40,805	38,050
Italy	13,213	55,429
Total	**84,946**	**153,070**

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 2022, the aggregate amount for the most significant entities is EUR 84.9 million (2021: EUR 153.1 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 November 2022, the subsidiaries in Luxembourg, Finland and Czech Republic have been classified as held for sale. Reference is made to note 11 Discontinued operations.

As at 31 December 2022, the disposal groups comprised assets of EUR 1,125 million less liabilities of EUR 511 million, all valued at the carrying amount, detailed as follows.

	2022
Cash and balances at central banks	1
Receivables from financial institutions	3,312
Other receivables and prepayments	20,469
Inventories	17,594
Lease receivables from clients	123,556
Property and equipment under operating lease & Rental fleet	937,594
Other property and equipment	12,847
Intangible assets	170
Corporate income tax receivable	373
Deferred tax asset	9,385
Assets classified as held-for-sale	**1,125,301**
Trade and other payables and Deferred income	101,532
Borrowings from financial institutions	342,165
Lease liabilities	7,880
Provisions	2,701
Deferred tax liabilities	56,359
Liabilities classified as held-for-sale	**510,636**
Net assets held for sale	**614,665**

In intangible assets an amount of EUR 0.1 million is included, related to the proportion of goodwill that will be derecognised for Luxembourg, Finland and Czech Republic, previously included in CGU Europe.

27 Funds entrusted

This item 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 10.8 billion (2021: EUR 10.2 billion) of which 31.6% (2021: 39.4%) 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:

	2022	2021
Three months or less	1.10%	0.03%
Longer than three months, less than a year	0.79%	0.38%
Longer than a year, less than five years	0.71%	0.73%

The interest rate of the on-demand accounts is set monthly.
The interest payable in the amount of EUR 14.6 million (2021: EUR 12.7 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

	2022	2021
Trade payables	794,433	851,114
Deferred leasing income	402,339	506,446
Lease related accruals	712,433	795,822
Other accruals and other deferred amounts owed	302,471	330,419
Interest payable	77,243	67,468
Accruals for contract settlements	130,406	111,909
VAT and other taxes - payable	27,438	21,857
Balance as at 31 December	**2,446,762**	**2,685,035**

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 14.5 million at the end of 2022 (2021: EUR 13.4 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. 50% of the variable remuneration of senior management is paid upfront and 50% of the variable remuneration is deferred for a period of four years, whereby every year one-fourth vests. The Managing Board has a deferral period of five years and 60% is deferred. PSUs have a retention period of one year after vesting.

The movements in the number of PSUs outstanding are as follows:

	2022	2021
Outstanding as per 1 January	**146,713**	**136,220**
Granted	94,147	71,006
Settled during the year	(98,611)	(60,513)
Outstanding per 31 December	**142,249**	**146,713**

The PSU result recognised during 2022 relating to PSU revaluation amounts to EUR -0.2 million (2021: EUR 1.4 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 0.7 billion (2021: EUR 1.0 billion) 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 8.2 million (2021: EUR 9.5 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	2022	2021
Bond and notes - originated from securitisation transactions	2,336,762	1,850,740
Bonds and notes - other	7,082,878	7,542,547
Bonds and notes - other (fair value adjustment)	–364,425	8,636
Balance as at 31 December	**9,055,215**	**9,401,924**

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 1.7 billion (2021: EUR 2.0 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:

	2022	2021
Average interest rate	1.9%	1.1%

The interest payable in the amount of EUR 53.5 million (2021: EUR 45.2 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:

	2022	2021
Bumper BE	492,882	532,500
Bumper FR 2022-1	500,000	–
Bumper DE S.A. 2019-1	106,475	325,176
Bumper NL 2020-1 B.V.	257,129	419,207
Bumper NL 2022-1 B.V.	700,000	–
Bumper UK 2019-1 Finance PLC	–	100,749
Bumper UK 2021-1 Finance PLC	284,376	476,399
Total	**2,340,863**	**1,854,030**

In April 2022, Bumper FR 2022-1 was concluded for a total of EUR 500 million of asset-backed security notes.
In October 2022, Bumper NL 2022-1 was concluded for a total of EUR 700 million of senior notes.

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 4.1 million (2021: EUR 3.3 million) and they are fully capitalised and amortised over the duration of the deals.

31 Provisions

	2022	2021
Damage risk retention provision	584,751	525,065
Post-employment benefits	10,839	24,291
Other provisions	26,827	32,357
Balance as at 31 December	**622,418**	**581,713**

The majority of provisions are expected to be recovered or settled within 12 months.

Damage risk retention provision

	2022	2021
Provision for third-party liability (TPL)	204,378	194,399
Incurred but not reported (IBNR) - TPL	208,529	182,058
Provision for damage claims	114,542	96,743
Incurred but not reported (IBNR) - damage claims	57,303	51,865
Balance as at 31 December	**584,751**	**525,065**

The damage risk retention provision breaks down as follows:

	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Damages reported	318,920	−25,337	293,583	291,142	−28,878	262,264
Damages IBNR	265,831	−12,848	252,983	233,923	−10,479	223,445
Total damage risk provisions	**584,751**	**−38,186**	**546,566**	**525,065**	**−39,357**	**485,709**
Current	171,973	−4,148	167,825	148,829	−5,967	142,862
Non-current	412,779	−34,038	378,741	376,236	−33,389	342,847
Total damage risk provisions	**584,751**	**−38,186**	**546,566**	**525,065**	**−39,357**	**485,709**

The development of the third-party liability (TPL) exposures provides a measure of the Group's ability to estimate the ultimate value of damages. The top half of the table below illustrates how the Group's estimate of total damages outstanding for each accident year has changed at successive year ends. The bottom half of the table below reconciles the cumulative damages to the amounts appearing in the balance sheet for TPL. The accident year basis is considered the most appropriate for the business written by the Group.

Underwriting years	**< 2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
At end of accident year	849,387	153,266	166,308	175,843	125,528	155,053	179,711	
- one year later	879,669	144,870	161,867	181,717	124,811	157,402	–	
- two years later	861,334	128,599	160,582	184,403	135,152	–	–	
- three years later	844,181	131,106	151,494	155,908	–	–	–	
- four years later	829,403	122,704	144,098	–	–	–	–	
- five years later	829,253	119,603	–	–	–	–	–	
- more than five years later	822,868	–	–	–	–	–	–	
Estimate of cumulative claims	822,868	119,603	144,098	155,908	135,152	157,402	179,711	
Cumulative payments to date	−770,949	−100,995	−116,795	−113,480	−73,680	−77,290	−48,648	
Gross outstanding claim liabilities	**51,919**	**18,609**	**27,303**	**42,428**	**61,472**	**80,113**	**131,063**	**412,906**
Less: IBNR	16,881	5,751	10,947	17,469	31,025	41,209	85,245	208,529
Total provision for TPL (excl. IBNR)	**35,038**	**12,857**	**16,356**	**24,959**	**30,447**	**38,903**	**45,817**	**204,378**
Reinsurance	15,392	1,255	1,618	4,132	7,585	4,057	2,250	36,288
Gross outstanding claim liablities net of Reinsurance	**36,528**	**17,354**	**25,686**	**38,296**	**53,887**	**76,055**	**128,813**	**376,619**

The total provision for TPL, excluding IBNR and reinsurance for the year prior to 2016 can be detailed as follows:

	Gross outstanding damage liabilities	**Less: IBNR**	**Total provision for TPL, excluding IBNR**
2016	9,328	3,865	5,462
2015	9,450	3,310	6,139
2014	5,541	2,693	2,849
2013	4,816	2,100	2,716
2012	2,651	1,732	919
< 2011	20,134	3,180	16,954
Total	**51,919**	**16,881**	**35,038**

The expected maturity analysis of the gross outstanding damage liabilities excluding reinsurance is as follows:

	2022	2021
Not longer than 1 year	221,435	205,610
Between 1-2 years	86,759	69,136
Between 2-5 years	63,343	67,725
Longer than 5 years	41,369	33,987
TOTAL	**412,906**	**376,457**

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 1,686 (2021: 1,670) of whom 1,304 are active employees and 377 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 352 (2021: 343).

The provision for the defined benefit liability recognised in the balance sheet is as follows:

	2022	**2021**
Present value of funded obligations	39,451	47,450
Fair value of plan assets	–39,045	–38,035
Asset ceiling	164	–
Deficit of funded plans	**570**	**9,415**
Present value of unfunded obligations	10,269	14,876
Total deficit of defined benefit plans as per 31 December	**10,839**	**24,291**

The impact of minimum funding requirement/asset ceiling is EUR 0.2 million in 2022 (2021: nil).
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 2021		**61,731**	**–35,304**	**–**	**26,428**
Sale of subsidiary		–471	233	–	–238
Current service cost	6	2,509	12	–	2,521
Interest expense/(income)	6	335	–140	–	195
Past service costs and gains and losses on settlements	6	–259	–	–	–259
		2,114	**104**	**–**	**2,218**
Return on plan assets, excluding amounts included in interest income / expense		–	–1,370	–	–1,370
Gain/loss from changes in demographic assumptions		–382	–	–	–382
Gain/loss from changes in financial assumptions		–1,082	–	–	–1,082
Experience (gains)/losses		1,547	–151	–	1,396
		82	**–1,521**	**–**	**–1,438**
Remeasurements					
Contributions - Employers		–	–2,420	–	–2,420
Contributions - Plan participants		273	–273	–	–
Benefit payments		–2,286	1,686	–	–599
Currency translation adjustments		411	–308	–	103
Balance as at 31 December 2021		**62,326**	**–38,035**	**–**	**24,291**
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 2.8 million for the year ending 31 December 2022.
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:

	2022	2021
Discount rate	4.6%	1.6%
Inflation	3.1%	2.3%
Salary growth rate	4.2%	3.3%
Pension growth rate	1.0%	1.7%

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	19,694	15,502
Inflation change	17,032	17,972
Salary growth rate change	16,639	18,545
Pension growth rate change	14,211	14,585

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:

	2022	2021
Male	27.5	30.5
Female	28.8	32.3

Plan assets comprise the following:

	2022			2021		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equity instruments	2,343	–	2,343	2,611	–	2,611
Debt instruments	3,781	24	3,806	4,219	37	4,256
Property	483	1,429	1,912	515	1,401	1,915
Investment funds	248	30,737	30,985	536	28,717	29,253
Total assets	**6,855**	**32,190**	**39,045**	**7,880**	**30,155**	**38,035**

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	2,444	1,991	10,156	86,730	101,321

The cumulative actuarial result recognised in the combined statements of comprehensive income is EUR 11.6 million (2021: EUR 1.4 million).

Other provisions

	Other long-term employee benefits	**Termination benefits**	**Litigation**	**Miscellaneous**	**Total**
Balance as at 31 December 2020	**11,078**	**2,700**	**9,660**	**17,872**	**41,310**

Reversals	−3,791	–	–	−1,582	−5,373
Additions recognised in income statement	1,007	1,684	2,047	3,062	7,800
Unused amounts reversal	−135	−5	−863	−1,469	−2,473
Usage	−2,230	−2,711	−2,168	−2,135	−9,243
Currency translation adjustments	22	−91	201	204	336
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
Currency translation adjustments	−18	−177	32	284	121
Balance as at 31 December 2022	**6,101**	**333**	**4,542**	**15,851**	**26,827**
Usage within a year	1,130	80	200	1,616	3,025
Usage after a year	4,972	253	4,342	14,235	23,802

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 (2021: not material).

32 Share capital and share premium

At 10 February 2015, the Company has been incorporated by TDR Nominees Limited, a private limited company incorporated under the laws of England and Wales, with one share with a nominal value amounting to EUR 1.
Due to a Sale and Transfer agreement dated 16 March 2015, TDR Nominees Limited has transferred its share in The Company to Lincoln Financing Holdings Pte. Limited.
The sole shareholder of the Company resolved on 21 March 2016 to issue 100,000,000 shares in the capital with a nominal value of 1 euro which have been fully paid. The new shares have been issued at an issue price of EUR 3,531,500,000 in the aggregate. This amount exceeds the aggregate nominal value of the new shares, this balance being an amount of EUR 3,431,500,000 has been added to the share premium reserve.

There were no other movements in the issued and paid up capital in 2022 following the incorporation, the transfer and the capital increase as described above.

33 Other reserves

	Translation reserve	Post-employment benefit reserve	Hedging reserve	Hyperinflation reserve	Total
Balance as at 31 December 2020	**−131,541**	**2,223**	**7,192**	**–**	**−122,127**
Gains/(losses) arising during the year	−8,905	1,415	1,744	–	−5,745
Related income tax	–	−309	−436	–	−745
Reclass hedging reserve to retained earnings	–	–	−8,500	–	−8,500
Balance as at 31 December 2021	**−140,446**	**3,329**	**–**	**–**	**−137,117**
Restatement due to hyperinflation	–	–	–	142,234	142,234
Balance as at 1 January 2022	**−140,446**	**3,329**	**–**	**142,234**	**5,117**
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	**−212,385**	**11,852**	**–**	**147,665**	**−52,867**

Translation reserve

The movement in 2022 is caused by appreciation of the euro against the main local currencies, mainly the Turkish lira and Pound sterling. An amount of EUR 39 million was released because it related to LeasePlan United States, divested in Q4 2022.

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.

34 Retained earnings

Dividend

In 2022 LeasePlan decided not to pay any interim or final dividend relating to 2021.
In 2021 LeasePlan decided not to pay any interim or final dividend relating to 2020.

Profit appropriation

Reference is made to the Company's financial statements on the appropriation of profits for the year and the movements in the reserves.

Transfer

During 2022 a transfer has been made from retained earnings for the accrual of the interest coupon on AT1 capital securities in an amount of EUR 36.9 million (2021: 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 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 2022 on AT1 capital securities amounts to EUR 36.9 million. In 2022 an amount of EUR 36.9 million was paid related to the period November 2021 - November 2022, including EUR 3.4 million accrued in 2021. The remaining part of EUR 3.4 million is payable in May 2023, therefore as at the reporting date this amount does not yet represent a liability.

Interest is non-cumulative and fully at the discretion of LeasePlan 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, the Group classified and accounted the capital securities and related interest accruals, as equity and not debt.

36 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 5.8 billion (2021: EUR 4.8 billion) as at the balance sheet date. The increase is driven by a high order book impacted by the semiconductor chips shortages initially caused by COVID-19 and currently 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 4.0 million and EUR 0.4 million respectively.

The Group has issued guarantees to the total value of EUR 387 million (2021: EUR 412 million) of which EUR 385 million (2021: EUR 411 million) is related to residual value guarantees issued to clients.

37 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.

As of 21 March 2016, LP Group B.V. became the shareholder of the company. LP Group B.V. represents a group of long-term responsible investors and includes ADIA, ATP, Broad Street Investments, GIC, PGGM and TDR Capital. None of these investors has (an indirect) controlling interest in the company. Business relations between the company, LP Group B.V. and their indirect shareholders and their subsidiaries are handled on normal market terms.

TDR Capital has a controlling interest in Constellation Automotive Group. 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 2022 is not material at Group's level. The amount of accounts receivables outstanding with Constellation Automotive Holdings is EUR 3.9 million. As at 31 December 2022, sales revenues from transactions with Constellation Automotive Holdings amount to EUR 0.8 billion.

Transactions between the company and its subsidiaries mainly comprise long-term funding and cost allocation of Group activities as described in Note 3. All business relations with the Group's subsidiaries are conducted in the ordinary course of business and on arm's length basis.

Transactions between LeasePlan Corporation N.V. and its subsidiaries are eliminated on consolidation. Reference is made to Note 6 of the company financial statements for further details with respect to investments in and loans to subsidiaries. For a list of the principal consolidated participating interests, reference is made to Other information to the financial statements.

All business relations with investments accounted for using the equity method are in the ordinary course of business and are handled on normal market terms. An amount of EUR 110.5million (2021: EUR 200 million) is provided as loans to investments accounted for using the equity method (Note 19).

The interest income recognised by the Group on these funding transactions amounts to EUR 1.5 million (2021: EUR 1.9 million). Furthermore, the Group charged a service fee amounting to EUR 0.6 million (2021: EUR 0.5 million) to the investments accounted for using the equity method.

For the Managing Board remuneration please refer to Note 2 Managing Board remuneration of the company financial statement.

Management Investment Plan

Selected members of LeasePlan management, including Managing Board members, have made an indirect investment alongside the Consortium in LeasePlan through a Management Investment Plan (the 'MIP'). The MIP is not linked to employee performance or remuneration, but operates as a separate investment instrument via which participants have invested their own capital in the company at their own risk in return for depository receipts. These investments expose 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 is held indirectly via a management holding company ('ManCo'). ManCo issues shares to a specially incorporated foundation that issues depositary receipts to each participant as evidence of the investment. These depositary receipts expose 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 is linked to the Consortium's exit. Typically, a participant will be able to sell a proportion of the investment equal to the proportion sold by the Consortium at exit, subject to certain conditions including 'lock-ups' as appropriate. If a participant ceases to be employed by a LeasePlan Group company prior to an exit, the participant may be required to sell part or all of the depositary receipts. The price payable for the depositary receipts will depend on the reason and timing of the cessation of the participant's employment. As LeasePlan has no obligation to repurchase depositary receipts from a participant or to make any other cash payments to the participants under the MIP, the arrangement is classified as an equity-settled share-based payment.

ManCo is 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 exits its investment in LeasePlan, the preference shares will automatically convert into ordinary shares in ManCo. The rate at which the preference shares convert will depend on the returns achieved by the Consortium at the time of exit.

The movements in the number of shares that the participants have indirectly acquired under the MIP are as follows:

	2022	2021
Balance as at 1 January	**24,534,347**	**21,317,347**
Issued	-	3,294,000
(Re)purchased	−113,000	−77,000
Balance as at 31 December	**24,421,347**	**24,534,347**

The participants have a total of EUR 24.4 million invested via ManCo in LeasePlan Corporation N.V. (2021: EUR 24.5 million). Of that number, the total aggregated investment of Managing Board members is EUR 4.7 million (2021: EUR 4.7 million).

The acquisition price of the ordinary shares in ManCo represents 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 is no impact on the Group's results or its financial position from the MIP.

The company or another Group entity will 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.

38 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 2022. 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 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 instruments 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	1,258,947				
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	34,261				
Other receivables and prepayments *	565,368				
Total financial assets	**11,799,916**	**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 *	871,676				
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	**24,361,320**	**–**	**23,390,172**	**–**	**23,390,172**

* Other receivables and Other payables that are not financial assets or liabilities are not included

Fair value of financial instruments

As at 31 December 2021	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	51,715	–	51,715	–	51,715
Derivatives financial instruments not in hedge	124,451	–	124,451	–	124,451
Investments in equity securities	133,826	71,326	–	62,500	133,826
Financial assets not measured at fair value					
Cash and balances at central banks	5,447,685				
Investments in debt securities	43,394	43,788	–	–	43,788
Receivables from financial institutions	687,722				
Lease receivables from clients	3,492,981	–	3,450,053	–	3,450,053
Loans to investments using the equity method	200,000	–	204,200	–	204,200
Investments in equity accounted investments	32,556				
Other receivables and prepayments *	338,930	–	338,930	–	338,930
Total financial assets	**10,553,259**	**115,114**	**4,169,350**	**62,500**	**4,346,964**
Financial liabilities measured at fair value					
Derivatives financial instruments in hedge	43,009	–	43,009	–	43,009
Derivatives financial instruments not in hedge	65,409	–	65,409	–	65,409
Financial liabilities not measured at fair value					
Funds entrusted	10,334,671	–	10,375,499	–	10,375,499
Trade and other payables and deferred income *	918,582				
Borrowings from financial institutions	3,324,010	–	3,335,665	–	3,335,665
Debt securities issued	9,401,924	–	9,590,006	–	9,590,006
Loans from equity investments	25,000				
Total financial liabilities	**24,112,604**	**–**	**23,409,587**	**–**	**23,409,587**

* 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.

The Group applies the market multiple in the valuation as at 31 December 2022, 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 35.7 million is recognised in other income.
The fair value of the share in Constellation Automotive Holdings S.a.r.l. as at 31 December 2022 is EUR 26.8 million (31 December 2021: EUR 62.5 million).

The sensitivity of the fair value to a change in the multiple of 10% amounts to approximately EUR 6 million.

39 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 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
As at 31 December 2021						
Derivative financial assets - 2021	176,167	-	176,167	−108,417	42,590	110,339
Derivative financial liabilities - 2021	108,417	-	108,417	−108,417	-	-

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.

40 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). 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 ›m clients (finance leases)	Receivables from financial institutions (collateral deposited)	Property and equipment under operating lease	Total
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**
As at 31 December 2021				
Carrying amount				
Assets	331,799	56,429	2,346,348	2,734,576
Associated liabilities				
Bonds and notes originated from securitisation transactions				1,850,740
Net carrying amount position				**883,836**
For those liabilities that have recourse only to the transferred assets				
Fair value				
Assets	315,829	56,429	2,297,088	2,669,345
Associated liabilities				
Bonds and notes originated from securitisation transactions				1,859,323
Net fair value position				**810,022**

41 Contingent assets and liabilities

In October 2022, the credit facility of EUR 5.6 million, made available to companies for which a non-controlling interest is held, was terminated.

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.

42 Events occurring after balance sheet date

No material events occurred after 31 December 2022 that require disclosure in accordance with IFRS, nor events affecting the financial position of the Group as at 31 December 2022 or the result for the period ended 31 December 2022.

Company financial statements

1 Statement of profit or loss of the company

For the year ended 31 December

Amounts in thousands of euros	Note	**2022**	**2021**
Other operating expenses	4	1,158	266
Other income	8	–4,562	–5,466
Result before tax and share in result in investments		**–5,720**	**–5,732**
Income tax expenses	5	299	–486
Share of profit in equity accounted investments		1,891,145	971,063
Net result		**1,885,724**	**964,845**

An amount of EUR 544 million (2021 represented EUR 273 million) included in Share of profit in equity accounted investments is related to discontinued operations. Please refer to note 11 of the consolidated financial statement.

Statement of financial position of the company

Before appropriation of result

As at 31 December

Amounts in thousands of euros	Note	**2022**	**2021**
Assets			
Receivables from financial institutions		371,435	70
Investments subsidiaries	6	5,090,423	4,309,472
Goodwill	8	266,186	270,882
Other assets	7	1,196,176	375,364
Total assets		**6,924,221**	**4,955,788**
Liabilities			
Other liabilities	9	3,783	5,323
Total liabilities		**3,783**	**5,323**
Equity			
Share capital		100,000	100,000
Share premium		3,431,500	3,431,500
Other reserves		−52,867	−137,117
Retained earnings excluding net result		1,556,082	591,237
Net result current year		1,885,724	964,845
Equity of owners of the parent	10	**6,920,438**	**4,950,465**
Total equity & liabilities		**6,924,221**	**4,955,788**

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.

2 Managing Board remuneration

The following table summarises the income for the board members paid by LeasePlan Corporation as they are part of its Supervisory Board.

In Euro	**2022**	**2021**
Mr Manjit Dale	-	100,500
Mr Eric-Jan Vink	91,000	96,500

3 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.

	2022			2021
	KPMG	Other	Total	Total
	accountants N.V.	KPMG network	KPMG network	KPMG network
Audit services	3,241	4,390	7,631	8,396
Audit related services	137	164	300	417
Other (non-audit) services	–	31	31	–
Total Services	**3,377**	**4,585**	**7,962**	**8,813**

For the period to which the statutory audit relates, KPMG has provided the following services:

- review of interim financial information for the first, second and third quarter in accordance with Ducth Standards on auditing;
- audit of COREP and FINREP reporting to DNB in accordance with Dutch Standards on Auditing;
- agreed-upon procedures for the deposit guarantee scheme ('DGS') reporting to DNB;
- report on controls at a service organisation for the DGS reporting to DNB;
- agreed-upon procedures for the interest rate risk reporting to DNB;
- audits of securitisation vehicles controlled by LeasePlan;
- assurance engagements with respect to prospectuses, and
- agreed-upon procedures for cost-sharing engagements.

4 Other operating expenses

Other operating expenses include professional fees, office overheads and other general expenses. The company does not directly employ any staff.

5 Income tax

The Company forms a fiscal unity with LeasePlan Corporation. N.V. regarding corporate income tax and VAT. Reference is made to note 10 of the consolidated financial statements in this respect.

	2022	2021
Current tax		
Current tax on profits for the year	–299	–66
Adjustments in respect of prior years	–	552
Total current tax	**–299**	**486**
Total	**–299**	**486**

6 Investments in subsidiaries

Movements in investments in Group companies are as follows:

Amounts in thousands of euros	**2022**	**2021**
Balance as at 1 January	**4,309,472**	**3,717,397**
Restatement due to hyperinflation	191,496	–
Result for the year	1,891,145	971,063
Capital contribution	–	74,059
Dividend received	–1,194,443	–446,460
Other comprehensive income of the period from subsidiary	–107,246	–6,586
Balance as at 31 December	**5,090,422**	**4,309,472**

7 Other assets

The others assets are composed of:

Amounts in thousands of euros	**2022**	**2021**
Corporate income tax receivable	365	66
Other receivables and prepayments	1,195,677	375,298
Assets classified as held-for-sale	134	–
Balance as at 31 December	**1,196,176**	**375,364**

Other receivables and prepayments include receivables from subsidiaries of EUR 1,195 million and VAT position of EUR 365 thousand as at the end of 2022. For assets held for sale, please refer to note 8 Goodwill.

8 Goodwill

Goodwill relates to the acquisition of LeasePlan Corporation in 2016.
The portion of goodwill of EUR 0.1 million that will be derecognised for LeasePlan Czech Republic, LeasePlan Luxembourg and LeasePlan Finland, previously included in CGU Europe, has been reclassed to assets held for sale. Please refer to note 7 Other assets.
In 2022 LeasePlan United States was divested as per 1 December 2022; in 2021 LeasePlan Australia and LeasePlan New Zealand were divested as per 1 September 2021. The goodwill allocated to the divested subsidiaries is part of the gain on disposal for an amount of EUR 4.6 million (2021 EUR 5.5 million).
Please refer to Note 24 Intangible assets and Note 26 Assets held for sale of the consolidated financial statements.

9 Other liabilities

The other liabilities are composed of:

Amounts in thousands of euros	**2022**	**2021**
Trade payables	23	17
Amounts payable to group compnaies	3,760	5,294
VAT and other taxes - payable	–	12
Balance as at 31 December	**3,783**	**5,323**

10 Equity

The movement in shareholders' equity is as follows:

Amounts in thousands of euros	Share capital	Share premium	Other reserves	Retained earnings	Equity of owners of the parent
Balance as at 1 January 2021	**100,000**	**3,431,500**	**–122,127**	**582,736**	**3,992,110**
Net result	–	–	–	964,845	964,845
Other comprehensive income	–	–	–6,490	–	–6,490
Reclass hedging reserve to retained earnings	–	–	–8,500	8,500	–
Balance as at 31 December 2021	**100,000**	**3,431,500**	**–137,117**	**1,556,082**	**4,950,465**
Restatement due to hyperinflation	–	–	191,496	–	191,496
Balance as at 1 January 2022	**100,000**	**3,431,500**	**54,379**	**1,556,082**	**5,141,961**
Net result	–	–	–	1,885,724	1,885,724
Other comprehensive income	–	–	–107,246	–	–107,246
Balance as at 31 December 2022	**100,000**	**3,431,500**	**–52,867**	**3,441,806**	**6,920,438**

Dividends

In 2022 LeasePlan decided not to pay any interim or final dividend relating to 2021. In 2021 LeasePlan decided not to pay any interim or final dividend relating to 2020.
Please refer to Note 34 of the Consolidated financial statement.

Other reserves

In 2022 the other reserve includes translation reserves, hyperinflation reserve and post-employment benefit reserve. The hyperinflation reserve is related to the restatement of the financial statements of LeasePlan Turkey.

Proposed profit appropriation

In January 2023, the Company repatriated EUR 1,495.4 million by way of a repayment of nominal share capital (after first having converted the same amount of share premium into nominal share capital). The shareholder's composition was not affected by this change.

During 2022, the Company has allocated EUR 82.7 million of its 2022 net result to its CET1 capital to strengthen the management buffer. Furthermore, as part of the aforementioned repatriation, the Company has allocated its net result for the fourth quarter of 2020 (in the amount of EUR 28.2 million), its net result for the financial year 2021 (in the amount of EUR 888.3) and the majority part of its net result for the first half year of 2022 (in the amount of EUR 578.8 million (which excludes the EUR 82.7 million already allocated during 2022) as part of the retained earnings to its CET1 capital. On a net basis the CET1 capital has not been affected by the nominal share capital repayment.

The Managing Board proposes to the general meeting of shareholders to add part of the net result 2022 in the amount of EUR 1,224.2 million (consisting of the net result for the second half of the year) to the retained earnings and, at this point in time, not to resolve on the distribution of the net result. This net result relating to the second half year of 2022 is excluded from CET1 capital, with the intention of management to repatriate this, in part or full, to its shareholders in the foreseeable future.

11 Contingent liabilities

The Company forms a fiscal unity with LeasePlan Corporation N.V. in the Netherlands regarding corporate income tax (as of April 1, 2016) and VAT (as of 21 March, 2016). As a result the Company can be held jointly liable for tax liabilities of this subsidiary.

12 Subsequent events

No material events occurred after 31 December 2022, except of those disclosed in the note 42 Events occurring after the balance sheet date to the consolidated financial statement, 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 2022 or the result for the year then ended.

Amsterdam, 22 March 2023

Managing Board

DocuSigned by:
Manjit Dale
419EBBC8F74E47A...

Manjit Dale

Eric-Jan Vink

DocuSigned by:
Eric-Jan Vink
D6537B284DEC4BE...

Other information

1 Distribution of profit

Provision of the article of association on the profit appropriation Article 19

1. The Managing Board is authorised to allocate the profits as determined by the adoption of the annual accounts and to declare the distribution.
2. A resolution adopted by the Management Board to make a distribution on Shares shall also constitute the approval of the Managing Board as required by the laws of The Netherlands.
3. Distributions on Shares may be made only up to an amount which does not exceed the amount of the Distributable Equity.
4. Distributions shall be due and payable on the date set by the Management Board.
5. A claim of a Shareholder for payment of a distribution on shares shall be barred after five years have elapsed.
6. No distributions shall be made on Shares held by the Company in its own capital, unless these Shares have been pledged or a usufruct has been created in these Shares and the authority to collect distributions respectively accrues to the pledgee or the usufructuary respectively. For the computation of distributions, the Shares on which no distributions shall be made pursuant to this article 19.6, shall not be taken into account.

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 United States was divested in 2022.

Principal subsidiaries, which are fully included in the consolidated financial statements, are:

LeasePlan Brasil Ltda., Brazil

LeasePlan Česká republika s.r.o., Czech Republic, classified as held for sale as per November 2022

LeasePlan Danmark A/S, Denmark

LeasePlan Deutschland GmbH, Germany

LeasePlan Digital B.V., the Netherlands

LeasePlan Finland Oy, Finland, classified as held for sale as per November 2022

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, classified as held for sale as per November 2022

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

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

LeasePlan USA, Inc., USA, divested on 1 December 2022

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, England

Bumper DE 2019-I, Germany

Bumper BE 2021-1, 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

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 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 Finance B.V.

LeasePlan Global B.V. (formerly Lease Beheer N.V.)

LeasePlan Nederland N.V.

Transport Plan B.V.

LeasePlan Rechtshulp B.V. (formerly WeJeBe Leasing B.V.)

LeasePlan Corporation N.V., the Netherlands

3 Independent auditor’s report

To: the General Meeting of LP Group B.V.

Report on the audit of the accompanying financial statements
Our opinion

We have audited the financial statements 2022 of LP Group B.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.
In our opinion:
— the accompanying consolidated financial statements give a true and fair view of the financial position of LP Group B.V. as at 31 December 2022 and of its result and its cash flows for the year 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
— the accompanying company financial statements give a true and fair view of the financial position of LP Group B.V. as at 31 December 2022 and of its result for the year 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.
The consolidated financial statements comprise:
1 the consolidated statement of financial position as at 31 December 2022;
2 the following consolidated statements for the year 2022: 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 significant accounting policies and other explanatory information.

The company financial statements comprise:
1the company balance sheet as at 31 December 2022;
2the company statement of profit or loss for the year 2022; and
3the notes comprising a summary of the accounting policies and other explanatory information.

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 LP Group B.V. in accordance with the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), 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 fraud and non-compliance with laws and regulations and going concern 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
Audit response to the risk of fraud and non-compliance with laws and regulations
In chapter ‘Risk Management’ of the annual report, the directors describe their 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 the directors 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 of LeasePlan Corporation N.V. 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 of LeasePlan Corporation N.V. 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 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. 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.
Our audit procedures related to the identified fraud risks 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 directors have performed its going concern assessment and have not identified any going concern risks. To assess the directors' assessment, we have performed, inter alia, the following procedures:
—we considered whether the directors' 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 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 the director's going concern assessment.

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;
—contains the information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the management report and the 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 directors are responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements
Responsibilities of the directors for the financial statements
The directors are 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 directors are responsible for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.
As part of the preparation of the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the directors should prepare the financial statements using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The directors 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.

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 have detected all material errors and fraud during our audit.
Misstatements can arise from fraud or errors 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 the 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: http://www.nba.nl/ENG_algemeen_01

This description forms part of our independent auditor's report.
Amstelveen, 22 March 2023
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.
Digital LeasePlan	This programme aims to move the Group towards becoming a data driven company delivering digital car services steered by the latest digital technology of data analytics, artificial intelligence and algorithms.
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.

ANNEX 2

Terms and conditions of the warrants attached to the ALD ABSA

Warrants' terms and conditions

Below are set forth the terms and conditions of the consideration warrants (the "**Warrants**") issued by ALD on 28 April 2023 pursuant to a decision of ALD' shareholders general meeting.

Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in Exhibit A.

Type and form	- Warrants (*bon de souscription d'action*) issued by ALD to Lincoln Financing Holdings PTE. Limited on the 28 April 2023 as consideration given to Lincoln Financing Holdings PTE. Limited for the contribution of the Contributed Securities. - The Warrants are securities giving access to the share capital within the meaning of article L. 228-91 *et seq.* of the French *code de commerce*. - Warrants are, upon issuance, attached to the shares issued by ALD (*actions à bons de souscription d'actions* (ABSAs)). After issuance, the Warrants may be transferred unattached to the shares (subject to the transfer provisions in these terms).
Title	- The ownership by Lincoln Financing Holdings PTE. Limited and its transferees of the Warrants (the "**Warrants' Holders**") is evidenced by an inscription of its/their name in an account maintained with ALD (*au nominatif*).
Listing	- The Warrants will not be listed on the regulated market of Euronext Paris or on any other stock exchange.
Rights attached to the Warrants	- On the terms set forth herein and subject to the Condition (as such term is defined below), the Warrants entitle the Warrants' Holders to subscribe to new ALD shares representing 3.12% of the issued share capital of ALD (on a fully diluted basis (including the dilution resulting from the Warrants themselves)) on the Closing Date. Such entitlement may be subject to adjustment in accordance with paragraph 12 under "Adjustment to entitlement on exercise" below. - Each Warrants' Holder does not have any rights of a holder of ALD shares (including, without limitation, voting rights or rights to receive dividends or other distributions in respect thereof) with respect to the shares to be issued as a result of the exercise of the Warrants, until it exercises its Warrants pursuant to the terms and conditions set forth herein and receives ALD shares. - Each Warrants' Holder acknowledges and agrees that, subject to the terms of the ALD Shareholders' Agreement, ALD may freely take any of the decisions referred to in article L. 228-98 of the French *code de commerce*.
Conditionality	- The Warrants are exercisable by each Warrants' Holder on the terms set forth herein and subject to the condition that ALD closing share price at the end of a trading day has at any time between one (1) year and three (3) years (inclusive) following the Closing Date equaled or exceeded 14.07 euros

		(subject to adjustment for any Adjustment Event having occurred between 22 April 2022 and the Closing Date, if any, but excluding for the avoidance of doubt the Rights Issue, which shall not result in any such adjustment) (the "**Hurdle Price**" and the "**Condition**").
	-	The source for ALD share price for all purposes hereunder (but except as otherwise expressly provided herein) is Euronext (https://live.euronext.com).
	-	If the Condition is not satisfied by the last day of the Exercise Period, the Warrants will automatically become void (without any indemnity or compensation being due to the Warrants' Holders).
Exercise period	-	Subject to the Condition and the other terms and conditions herein, the Warrants may be exercised at any time, in one or several times, all at the Warrants' Holders' discretion, between one (1) year and three (3) years (inclusive) following the Closing Date (the "**Exercise Period**").
	-	The Warrants not exercised on or before the last day of the Exercise Period will automatically become void (without any indemnity or compensation being due to the Warrants' Holders).
Exercise entitlement	-	One (1) Warrant initially entitle each Warrants' Holder to subscribe one (1) ALD share (the "**Initial Exercise Ratio**") at the Strike Price.
	-	Following the occurrence of Adjustment Events and the adjustments to the Initial Exercise Ratio (and potential subsequent adjustment to the then Exercise Ratio), the entitlement per Warrant will be the number of ALD share(s) resulting from such adjustments (the "**Exercise Ratio**").
	-	The new ALD shares issued upon exercise of the Warrants will be validly issued, fully paid and free of any liens, mortgages, pledges or security interests.
	-	The new ALD shares to be issued upon exercise of the Warrants will (i) be entirely assimilated to the other ALD shares and will in all respects (including as to dividend entitlement) rank pari passu with the other ALD shares in issue on the issue date, and (ii) not be subject to any transfer restriction (with the exception of those provided in the ALD Shareholders' Agreement or any equivalent lock-up agreement).
	-	The new ALD shares to be issued upon exercise of the Warrants will be admitted to trading on Euronext Paris on the same quotation lines as the shares then outstanding (same ISIN code).
Strike Price	-	The strike price is equal to EUR 2.00 per Warrant (the "**Strike Price**"). It being specified that the Strike Price to be paid upon exercise of a Warrant shall in no event result in the subscription price of the ALD shares being less than the nominal value of the ALD shares to be subscribed (such requirement, the "**Nominal Value Override**").
	-	The Strike Price is required to be paid by the Warrants' Holders by wire transfer in immediately available funds to the bank account of ALD.

Exercise Procedure	- In order for the Warrants to be validly exercised, each Warrant's Holder shall deliver to ALD by registered mail with acknowledgement of receipt a notice of exercise in the form of <u>Exhibit B</u> attached hereto (an "**Exercise Notice**"), together with full payment of the Strike Price of the ALD shares being acquired, the day of receipt by ALD of the Exercise Notice and full payment of the Strike Price being the "**Exercise Date**". - The number of ALD shares to be delivered to the holder of the exercised Warrants shall be determined on the basis of the Exercise Ratio applicable on the Exercise Date. Such number of ALD shares will be delivered to the custody account indicated by the Warrants' Holders on the second business day following receipt by ALD of the Exercise Notice and full payment of the Strike Price.
Transfer restrictions	- The Warrants cannot be transferred by the Warrants' Holders, except as follows (each a "**Permitted Transfer**"): (i) the transfer is to a Lincoln Shareholder (or one of its Affiliates) as contemplated by the Agreement; (ii) the transfer is from any Warrants' Holder to the LeasePlan Managers in accordance with the Agreement and in their capacity of direct or indirect shareholders of Lincoln Financing Holdings PTE. Limited disposing of their interest in LeasePlan and as part of the consideration for such disposal; or (iii) the transfer is from the holder of the relevant Warrants to one of its Affiliates, provided that: - the transfer shall be notified to ALD at least fifteen (15) Business Days before the date of such transfer (such notification including (i) the name of the transferee, (ii) the number of Warrants to be transferred and (iii) all reasonable evidence to demonstrate that such transfer is a Permitted Transfer; - the transferee adheres to the terms and conditions of the Warrants; and - in the case of limb (iii) above only, the transferee remains an Affiliate of the transferor until exercise (at which time this Affiliate shall, if not already the case, adhere to the ALD Shareholders' Agreement or – if the transferor is not party to the ALD Shareholders' Agreement - any equivalent lock-up agreement and the provisions of the ALD Shareholders' Agreement or such equivalent lock-up agreement shall apply to this Affiliate) or expiration of its Warrants. - References herein to Lincoln Financing Holdings PTE. Limited shall be deemed to include its transferees in accordance with the provisions hereof from time to time.

<table>
<tr>
<td>Adjustment to entitlement on exercise</td>
<td>Upon implementation of the following transactions (each an "Adjustment Event"):

1. Financial transactions with listed preferential subscriptions rights (or the free allocation of warrants);

2. Free allotment of ALD shares to shareholders or allotments of ALD shares to ALD shareholders at a discount to their then market value, regrouping or splitting ALD shares;

3. Incorporation into equity of reserves, profits or premiums by increasing the nominal value of the ALD shares;

4. Distribution of reserves and of premiums either in cash or in kind;

5. Free distribution to the shareholders of ALD of all securities in ALD (except shares) or such distribution at below market value;

6. Absorption, merger, spin-off;

7. Buyback of its own shares at a price higher than the stock market price;

8. Amortization of the share capital;

9. Modification of the distribution of profits and/or creation of preferred shares;

10. Creation of preferred shares without a modification in the distribution of profits

11. Dividend distribution;

that ALD may effect from the date of issuance of the Warrants to the end of the Exercise Period, and for which the date - to which the holding of ALD shares is established in order to determine the shareholders benefitting from a transaction or who can participate in the transaction and in particular to which shareholders, a dividend, a distribution, an attribution or an allocation, announced or voted at this date or previously announced or voted, must be paid, delivered or realised - is before the relevant Exercise Date, the maintenance of the rights of the Warrants' Holders shall be ensured until the earlier of (i) the end of the Exercise Period and (ii) the date on which all the Warrants have been exercised by the Warrants' Holders (the "Adjustment End Date"), by proceeding to an adjustment of the Initial Exercise Ratio (and, after a first Adjustment Event, the then applicable Exercise Ratio) and the Hurdle Price from time to time (as appropriate) in accordance with the provisions below.

Any adjustment to, as applicable, the Initial Exercise Ratio and any subsequent Exercise Ratio, shall be made so that it equalizes, up to the next 1/100th of an ALD share, the value of the ALD shares that would have been obtained if the Warrants had been exercised immediately before the implementation of one of the aforementioned transactions and the value of the ALD shares that would have been obtained in the event of exercising the Warrants immediately after the implementation of that transaction. It is further specified and agreed that if the cumulative total of adjustments to the Exercise Ratio would at any stage have the effect of triggering the</td>
</tr>
</table>

Nominal Value Override, before implementing any such transaction resulting in such a triggering of the Nominal Value Override, ALD agrees that it shall put in place a mechanism or implement an adjustment consistent with French law and with equity instrument accounting requirements that has the effect of preserving the rights and economic entitlements of the Warrants' Holders (i.e. negating the economic impact that would otherwise occur by virtue of the Nominal Value Override).

Any adjustment to the Hurdle Price shall be made so that it reflects, up to the $1/100^{th}$, the difference in value of the ALD shares immediately before the implementation of one of the aforementioned transactions and immediately after the implementation of that transaction. For each of the Adjustment Events 1 to 2, 4 to 9 and 11, the Hurdle Price shall be adjusted by 1 / Adjustment to the Exercise Ratio. For the Adjustment Event 3, there shall be no adjustment to the Hurdle Price. For the Adjustment Event 10, the adjustment of the Hurdle Price that would be necessary shall be decided by an internationally recognized independent expert chosen by ALD.

Any adjustment to, as applicable, the Initial Exercise Ratio or any subsequent Exercise Ratio and the Hurdle Price (as appropriate) shall be determined with two decimals rounded to the next 1/100th (*e.g.* 0.005 rounded up to the next 1/100th, *i.e.* 0.01).

Possible subsequent adjustments shall be effected based on the preceding Exercise Ratio and Hurdle Price (as appropriate) as calculated and rounded.

The Warrants, however, may only be exercised in a whole number of ALD shares, provided that if one or more Warrants is exercised at the same time the number of ALD shares deliverable shall be calculated on the basis of the aggregate number of Warrants exercised at such time, rounded down to the nearest whole number.

1. <u>For financial transactions having a listed preferential right to subscription</u>:

   (a) The new Exercise Ratio shall equal the product of the Exercise Ratio applicable before the start of the transaction considered and the following ratio:

$$\frac{\text{Value of the share after detaching the preferential subscription right + Value of the preferential subscription right}}{\text{Value of the share after detaching the right of preferential subscription}}$$

To calculate this ratio, the value of the ALD shares after detaching the preferential subscription rights and the value of the preferential subscription rights are equal to the arithmetic average of the market prices of their respective first daily quotes on Euronext Paris (or in the absence of any quote on Euronext Paris, on any regulated market or on a similar market on which the share of ALD or the preferential subscription right is listed) during all sessions of the stock exchange included in the subscription period.

   (b) In the event of financial transactions with free allocation of listed subscription warrants to the shareholders with the corresponding ability to sell the securities resulting from the exercise of warrants that were unexercised by their holders at the end of their subscription period, the new

	Exercise Ratio shall equal the product of the Exercise Ratio applicable before the start of the transaction considered and the following ratio:

$$\frac{\text{Value of the share after detaching the warrant} + \text{Value of the warrant}}{\text{Value of the share after detaching the warrant}}$$

For the purpose of the calculation of this ratio:

- the Value of the share after the detachment of the warrant will be equal to the volume-weighted average of (i) the prices of the share traded on Euronext Paris (or in the absence of any quote on Euronext Paris, on any regulated market or on a similar market on which the share of ALD or the warrant is listed) during all sessions of the stock exchange included in the subscription period, and (ii) (a) the sale price of the securities sold in connection with the offering, if such securities are fungible with the existing shares, applying the volume of shares sold in the offering to the sale price, or (b) the prices of the share traded on Euronext Paris (or in the absence of any quote on Euronext Paris, on any regulated market or on a similar market on which the share of ALD or the warrant is listed) on the date on which the sale price of the securities sold in the offering is set, if such securities are not fungible with the existing shares;

- the Value of the warrant will be equal to the volume-weighted average of (i) the prices of the warrants traded on Euronext Paris (or in the absence of any quote on Euronext Paris, on any regulated market or on a similar market on which the share of ALD or warrant right is listed) during all sessions of the stock exchange included in the subscription period, and (ii) the subscription warrant's implicit value as derived from the sale price of the securities sold in the offering, which shall be deemed to be equal to the difference (if positive) adjusted for the exercise ratio of the warrants, between the sale price of the securities sold in the offering and the subscription price of the securities through exercise of the warrants by applying to this amount the corresponding amount of warrants exercised in respect of the securities sold in the offering.

2. In case of free allotment of shares to shareholders, and also in case of splitting or regrouping of shares:

The new Exercise Ratio shall be equal to the Exercise Ratio obtained before the start of the transaction considered and of the following ratio:

$$\frac{\text{Number of shares forming the capital after the transaction}}{\text{Number of shares forming the capital before the transaction}}$$

3. In case of capital increase by incorporation of reserves, profit or premiums by increase of nominal value of the ALD shares:

The nominal value of the ALD shares that the Warrants' Holders could obtain by exercising its Warrants shall be increased accordingly.

4. In case of distribution of reserves and of premiums either in cash or in kind:

The new Exercise Ratio shall be equal to the product of the Exercise Ratio applicable before the transaction considered and of the following ratio:

$$\frac{\text{Value of the share before distribution}}{\text{Value of the share before distribution - Amount per share of the distribution or value of securities or assets distributed per share}}$$

For the calculation of this ratio:

(a) the value of the share before distribution shall be equal to the average weighted by volumes of the market prices of the ALD shares observed on Euronext Paris (or in the absence of any quote on Euronext Paris, on any regulated market or on a similar market on which the share of ALD is listed) during the last three (3) sessions of the stock exchange preceding the day the shares of ALD are listed ex-distribution;

(b) if distribution is made in kind:

- In case of delivery of securities already listed on a regulated market or on a similar market, the value of the securities shall be determined as above,

- In case of delivery of securities not yet listed on a regulated market or on a similar market, the value of securities remitted shall be equal, if they should be listed on a regulated market or a similar market for a period of ten (10) sessions starting from the date on which the shares of ALD are listed ex-distribution, to the average weighted by volumes of the market prices observed on said market during the three (3) first sessions of the stock exchange included in this period during which said securities are listed, and

- In all other cases (securities delivered not listed on a regulated market or on a similar market or listed during less than three (3) stock market sessions during a period of ten (10) sessions envisaged supra or distribution of assets), the value of the securities or the assets remitted per share shall be determined by an independent expert of international reputation chosen by ALD.

5. <u>In case of free allocation to shareholders of securities, other than shares in ALD</u>:

The new Exercise Ratio shall be equal to:

(a) if the right to the free allocation of securities were admitted to trading on Euronext Paris (or in the absence of listing on Euronext Paris, on another regulated market or on a similar market), the product of the Exercise Ratio applicable before the start of the transaction considered and of the following ratio:

$$\frac{\text{Value of the share ex-right to free allocation + Value of the right to free allocation}}{\text{Value of the share ex-right to free allocation}}$$

For the calculation of this ratio:

- the value of the share ex-right of free allocation shall be equal to the average weighted by volumes of the market prices observed on Euronext Paris (or in absence of quotation on Euronext Paris, on another regulated market or on a similar market on which the share ex-right of free allocation is listed) of the share ex-right of free allocation during the three (3) first sessions of the stock exchange starting on the date on which the shares of ALD are listed ex-right of free allocation;
- the value of the right to free allocation shall be determined as in the paragraph *supra*.

If the right to free allocation is not quoted during each of the three (3) sessions of the stock exchange, its value shall be determined by an independent expert of international reputation chosen by ALD.

(b) if the right to free allocation of securities were not admitted to trading on Euronext Paris (or in the absence of listing on Euronext Paris, on another regulated market or on a similar market), the product of the Exercise Ratio applicable before the start of the transaction considered and of the following ratio:

$$\frac{\text{Value of the share ex-right to free allocation of shares + Value of security(ies) granted}}{\text{Value of the share ex-right to free allocation of shares}}$$

For the calculation of this ratio:

- the value of the share ex-right to allocation shall be determined as in paragraph a) above;
- if these financial instruments are listed on Euronext Paris (or if not on Euronext Paris, on another regulated market or a similar market) within ten (10) sessions of the stock exchange starting from the day when shares are listed ex-distribution, the value of the financial title(s) given by share shall be equal to the average weighted by volumes of the prices of these securities observed on said market during the three (3) first sessions of the stock exchange included in this period during which said securities are listed. If the attributed financial instruments are not quoted during each of these three (3) market sessions, the value of the securities shall be determined by an internationally recognized independent expert chosen by ALD.

6. <u>In case of absorption of ALD by another company or merger with one or more companies in a new company or spin-off</u>:

The exercise of the Warrants shall allow attribution of shares of the absorbing company or the new one or the companies that benefit from the spin-off. The new Exercise Ratio shall be determined by multiplying the Exercise Ratio applicable before the start of the contemplated transaction by the exchange ratio of the ALD's shares against the shares of the absorbing company or the new one or the companies

	that benefit from the spin-off. These last companies (*i.e.* the absorbing company or the new one or the companies that benefit from the spin-off) shall be fully subrogated in the rights of ALD in its obligations towards the Warrants' Holders. 7. In case of buyback by ALD of its own shares under the conditions set forth by Articles L. 225-207, L. 225-208 or L. 225-209 of the French *code de commerce*, at a price higher than the stock exchange price: The new Exercise Ratio shall be equal to the product of the Exercise Ratio applicable before the buyback and the following ratio: $\dfrac{\text{Value of the Share x (1 - Pc\%)}}{\text{Value of the Share - Pc\% x Buyback price}}$ For the calculation of this ratio: (a) Value of the share means the average weighted by volumes of the market prices of the ALD's shares on Euronext Paris (or in case of absence of listing on Euronext Paris, on another regulated market or a similar market on which the share is listed) during the three (3) last stock exchange sessions preceding the buyback (or the possibility of buyback); (b) Pc% means the percentage of total share capital repurchased; and (c) Buyback price means the effective buyback price. 8. In case of amortisation of the share capital: The new Exercise Ratio shall be equal to the product of the Exercise Ratio on the date before the start of the transaction considered and of the following ratio: $\dfrac{\text{Value of the share before amortization}}{\text{Value of the share before amortization - amount of the amortization per share}}$ For the calculation of the ratio, the share value before amortization shall be equal to the average weighted by volumes of the market prices of the ALD's shares on Euronext Paris (or in case of absence on Euronext Paris, on another regulated market or on a similar market on which the share is traded) during the three (3) last sessions of the stock exchange preceding the session the shares of ALD are quoted ex-amortisation. 9. In case of modification of the distribution of profits and/or creation of new preferred shares resulting in such modification by ALD: The new Exercise Ratio shall be equal to the Exercise Ratio before the start of the transaction considered and the following ratio: $\dfrac{\text{Value of the share before modification}}{\text{Value of the share before modification - reduction per share of the right to profits}}$ For the calculation of this ratio: (a) the value of the share before modification shall be determined after taking into account the weighted average of the prices of ALD's shares on Euronext Paris

(or on another regulated market or another similar market where the shares are listed) during the three (3) last sessions of the stock exchange preceding the date of modification;

(b) the value of the reduction per share on the right to profits shall be determined by an internationally recognized independent expert chosen by ALD.

If however these preferred shares are issued with preferential subscription rights of shareholders or via free distribution of warrants to subscribe to such preferred shares, the new Exercise Ratio shall be adjusted in accordance to paragraphs 1 or 5 supra.

10. In case of creation of preferred shares without a modification in the distribution of profits:

The adjustment of the Exercise Ratio that would be necessary shall be decided by an internationally recognized independent expert chosen by ALD.

11. In case of payment by ALD of any dividend or distribution made in cash or in kind (value then having been determined in accordance with 4 supra) to shareholders:

The new Exercise Ratio shall be calculated as follows:

$$NPE = EP \times \frac{CA}{(CA - MDD)}$$

Where:

(a) NPE means new Exercise Ratio;

(b) EP means Exercise Ratio previously applicable;

(c) MDD means the amount of dividend distributed per share above an amount equivalent to a 60% payout ratio or above any updated general payout ratio target communicated by ALD to the market from time to time; for the purpose of this clause, the denominator of the payout ratio is defined as Reported Net Income excluding the impact from Selected Exceptional Non-Cash Elements, where:

- Reported Net Income means ALD net income group share under IFRS; and
- Selected Exceptional Non-Cash Elements means any exceptional P&L item which both (i) impacts Reported Net Income and (ii) impacts regulatory adjustments between shareholders equity and Common Equity Tier I under the Capital Requirements Regulation. Selected Exceptional Non-Cash Elements includes, for example, goodwill, intangible or DTA write-downs; and

(d) CA means the share price, defined as equal to the average weighted by volumes of the market prices of the ALD's shares observed on Euronext Paris (or, in absence of a quote on Euronext Paris, on another regulated market or a similar market where the share is quoted), during the last three (3) sessions of the stock

	exchange preceding the session where the shares of ALD are listed ex-dividend. If ALD were to carry out transactions where an adjustment had not been completed under paragraphs 1 to 11 *supra*, and where a later law or regulation would imply an adjustment, ALD shall make this adjustment in accordance with the law or regulations applicable in this matter in France. In case of adjustment pursuant to paragraphs 1 to 11 *supra*, the new terms for exercising the Warrants shall be communicated to the Warrants' Holders at the latest ten (10) Business Days after the new adjustment becomes effective.
Governing law	- The Warrants are governed by and construed in accordance with the laws of France.
Jurisdiction	- The competent courts, in the event of litigation, shall be those having jurisdiction over the location of ALD's registered office.