Annual Report 2009

It's easier to leaseplan

Listed in the Trade Registry of the Gooi-, Eem- and Flevoland Chamber of
Commerce and Industry under number 39037076. LeasePlan Corporation N.V.
is incorporated in Amsterdam, the Netherlands.

This annual report is published in English only.
Copies can be obtained via the LeasePlan website, www.leaseplan.com.

Annual Report

Annual Report 2009 LeasePlan

Stable partner in turbulent times

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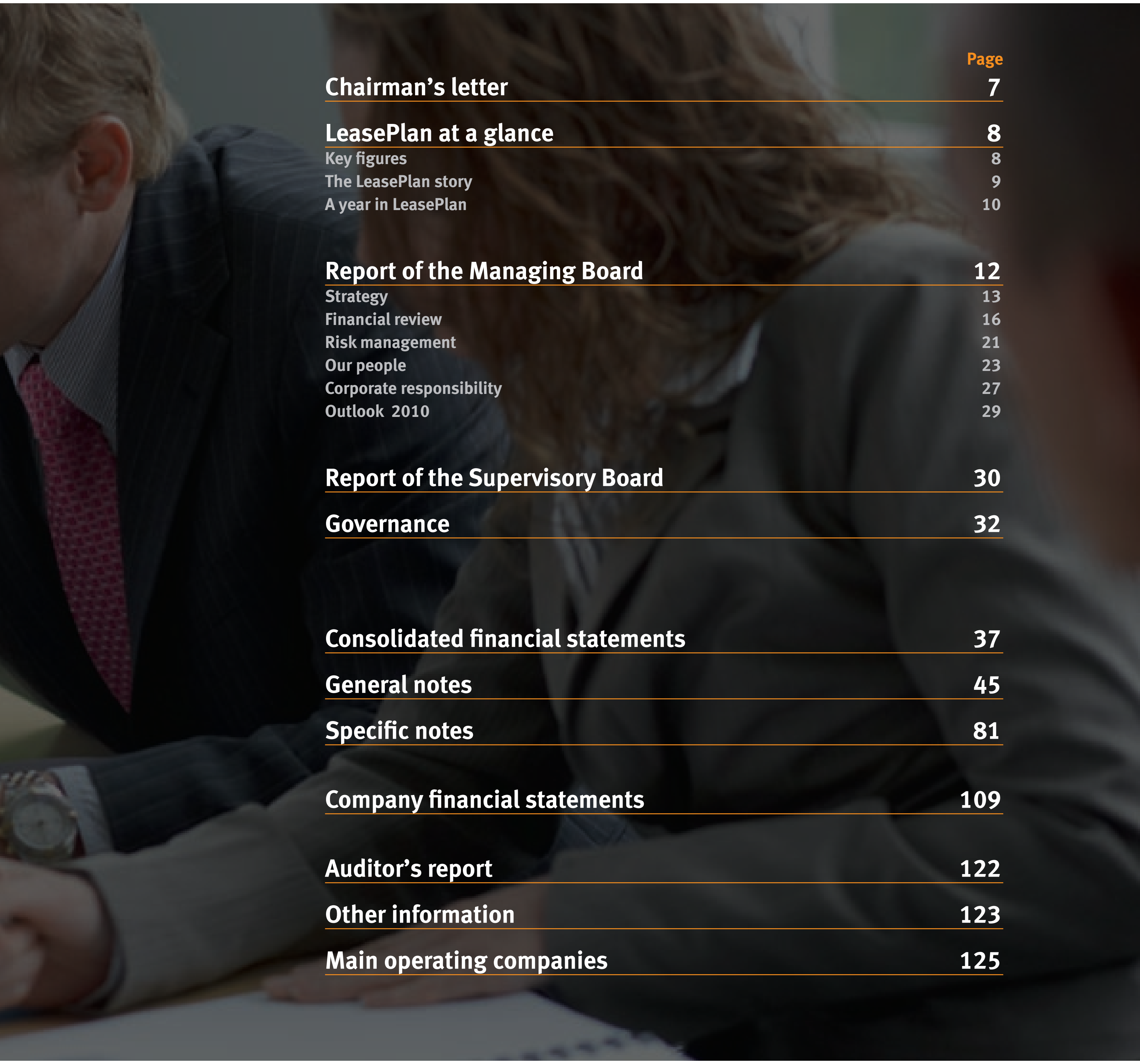


"In 2009, we responded to the economic downturn in such a way that we continued to be a stable partner to our clients, serving them according to the highest standards".

Chairman's letter

Dear reader,

During 2009, LeasePlan's business showed resilience in what were exceptional economic circumstances. We adapted to the changing business climate and managed our Company in such a way that we continued to be a stable partner to our clients, serving them according to the highest standards, while remaining profitable. I am pleased that we were able to present a profit for the year of EUR 165 million in 2009.

Over the course of the year we focused the business on the following priorities: managing funding, managing the risks around residual values, and effective cost control. Given the relatively scarce – and therefore more expensive – financing possibilities, we could not avoid passing on part of our increased costs to our clients. On a positive note, the residual values of used vehicles bottomed-out in 2009, having declined sharply in the last quarter of 2008. On the cost side we took steps to align costs with revenues. Our fleet contracted slightly as a result of the economic downturn and our focus on adequately balancing risk and return. We continued our strong market positions in the 30 countries in which we operate. Although we did not enter new countries in 2009, we became operational in Mexico after establishing a presence there in 2008.

In October 2009 we demonstrated our financial stability by successfully issuing a bond transaction without using the Dutch government's guarantee scheme. In financing our business we pursue a strategy of attracting funding from a variety of sources, which is why, in early 2010, we broadened our scope to attract deposits through the launch of LeasePlan Bank, an internet savings bank in the Netherlands.

To further involve our employees in continuing to deliver service excellence to our clients, we started rolling out a new engagement programme to all staff worldwide. This programme will help us fulfill our client promise 'It's easier to leaseplan' every day, through our products, service, and behaviour.

We are also taking steps to further embed in our strategy the trend of making driving more environmentally sustainable. A growing number of our clients are looking for solutions to reduce or offset CO_2 emissions. We are proud that we are the only fleet management company with a certified international solution, through our GreenPlan programme. Our corporate responsibility stretches beyond improving the environmental sustainability of our business. We also feel a responsibility towards the community, demonstrated through our LeasePlan ChildPlan programme, which supports children in less privileged circumstances. In 2009 LeasePlan ChildPlan, in cooperation with Net4kids, opened two new children's homes and a school for 60 former street children for the Child Watabaran Center Nepal in Kathmandu, Nepal.

I would like to express my gratitude to the more than 6,000 LeasePlan employees worldwide. Over the course of 2009, I witnessed a tremendous commitment to support our clients in these turbulent times, while helping to steer the Company through the challenging economic environment. I also would like to thank our clients, business suppliers and our shareholders for partnering with us.

In early 2010 there was a change in the shareholding of LeasePlan. Fleet Investments B.V., an investment company of German banker Friedrich von Metzler, acquired 50% of the shareholding in LeasePlan Corporation N.V. from Mubadala Development Company (25%) and the Olayan Group (25%). Volkswagen Bank GmbH will continue to maintain a 50% shareholding in LeasePlan. I consider the commitment of two strong shareholders as an important sign of confidence in the long-term future of LeasePlan.

Looking ahead, we are cautiously optimistic about the global economic situation. We will continue to put emphasis on delivering on our clients' needs, while keeping costs under control and preparing to pursue growth opportunities. This will ensure that LeasePlan is in an even stronger position, both commercially and financially, when the economy once again returns to a more stable footing.

Vahid Daemi
Chairman of the Managing Board
Chief Executive Officer

LeasePlan at a glance

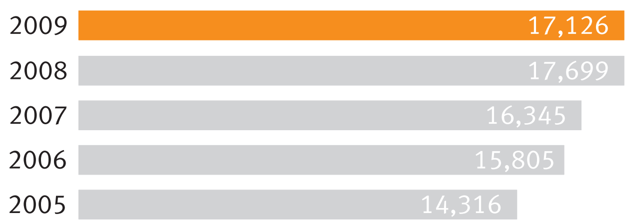
Key figures

	2009	2008	2007	2006	2005
Volume					
Total assets (in millions of euros)	17,126	17,699	16,345	15,805	14,316
Number of vehicles	1,309,000	1,391,000	1,315,000	1,258,000	1,225,000
Number of staff (nominal)	6,071	6,249	5,971	6,296	6,413
Profitability/solvency					
Profit for the year (in millions of euros)	165	202	255	211	199
Profit for the year from continuing operations (in millions of euros)	169	208	240	211	198
Return on equity	11.3%	13.7%	18.7%	16.5%	17.3%
Tier 1 ratio *	12.8%	9.8%	8.3%	8.7%	8.2%
BIS ratio *	14.9%	13.2%	11.5%	12.2%	10.0%

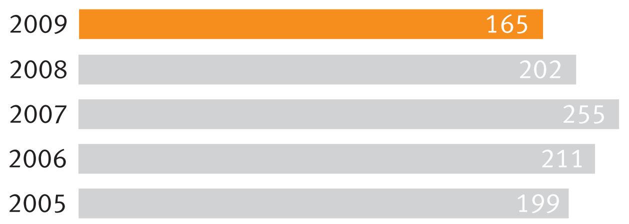
* As of 2008 the ratios are based on Basel II

Ratings	Short-term	Long-term	
Standard & Poor's	A-2	BBB+	negative outlook
Moody's	P2	A3	negative outlook
Fitch Ratings	F2	A-	negative outlook

Total assets
(in millions of euros)



Profit for the year
(in millions of euros)



The LeasePlan story

LeasePlan is a financial services company focused on fleet management. Established more than 45 years ago, we have grown to become the world's leading provider of fleet management services. Our more than 6,000 dedicated employees manage around 1.3 million vehicles for our clients, and we hold top three market positions in the majority of the 30 countries in which we operate. We provide our clients with a full service offering, consisting of financing and the operational management of vehicles. LeasePlan has achieved solid profits each year since it was established. This is thanks to the extensive know-how we have of our business, the commitment and professionalism of our employees and also to the broad range and high quality of our client base. LeasePlan has held a general banking licence in the Netherlands since 1993.

With a lease portfolio of more than EUR 13 billion, LeasePlan is a capital-intensive business. Our aim is to increasingly seek funding beyond traditional sources in the capital markets, for instance through securitisation and attracting deposits. This will ensure that we have a balanced source of funding on which to base the future growth of our Company.

Our strategic goals are based on achieving sustainable growth and being the proactive service excellence partner to our clients. We will continue to focus on further enhancing our market presence in the large fleet segment, while targeting growth in the small fleet segment. Our long-term growth strategy aims at entering new markets, which also helps to support our commitment to serve our international clients.

Our employees focus on delivering service excellence to our clients. Maintaining and improving client satisfaction and retention remain top priorities, and one of our targets has always been to be our clients' preferred long-term partner. This target is built around our core values: commitment, expertise, passion and respect. Everyone within LeasePlan incorporates these values into their daily behaviour so that we live up to our client promise 'It's easier to leaseplan'.

Through understanding our clients' needs we provide them with a number of consultancy services to help them manage their fleet as efficiently as possible. These services include helping clients focus on total cost of ownership and as a result we have successfully realised savings for them. Another integral part of LeasePlan's consultative services is GreenPlan, which is used to help clients adapt to sustainable business practices. The service provides clients with a number of ways to measure, reduce and monitor CO_2 emissions from their fleet, and sets out specific step-by-step measures.

At LeasePlan we believe our corporate responsibility also includes taking an active interest in the next generation. Through LeasePlan ChildPlan we aim to contribute in a tangible way to the welfare, development and growth of less privileged children and communities.

Headquartered in Almere, the Netherlands, LeasePlan is owned by the Volkswagen Bank GmbH (50%) and Fleet Investments B.V. (50%). Fleet Investments B.V. is an investment company of German banker Friedrich von Metzler.

LeasePlan is, where appropriate, used as a reference to LeasePlan Corporation N.V. or LeasePlan as a group of companies forming part of LeasePlan Corporation N.V.

A year in LeasePlan

February: GreenPlan certified
TÜV Rheinland, a global provider of technical, safety and certification services, officially certifies LeasePlan's GreenPlan programme. LeasePlan is the first international fleet management company to obtain this important certification for its sustainability initiative. GreenPlan was introduced globally in 2007 and supports LeasePlan's clients in their environmental engagement to reduce CO_2 emissions from their vehicle fleet.

April: Mexico operations begin
LeasePlan officially opens its 30th country organisation in Mexico, capitalising on the opportunities of the upcoming local market for operational leasing and continuing its provision of full-service leasing solutions to its international clients.

April: Alliance with Renault-Nissan
LeasePlan's first zero-emission mobility partnership is announced with Renault-Nissan. Under the terms of the partnership, the two companies will study ways to promote the use of electric vehicles and investigate the options for a commercial approach towards corporate fleet clients, with the intention of Renault-Nissan supplying electric vehicles to LeasePlan and its clients.

May: Change in share ownership announced
LeasePlan announces that Fleet Investments B.V., an investment company of German banker Friedrich von Metzler, will become a 50% shareholder of LeasePlan. This transaction follows the decision of the Mubadala Development Company and the Olayan Group to divest their respective 25% stakes in LeasePlan. Volkswagen Bank GmbH continues its 50% interest in LeasePlan. The closing of this transaction took place on 1 February 2010.

2009

August: Half-year results released
LeasePlan releases its half-year results. The Company reports a profit over the first six months of EUR 61 million. The reduction in profit when compared with the same period in 2008 is mainly attributable to the reduced prices for used vehicles following the severe downturn in that market.

September: LeasePlan ChildPlan in Nepal
LeasePlan ChildPlan reaches a major milestone when, along with Net4kids, a non-profit internet platform for sustainable child aid projects, it opens two new children's homes and a school for 60 former street children for the Child Watabaran Center Nepal in Kathmandu. This centre works with street children in Kathmandu, providing health care, centre-based education and vocational training through a mobile health service, a medical centre and children's homes.

September: LeasePlan Engagement Programme begins
LeasePlan revises and refreshes its corporate values and embarks on a global engagement programme. All employees will follow the programme to gain an even better understanding of the LeasePlan identity and their role in delivering the LeasePlan client promise in everything they do.

October: Unguaranteed bond transaction
LeasePlan successfully issues a EUR 500 million two-year senior fixed benchmark transaction, which is not guaranteed by the Dutch government, as the markets begin to stabilise. In late 2008 LeasePlan was the first Dutch financial to make use of the guarantee scheme, and now issued an unguaranteed bond.

Partnering for cost efficient solutions

In cooperation with our 30 operations around the world, LeasePlan International delivers a harmonised approach and a market-leading range of products and services to our international clients. In 2009 we worked closely with our clients to identify and realise cost saving opportunities as they responded to the economic crisis. By extending lease contracts and closely reviewing car policies, we successfully helped our clients manage the impact of the crisis on their core business, while maintaining an appropriate balance with environmental and driver-focused objectives.

Report of the Managing Board

Strategy

LeasePlan aims to offer its clients an excellent level of service, while helping them manage their cost base efficiently and effectively. We accomplish this by responding swiftly to market trends, utilising our global presence and ensuring we deliver on our promises. We are currently active in 30 countries and our long-term growth strategy is based on entering new markets and achieving leading positions in all of the markets in which we operate. Given the adverse economic circumstances, we decided to put on hold expansion into new countries. The Company responded effectively to the economic crisis by taking short-term action focused on adequately balancing risk and return while managing our cost base.

Market trends

LeasePlan expects full-service leasing to remain the fastest growing business segment when compared to financial leasing and outright purchase. We view the internationalisation of the fleet management industry as an increasingly important trend, as multinationals seek out international fleet solutions that can provide integrated full-service leasing propositions delivered consistently across borders. As this trend continues, we expect consolidation within the industry to further develop. Another trend, partly fuelled by the adverse business climate, is the increasing focus on total cost of ownership, combined with the trend of looking for environmentally sustainable solutions for fleets. This results in a focus on smaller, more fuel-efficient vehicles, and growing interest in (hybrid) electric vehicles. Looking at the financial sector in a broader perspective, it is likely that the current crisis will reshape the industry, particularly influencing the regulatory framework.
As an industry, we will be required to comply with any additional supervisory regulations in the areas of capital requirements, risk management and corporate governance.
In addition, proposals are in place to introduce changes in the standards for lease accounting, which will impact our clients' balance sheet.

Company strengths

LeasePlan is well positioned to take advantage of market opportunities by utilising our global presence and business focus on full-service leasing. We have leading positions in the majority of our markets and as a global company we are ideally placed to develop leasing propositions for both our international and local clients. Our global and international operation has expanded over the past years, and we are well prepared to support further growth in this area by continuing to leverage our scale and scope. Through market innovation and development we have consistently improved our client proposition and this continued throughout 2009.

In summary

- LeasePlan's long-term growth strategy is to achieve leading positions in all of the markets in which it operates and to enter new markets
- We want to be our clients' preferred partner by offering proactive service excellence
- To weather the economic crisis we took appropriate actions to better balance risk and return, and effectively manage our cost base

Report of the Managing Board

Strategy

Based both on our analysis of market trends and our strengths, LeasePlan's long-term strategic focus is built around two main goals: achieving sustainable growth and being the proactive service excellence partner to our clients.

Sustainable growth
LeasePlan aims for sustainable growth while still maintaining our leading market positions. In the 30 countries where we currently operate we will focus on increasing our market share in the large fleet segment through organic growth and acquisitions. We also aim to grow in the small fleet arena both organically and through cooperation with relevant distribution partners. Longer-term growth will be achieved through expansion into new countries. This is also driven by our commitment to serve our international clients. We will develop new markets through our tried-and-tested greenfield approach and, in some cases, through partnerships. In 2009 we became operational in Mexico, having entered the country in 2008.

As a capital-intensive business, and to support our growing franchise over the longer-term, we continue to further improve access to funding. By diversifying our funding structure we strengthen our independent funding strategy.

LeasePlan has the scale and scope to manage fleets more efficiently and effectively than other market operators. Through our fleet leasing value chain – product development, sales, procurement, funding, insurance, and remarketing – we have developed a strong level of global coordination, while ensuring that the local responsiveness of our operating companies remains intact. We leverage our scope and scale to ensure that our international clients are provided with seamless service in different countries. To achieve this, LeasePlan International markets and sells our international services to global and multinational businesses, while ensuring that our international clients are provided with consolidated reporting. We work in close cooperation with our clients to further improve on areas such as cost containment, efficiency and service provision to drivers, so that we can provide international solutions with a local delivery. Additionally, our product development unit develops propositions that are rolled out across our local businesses.

At the same time we will continue to leverage our scale through procurement supported by our central unit LeasePlan Supply Services. Local procurement activities will be further aligned and professionalised. Another example of utilising the scale of our business is Euro Insurances, our European approach to fleet insurance. Euro Insurances develops the insurance business alongside our local operating companies.

We also regard car remarketing as one of our core competences, and in addition to our local car remarketing activities we have launched CarNext International to develop our cross-border sales.

Given the current economic circumstances, we approach our growth ambition with care. The economic crisis highlighted the need to carefully balance growth and risk. As a result, we took the decision to put geographic expansion and acquisitions on hold for the time being. In 2009 we launched an initiative to further enhance and improve the risk and return balance in our business by introducing strict guidelines for new business, which has increased the quality of our portfolio. We have also continued our focus on reducing our cost base per vehicle.

Proactive service excellence
Offering proactive service excellence, while maintaining and improving client satisfaction and retention, remain top priorities. For us this means understanding our clients' needs, while committing ourselves to further improving and broadening our services.

Strategy

LeasePlan uses a variety of in-house consultancy services to help our clients run their fleet in the most efficient way. One example is the Savings Accelerator, which focuses on total cost of ownership and has been instrumental in finding a range of savings opportunities for our clients. Another example is the consultancy service Fleet Balance, which we introduced in 2009. This service enables clients to concentrate on their fleet management strategy, while balancing costs with driver interest and environmental concerns. Based on these criteria, clients can optimise the composition of their fleet.

We also run a number of initiatives designed to lower the carbon footprint of our clients. For example, we run our consultancy service GreenPlan, and we investigate the viability of electric vehicles in close cooperation with companies involved in manufacturing, infrastructure and energy supplies.

Another proposition that adds value for our clients is our Open Calculation system, which places them in a win-win situation. This service provides clients with an overview of all expected costs at the beginning of their contract period. When the contract period ends, LeasePlan absorbs the negative differences between actual and budgeted costs. The client will directly benefit from any cost savings that LeasePlan may be able to achieve as a result of our partnership during the life of the contract. We launched this differentiating service more than 40 years ago, and continue to use it with many of our clients today.

An important part of our business is actively managing a network of service suppliers that help maintain a fleet. These include car manufacturers, car dealers, tyre manufacturers and fitters, short-term rental companies, body repair shops, breakdown assistance providers and insurance providers. Long-term partnerships again proved invaluable in striking the right balance between service, price and benefits, allowing us to deliver the right service, at the right time, and at the right cost to our clients.

Despite the economic downturn, we continue to invest in our people and take a long-term perspective on their development. An example of this is the global engagement programme that we started rolling out in 2009. This programme provides our staff with even more focus and helps them deliver on our client promise ‘It’s easier to leaseplan’.

Financial review

Table 1: Total operating and finance income

In millions of euros	2009	2008	Delta
Lease services	106.0	100.8	+5.2
Management fees	189.0	201.4	-12.4
Damage risk retention	182.3	170.0	+12.3
Results terminated contracts	-96.9	-12.3	-84.6
Other	146.4	159.7	-13.3
Gross profit (revenues -/- cost of revenues)	**526.8**	**619.6**	**-92.8**
Net finance income	**285.5**	**258.6**	**+26.9**
Total operating and finance income	**812.3**	**878.2**	**-65.9**

Table 2: Composition of BIS capital

In millions of euros	2009	2008	Delta
Share capital and share premium	578.0	578.0	-
Translation reserve	-22.1	-56.4	+34.3
Hedging reserve	-110.3	-145.0	+34.7
Retained earnings	1,172.7	1,007.5	+165.2
Total equity	**1,618.3**	**1,384.1**	**+234.2**
Deduction goodwill	-86.2	-86.2	-
Prudential filter m-t-m derivatives	110.3	145.0	-34.7
Deduction intangible assets	-7.8	-9.2	+1.4
IRB provision shortfall	-	-0.7	+0.7
Tier 1 capital	**1,634.6**	**1,433.0**	**+201.6**
Tier 2 capital	**268.8**	**498.4**	**-229.6**
BIS capital	**1,903.4**	**1,931.4**	**-28.0**

Financial review

LeasePlan achieved good results in 2009, despite the global economic crisis that prevailed throughout the year. We delivered a profit for the year of EUR 165 million (compared to EUR 202 million in 2008). The positive result proves the stability of our business model, mainly through the diversity of the operating income and the nature of a portfolio of individual lease contracts originated evenly over time.

The 18% decrease in profit for the year against 2008 was predominantly caused by losses on contract terminations. Used vehicle prices did increase in most markets throughout 2009 when compared to the levels at year-end 2008, but this steady increase was not enough to achieve positive results on contract terminations. It did support our significantly improved results in the second-half of the year.

Debtor losses also increased in 2009 compared to previous years, although the credit risk embedded in our core product remains small compared to financial industry levels. The diversified nature of other income streams, in combination with effective cost management, enabled us to absorb the losses associated with contract terminations and debtor losses to a significant extent. The buy back below par of a subordinated loan also contributed positively. Overall, this resulted in a relatively small decrease in the full-year result.

The value of lease contracts decreased to EUR 13.6 billion at the end of 2009 (from EUR 14.2 billion at the end of 2008). This decrease is due to a reduction of 47,000 funded vehicles and a slightly lower average book value of each lease contract.

Since the escalation of the economic crisis in the second-half of 2008, we have pursued a conscious policy of partly passing on increased costs for the use of vehicles, mainly financing costs and depreciation changes, to clients when generating new lease contracts. At the same time, clients have sought out ways to reduce costs. This was often achieved by ordering lower value vehicles when entering new lease contracts, by ordering fewer new vehicles, and by extending maturities for existing lease contracts. All three effects in combination have resulted in the reduction of the value of lease contracts as well as a relatively small reduction in the number of vehicles.

Income and expenses

In 2009 net finance income showed a material increase caused by the inclusion of a non-recurring benefit from the partial buy back below par of a subordinated loan (EUR 63 million). Apart from this benefit, net finance income was impacted by the increased impairment charges on loans and receivables, and the increased spreads for (term) funding on financial markets.

In summary

- Profit for the year amounted to EUR 165 million, supported by increased earnings in the second-half of the year
- Strong capital position with BIS ratio at 14.9% and Tier 1 ratio at 12.8%
- LeasePlan continues to pursue further diversification of its funding, such as securitisation and attracting deposits.

Financial review

Reduced prices for used vehicles produced a significant negative effect. The change in results on terminated contracts impacted total operating and finance income by EUR 85 million.

Table 1 on page 16 illustrates the stable patterns of all other income components. Due to the nature of fleet leasing, its diversified income sources and the way income is spread over the lifetime of each individual contract, LeasePlan's total operating and finance income has proven strong even in challenging times.

Lease services represent income elements associated with the service nature of fleet management and are strongly linked to the leverage of volumes towards suppliers. This income element increased by EUR 5 million. Management fees continued to decrease as part of a longer-term trend of increasing competitive pressure.

Income on damage risk retention increased in 2009. This reflects the scale advantage we are able to exploit by retaining risk on damages for a large fleet. It has proven to be a solid buffer in turbulent times.

Operating in a service industry, our total operating expenses are driven largely by the number of staff employed. In line with the modest decrease of the total fleet, LeasePlan has pursued a similar reduction in staff numbers, based solely on natural attrition. The nominal staff number fell by 3%, to 6,071 by year-end. This resulted in an increase in staff expenses of only 1%. General and administrative expenses decreased by EUR 20 million (-9%) due to effective cost management. Depreciation and amortisation was stable because of its longer-term nature. The reduction in total operating expenses of EUR 15 million has partly compensated the EUR 66 million fall in total operating and finance income. In combination with the results of non-consolidated activities, this led to a EUR 49 million fall in profit before tax.

Income tax expenses are a reflection of the tax payable in the various jurisdictions in which LeasePlan operates. The reduction in 2009 was largely in line with the lower profit before tax.

Discontinued operations contributed negatively to the profit for the year, although slightly less so than in 2008.

Solvency position

In late 2008 LeasePlan implemented the advanced measurement approaches for both credit and operational risk under Basel II solvency supervision. As part of the transition from Basel I the capital floor rules were applied, which will be continued in 2010 and 2011 in line with decisions by supervisory authorities.

The reported risk-weighted assets under the current applicable solvency regime were reduced in 2009 from EUR 14.7 billion to EUR 12.7 billion. This reduction was mainly caused by the reduced capital floor under the transition rules from Basel I to Basel II supervision.

Equity increased during the year by EUR 234 million, due to profit retention and movements in translation reserves and hedging reserves. The Tier 1 capital base increased by EUR 201 million, which was less than the equity increase because the movement in the hedging reserve was not included. Table 2 on page 16 illustrates the link between equity and Tier 1 capital.

During 2009 LeasePlan bought back part of the EUR 500 million subordinated loan that was outstanding at the beginning of the year. The combination of an increased Tier 1 capital and a decreased Tier 2 capital caused the total BIS capital to reduce slightly, by EUR 28 million (-1.4%). This was more than compensated by the reduction in risk-weighted assets, resulting in the Tier 1 and BIS ratios increasing from 9.8% to 12.8% and from 13.2% to 14.9% respectively. It is LeasePlan's policy to maintain a solvency ratio between 11% and 15% depending on precise risk assessments and prevailing economic cycles at the time.

Financial review

Funding our activities
LeasePlan is an active player in debt capital markets and has a funding strategy that is directed at sourcing debt funding on a stand-alone basis. Our future goal is to further broaden our funding base and explore alternative sources of funding, such as securitisation and attracting deposits.

From a funding perspective, 2009 can be characterised as a challenging but ultimately rewarding year. In the first-half of 2009 the economic crisis continued restricting funding opportunities available to LeasePlan – like with other market participants – leading us to access the Credit Guarantee Scheme of the Dutch government available for financial services companies. Under this scheme, which sees the government guaranteeing the principal to the lender, LeasePlan is required to pay the government a guarantee fee over the term of the transaction. Bonds issued under this scheme allowed us to lengthen the maturity profile of our debt and continue providing new lease contracts to our clients.

Improved market conditions in the second-half of the year allowed us to demonstrate our ability to raise funding on a stand-alone basis by issuing, in October, an unguaranteed EUR 500 million two-year fixed rate note. The quality of the order book, the level of oversubscription and the bond's performance in the secondary market were a real vote of confidence in LeasePlan.

Further diversifying our funding base
Recognising the need to finance our EUR 13.6 billion lease portfolio in an independent and diversified manner has led us to broaden our funding base beyond traditional senior unsecured capital markets funding to encompass both deposits and securitisation.

Our internet savings bank LeasePlan Bank, launched in February 2010, offers welcome diversification to our funding profile and underscores our commitment to reduce reliance on pure wholesale funding.

Securitisation is an area where we have gained valuable experience since 2006 with the nominal value of our three outstanding Bumper transactions (Netherlands, Germany and the United Kingdom) amounting to EUR 2.5 billion. The pools of assets securitised under this programme have maintained their triple A ratings throughout the economic crisis. In keeping with our diversification objective we will continue to explore opportunities to securitise additional assets of our lease portfolio in 2010.

Looking forward, we will continue to focus on the diversification of our funding base whilst continuously adapting to prevailing market circumstances. This means that, in addition to the initiatives already outlined above, we will focus on additional unguaranteed funding by offering investors a broad mix of public bonds and private placements. This will allow us to achieve the broadest diversification possible in the capital markets, whilst creating a granular debt redemption profile.

Ratings
In 2009 Moody's and Fitch affirmed their ratings at A3/P2 (negative outlook) and A-/F2 (negative outlook) respectively, while in September Standard & Poor's lowered their long-term rating to BBB+ (negative outlook) from A- and affirmed the short term rating at A-2.

It is our intention to leverage LeasePlan's key credit strengths – namely a proven financial track record, strong business franchise, sound asset quality, professional risk management, and our solid solvency ratios – to aim at realising our medium-term ambition of restoring our long-term debt ratings to a mid single-A level.

Win-win solutions

Risk management is an excellent business partner both for internal and external parties. High quality risk management looks at potential downward risks and proactively offers input for business opportunities. In 2009 we looked for solutions to help both our clients and ourselves mitigate the impact of the economic downturn. One example was offering our clients extensions of lease contracts, enabling them to maintain the same – or even lower – cost levels. As a result, we also lowered our risk exposure on residual values because we could decrease the number of vehicles that reached end of contract, while anticipating and experiencing improving conditions in the used vehicle market.

Risk management

We consider risk management fundamental to our business and we have a thorough understanding of the risks within our industry. In order to manage risks adequately, we have set up a risk management framework that connects our local risk management with our central risk management. The risk management function reduces the frequency and mitigates the consequences of risk events. This enables LeasePlan's management to evaluate and balance the risks and rewards related to our business operations.

The robustness of our risk management framework was tested extensively in 2009. Relative to the industry, our framework has proven to be both effective and flexible enough to mitigate our risk exposures. Having effective risk management in place allowed us to continue offering a strong business proposition to both our clients and suppliers, proving we are a stable and reliable business partner.

In 2009 LeasePlan was particularly exposed to the negative consequences of risk in the areas of residual value exposures, credit exposures and risks related to our liquidity position. Over the course of 2009, LeasePlan's management implemented strict guidelines, ensuring that a well-balanced risk and return outcome is safeguarded for the future.

Residual values

Adverse developments in the used vehicle market across many countries, which began in late 2008, continued to impact almost all the markets in which LeasePlan operates. With a relatively high supply of young, used vehicles met by low demand – as a result of dwindling consumer confidence and reduced credit availability – the level of sales proceeds from used vehicles remained low. The proceeds were substantially lower than the estimates made by LeasePlan at lease inception, and as they are guaranteed in the majority of our product offerings, this resulted in LeasePlan absorbing substantial losses. However, our losses started decreasing throughout 2009 as many major markets began to recover after bottoming out from early 2009. Additionally, we took risk-mitigating actions which positively affected our current and future risk positions. One measure having an immediate effect was that, in collaboration with our clients, we successfully extended the duration of their contracts. We also improved our future risk position by including lower residual value levels in new contracts written in 2009, reflecting market conditions.

Client base quality

Overall the exposure to credit risk remains modest despite the economic downturn. In LeasePlan's corporate segment default rates

In summary

- LeasePlan's risk management framework has proven to be both effective and flexible enough to mitigate our risk exposures
- We have taken risk mitigating actions, which positively affected our current and future risk positions
- Credit risk exposure remains modest, primarily because of the strength and quality of our corporate client segment and our focus on clients' payment performance

Risk management

remained relatively low, although compared to previous years they increased. The strength and quality of LeasePlan's corporate client segment, combined with a focus on our clients' payment performance helped to limit default rates. In the small and medium enterprise segment – which is traditionally more vulnerable to economic cycles – default rates rose significantly compared to 2008, predominantly in the United Kingdom.

Liquidity position
During the first-half of 2009 the economic crisis was still impacting many market participants' ability to raise capital. Therefore, LeasePlan continued to use the Dutch government's guarantee scheme to access the capital markets. In the second-half of 2009 we successfully issued unguaranteed bonds on the capital markets. Interest rate mismatch risks in our portfolio are fairly limited because of our matched funding strategy, while our strategy to maintain sufficient liquidity buffers resulted in a healthy liquidity position at the end of 2009.

Compliance
We have taken significant steps to review our compliance framework to ensure it supports our business activity and protects our reputation. A key outcome of the review was the redesign of our Code of Conduct. The new code helps ensure employees are aware of, and comply with internal and external (legal) regulations. The new code will be rolled out during the course of 2010.

Risk categories
Given the nature of our business model LeasePlan is exposed to various types of risks. The most relevant risks are detailed below. For each of these risks LeasePlan has robust policies in place, which are reviewed and amended when necessary. LeasePlan also has advanced measurement systems in place that help to proactively manage these risks. For more information, see the financial risk management section on page 62 in the consolidated financial statements.

Credit risk is the potential loss resulting from clients being unable to fulfil their financial obligations when due. This credit risk mainly relates to vehicles leased to clients.

Asset risk refers within LeasePlan primarily to residual value risk. This covers our exposure to potential loss due to the resale values of assets at contract maturity declining below the estimates made at lease inception. It also includes the exposure to potential loss due to a difference between actual and estimated costs of services, such as repair, maintenance and tyre replacement.

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss of reputation that LeasePlan may suffer because of its failure to comply with international and local country laws, regulations, codes of conduct, good management practices and internal policies.

Operational risk is the exposure to potential loss resulting from inadequate or failed internal processes, human behaviour and systems or from external events.

Damage risk is the exposure to potential loss due to costs related to damages incurred for the account of LeasePlan exceeding the compensations included in lease rentals.

Interest rate risk is the risk that movements in interest rates affect the profitability of LeasePlan.

Currency risk entails the risk that currency fluctuations have an adverse impact on LeasePlan's result.

Liquidity risk is the risk that the Company is not able to meet its obligations for (re)payments, due to a mismatch between the (re)financing of its assets and liabilities.

Our people

Our employees are our most important asset. At different levels within the organisation, we strive to further improve our employees' ability to deliver on our goal of being a proactive service excellence partner to our clients. Our objective is to further engage our employees and we have specific development programmes in place to continue to develop talent and management internally, while at the same time aiming to attract top-quality talent from outside the Company.

Engaging people
Our client promise is 'It's easier to leaseplan'. To ensure this is how all of our clients experience LeasePlan we have embarked on a global programme, called the LeasePlan Engagement Programme, to create a culture built around our identity and our core values: commitment, expertise, passion and respect. All employees will follow the programme, thereby ensuring that they continue to play their part in upholding our values and client promise in everything they do.

Our engagement initiatives will be further enhanced in 2010 with the introduction of a new global annual engagement survey. The results from this survey will be used each year to determine and implement actions with the aim of achieving continuous improvement to the LeasePlan client promise. Until this year the majority of LeasePlan entities have separately surveyed employee engagement every two years. Through these surveys, employees have said that they have a clear understanding of LeasePlan's business goals and objectives, understand their own responsibilities, believe in what the organisation wishes to accomplish and feel supported by the culture within LeasePlan.

Developing people
Over the course of 2009 we continued to emphasise the critical importance of focusing on the quality, engagement and development of our people. As a result, LeasePlan continued to invest in management development programmes and rolled out various new career and talent development initiatives. In 2009 another 45 directors undertook the executive learning programme, a three-week course equivalent to MBA-level standard. Additionally, 45 upcoming international talents were offered a one-week management development programme. We also launched two new international employee development programmes, which will run in tandem with existing programmes. One of the new programmes is designed as an action-learning programme, enabling participating teams of senior managers to address actual business issues.

In summary

- LeasePlan launched a global engagement programme for all employees, built around the Company's core values commitment, expertise, passion and respect
- We continued to invest in training and the development of our employees and management, despite the focus on cost efficiency
- A number of our operations were recognised by external bodies for their excellence in the field of people management

Linking people to strategy

People development is an important focal point for LeasePlan. Our international training programmes – developed and managed by LeasePlan Academy – link the development of our employees to our business strategy, values and our client promise ‘It’s easier to leaseplan’. For example, our executive leadership programme was designed especially for senior management and has been running successfully for three years. It focuses on strategy design, leadership, emotional intelligence and behaviour.

Our people

The other programme targets high potential staff and is designed to further develop general leadership skills. Particular attention is paid to leadership behaviour, emotional intelligence, personal development and team development.

It is our policy to appoint senior management from within the Company. To be able to continue doing this successfully we further strengthened our succession planning process in 2009. As a result, most of our senior management vacancies in 2009 were filled internally.

Recognition

In 2009 LeasePlan received a number of awards in the field of people management. In the Netherlands, we are proud that our efforts in people management were recognised by the internationally certified organisation Corporate Research Foundation (CRF). This independent institute tested the terms of employment, training and development, internal promotion possibilities, working conditions and corporate culture and submitted them to a group of experts, under the guidance of Nyenrode Business University. As a result, CRF granted LeasePlan's operations in the Netherlands the quality mark of 'Top-employer 2010'.

LeasePlan France was named number one in customer relationship, based on research carried out by the Human Consulting Group among 200 French companies. The research looked at such criteria as human resource management, client contacts and internet access.

Meanwhile, for the second year in a row, LeasePlan in the United Kingdom was named a 'first class company' to work for by Best Companies Ltd., the organisation behind the prestigious Sunday Times list of the 100 Best Companies to Work For. The competition studied employee feedback on a range of criteria, including senior management, strategy, leadership, working life, career development, and impact in the community.

A rewarding **balancing** act

Fleet Balance provides clients with an integrated solution which enables them to achieve the appropriate balance between costs, driver interest, and environmental aspects of their company's car policy. The service helps clients realign their fleet management strategies and policies, enabling them to optimise their corporate mobility in what have been dynamic and challenging market circumstances.

Fleet Balance was showcased at the 2009 Fleet Europe Forum, which brought together clients and suppliers active in the industry. It received great interest from attendees, and as a direct result we have advised many clients on the best way to align their existing fleet policy with their overall fleet strategy.

Corporate responsibility

At LeasePlan we are committed to the use of sustainable business practices across our fields of business. As a financial service provider focused on fleet management, we are aware of our responsibilities to our clients, society, and the environment. We work closely with our suppliers to ensure that client feedback and requests are incorporated into our business model in a sustainable and environmentally conscious manner.

Advancing technologies

There are a number of trends altering the composition of fleets. Technological advances within the car industry enable car manufacturers to produce more fuel-efficient engines, thereby reducing CO_2 emissions and fuel costs. At the same time, car manufacturers are responding to public demand for low-emission or zero-emission vehicles by producing hybrid vehicles and investing heavily in research to develop next-generation electric vehicles. Within the state sector, governments continue to unveil initiatives designed to benefit both consumers and the environment and encourage the swift uptake of low-emission vehicles. In the United Kingdom, for example, a measure allowing purchasers of electric vans to waive certain taxes in their first year on the road has been introduced, while the European Union has introduced a Europe-wide plan for the development of electric vehicles.

Client requirements

As clients become more aware of their environmental responsibilities, an increasing number are switching their attention from larger vehicles to smaller, more fuel-efficient models. This includes hybrid electric vehicles and an increasing interest in new technologies. In addition to decreasing the environmental impact of the fleet, clients are also able to realise cost savings. Lower energy consumption vehicles attract lower tax levies, while more fuel-efficient vehicles reduce fuel costs. At the same time, clients are requesting advice on running fleets in the most efficient manner possible. LeasePlan has unparalleled experience and expertise in advising clients on reducing overall running costs and lowering emissions, and provides a range of services including driver training, fuel consumption tracking and CO_2 emission monitoring.

GreenPlan: our solution

GreenPlan is an integral part of LeasePlan's consultative services and is used to help clients adapt to sustainable business practices. The service provides clients with a number of ways to measure, reduce and monitor CO_2 emissions from their fleet, and sets out specific step-by-step measures that a fleet manager can take to ensure that the lowest possible CO_2 emissions are realised. As well as lowering CO_2 emissions, GreenPlan also reduces operating costs

In summary

- Clients are lowering the environmental impact of their fleet and cutting costs by switching from larger vehicles to smaller, more fuel-efficient models
- The GreenPlan service provides clients with a number of ways to measure, reduce and monitor CO_2 emissions from their fleet
- In 2009 LeasePlan entered into its first zero-emission alliance with Renault-Nissan to investigate the potential of offering electric vehicles to corporate fleet clients

Corporate responsibility

by cutting fuel consumption and making more efficient use of a fleet's vehicles. Also proposals can be made for improvements in the composition of a client's fleet and how vehicles are driven. Additionally, we can also advise clients on how to offset all or a part of their CO_2 emissions.

Fleet CO_2 emissions are tested for compliance with the standards adopted by the European Commission for 2012 – 2015, which are based on the Kyoto Protocol of the UN Convention on Climate Change. LeasePlan already uses the lower standard of 130g CO_2/kilometre as the benchmark for both its own fleet and that of its clients. GreenPlan is the first global sustainable leasing programme to be certified by TÜV Rheinland Group, a global provider of technical, safety and certification services.

Electric vehicles
As technology develops and electric vehicles become a reality, an increasing number of our clients are expressing an interest in introducing electric vehicles to their fleets in the future. During the course of 2009 LeasePlan entered into its first zero-emission mobility partnership with the Renault-Nissan Alliance. Under the partnership terms, the two companies will study ways to promote the use of electric vehicles and investigate the options for a commercial approach towards corporate fleet clients. Two further partnerships were arranged with Peugeot-Citroën and GM (Europe) as part of our strategy to offer a multi-brand choice to our clients.

These projects fit perfectly with our GreenPlan strategy, and we look forward to working closely with our clients and suppliers to introduce the next generation of vehicles in the future.

LeasePlan ChildPlan
With a global presence we understand that we also have a responsibility to build good community relations. Our LeasePlan entities support their local communities through a range of activities. One of our philosophies at LeasePlan includes taking an active interest in the next generation.

Our LeasePlan ChildPlan initiative specifically aims to provide support to children growing up in less privileged circumstances.

LeasePlan ChildPlan is an integral part of the LeasePlan organisation and our mission is to contribute in a tangible way to the welfare, development and growth of children and communities. Over the past three years LeasePlan ChildPlan has supported many local charitable projects, using donations from both LeasePlan companies and fund-raising activities undertaken by LeasePlan employees. In 2009, the majority of our countries undertook LeasePlan ChildPlan activities.

LeasePlan ChildPlan reached a major milestone in 2009 when – together with Net4kids, a non-profit internet platform for sustainable child aid projects – we opened two new children's homes and a school for 60 former street children for the Child Watabaran Center Nepal (CWCN) in Kathmandu. The official inauguration was performed by the Nepalese Minister for Women, Children and Social Welfare, and was attended by LeasePlan's CEO Vahid Daemi. The centre works mainly with street children in Kathmandu, providing health care, centre-based education and vocational training through a mobile health service, a medical centre and children's homes. Since 2006 LeasePlan ChildPlan has provided the entire running costs for the girls' home, the mobile health service and the medical centre.

Outlook 2010

Looking ahead, we are cautiously optimistic about the global economy and expect economic recovery in the majority of the markets in which we do business. This will most likely have a positive effect on our residual value and debtor losses in 2010. Going forward we are therefore confident that we will maintain positive results, while continuing to focus on cost control.

LeasePlan is well positioned to benefit from our diverse and high-quality client base, our presence in 30 countries, and the global support of our international network. Our goal is to continue to deliver outstanding service to our clients while fulfilling our promise 'It's easier to leaseplan'.

Almere, 19 March 2010

Managing Board

V. Daemi
Chief Executive Officer - Chairman

A.B. Stoelinga
Chief Financial Officer

H.P. Lützenkirchen
Chief Operating Officer

From left to right:
V. Daemi, A.B. Stoelinga and H.P. Lützenkirchen

Report of the Supervisory Board

We are pleased to present the financial statements of LeasePlan Corporation N.V. for the financial year 2009, as drawn up by the Managing Board. The financial statements have been audited by and discussed with PricewaterhouseCoopers Accountants N.V. The unqualified auditor's report can be found on page 122. We recommend that the shareholders adopt the financial statements and the proposed profit appropriation contained therein. We also recommend that the shareholders endorse the Managing Board's conduct of the Company's affairs and the supervision thereof by the members of the Supervisory Board.

The Supervisory Board acts in line with the duties and powers as laid down in Dutch law applicable to Supervisory Boards, the Articles of Association of the Company and the Regulations for the Supervisory Board of the Company. The aforementioned Regulations contain an overview of specific management decisions requiring prior Supervisory Board approval. The Supervisory Board conducts its duties and exercises its powers with due observance of the supervisory regime that LeasePlan is subject to. The Supervisory Board is guided by the interests of the Company and its group companies, and their business enterprise.

Main items discussed in 2009

During the year under review the Supervisory Board met on four occasions. The economic crisis impacted the entire year, which had a direct bearing on the content of the Supervisory Board's four meetings. The recurring items on the agenda for the quarterly meetings include the financial and commercial results, market developments, developments relating to funding and liquidity, and risk management with specific focus on asset risk management and credit risk management. The Supervisory Board annually reviews and discusses the yearly Board report and Group management letter prepared by the external auditor and the annual report prepared by the Company. On an annual basis the Supervisory Board also discusses the Company's strategy and policy for the medium- and long-term as well as the annual plan for the ensuing two year period.

During the course of 2009, the Supervisory Board paid particular attention to the developments in the value of used vehicles and the international debt capital markets and LeasePlan's position therein. The Supervisory Board also discussed regulatory issues and developments. The Supervisory Board witnessed four additional capital market transactions guaranteed by the Dutch State, followed by an unguaranteed transaction in October 2009. Additionally, the Supervisory Board reviewed and approved the business case for the start-up of LeasePlan Bank, an internet savings bank, as part of LeasePlan's overall funding activities. In general the Supervisory Board discussed all items reported by the management in line with the matters outlined in the regulations for the Supervisory Board as well as any other specific business matters reported by the management.

Committees

The Supervisory Board has three committees: the Audit Committee, the Credit Committee and the Remuneration Committee. In 2009 the Audit Committee and the Credit Committee met on various occasions. The Audit Committee met on four occasions with a focus on internal control, with the main input provided by the Group Audit Department. Each quarter the Audit Committee reviews those high priority issues identified by the LeasePlan's Group Audit Department that have not been addressed conclusively within six months, as well as a report on any fraud and integrity matters. The external auditor and the Senior Corporate Vice-President Audit attend an Audit Committee meeting annually. In addition to the regular items discussed by the Audit Committee, in March 2009 the Committee reviewed the internal audit charter and audit plan for 2009. The Credit Committee reviewed credit proposals above the agreed limit, and provided recommendations for a resolution of the Supervisory Board.

Report of the Supervisory Board

Reflection on the year under review
Challenging economic circumstances characterised 2009. However, despite a continuation of the global economic crisis, limited access to international capital and money markets, and ongoing depressed prices within used vehicle markets, LeasePlan achieved good results.

LeasePlan delivered a profit for the year of EUR 165 million, which is a reflection of the Company's ability to produce solid performance during turbulent times. Although the full-year net result was lower compared to 2008, this was largely due to severe losses on contract terminations and increased debtor losses.

Access to international capital and money markets was very limited for LeasePlan, as it was for most players in the financial markets. The Dutch government guarantee scheme enabled the Company to continue to provide credit and services to its clients. In October 2009 LeasePlan was again able to enter the capital markets independently with a successful EUR 500 million benchmark transaction. Further diversification of its funding continued with the recent conclusion of a third securitisation programme and the launch of LeasePlan Bank, an internet savings bank in the Netherlands.

As a result of clients extending the term of their lease contracts, ordering lower value vehicles, and ordering fewer vehicles, the value of LeasePlan's lease portfolio decreased slightly from EUR 14.2 billion at year-end 2008, to EUR 13.6 billion at year-end 2009. To compensate for lower income streams, the Company managed costs effectively.

LeasePlan's good results, delivered in challenging circumstances, are testament to the professional performance of its employees around the world. Although the economic crisis is not yet over, LeasePlan is confident that it is well placed to again achieve satisfying results in 2010.

Almere, 19 March 2010

Supervisory Board

F. Witter, Chairman
M. Klaus*
L.H. Santelmann
C. Schlögell*

*Appointed as of 1 February 2010

Governance

Good corporate governance lies at the heart of LeasePlan's business model. Our corporate governance system provides checks and balances between management and employees, as well as between management, the Supervisory Board and our shareholders. Externally it provides guidance predominantly between management and regulatory authorities.

Managing Board and Supervisory Board
LeasePlan's Managing Board is made up of three members. The Supervisory Board was made up of eight members until 1 February 2010, after which it comprises four members. Both boards perform their duties and powers as laid down in the applicable laws, rules and regulations, the articles of association of LeasePlan, and the regulations applicable to the Managing Board and the Supervisory Board respectively. The Managing Board meets every other week and the Supervisory Board meets at least four times annually.

Committees
The Supervisory Board has established three committees, each of which consists of members of the Supervisory Board and has its own composition. These are: the Audit Committee, the Credit Committee and the Remuneration Committee. The Audit Committee discusses the main internal and external audit findings, as well as any follow-up actions and integrity incidents. The Credit Committee reviews credit proposals above the agreed limit as submitted by LeasePlan, and provides recommendations for a resolution of the Supervisory Board regarding such credit proposals. The Remuneration Committee reviews and prepares, for resolution by the Supervisory Board, all matters relating to the nomination, remuneration and performance of the Managing Board.

Regulation
LeasePlan has held a Dutch banking licence since 1993. The Dutch Central Bank and the Netherlands Authority for the Financial Markets supervise LeasePlan's operations. As a financial institution, the main regulation LeasePlan needs to comply with is the Dutch Act on Financial Supervision.

Self-regulation
To address waning public confidence in the banking industry following the fallout from the economic crisis, the Netherlands Bankers' Association introduced a Dutch Banking Code in late 2009. Introduced as a self-regulation measure for Dutch banks on 1 January 2010, the measures will eventually be passed into legislation. The Code is made up of four pillars: governance within banks, risk management, audit and remuneration. The Code requires financial institutions to explain in their annual report how they applied the Dutch Banking Code under the 'comply or explain' principle. As a Dutch financial institution and member of the Netherlands Bankers' Association, we have taken steps to prepare for the implementation of the Code. We have analysed the principles against our current governance framework, and define our actions based on the outcome.

Shareholders of LeasePlan
In May 2009 it was announced that Fleet Investments B.V. would become a 50% shareholder in LeasePlan Corporation N.V. as a result of the sale of the LeasePlan shares held by Mubadala Development Company (25%) and the Olayan Group (25%). This transaction closed on 1 February 2010.

Fleet Investments B.V. is an investment company of German banker Friedrich von Metzler. The heart of the Metzler group is the Frankfurt-based bank B. Metzler seel. Sohn & Co. KGaA. Founded 335 years ago, it is the oldest private bank in Germany with an unbroken tradition of family ownership. Main group activities focus on asset management, corporate finance, equities, financial markets and private banking. As well as the head office in Frankfurt, Metzler has offices in Munich, Stuttgart, Cologne/Düsseldorf, Hamburg, Atlanta, Los Angeles, Seattle, Tokyo, Dublin and Beijing.

Governance

Volkswagen Bank GmbH continues its 50% interest in LeasePlan. Volkswagen Bank is a wholly owned subsidiary of Volkswagen Financial Services AG, which heads and consolidates entities that provide financing, leasing and insurance products to consumers and corporate clients in the European, Asian-Pacific, North American and South American region. Volkswagen Bank, which operates solely in Europe, also has one of the largest direct banking activities in Germany. This offers classic banking products (such as savings and payment accounts) and insurance. The bank has its own subsidiaries in Belgium, France, Germany, Greece, the Republic of Ireland, Italy, the Netherlands, Spain and the United Kingdom.

Composition Supervisory Board
The change in shareholding also affected the composition of the Supervisory Board. Effective 1 February 2010, Messrs W.A. Al Mokarrab Al Muhairi, H.N. Lazkani, C.A. Obeid, L.A.H.W. Sander, F.W. Vermeulen and D.E. Wittig resigned as members of the Supervisory Board. The Supervisory Board thanks all former members for their contribution to the supervision and support of the management of the Company during their Supervisory Board membership.

Effective 1 February 2010 Messrs M. Klaus and C. Schlögell were appointed members of the Supervisory Board. Messrs F. Witter and L.H. Santelmann will continue with their responsibilities as members of the Supervisory Board.

Managing Board's responsibility statement

In conjunction with the EU transparency Directive as incorporated in article 5:25c of the Dutch Act on Financial Supervision (Wet op het financieel toezicht) the Managing Board confirms that to the best of its knowledge:

- The annual financial statements for the year ended 31 December 2009 give a true and fair view of the assets, liabilities, financial position and profit or loss of LeasePlan and the subsidiaries included in the consolidated financial statements.
- The annual report gives a true and fair view of LeasePlan and the subsidiaries included in the financial statements as at 31 December 2009 and the state of course during the financial year to which the report relates.
- The annual report describes the principal risks that LeasePlan is facing. These are described in detail in the risk management paragraph of the report of the Managing Board (page 21) and the financial risk management paragraph of the general notes (page 62).

Corporate Governance statement

Pursuant to the Dutch Decree of 20 March 2009 implementing further accounting standards for annual reports ('Besluit Corporate Governance') and based on the listing of LeasePlan debt securities issued on regulated markets in the EU, the following information is provided. The most important features of the control system set up for securing reliable consolidated financial statements are:

- As a holding entity for the group LeasePlan Corporation has a uniform set of accounting and reporting principles for its business units based on its application of International Financial Reporting Standards
- A monthly cycle of reporting is maintained and throughout the year financial results and movements therein are analysed, explained and linked to the risk management information
- Compliance with these uniform accounting and reporting principles is reviewed by Control, Reporting & Tax and both internal and external auditors
- Managers of the individual business units submit a letter of representation emphasising the compliance with the uniform set of accounting and reporting principles

The group of entities that is included in the consolidated financial statements is comprised of 30 subsidiaries acting as separate business units in the countries where LeasePlan sells its core products. A full list of principal consolidated participating interests is included on page 120.

Governance

Management

Supervisory Board

F. Witter, chairman
Position: Chairman of the Board of Management,
Volkswagen Financial Services AG
Nationality: German

L.H. Santelmann
Position: Member of the Board of Management,
Volkswagen Financial Services AG
Nationality: German

M. Klaus
Position: Partner, B. Metzler seel. Sohn & Co. Holding AG
Nationality: German

C. Schlögell
Position: Head of Legal Department, B. Metzler seel.
Sohn & Co. Holding AG
Nationality: German

Managing Board

V. Daemi
Chairman and Chief Executive Officer
Nationality: British

A.B. Stoelinga
Chief Financial Officer
Nationality: Dutch

H.P. Lützenkirchen
Chief Operating Officer
Nationality: German

Corporate Secretary

F.P.M. Hennekes - van Rosmalen
Corporate Secretary
Nationality: Dutch

Senior Corporate Vice-Presidents

J.D. Boon
Corporate Strategy & Development
Nationality: British

T. Desnos
Human Resources
Nationality: British

E.R. de Jong
Risk Management
Nationality: Dutch

T. Kuipers
Control, Reporting & Tax
Nationality: Dutch

Y.J.M.A. Paulissen
Strategic Finance
Nationality: Dutch

L.C.M. Walraven
Audit
Nationality: Dutch

Regional Senior Vice-Presidents

J. Contreras Garcia
Central Europe & Asia
Nationality: Spanish

K.D. McNally
Northern Europe & Americas
Nationality: British

N.J. Salkeld
Southern Europe & Pacific
Nationality: British

Senior Vice-Presidents Group Services

C. Parker
Business Information Management
Nationality: American

W.E. Reinhold
Car Remarketing,
Operations & Procurement
Nationality: German

J. Requeijo Gutierrez
Business Development
Nationality: Spanish

Organisational structure LeasePlan

CORPORATE CENTRE

Managing Board

- Audit
- Business Development
- Business Information Management
- Car Remarketing, Operations & Procurement
- Control, Reporting & Tax
- Corporate Communications
- Corporate Strategy & Development
- Human Resources
- Legal Affairs
- Regional Management
- Risk Management
- Strategic Finance

GROUP ACTIVITIES

- Euro Insurances
- LeasePlan Bank
- LeasePlan Infrastructure Services
- LeasePlan International
- LeasePlan Supply Services
- LeasePlan Treasury

30 LEASEPLAN COUNTRIES

- Australia
- Austria
- Belgium
- Brazil
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Greece
- Hungary
- India
- Ireland
- Italy
- Luxembourg
- Mexico
- Netherlands
- New Zealand
- Norway
- Poland
- Portugal
- Romania
- Slovakia
- Spain
- Sweden
- Switzerland
- Turkey
- UAE
- UK
- USA

Financial statements

Consolidated financial statements

Consolidated income statement

for the year ended 31 December

In thousands of euros	Note	2009	2008
Continuing operations			
Revenues	2	5,989,932	6,163,392
Cost of revenues	2	5,463,145	5,543,781
Gross profit		**526,787**	**619,611**
Interest and similar income	3	939,188	949,582
Interest expenses and similar charges	4	661,014	681,403
Net interest income		**278,174**	**268,179**
Impairment charges on loans and receivables	13	56,010	9,598
Net interest income after impairment charges on loans and receivables		**222,164**	**258,581**
Other financial gains/(losses)	5	63,369	-
Net finance income		**285,533**	**258,581**
Total operating and finance income		**812,320**	**878,192**
Staff expenses	6	377,830	372,869
General and administrative expenses	7	190,684	210,375
Depreciation and amortisation	8	34,840	35,380
Total operating expenses		**603,354**	**618,624**
Share of profit of associates and jointly controlled entities	17	1,173	-73
Profit before tax		**210,139**	**259,495**
Income tax expenses	9	40,764	51,982
Profit for the year from continuing operations		**169,375**	**207,513**
Discontinued operations			
Profit for the year from discontinued operations	22	-4,142	-5,050
Profit for the year		**165,233**	**202,463**
Profit attributable to			
Owners of the parent		**165,233**	**202,463**
Non-controlling interest		-	-

Consolidated statement of comprehensive income

for the year ended 31 December

In thousands of euros	Note	2009	2008
Profit for the year		**165,233**	**202,463**
Other comprehensive income:			
Cash flow hedges recognised in equity	9	19,132	-194,997
Tax on cash flow hedges recognised in equity	9	-3,801	25,560
Cash flow hedges recycled from equity to profit and loss	9	22,531	1,383
Tax on cash flow hedges recycled from equity to profit and loss	9	-3,143	-353
Subtotal changes in cash flow hedges, net of tax		**34,719**	**-168,407**
Net investment hedges	9	-	-9,210
Tax on net investment hedges	9	-	2,348
Subtotal changes in net investment hedges, net of tax		**-**	**-6,862**
Currency translation differences		34,311	-47,006
Other comprehensive income, net of tax		**69,030**	**-222,275**
Total comprehensive income for the year		**234,263**	**-19,812**

Total comprehensive income attributable to		
Owners of the parent	234,263	-19,812
Non-controlling interest	-	-
Total comprehensive income for the year	**234,263**	**-19,812**

Consolidated balance sheet

In thousands of euros	Note	31 December 2009	31 December 2008	1 January 2008
Assets				
Cash and balances at central banks	10	35,673	25,476	13,387
Derivative financial instruments	11	275,154	231,901	72,928
Receivables from financial institutions	12	1,313,641	881,719	489,108
Receivables from clients	13	2,543,176	2,772,917	2,649,085
Financial assets designated at fair value through the income statement		-	-	29,558
Corporate income tax receivable		58,464	29,305	19,449
Financial assets held-to-maturity	14	-	369,299	117,815
Inventories	15	134,208	203,434	165,272
Other receivables and prepayments	16	570,101	595,254	586,307
Loans to associates and jointly controlled entities	17	232,849	230,780	152,689
Investments in associates and jointly controlled entities	17	22,447	23,852	25,852
Property and equipment under operational lease and rental fleet	18	11,548,795	11,950,972	11,669,816
Other property and equipment	19	86,253	95,823	88,325
Deferred tax assets	20	133,429	133,697	113,265
Intangible assets	21	158,878	134,459	118,325
		17,113,068	**17,678,888**	**16,311,181**
Assets classified as held-for-sale and discontinued operations	22	13,146	19,924	34,145
Total assets		**17,126,214**	**17,698,812**	**16,345,326**
Liabilities				
Corporate income tax payable		65,168	26,552	33,394
Borrowings from financial institutions	24	2,379,435	3,822,517	1,618,137
Funds entrusted	25	217,622	1,645,211	805,515
Debt securities issued	26	10,068,550	7,989,033	9,858,840
Derivative financial instruments	11	480,385	359,434	38,954
Trade and other payables and deferred income	27	1,620,676	1,572,343	1,685,043
Deferred tax liabilities	20	122,487	141,595	132,802
Provisions	28	282,389	257,077	264,894
Subordinated loans	29	268,750	498,381	500,000
		15,505,462	**16,312,143**	**14,937,579**
Liabilities classified as held-for-sale and discontinued operations	22	2,417	2,597	3,863
Total liabilities		**15,507,879**	**16,314,740**	**14,941,442**
Equity				
Share capital	30	71,586	71,586	71,586
Share premium		506,398	506,398	506,398
Other reserves	31	1,040,351	806,088	825,900
Equity attributable to the owners of the parent		**1,618,335**	**1,384,072**	**1,403,884**
Non-controlling interest		-	-	-
Total equity		**1,618,335**	**1,384,072**	**1,403,884**
Total equity and liabilities		**17,126,214**	**17,698,812**	**16,345,326**

Consolidated statement of changes in equity

In thousands of euros	Attributable to the owners of the parent					Total	Non-controlling interest	Total equity
	Share capital	Share premium	Other reserves					
			Translation reserve	Hedging reserve	Retained earnings			
Balance as at 1 January 2008	**71,586**	**506,398**	**-9,362**	**30,266**	**804,996**	**1,403,884**	**-**	**1,403,884**
Changes in cash flow hedges				-168,407		-168,407		
Changes in net investment hedges				-6,862		-6,862		
Currency translation differences			-47,006			-47,006		
Net income/(expenses) recognised directly in equity	**-**	**-**	**-47,006**	**-175,269**	**-**	**-222,275**	**-**	**-222,275**
Profit for the year					202,463	202,463		
Total comprehensive income/ (expenses) for the year	**-**	**-**	**-47,006**	**-175,269**	**202,463**	**-19,812**	**-**	**-19,812**
Balance as at 31 December 2008	**71,586**	**506,398**	**-56,368**	**-145,003**	**1,007,459**	**1,384,072**	**-**	**1,384,072**
Changes in cash flow hedges				34,719		34,719		
Currency translation differences			34,311			34,311		
Net income/(expenses) recognised directly in equity	**-**	**-**	**34,311**	**34,719**	**-**	**69,030**	**-**	**69,030**
Profit for the year					165,233	165,233		
Total comprehensive income/ (expenses) for the year	**-**	**-**	**34,311**	**34,719**	**165,233**	**234,263**	**-**	**234,263**
Balance as at 31 December 2009	**71,586**	**506,398**	**-22,057**	**-110,284**	**1,172,692**	**1,618,335**	**-**	**1,618,335**

Consolidated statement of cash flows

for the year ended 31 December

In thousands of euros	Note	2009	2008
Operating activities			
Profit before tax		210,139	259,495
Profit for the year from discontinued operations	22	-4,142	-5,050
Adjustments			
Interest income	3	-939,188	-949,582
Interest expense	4	661,014	681,403
Other financial (gains)/losses	5	-63,369	-
Impairment on receivables	13	56,010	9,598
Depreciation operational lease portfolio and rental fleet	18	2,595,425	2,552,992
Depreciation other property and equipment	19	25,296	24,440
Amortisation intangible assets	21	9,544	10,940
Capitalised software	21	-20,895	-16,473
Increase/(decrease) provisions	28	25,312	-7,817
Fair value changes derivatives	11	77,698	161,507
Increase/(decrease) trade and other payables and other receivables		285,841	129,744
(Increase)/decrease inventories	15	69,226	-38,162
Amounts received for disposal of objects under operational lease	2	1,887,318	2,035,021
Amounts paid for acquisition of objects under operational lease	18	-3,952,016	-5,695,761
Acquired new finance leases and other increases of receivables from clients		-758,484	-1,157,688
Repayment finance leases		883,582	1,081,268
Cash generated from operations		**1,048,311**	**-924,125**
Interest paid		-638,829	-749,696
Interest received		931,550	965,855
Income taxes paid		-31,307	-68,680
Income taxes received		1,486	1,759
Net cash inflow/(outflow) from operating activities		**1,311,211**	**-774,887**
Investing activities			
Proceeds from sale of other property and equipment	19	18,968	16,224
Acquisition of other property and equipment	19	-33,685	-52,111
Acquisition of software	21	-6,364	-3,697
Capital increase in associates and jointly controlled entities	17	-1,448	-327
Provided loans to associates and jointly controlled entities	17	-2,069	-78,091
Dividend received from associates and jointly controlled entities	17	-	2,332
Proceeds from sale of subsidiaries/associates, net of cash disposed of	22	-	1,286
Proceeds from sale of/(purchased) held-to-maturity investments	14	384,431	-251,484
Increase/(decrease) in other financial assets		51,565	-31,863
Net cash inflow/(outflow) from investing activities		**411,398**	**-397,731**
Financing activities			
Receipt of borrowings from financial institutions		2,809,391	5,193,798
Repayment of borrowings from financial institutions		-5,108,038	-2,864,346
Receipt of funds entrusted		80,048	1,553,626
Repayment of funds entrusted		-1,507,636	-713,930
Receipt of debt securities		6,108,222	2,755,267
Repayment of debt securities		-4,028,705	-4,625,074
Repayment of subordinated loans		-166,262	-1,619
Net cash inflow/(outflow) from financing activities		**-1,812,980**	**1,297,722**
Cash and balances with banks at 1 January		**95,040**	**-30,264**
Net movement in cash and balances with banks		-90,371	125,104
Effect of exchange rate fluctuations on cash held		-	200
Cash and balances with banks at 31 December	10	**4,669**	**95,040**

Financial statements

General notes

General notes

1. General information

LeasePlan Corporation N.V. (the "Company") is a company domiciled in and operating from Almere, the Netherlands. The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. The Group consists of a growing international network of companies engaged in fleet and vehicle management services, mainly through operational leasing. At the end of 2009, the Group employed over 6,000 people worldwide and had offices in 30 countries. A list of the principal consolidated subsidiaries is included on page 120.

The shares of the Company are held by Global Mobility Holding B.V. (approximately 98%) and Stichting Werknemersparticipatie LPC (approximately 2%).

Global Mobility Holding B.V. is a limited liability company established in the Netherlands in which a 50% interest is held by Volkswagen Bank GmbH, and a 25% interest was held by each of Mubadala Development Company of Abu Dhabi and the Olayan Group with its head office in Athens.

Following the exercising of a put option by Mubadala and Olayan in 2008, Volkswagen signed an agreement in 2009, whereby the 25% interest held by each of Mubadala and Olayan will be sold to Fleet Investments B.V., an investment company of German banker Friedrich von Metzler. The transaction was completed on 1 February 2010.

In connection with a Stock Option Incentive Plan approximately 2% of the total issued share capital in the Company is held by Stichting Werknemersparticipatie LPC that has issued depository receipts representing the economic interest in these shares. These depository receipts are currently owned by Global Mobility Holding B.V.

The Company has held a universal banking licence in the Netherlands since 1993 and is regulated by the Dutch Central Bank. Therefore, specific additional (IFRS) disclosures are included that focus on the Company's liquidity and solvency and on the risks associated with the assets and liabilities recognised on its balance sheet and with its off-balance sheet items.

The income statement in the Company's financial statements has been presented in abridged form pursuant to the provisions of Article 402, Part 9, Book 2, of the Netherlands Civil Code.

2. Basis of preparation

(i) Statement of compliance

The financial statements were recommended by the Supervisory Board for adoption on 19 March 2010.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as adopted by the European Union.

The application of the amendments and interpretations listed below are relevant to the Group:

- IAS 1 (revised) 'Presentation of financial statements' – effective 1 January 2009
  The revised standard prohibits the presentation of items of income and expenses in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents all owner changes in equity in the consolidated statement of changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been represented so that it also is in conformity with the revised standard. The change in accounting policy has no impact on profit for the year and only results in additional disclosures;
- IAS 16 (amendment) 'Property, plant and equipment' – effective 1 January 2009
  The amendment requires an entity that, in the course of its ordinary activities, routinely sells items of property, plant and equipment that it has held for rental/lease to others shall transfer such assets to inventories at their carrying amount when they cease to be rented/leased and become held-for-sale. The proceeds from the sale of such assets shall be recognised in accordance with IAS 18 'Revenue'. The change in accounting policy has no impact on the profit for the year but has an impact on revenue disclosure and presentation of inventories on the balance sheet;
- IFRS 7 (amendment) 'Financial instruments, Disclosures' – effective 1 January 2009
  The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The change in accounting policy has no impact on profit for the year and only results in additional disclosures;
- IFRS 8 'Operating segments' – effective 1 January 2009
  The new standard requires the external segment reporting to be based on the internal reporting to the Group's key management (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 application of IFRS 8 has no impact on profit for the year but has an impact on segment disclosure and the allocation of income and assets to segments.

The application of the amendments and interpretations listed below are not relevant to the Group:
- IAS 23 (revised) 'Borrowing costs' – effective 1 January 2009;
- IAS 32 and IAS 1 (amendment), 'Puttable financial instruments and obligations arising on liquidation' – effective 1 January 2009;
- IFRIC 13 'Customer loyalty programmes' – effective 1 July 2008;
- IFRIC 16 'Hedges of a net investment in a foreign operation' – effective 1 October 2008;
- IFRS 2 (amendment) 'Share-based payment' – effective 1 January 2009.

Amendments to published standards and new standards effective in 2010 or later
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2009 and have not been early adopted in preparing these consolidated financial statements.

The Group has chosen not to early adopt the following standards and interpretations that were issued but not yet effective for accounting periods beginning on 1 January 2009.
Relevant to the Group are:
- IAS 27 (revised) 'Consolidated and separate financial statements';
- IAS 38 (amendment) 'Intangible assets';
- IFRS 1 and IAS 27 'Cost of an investment in a subsidiary, jointly controlled entity or associate';
- IFRS 3 (revised) 'Business Combinations';
- IFRS 5 (amendment) 'Measurement of non-current assets (or disposal groups) classified as held-for-sale';
- IFRS 9 'Financial instruments part 1: Classification and measurement'.

Not relevant to the Group are:
- IFRIC 17 'Distribution of non-cash assets to owners';
- IFRIC 18 'Transfer of assets from customers';
- IAS 1 (amendment) 'Presentation of financial statements';
- IFRS 2 (amendments) 'Group cash-settled and share-based payment transactions'.

The above standards and amendments become mandatory for the Group's 2010 financial statements and are not expected to have any impact on the financial position and the results of the consolidated financial statements, other than changes in presentation.

(ii) Basis of measurement
These consolidated financial statements are prepared on historical cost basis except for derivative financial instruments which are measured at fair value.

(iii) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity 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.

(iv) 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 main estimates and underlying assumptions relate to the residual values at the end of the contract date, the assessment of the impairment of the lease portfolio, the defined benefit pensions obligations, the fair value of the derivatives, the assessment of the income tax position and insurance provision and the impairment of intangibles and goodwill.

Information about the above mentioned areas of estimation and judgement are described in note Y, Critical accounting estimates, assumptions and judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

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.

Note A – Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries all of which prepare financial statements up to 31 December.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the date of their acquisition and when control commences or up to the date of their disposal and when control ceases. The purchase method of accounting is used for the acquisition of subsidiaries. The cost of the acquisition is measured at the aggregate fair values, on the date of exchange of assets and liabilities assumed or incurred by the Group to obtain control and any directly attributable acquisition costs.

(ii) Associates

Associates are those entities where the Group has significant influence but no control over the financial and operating policies, generally accompanying a shareholding between 20% and 50% of the voting rights.

The Group's share of the income and expenses of the investments in associates is recognised under the equity method in the income statement, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. Reference is made to note S for the impairment of non-financial assets. The Group's share of post-acquisition movements in reserves is recognised in the reserves of the shareholders' equity. The cumulative post-acquisition movements in reserves are adjusted in the carrying amount of the investment.

(iii) Jointly controlled entities

Jointly controlled entities are those entities over which' activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total income and expenses of joint ventures under the equity method, which is recognised from the date that joint control commences until the date that joint control ceases.

(iv) Special purpose entities

Special purpose entities are entities created to accomplish a narrow and well-defined objective, such as the securitisation of leased assets. The financial statements of special purpose entities are included in the Group's consolidated financial statements where the substance of the relationship is that the Group 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, and these entities are therefore regarded as subsidiaries and included in the consolidated financial statements of the Group.

(v) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but are considered as an impairment indicator of the asset.

Note B – Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the foreign exchange rate prevailing at the date of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under the caption 'Other expenses', except when deferred in equity as qualifying cash flow hedges and qualifying investment hedges.

(ii) Foreign subsidiaries

The results and financial position of all Group subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into euro (the presentational 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 income statement 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).

On consolidation, foreign exchange differences arising from the translation of the net investment in foreign subsidiaries are recognised directly to shareholders' equity. Since 1 January 2004, the Group's date of transition to IFRSs, such translation differences have been recognised in the foreign currency translation reserves of equity. When a foreign subsidiary is disposed of or sold, in part or in full, the relevant amount in this reserve is recognised in the income statement as part of the gain or loss on disposal or sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Note C – Financial assets and liabilities

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were initially acquired or originated.

Initial recognition

Financial assets and liabilities are initially recognised at fair value.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are categorised as held-for-trading unless they are designated as hedging instrument in a hedge.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise and are included in the caption 'Interest and similar income' in the income statement.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any impairment losses.

(iii) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

After initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment losses.

(iv) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are subsequently carried at fair value.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement.

(v) Recognition

A financial asset is recognised if the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognised on settlement date, i.e. the date that a financial asset is delivered to the entity that purchased it. Loans are recognised when cash is advanced to the borrowers.

(vi) Derecognition

A financial asset is derecognised when and only when the contractual right to receive cash flows expires or when the financial asset, together with all the risks and rewards of ownership, have been transferred.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(vii) 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 IFRSs.

Note D – Derivative financial instruments and hedge accounting

Derivative financial instruments ("derivatives") are initially recognised at fair value on the date a derivative contract is entered into 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 interest rate, currency and currency interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date. The fair values of not actively traded instruments are calculated using a broadly accepted discounted cash flow method, while taking into account relevant market observable data such as quoted forward prices and interest rates.

The Group uses derivatives to hedge its exposure to interest rate and foreign exchange rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold derivatives for trading purposes. The Group applies cash flow hedge accounting, fair value hedge accounting and net investment hedge accounting.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedging instrument either in: (i) hedges of changes in future cash flows attributable to a recognised asset or liability or a forecasted transaction (cash flow hedge); (ii) hedges of a net investment in a foreign operation (net investment hedge); or (iii) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge).

Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents at inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in a hedge are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedging

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 other comprehensive income as a separate component of equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement in the caption 'Interest expenses and similar charges'.

Amounts accumulated in equity are recycled to the income statement in the periods in which the forecasted transaction in a hedge will affect the income statement (i.e., when the forecasted 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 equity at that time remains in equity and is recognised in the income statement when the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, hedge accounting should cease retrospectively and the cumulative unrealised gain or loss that was reported in equity is immediately transferred to the income statement.

In case ineffectiveness arises because insufficient cash flows are available but forecasted cash flows are still likely to occur or hedge ineffectiveness lies beyond a certain range, then hedge accounting ceases prospectively. This implies that the entire change in the net present value of the swap in the period is recognised in the income statement, whereas the gain or loss previously recorded in equity is amortised to the income statement over the average remaining term of the swaps.

(ii) Net investment hedging

A hedge of a net investment in a foreign operation is accounted for similarly to a cash flow hedge. Exchange differences arising on consolidation are deferred in equity until the subsidiary is disposed of. On disposal, sale or liquidation gains and losses accumulated in equity are recognised in the income statement as part of the gain or loss on the relevant transaction. The net investment in a subsidiary, including any related goodwill, can be hedged with a derivative (hedging instrument). The effective part of the fair value changes of the hedging instrument is deferred in equity until the subsidiary is disposed of. The Group has no policy to use net investment hedging on a frequent and consistent basis.

(iii) Fair value hedging

The Group applies fair value hedge accounting to eliminate the income statement volatility arising from different measurement principles applied by IAS39 to issued fixed rate notes and structured notes (hedged items both measured at amortised cost) and related derivatives (hedging instruments measured at fair value through the income statement).

The fixed leg of the swaps (hedging instrument), which the Group will apply to change the interest profile of the notes, will match the notes exactly but in an opposite way thus creating a hedge. The total change in the fair value of the debt is in principle the same as the change in the fair value of the swap in case of a hedge. Fair value hedging will create a discount or premium on the note that will be amortised over the remaining term.

Changes in the fair value of a hedging instrument designated as a fair value hedge are recognised in the income statement. The carrying amount of the hedged item measured at amortised cost has been adjusted by gains or losses attributable to the hedged risk. These gains or losses are recognised in the income statement under the caption 'Interest expenses and similar charges'.

(iv) Derivatives that do not qualify for hedge accounting
Certain derivatives do not qualify for hedge accounting. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement under the caption 'Interest and similar charges'.

Note E – Lease contracts

(i) 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 leasing contract. The key factor is whether or not substantially all of 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 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.

(ii) 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. 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. The finance lease receivables are presented within the caption 'Receivables from clients'.

The finance lease instalments can comprise various components each having its own revenue recognition. The instalments are classified and presented in the following categories in the income statement: (i) interest income (the difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest rate method); and (ii) revenues (to the extent that services are included in the lease).

(iii) Operational lease portfolio
An operational 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 operational leases in the balance sheet according to the nature of the asset.

The operational lease instalments are recognised in their entirety on a straight-line basis over the lease term, with the exception of that portion considered to be service income. The instalments are classified and presented in the following categories in the income statement: (i) revenues; and (ii) interest income (effective interest rate method).

(iv) Lease products
The Group leases assets to its clients for durations that normally range between 3-4 years. In almost all cases, the leased assets are returned to the Group at the end of the contract term. There are two main types of 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 used vehicle market. In all cases, 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, may share a portion of any positive upside potential resulting from the exploitation of 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 returned to the client. Most contracts contain certain requirements that the client must fulfil in order to receive 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.

Both open and closed calculation contracts are classified as operational leases. Open calculation contracts are classified as operational leases on the basis of the (negative) risks being borne by the Group.

Note F – General and presentation format

The Group considers the presentation model for banks as the most appropriate format. Within the banking model interest income and expenses are separately shown on the face of the income statement whereas the operating expenses are presented under the categorical method as commonly used within the banking industry. For its main activity – leasing – the related revenues and costs are shown separately based on the functional method taking into account IFRSs presentation requirements.

As IFRSs do not define an income statement for leasing business within the banking industry, the Group makes this distinction to give the reader a better understanding of the performance of the business.

Revenues only include the gross inflow of economic benefits received and receivable by the Group on its own account; amounts collected on behalf of third parties are therefore excluded.

Note G – Interest and similar income and interest expenses and similar charges

Interest and similar income and interest expenses and similar charges for all interest bearing assets and liabilities are recognised in the income statement on an accrual basis, using the effective interest rate 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 and points, 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.

The interest income component in operational lease instalments, which is charged on a straight-line basis to the client, is presented based on the effective interest rate method in interest income using the rate included in the lease contract and based on the net investment value of the leased asset. The correction required to arrive at a total straight-line recognition for operational lease contracts is part of revenues.

Interest income on finance lease contracts is recognised in the income statement on the basis of accruing interest income on the net investment (using the effective interest rate method). The receipts under the lease are allocated by the lessor between reducing the net investment and recognising interest income, so as to produce a constant rate of return on the net investment.

This caption also includes gains and losses on hedging instruments that are recognised in profit or loss due to ineffectiveness, gains and losses on derivatives not qualifying for hedge accounting and gains and losses on financial assets and liabilities used in a fair value hedge.

Note H – Revenues and expenses

(i) 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.

Revenues include the various service components of the lease instalment, such as repair, maintenance and tyres (RMT), service income, damage risk retention, depreciation and management fees. The lease instalments may include passed on costs such as fuel, road taxes and other taxes. These are amounts collected on behalf of third parties and are therefore not presented as revenues.

Revenues from operational lease instalments are presented straight-line over the lease term with the exception of those portions of the lease instalment that are considered to be service income. The service income is recognised and presented based on the percentage of completion method. For closed calculation service income is recognised over the term of the contract based on historical statistics and expected service costs. For open calculation contracts the service income that will be earned by the Group is not certain until final settlement takes place and accordingly is not recognised until that time and is recognised in the sales result settlements. Expected losses are recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenues.

The interest portion of the lease instalment is classified under the caption 'Interest and similar income' (see note G), using the effective interest rate method. As the total revenues from the lease instalments are presented straight-line the adjustment required to present the interest portion income on the effective interest rate method is included in the category other.

Revenues also include the proceeds of the sale of cars and trucks from terminated lease contracts and rental revenues from renting out the rental fleet portfolio.

The proceeds from the sale of cars and trucks are recognised when the objects are sold. The rental revenues are recognised on a straight-line basis over the term of the rental agreement.

Other revenues that cannot be categorised as any of the revenues specified above, but are income categories of regular business operations such as bonuses earned in connection with pass-on costs, are included in the category other. Other revenues are generally recognised when services are rendered.

(ii) Expenses

Expenses comprise the cost associated with providing the above mentioned service components of the lease instalment. Any (volume related) bonuses related to these expenses, except those earned on the purchase of leased objects, are credited directly to expenses. Bonuses received on purchases of objects for operational 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 income statement.

Expenses also include the carrying amount of the sold cars and trucks and the costs associated with the rental activities.

Note I – Employee benefits

(i) Post-employment benefits

Group companies operate various employee benefits 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 plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Obligations for contributions to defined contribution pension plans are recognised as expenses in the income statement as incurred. One less significant multi-employer defined benefit plans exists, which is accounted for as defined contribution plan as the Company does not have access to information about the plan to satisfy the requirements for presenting it as a defined benefit plan.

In case of a defined contribution plan the Group has no further payment obligations once the pension contributions have been paid. 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 plans

A defined benefit plan is a pension plan that defines 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 post-employment plans, including 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. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality credit rated bonds that have maturity dates approximating the terms of the Group's obligations.

A qualified independent actuary performs the calculation of the present value of the defined benefit obligation annually using the projected unit credit method. When the benefits of a plan are improved and the changes to the pension plan are conditional on the employees remaining in service for a specific period of time (the vesting period), the portion of the increased benefit relating to past services by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expenses are recognised immediately in the income statement.

The pension liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with unrecognised actuarial gains and losses and past service costs.

The Group recognises actuarial gains and losses using the corridor method. Under the corridor method, actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, are charged or credited to the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Settlements and curtailments invoke immediate recognition of the consequent change in the present value of the defined benefit obligations and in the market value of the plan assets, together with previously unrecognised actuarial gains and losses or past service costs that relate to these defined benefit obligations impacted by the settlement or curtailment.

A settlement is an early termination of all or part of the defined benefit obligation. A curtailment occurs when the entity is demonstrably committed to materially reducing the number of employees in the defined benefit plan or the pension benefits for future services.

Other post-employment benefits
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. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The obligations are valued annually by qualified independent actuaries.

(ii) Other post-employment obligations
Other than pension plans, the Group's net obligation in respect of other service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. These service benefits comprise short-term service benefits such as vacation and sick days and long-term service benefits such as long-service leave.

The obligation is calculated using the projected unit credit method and is discounted to its present value. The fair value of any plan assets, if any, is deducted. The discount rate is the yield at the balance sheet date on high quality credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

(iii) Share-based payment transactions
The share option programme allowed eligible Group employees to acquire depository receipts of shares of the Company up to 31 December 2003. No options were issued after 31 December 2003. The stock option plan of the Company is a cash-settled share-based payment scheme under IFRS 2, given the requirement of the participants to offer depository receipts to the Company against the receipt of cash.

(iv) Termination benefits
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 when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

The fair value of the options outstanding at each balance sheet date is measured using a binomial lattice model, taking into account the terms and conditions at which the options were granted.

Note J – Income tax
Income tax in the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement 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.

(i) 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.

(ii) Deferred income tax
Deferred income tax is recognised using the balance sheet liability method, 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 available income tax losses and tax credits.

The amount of deferred income 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 income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences and available income tax losses and tax credits can be utilised. Deferred income tax assets are reviewed annually and reduced to the extent that it is no longer probable that the related income tax benefit will be realised.

Deferred income tax assets and deferred income tax liabilities are only offset if there is a legally enforceable right to offset the current income tax assets against current income tax liabilities and the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities 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 K – Receivables from financial institutions

This caption includes amounts receivable from Dutch and foreign credit institutions under government supervision with fixed or determinable payments that are not quoted in an active market. These 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 rate method.

Note L – Receivables from clients

This caption includes lease instalments receivable from the finance and operational lease portfolio, from the rental portfolio and receivables arising from other business activities. These 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 rate method.

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

A non-current asset or disposal group 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 income statement.

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 income statement is restated as if the operation had been discontinued from the start of the comparative period.

Depreciation and amortisation of assets ceases at the moment of initial classification as held-for-sale.

Note N – Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill is recognised on acquisitions of subsidiaries, associates and jointly controlled entities. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is measured at cost less any accumulated impairment losses. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

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 to sell and value in use. Impairment losses are charged to the income statement and are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Software

Capitalised software relates to purchased software from third parties and to internally developed software for Group use.

Expenditure on research activities undertaken to gain new technical knowledge and understanding is recognised in the income statement when incurred.

Expenditure on development of software is recognised as an asset when the Group is able to 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. The capitalised cost of internally developed software includes all costs directly attributable to developing software and are 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 to sell 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.

(iii) Other intangible assets

Other intangible assets include customer relationship intangible assets and customer contract intangible assets acquired as part of business combinations and recognised separately from goodwill. Customer relationship intangible assets are amortised over 10 years and customer contract intangible assets are amortised over the remaining contract period (on average 3 to 4 years).

Other intangible assets that are acquired by the Group have finite useful lives and are measured at cost less accumulated amortisation and impairment.

(iv) Amortisation
Intangible assets are amortised and recognised in the income statement 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 3 to 7 years. The capitalised intangible assets have no estimated residual value.

Note O – Other property and equipment

(i) Measurement
Items of property and equipment owned and for Group use 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 income statement 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's 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 income statement during the year of disposal.

(ii) Depreciation
The cost of other property and equipment is depreciated to its estimated residual value and recognised in the income statement on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. 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 as a change in accounting estimate. Land is not depreciated.

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

Property	40 - 50 years
Furniture and fixtures	3 - 12 years
Hardware	3 - 5 years
Company cars	3 - 4 years

(iii) Investment property
Investment property is property that is not held for Group use, but is to be leased out to third parties and is classified as part of the caption 'Other property and equipment'. The Group holds investment property to earn rentals. Any such property interest is carried at cost less accumulated depreciation and impairment losses.

The cost of the investment property, less the expected residual value, is depreciated and recognised in the income statement on a straight-line basis over the estimated useful life of the property, within a range of 10 to 25 years.

Note P – Property and equipment under operational lease and rental fleet

Property and equipment under operational lease and rental fleet are measured at cost less accumulated depreciation and impairment losses. The assets subject to operational leases are presented in the balance sheet according to the nature of the asset. The depreciation policy for depreciable leased assets is consistent with the Company's normal depreciation policy for similar assets. The leased assets are depreciated on a straight-line basis over its contract period to its residual value. The contract period ranges on average between 3 to 4 years. Upon termination of the lease or rental contract the relevant assets are reclassified to the caption 'Inventories' at their carrying amount. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Note Q – Inventories

Inventories are stated 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 operational 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.

Note R – 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.

Note S – Impairment

(i) (Leased) assets and assets for own use

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 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 to sell 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 operational 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 object or cash generating unit.

(ii) (Lease) receivables

Impairment on a receivable is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of the receivable. The amount of the impairment is the difference between the carrying amount and the recoverable amount, being the value of expected cash flows, including amounts recoverable from guarantees and collateral.

For a finance lease, the lessor recognises lease receivables rather than the leased asset itself. In an annual assessment it is determined whether there is any objective evidence that a financial asset is impaired or uncollectable. The occurred impairment is the difference between the carrying value of the asset and the present value of the expected future cash flows, discounted at the original effective interest rate.

Impairment loss on receivables is recognised in the income statement and is separately disclosed as part of net finance income.

(iii) Non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be 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 cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

(iv) Assets carried at amortised cost

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant.
If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

(v) Assets classified as available-for-sale

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition costs and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit and loss, the impairment loss is reversed through the income statement.

(vi) Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of all other assets, an impairment loss 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 T – Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are the Group's sources of debt funding and relate to borrowings from financial institutions, funds entrusted, debt securities issued and subordinated loans. Interest-bearing loans and borrowings are recognised initially at fair value plus any transaction costs attributable to these loans. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at their amortised cost using the effective interest rate method. Any difference between cost and redemption value is recognised in the income statement over the term of the loans and borrowings.

Note U – Dividends

Dividends are recognised as a liability in the balance sheet in the period of approval by the shareholders.

Note V – 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.

(i) Damage risk provision

The damage risk provision for third-party liability and damages outstanding relating to the self-insured vehicle fleet is calculated on the basis of the damages history and technical insurance principles. The amount of the provision also includes an allowance for losses incurred but not yet reported ("IBNR").

Reinsurance assets are balances due from reinsurance companies for ceded insurance liabilities and are shown separately and are not offset against the related insurance liabilities. Annually the Group as assignor assesses whether its amounts recoverable under a reinsurance contract are impaired. The focus of the test is credit risk, which arises from the risk of default by the reinsurer and also from disputes regarding coverage.

Damages outstanding comprise provisions for the Group's estimate of the ultimate cost of settling all damages incurred but unpaid at the balance sheet date whether reported or not and related internal and external damages handling expenses and an appropriate prudential margin. Damages outstanding are assessed by reviewing individual damages and making allowances for IBNR, the effect of both internal and external foreseeable events, such as changes in damage handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Anticipated reinsurance recoveries are presented separately as assets. Reinsurance and other recoveries are assessed in a manner similar to the assessment of damages outstanding. Provisions for damages outstanding are discounted at a risk free rate of interest where there is a particularly long period from incident to damage settlement and where there exists a suitable damage pattern from which to calculate the discount.

(ii) Miscellaneous provisions

Miscellaneous provisions include amounts for litigation and claims as well as onerous contracts. For litigation and claims the best estimate of the future outflow of resources has been recognised. 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 W – Cash flow statement

Only the cash flows of transactions are reported in the cash flow statement. For transactions where income and expenses are recognised in one period but cash flows occur in another, adjustments are made. Cash flows in foreign currencies are translated into the reporting currency at the average rate of exchange for the year, unless the exchange rate in effect on the date of the cash flow is materially different from the average exchange rates used. Where the balance of items in the cash flow statement does not correspond to the movements in the relevant balance sheet items this is mainly due to differences in translation.

(i) 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. Operating cash flows are calculated indirectly by adjusting the net profit or loss for the period for non-cash items and for investing and financing items. As the main operating activity of the Group is to provide operational and financial leases, cash payments to acquire underlying assets under operational 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.

(ii) Investing cash flows
Investing activities include cash payments to acquire underlying assets under other property and equipment, intangible assets and other long-term assets. Investing activities also include cash payments and cash receipts relating to acquisition and disposal of equity interests in associates and jointly controlled entities.

(iii) 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 other banks, loans, debentures and share capital. Financing activities also include cash payments and cash receipts relating to acquisition and disposal of debt interests in associates and jointly controlled entities.

Dividends paid are classified separately and are included in financing cash flows. Cash flows relating to derivatives are classified according to the underlying hedged items.

(iv) Cash and balances with central 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, cash at banks, call money and bank overdrafts that are repayable on demand and form an integral part of the Group's cash management. Call deposits with an original term of three months or less and bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and balances with central banks for the purpose of the statement of cash flows.

(v) Acquisitions and disposals
Cash flows in respect of acquisition or disposal are separately disclosed and classified as an investing cash flow. The amount reported is net of any cash included in the entity acquired or disposed of. The amount of cash in the entities acquired or disposed of is disclosed in the notes, together with the value of the consideration given or received. Cash flows from acquired companies are consolidated in the cash flow statement from the date of acquisition.

(vi) Discontinuing operations
Net cash flows relating to discontinuing operations are disclosed in the related notes. The cash flows are classified as operating, investing and financing.

Note X – Segment reporting
Segment reporting is based on the internal reporting to the Group's key management (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. Consequently, segment information is presented in the consolidated financial statements in respect of the Group's leasing activities and corporate support activities.

Leasing activities comprise the main activity of the Group which is providing fleet management services including the purchase, financing, maintenance and remarketing of vehicles. The Group offers a mono-line product through all of its 30 LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. As a result the subsidiaries are grouped in categories based on maturity of the market and to a lesser extent maturity of the subsidiary.

Corporate support activities provide services in the area of treasury, damage risk retention, procurement and infrastructure to support the leasing activities.

Note Y – Critical accounting estimates, assumptions and judgements
Preparation of the consolidated statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities. These include, but are not limited to the following areas:

(i) Impairment of goodwill and intangible assets
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.

(ii) Impairment of (leased) assets
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 operational 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 object or cash generating unit.

The vehicle's future value forms a significant part of the future cash flows and statistical models and calculations (regression analysis) are used to calculate this 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.

(iii) Review of depreciable amount and depreciation period of (leased) assets
The basis for the depreciation of a lease contract is the investment value at cost less the estimated residual value as included in the contract in combination with the contract duration. A change in these accounting estimates leads to a change in depreciation that has an effect in the current period and/or is expected to have an effect in subsequent periods. The risk is influenced by many internal and external factors.

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.

(iv) Impairment losses on (lease) receivables
The Group reviews its outstanding receivables in its lease portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of a lease portfolio before the decrease can be identified with an individual lease contract in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or in national or local economic conditions that correlate with defaults on assets in the Group.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. This method is fully aligned with Basel II and makes use of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(v) Post-employment benefits
The actuarial valuation of post-employment 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 as a result of changes in economic and market conditions.

As the Group applies the corridor approach on the recognition of actuarial gains and losses, changes in estimates have a limited impact on the income statement as any excess above the corridor (10% of the higher of the plan assets and projected benefit obligations) will be amortised over the remaining service years.

(vi) Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(vii) Held-to-maturity assets
The Group follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than in specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value and not at amortised cost.

Note Z – Comparatives

Where this is necessary, comparative figures have been adjusted to conform to changes in presentation in the current year, arising from the adoption of new accounting policies, after discussions with various stakeholders, and from improvements of disclosures. The adjustments made neither have an impact on profit for the year nor on total equity. The adjustments can be summarised as follows:

(i) Income statement
- Inclusion of proceeds from sale of cars and trucks from terminated lease contracts as 'Revenue' (EUR 2.0 billion) and the corresponding carrying amount as 'Cost of revenue' (EUR 2.1 billion).

(ii) Balance sheet
- Transfer of cars and trucks from the caption 'Property and equipment under operational lease and rental fleet' to the caption 'Inventories' when these cease to be rented or leased and become held-for-sale amounting to EUR 196 million (previously included in the caption 'Assets held-for-sale').

- Transfer of the caption ‘Reinsurance assets’ to the caption ‘Other receivables and prepayments’ (EUR 29.5 million).
- As a result of the above changes a balance sheet as of the beginning of the earliest comparative period was added in accordance with IAS 1.39.

(iii) Cash flow statement
Since the comparatives for the balance sheet and the income statement changed as of 2009 certain elements of the cash flow statement changed accordingly. Furthermore a number of non-cash adjustments were added to more specifically reflect the cash flows of operating, financing and investing activities. The most significant changes are:
- Allocation of the effect of translation of foreign currencies (EUR 530 million) to the applicable cash flows.
- Presentation of purchases (EUR 5.7 billion) and disposals (EUR 2.0 billion) of objects under operational leases as cash flows from operating activities instead of cash flows from investing activities.
- Presentation of acquired (EUR 1.2 billion) and repaid (EUR 1.1 billion) finance leases as cash flows from operating activities instead of cash flows from investing activities. Loans to associates and jointly controlled entities are separated from these cash flows as these relate to investing activities.
- Interest income and expenses are presented as non-cash adjustments instead of cash flows from borrowings and repayments of financial institutions.
- Fair value changes of derivatives are presented as non-cash adjustments instead of cash flows presented in increase/decrease in other financial assets.

(iv) Liquidity risk
- Inclusion of the gross cash flows related to future interest payments amounting to EUR 544 million (see the financial risk section ‘Liquidity risk’).

(v) Taxation
- Inclusion of a reconciliation between the balance sheet movements in current and deferred income tax and the current and deferred income tax in the income statement (see note 9 and note 20).
- Disclosure of the amount that was recognised in the caption ‘Other comprehensive income’ during the period (EUR 195 million charge for cash flow hedges and EUR 9.2 million for net investment hedges) and the corresponding income tax gain (EUR 25.6 million and EUR 2.3 million respectively) - (see note 9).
- Disclosure of the amount that was reclassified from equity to profit and loss for the period (EUR 1.4 million gain) and the corresponding income tax charge (EUR 0.4 million) - (see note 9).

(vi) Pensions
- Reclassification in the income statement disclosure on staff expenses in relation to the pension costs for defined benefit plans and defined contribution plans (see note 6).
- Additions to the disclosure on the provision for post-employment benefits (see note 28).

(vii) Property and equipment under operational lease and rental fleet
- The future minimum lease payments under non-cancellable operational leases in aggregate are adjusted as a result of a further assessment. The total future minimum lease payments increased with EUR 0.5 billion (see note 18).

(viii) Company financial statements
- Alignment of the Company balance sheet with model K pursuant to the provision in Part 9, Book 2, of the Netherlands Civil Code.
- Increase by EUR 122 million of legal reserves as per 1 January 2009 resulting from a further assessment of local statutory requirements regarding distribution of reserves (see note 13 of the Company financial statements).

Financial risk management

Introduction

This section presents information about the Group's exposure to a number of financial and operational risks, the Group's objectives, policies and processes for measuring and managing these risks and the Group's management of capital. In line with IFRS 7 various disclosures on the Group's financial assets and liabilities are included in this section. The fact that the Group is mainly transacting operational leases, which under IFRS do not qualify as financial assets, results in a significant difference between financial assets and financial liabilities, which is illustrated in the table below.

In thousands of euros	2009	2008
Financial assets		
Derivative financial instruments	275,154	231,901
Receivables from financial institutions	1,313,641	881,719
Receivables from clients	2,543,176	2,772,917
Financial assets held-to-maturity	-	369,299
Rebates and bonuses and commissions receivable	140,479	168,668
Reclaimable damages	32,590	36,624
Interest to be received	2,962	10,456
Loans to associates and jointly controlled entities	232,849	230,780
Assets held-for-sale (including assets of a disposal group)	13,146	19,924
Total financial assets	**4,553,997**	**4,722,288**
Total non-financial assets	**12,572,217**	**12,976,524**
Total assets	**17,126,214**	**17,698,812**
Financial liabilities		
Borrowings from financial institutions	2,379,435	3,822,517
Funds entrusted	217,622	1,645,211
Debt securities issued	10,068,550	7,989,033
Derivative financial instruments	480,385	359,434
Subordinated loans	268,750	498,381
Trade payables	441,851	556,645
Interest payable	122,836	100,651
Liabilities of a disposal group classified as held-for-sale	2,417	2,597
Total financial liabilities	**13,981,846**	**14,974,469**
Total non-financial liabilities	**1,526,033**	**1,340,271**
Total liabilities	**15,507,879**	**16,314,740**
Difference financial assets and financial liabilities	**-9,427,849**	**-10,252,181**

This difference is further elaborated on below in the Group's exposure to currency risk, interest rate risk and liquidity risk.

A. Strategy in using financial instruments

The Group's activities are principally related to the leasing of vehicles. The Group accepts and offers lease contracts to clients at both fixed and floating interest rates, for various periods and in various currencies. 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 foreign exchange rates. The risk control is important to continuously meet the solvency and liquidity requirements and targets as set by the Dutch Central Bank and as expected by external stakeholders. The Group uses various non-derivative and derivative financial instruments to achieve that goal.

Derivatives are financial instruments, of which the value changes in response to the change in an underlying variable. Derivatives require little to no initial investment and are settled at a future date. Under IFRSs derivatives are initially and subsequently recognised on the balance sheet at their fair value. Examples of derivatives used by the Group are forward rate agreements, interest rate swaps and currency swaps. Derivative transactions are contracted to hedge the interest rate and foreign exchange rate exposures associated with the funding of lease contracts. In particular the interest rate swaps cover the interest rate positions between lease contracts and borrowed funds and currency swaps cover the mismatch between the currency structure of leased contracts and borrowed funds.

The operational lease portfolio has not been designated to fair value hedge following IAS32 AG9. The Group has applied cash flow and fair value hedges of the interest rate risk and other types of market risks on the issued debt securities and other borrowings to mitigate both current and future income statement volatility arising due to the variability of cash flows attributable to foreign exchange and interest rate movements, and due to the exposure to changes in fair values of recognised liabilities.

(i) Cash flow hedges

The company 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 swap and money market rates. In cash flow hedging, the hedged risks are future changes in cash flows stemming from anticipated repricings and/or roll-overs of borrowings due to interest rate movements. To apply highly effective cash flow hedges the forecasted cash flows, which are subject to a hedge, must be 'highly probable'. Based on the business activity of the Group and the financial/operational ability of the Group to carry out the transactions, the likelihood that forecasted cash flows will take place is very high. These forecasted cash flows are expected to occur and to affect the income statement in the period 2010-2014.

The Group applies a cash flow hedge 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.

(ii) Fair value hedges

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 risk fully offsets the changes in fair value of the receive leg of the derivative transaction (interest rate swap or currency interest rate swap). In other words, 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 constantly being adjusted for gains/losses that are attributable to the risk being hedged. This adjustment is booked in the income statement, where it offsets the remeasurement of the fair value of the hedging instrument that is also recorded in the income statement.

The contracted notional amounts of derivatives are listed below:

In millions of euros	< 1 year	1-5 years	> 5 years	Total
Interest rate contracts				
Swaps	9,406	14,292	2,872	26,570
Forwards	-	-	-	-
Currency contracts				
Swaps	2,223	899	-	3,122
Forwards	-	-	-	-
Total as at 31 December 2009	**11,629**	**15,191**	**2,872**	**29,692**
Total as at 31 December 2008	**10,520**	**8,012**	**104**	**18,636**

The above amounts provide an indication of the size of the contracts but do not indicate the extent of the cash flows and risks attached to derivatives. In determining the capital adequacy requirement, both existing and potential future credit risk is taken into account. The current potential loss on derivatives, which is the fair value based on market conditions at 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 non-weighted credit risk is risk weighted based on the credit rating of the counterparty and the original term.

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

The table below lists the outstanding credit risks:

In millions of euros	Positive replacement cost	Potential future credit risk	Total non-weighted	Risk weighted
Interest rate contracts	249	54	303	120
Currency contracts	26	12	38	11
Total as at 31 December 2009	**275**	**66**	**341**	**131**
Total as at 31 December 2008	**232**	**78**	**310**	**75**

The increased positive replacement costs in interest rate contracts in 2009 are a reflection of the increased volume in interest derivatives and the market volatility in interest rates.

B. Capital adequacy

To monitor the adequacy of its capital the Group uses ratios established by the Basel Committee of the Bank for International Settlements (BIS). These ratios measure capital adequacy by comparing the Group's eligible capital with its balance sheet assets, off-balance sheet commitments, both at weighted amounts to reflect their relative risk, and operational risk profile. In November 2008 the Company received approval from the Dutch Central Bank to use the Advanced Internal Ratings Based Approach (AIRB) for credit risk and the Advanced Measurement Approach (AMA) for operational risk, for determining the risk weighting.

Credit risk, mainly in the form of leases to clients, is risk weighted based on the outcome of models as developed by the Group. These models are developed based on defined rules as set out by the Basel Committee (and as laid down in the Capital Adequacy Directive) and are continuously tested for their predictive quality. Annually these models are being validated by external parties. The models for credit risk relate especially to the determination of:

- the probability of default (PD), being the likelihood of a client that is assigned a rating getting into default in the next twelve months (expressed in %);
- the loss given default (LGD), being the loss the Group historically has experienced to incur when a clients has defaulted (expressed in %); and

- the exposure at default (EAD), being the actual exposure to a client at the moment of measurement and expressed as expected amount if a client would go into default (in nominal currency represented by the remaining amortising book value of lease contracts).

The models for credit risk are applied to all client exposures, except those related to governments, banks and retail clients. For these exposures the Group applies the Standardised Approach of the Capital Adequacy Directive which prescribes fixed percentages for risk weighting depending on characteristics and conditions of the exposure. In respect of retail clients the Group is in preparation of implementing also an advanced model approach which will be finalised before December 2011. Current balance sheet exposure to retail clients is EUR 1.4 billion or 10.1% of total client exposures (2008: EUR 1.4 billion or 9.6% of total client exposures).

In respect of operational risk no balance sheet exposures exist. Therefore capital requirements for this risk are obtained from the outcome of the models that track historic losses and anticipate low frequency - high risk events and predict from this the capital that is needed to cover the maximum (operational) loss the Group could incur under extreme circumstances. The confidence level which is used for this calculation amounts to 99.9%.

For the calculation of risk weights of other on-balance sheet and off-balance sheet exposures the standard approaches as described in the Capital Adequacy Directive are used.

The eligible capital (BIS capital) that is compared against the risk weighted exposures of the Group consists of Tier 1 capital and Tier 2 capital. The Tier 1 capital is derived from the Group's total equity position. In order to arrive at the Tier 1 capital, adjustments to the total equity are required for the IFRS prudential filters (IAS 39) and a part of the acquisition related intangible assets (IFRS 3). The Tier 2 capital is represented by the subordinated loans concluded by the Company.

The following table analyses actual capital and the minimum required capital, which are based on Basel II (Pillar 1) and include the transitional capital floor, as at 31 December.

In millions of euros	2009		2008	
	Minimum required	**Actual**	**Minimum required**	**Actual**
Risk weighted assets (Basel II)		12,075		12,007
Risk weighted assets (Basel I capital floor)	12,753		14,686	
BIS capital	1,020	1,903	1,175	1,932
BIS ratio	8.0%	14.9%	8.0%	13.2%
Tier 1 capital		1,635		1,434
Tier 1 ratio		12.8%		9.8%

In monitoring the adequacy of its capital the Group is constantly reviewing the development in (risk weighted) exposures on the one hand and in eligible capital on the other hand. Stress testing forms a part of the afore-mentioned monitoring. Developments in (risk weighted) exposures typically represent movements in the portfolio's opportunities for growth of the Group's core business. The eligible capital will normally grow with profits made and retained.
The Company has a dividend policy that supports the maintenance of adequate capital ratios.

C. Credit risk

As a result of its normal business activities the Group is exposed to credit risk which is the risk that the counterparty will be unable to fulfil its financial obligations when due. This credit risk mainly relates to vehicles leased to clients, represented by the amortisation of leased vehicles that still needs to be invoiced in future lease rentals.

The Managing Board sets authority levels for every subsidiary, based on which each subsidiary is allowed to decide on client acceptance and renewal. Above the subsidiaries' authorities, the Group credit management function, the Group Credit Committee or the Credit Committee of the Supervisory Board makes the ultimate decision. The authorities granted are reviewed by the Group Credit Committee in its six-weekly meetings. The Company has an internally developed worldwide workflow application in place that enables the Group to efficiently and in accordance with granted authorities handle and monitor credit requests.

The Company has issued policies to subsidiaries, which regulate the governance of the local credit risk management organisation and set limits to industry sectors with which the Group can do business. Among others, subsidiaries are required to define their risk appetite and set their local limits in respect of counterparty and concentration risks, as well as the types of business and conditions thereof in local policies. Further policies and guidelines exist on the data and reports to be provided.

The Group Credit Committee discusses credit risk policies, quality checks on subsidiaries and internal audit findings, operational activities, portfolio development and management, developments in accounts receivable, watch accounts, provisions and model performance including stress testing results on a six-weekly basis.

The credit risk on a client is measured via an internal rating system that aims at distinction of clients in terms of the likelihood that a client will not be able to meet its obligations. This system also enables reporting on the overall creditworthiness of the client portfolio.

Exposures on receivables due are monitored on a monthly basis. A qualitative analysis of the overall credit exposures, defaults and losses is reported on a quarterly basis.

A summary of the approximation of the concentration of the financial assets in geographical sectors as at 31 December can be shown as follows:

In thousands of euros **Financial assets**	**Europe (euro)**	**Europe (non-euro)**	**Rest of the world**	**Total**
Derivative financial instruments	275,154			275,154
Receivables from financial institutions	1,170,984	109,255	33,402	1,313,641
Receivables from clients	768,587	714,952	1,059,637	2,543,176
Rebates and bonuses and commissions receivable	118,131	14,759	7,589	140,479
Reclaimable damages	30,541	1,772	277	32,590
Interest to be received	2,947		15	2,962
Loans to associates and jointly controlled entities	232,849			232,849
Assets held-for-sale	11,948	1,198		13,146
Total as at 31 December 2009	**2,611,141**	**841,936**	**1,100,920**	**4,553,997**
Total as at 31 December 2008	**2,720,734**	**827,682**	**1,173,872**	**4,722,288**

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

In thousands of euros **Financial assets**	**Financial institutions**	**Manu-facturing**	**Wholesale trade**	**Transport and public utilities**	**Public sector**	**Other industries**	**Total**
Derivative financial instruments	275,154						275,154
Receivables from financial institutions	1,313,641						1,313,641
Receivables from clients	146,855	737,242	395,319	213,766	125,393	924,601	2,543,176
Rebates and bonuses and commissions receivable						140,479	140,479
Reclaimable damages						32,590	32,590
Interest to be received	2,962						2,962
Loans to associates and jointly controlled entities						232,849	232,849
Assets held-for-sale						13,146	13,146
Total as at 31 December 2009	**1,738,612**	**737,242**	**395,319**	**213,766**	**125,393**	**1,343,665**	**4,553,997**
Total as at 31 December 2008	**1,304,890**	**806,629**	**416,457**	**247,283**	**464,949**	**1,482,080**	**4,722,288**

Credit risk management

The Group assesses the probability of default of individual lessees using internal rating tools tailored to the various categories of lessees. They have been developed internally and combine statistical analysis with credit authority judgement and are benchmarked, where appropriate, by comparison with externally available data. Clients of the Group are segmented into fourteen non-default rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. 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 if the performance of the models meets internal and external requirements. Annually, all models are validated by an external party. The Group's internal ratings scale and mapping of external ratings are:

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 table below summarises the credit rating of the relevant financial assets of the Group, except for the lease contract portfolio which includes both financial assets (financial leases) and non-financial assets (operational leases) as credit rating is performed on the total lease contract portfolio. The credit rating of the financial lease portfolio is, however, not substantially different from the credit rating of the total lease contract portfolio.

In millions of euros **External rating**	**Lease contract portfolio**	**Derivative financial instruments**	**Receivables from financial institutions**	**Financial assets held-to-maturity**
AAA to AA-	468	96	200	
A+ to A-	3,736	178	1,077	
BBB+ to BBB-	4,252	1	35	
BB+ to BB-	2,045			
B+ to B-	307			
CCC+ to C	9			
Unrated	2,804			
Total as at 31 December 2009	**13,621**	**275**	**1,312**	**-**
Total as at 31 December 2008	**14,204**	**232**	**882**	**369**

General notes

Loss given default or loss severity represents the Group's expectation of the extent of a loss should default occur. It is expressed as percentage loss of the exposure at the time a client is declared in default and typically varies by country and transactional features like the leased object. The average loss given default percentage applicable to the Group in 2009 amounted to 30%.

Information on past due and/or impaired financial assets as at 31 December can be shown as follows:

In thousands of euros	**Carrying amount**	**Neither past due nor impaired**	**Past due but not impaired**	**Impaired**	**Allowance for impairment**
Financial assets					
Derivative financial instruments	275,154	275,154			
Receivables from financial institutions	1,313,641	1,313,641			
Receivables from clients	2,543,176	2,351,614	182,298	99,959	-90,695
Rebates and bonuses and commissions receivable	140,479	140,479			
Reclaimable damages	32,590	32,590			
Interest to be received	2,962	2,962			
Loans to associates and jointly controlled entities	232,849	232,849		5,634	-5,634
Assets held-for-sale and discontinued operations	13,146			25,449	-12,303
Total as at 31 December 2009	**4,553,997**	**4,349,289**	**182,298**	**131,042**	**-108,632**
Financial assets					
Derivative financial instruments	231,901	231,901			
Receivables from financial institutions	881,719	881,719			
Receivables from clients	2,772,917	2,543,237	235,900	51,055	-57,275
Financial assets held-to-maturity	369,299	369,299			
Rebates and bonuses and commissions receivable	168,668	168,668			
Reclaimable damages	36,624	36,624			
Interest to be received	10,456	10,456			
Loans to associates and jointly controlled entities	230,780	230,780			
Assets held-for-sale and discontinued operations	19,924	3,062		31,302	-14,440
Total as at 31 December 2008	**4,722,288**	**4,475,746**	**235,900**	**82,357**	**-71,715**

Derivative financial instruments
In addition to its natural exposure to credit risk in the leasing of vehicles, the Group is also exposed to credit risk because of its use of derivative financial instruments and because of excess cash being deposited with banks. Both credit risks arising from the central Treasury operations are controlled by setting specific nominal limits for the limited number of financial institutions that such transactions are being concluded with and the requirement of minimal external rating grades that such counterparties are assigned.

Receivables from clients
Receivables from clients are individually assessed on indications for impairment. The sources for such indications can be internal, such as internal credit rating, payment behaviour and receivable ageing or external, such as external credit ratings and solvency information. Impairment is recognised when collection of receivables is at risk and when the recoverable amount is lower than the carrying amount of the receivable, also taking into account any security collateral. Receivables from clients less than 90 days past due are not considered to be impaired, unless other information is available to indicate the contrary. Gross amounts of receivables from clients that were past due but not impaired were as follows:

In thousands of euros	2009	2008
Receivables from clients past due, but not impaired		
Past due up to 90 days	147,452	192,955
Past due between 90 - 180 days	14,352	19,917
Past due over 180 days	20,494	23,028
Total	**182,298**	**235,900**

Receivables from clients impaired and the allowance for impairment were as follows:

In thousands of euros	2009		2008	
Impaired loans and receivables from clients	**99,959**		**51,055**	
Provision on clients/percentage provided for	78,406	78%	45,987	90%
Expected loss provision	12,289		11,288	
Total allowance for impairment	**90,695**		**57,275**	

The total impairment allowance for loans and receivables is EUR 90.7 million (2008: EUR 57.3 million) of which EUR 78.4 million (2008: EUR 46.0 million) represents the impaired receivables and the remaining amount of EUR 12.3 million (2008: EUR 11.3 million) represents the expected loss provision as determined in line with Basel II. When calculating the expected loss at year-end 2009 and 2008 (i) the PD for corporate clients was set one notch below current level to reflect the expected impact of the current economic circumstances in the Group's ratings in the coming year; and (ii) the LGD was set 5% above current level to reflect the decreased level in used vehicle sales proceeds and increased non-collectable amounts in case of defaults. Reference is made to note 13 to the consolidated balance sheet.

Loans to associates and jointly controlled entities
Credit risk for the Group arises on lending to associates and jointly controlled entities. The underlying business of the respective associates and jointly controlled entities is very similar to the Group's core activities conducted through subsidiaries. In shareholder agreements the Group has agreed with its respective partners the ability to provide debt funding under specific credit documentation. Such provision of credit is committed and established limits are reviewed regularly. In the control on its investments in associates and jointly controlled entities, the Group also monitors and manages its credit exposures to such ventures.

The impairment relates to loans to Overlease, a jointly controlled entity in Italy. In June 2009 the shareholders of Overlease have decided to enter into a liquidation scenario for this entity. As a result it is expected that Overlease will not be able to fully repay loans received from the Group.

Assets held-for-sale and discontinued operations
The impaired assets held-for-sale are the assets of the Mox Group and the carrying amount of Excelease, a joint venture in Belgium. The Mox Group and Excelease are measured at the lower of their carrying amount and the fair value less cost to sell which resulted in an impairment amounting to EUR 12.3 million at year-end 2009 (2008: EUR 14.4 million). Reference is made to note 22 to the consolidated balance sheet.

D. Asset risk

Assets risk is used within the Group as a combination of residual value risks and risks on repair and maintenance and tyre replacement. The most important risk under asset risk is the residual value risk. Residual value risk is the Group's exposure to potential loss due to the resale values of assets declining below the estimates made at lease inception. The risk related to repair, maintenance and tyres is the Group's exposure to potential loss due to the actual costs of the services repair and maintenance and tyres (over the entire contractual period) exceeding the estimates made at lease inception.

The residual value, being the estimated value of a vehicle at the end of the lease, is a market risk in that it may differ from the vehicle's future market price. The risk is influenced by both internal and external factors.

External factors, such as the supply of used vehicles, consumer preferences and confidence, foreign exchange rates, government policies and general economic circumstances such as the impact of the credit crunch, cannot be controlled. Internal factors, such as the calculation of residual values and management actions during the term of the lease can be controlled. Statistical models and calculations (i.e. regressions) are used to calculate a vehicle's future value as accurately as possible. Each country uses special systems and approaches to estimate the residual value at the end of the contract taking into account country specific aspects.

The Group has a robust policy in place with respect to residual value risks. This policy seeks to ensure that an adequate residual value risk management framework for local Group companies exists. This policy describes among other things the roles and responsibilities with respect to residual value risk management, the mandatory frequency of risk measurement and reporting and the minimum standards with respect to risk mitigation for Group companies.
The Group has an advanced management information system that closely monitors changes in the contractual residual values used in lease contracts. On a quarterly basis relevant items are reported on a Group level.

On a quarterly basis all Group companies assess the exposures in their existing portfolios for future years and compare contracted residual values to the latest expectations of future market prices. With a view to the consolidated Group outcome of the assessment of expected residual value results in future years, an additional depreciation charge was taken in 2008 and 2009, which will in principle also have an effect in subsequent periods. Reference is made to note 2 and note 18 to the consolidated balance sheet.

In determining additional depreciation charges not only the outcome of the comparison between residual value and expected future market price is relevant. Also risk mitigating measures the Group is actively pursuing to manage residual value risk prior to, during and at the end of a lease contract is of importance. Examples of such measures are forward looking in respect of estimated numbers of early terminations, mileage variation adjustments to lease rentals, amounts of unfair wear and tear invoiced at contract termination and the effect these have on the risk position. Additional management actions and compensating elements as well as other risk bearing elements of the product (i.e. maintenance, tyres and repairs) are included in the Group's exposure and in the determination of additional depreciation charges.

Another uncertainty in assessing future residual value results is the impact of (changing) Governmental policies.
It is expected that in the near future governments within the European Union will continue to change taxation regimes with respect to the purchase and taxation of vehicles. It is likely, following environmental considerations, that current new car taxation policies will be replaced by policies entailing such environmental considerations. Among other things depending on the ultimate decisions made by governments in this respect, consumer confidence and resale values of used vehicles might be influenced. The Group monitors this exposure on a continuous basis and adjusts its residual values for new leases accordingly. New leases are originated for original terms of 3-4 years, but are in practice also regularly adjusted during the term of the lease or are early terminated. Therefore the Group's exposure to changes in governmental policies and its resulting impact on future vehicle market prices is important, but also considered manageable on a total portfolio basis. In case of sudden, unexpected changes in Governmental policies that affect also the existing fleets of cars, the Group has contractually agreed with clients that so caused extra costs for amortisation are passed on to clients.

The total book value, of the operational and financial lease portfolios, that represent the agreed (future) residual value approximates to EUR 8.0 billion at the end of December 2009 (2008: EUR 8.3 billion). Besides these funded vehicles the Group has also provided residual value commitments for non-funded vehicles up to an amount of EUR 0.3 billion (2008: EUR 0.3 billion).

Not to the entire amount of EUR 8.0 billion is the Group effectively exposed, since part of this represents its finance lease portfolios. On the remaining amount that the Group is exposed to risk mitigating measures inside and outside the contract as described above have an important (reducing) impact. Taking also into account the geographical and make/model diversification of the Group's portfolio of vehicles, it is appropriate to conclude that the Group is well capable of managing volatility in used vehicle prices and that not every percentage-point reduction in such prices will feed into the Group's income statement.

E. Currency risk

Currency risk entails the risk that currency fluctuations have an adverse impact on the Group's result. The Group has a limited exposure to effects of fluctuations in foreign exchange rates on its financial position and cash flows. The main cause for this limited exposure is that nearly all debt funding, directly or via derivatives, is concluded in the currency in which assets are originated. Also the Group's capital is allocated to the currencies in which assets are denominated. Limits are set on the level of capital versus assets in each currency and groups of currencies that are linked, thereby protecting the capital adequacy ratios of the consolidated balance sheet against foreign exchange rate movements.

The Group is present in 30 countries in and outside the euro currency zone. With the euro as its functional currency the Group is therefore exposed to translation risk. This risk is the volatility in the euro value of its non-euro subsidiaries, both for equity and result for the year. On the basis of a going-concern approach this risk is not hedged. The main reason for not hedging the absolute euro equity value of non-euro subsidiaries is to protect balance sheet ratios. The exposure in Group equity to the non-euro subsidiaries is managed in relation to assets in the same respective currency originated by the non-euro subsidiaries. Thereby the balance sheet ratios are managed on a neutral basis, not being impacted by foreign exchange rate movements. In view of such limited exposure to effects of fluctuations in foreign exchange rates on its financial position the Group has not performed a sensitivity analysis on the impact of such fluctuations.

The table below summarises the Group's exposure to currency risk as at 31 December.

In thousands of euros	EUR	GBP	USD	Other	Total
Financial assets					
Derivative financial instruments	237,117	6,065	17,402	14,570	275,154
Receivables from financial institutions	1,154,699	118,001	25,672	15,269	1,313,641
Receivables from clients	768,587	255,476	713,739	805,374	2,543,176
Rebates and bonuses and commissions receivable	118,132	5,369	4,999	11,979	140,479
Reclaimable damages	30,541	5		2,044	32,590
Interest to be received	2,947			15	2,962
Loans to associates and jointly controlled entities	220,167		4,167	8,515	232,849
Assets held-for-sale	11,948	1,198			13,146
Total as at 31 December 2009	**2,544,138**	**386,114**	**765,979**	**857,766**	**4,553,997**
Financial liabilities					
Borrowings from financial institutions	1,574,170	250,781	1,736	552,748	2,379,435
Funds entrusted	217,564			58	217,622
Debt securities issued	7,285,346	281,446	2,093,133	408,625	10,068,550
Derivative financial instruments	365,664	62,367	3,392	48,962	480,385
Subordinated loans	268,750				268,750
Trade payables	310,895	9,538	19,358	102,060	441,851
Interest payable	95,666	845	8,400	17,925	122,836
Liabilities held-for-sale	2,417				2,417
Total as at 31 December 2009	**10,120,472**	**604,977**	**2,126,019**	**1,130,378**	**13,981,846**
Net on-balance sheet financial position	**-7,576,334**	**-218,863**	**-1,360,040**	**-272,612**	**-9,427,849**
As at 31 December 2008					
Total financial assets	2,546,410	298,710	919,207	957,961	4,722,288
Total financial liabilities	11,938,317	1,186,621	46,357	1,803,174	14,974,469
Net on-balance sheet financial position	**-9,391,907**	**-887,911**	**872,850**	**-845,213**	**-10,252,181**

F. Interest rate risk

Interest rate risk is the risk that the profitability of the Group is affected by movements in interest rates. The level of risk is illustrated by interest margins on existing contracts increasing or decreasing purely as a result of movements in interest rates. Exposure to interest rate risk is a key feature of the Group's main product. Each lease contains, sometimes exclusively, a financing dimension and interest rates are set individually at the inception of every single lease.

The table below summarises the Group's exposure to interest rate risks for currencies in which such risks exists. The risk measurement methodology is based on a 'Money at Risk' philosophy, whereby the outstanding interest exposures are clustered per currency in time buckets. In addition any (interest rate) derivatives concluded to manage interest rate risk exposures are included.

In thousands of euros	0-3 months	3-12 months	1-5 years	> 5 years	Non-interest bearing	Total
Financial assets						
Derivative financial instruments					275,154	275,154
Receivables from financial institutions	745,171	283,956	243,548	4	40,963	1,313,642
Receivables from clients	1,663,715	574,019	231,018	74,424		2,543,176
Rebates and bonuses and commissions receivable					140,479	140,479
Reclaimable damages					32,590	32,590
Interest to be received					2,962	2,962
Loans to associates and jointly controlled entities	112,987	106,295	13,566			232,848
Assets held-for-sale					13,146	13,146
Total as at 31 December 2009	**2,521,873**	**964,270**	**488,132**	**74,428**	**505,294**	**4,553,997**
Financial liabilities						
Borrowings from financial institutions	1,489,827	652,904	236,528	10	166	2,379,435
Funds entrusted	22,140	52,676	135,036	7,770		217,622
Debt securities issued	2,466,818	2,517,782	5,105,872		-21,922	10,068,550
Derivative financial instruments					480,385	480,385
Subordinated loans			269,330		-580	268,750
Trade payables					441,851	441,851
Interest payable					122,836	122,836
Liabilities held-for-sale					2,417	2,417
Total as at 31 December 2009	**3,978,785**	**3,223,362**	**5,746,766**	**7,780**	**1,025,153**	**13,981,846**
Interest gap	**-1,456,912**	**-2,259,092**	**-5,258,634**	**66,648**		
Derivative financial instruments						
Assets	19,852,742	1,408,989	7,536,598	857,770		29,656,099
Liabilities	17,619,636	4,057,536	7,251,890	762,050		29,691,112
Interest gap	**2,233,106**	**-2,648,547**	**284,708**	**95,720**		
Total interest gap	**776,194**	**-4,907,639**	**-4,973,926**	**162,368**		
As at 31 December 2008						
Total financial assets	2,223,362	771,456	664,554	74,836	988,080	4,722,288
Total financial liabilities	9,067,939	2,060,570	2,719,306	124,010	1,002,644	14,974,469
Interest gap	**-6,844,577**	**-1,289,114**	**-2,054,752**	**-49,174**		
Derivative financial instruments						
Assets	15,938,855	1,251,067	2,255,605	145,516		19,591,043
Liabilities	10,590,296	2,733,715	5,950,788			19,274,799
Interest gap	**5,348,559**	**-1,482,648**	**-3,695,183**	**145,516**		
Total interest gap	**-1,496,018**	**-2,771,762**	**-5,749,935**	**96,342**		

The overall interest gap mirrors the interest rate maturity profile of the operational lease portfolio, which as a non-financial asset is not included in the table above. In relation to its overall balance sheet size the Group's interest rate risk exposures can be qualified as minimal. Stress testing takes place regularly on similar exposures during the year by analysing the profit and loss effect of a 200 basis points parallel yield curve shift in all currencies. At 31 December 2009 the annualised effect of such a change in interest rates would be almost EUR 5.7 million, which is equal to approximately 2.7% of profit before tax and would impact total equity accordingly.

The matching of the maturities, amounts, currency and repricing dates of interest bearing assets and liabilities for interest rate purposes is fundamental to the management of the Group and is defined in Group policies. The consistency of this policy is an important factor in the predictability of interest margins as a major income stream and in assessing the Group's exposure to changes in interest rates.

It is Group policy to match the interest rate risk profile of the contract portfolio of leases held by each subsidiary with a corresponding profile in the funding to minimise the interest rate risks at subsidiary level. This matching principle is monitored through interest rate gap reports, which are reported on a monthly basis to the Corporate risk department. Subsidiaries have interest bearing assets (mainly lease contracts) which are funded through interest bearing liabilities (loans) and non-interest bearing liabilities (net working capital and equity). Subsidiaries are limited to have for every future month end a maximum mismatch of 5% between their interest bearing assets and liabilities and on average a maximum of 2.5% mismatch for the full period.

Centrally interest exposures are consciously assumed and controlled by the central Treasury. The central Treasury provides loans to Group companies and attracts funds from the market in combination with (interest rate) derivatives for hedging purposes. To enable the central Treasury to achieve its economies of scale, smaller intercompany assets are packaged into larger size external funding transactions. Since some timing differences are unavoidable in this process, interest rate risk exposures are inherent to the central Treasury process. To control this risk, limits are set for the level of mismatch of interest rate repricing that may be undertaken per currency and time bucket. Exposures to limits are monitored daily by corporate risk management. Derivative financial instruments are concluded by the central Treasury as an end-user and are important and effective instruments in managing and controlling interest rate risk exposures.

In relation to the Group's financial assets and financial liabilities the exposures to interest rate risk fit within the overall profile as described above.

G. Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its obligations for (re)payments, due to a mismatch between the (re)financing of its assets and liabilities.

The Group is exposed to the risk that its liabilities require payment at a different moment in time than its assets turn into cash causing either a drain on the Group's available cash resources or creating excess liquidity. The Group cannot maintain cash resources to meet all liabilities of a going-concern. However, on the basis of a run-off of the existing, self-liquidating leased assets, the Group pursues to conclude liabilities for maturities that match or exceed this run-off profile. This policy of matched funding, not only from an interest rate perspective, but also from a liquidity perspective, has been pursued since 2002 because of a reduced use of interest rate derivatives and was accelerated in 2005 and 2006 as a reflection of LeasePlan's independent position in funding its current and future business.

During 2008 and the beginning of 2009 the Group has experienced significant challenges in maintaining this matched funding policy due to constraints beyond LeasePlan on the world's financial markets. In particular the fourth quarter of 2008 was difficult, although at the end of that quarter a successful two year bond issue was done with the support of a Dutch State guarantee. In the first half of 2009 the Group has on four occasions availed of the possibility to issue debt under this Dutch guarantee scheme (reference is made to note 26 to the consolidated balance sheet). The Dutch guarantee scheme is a public scheme, available for Dutch banks, subject to approval of the Dutch central bank. The scheme contains important terms and conditions that LeasePlan is comfortable to adhere to.

From a going-concern perspective the continuous (re)financing of new lease contracts is a major factor in managing liquidity risk for the Group. By structurally pursuing 'matched' funding on a consolidated basis for all new business, the Group's central Treasury reduces the liquidity risk on written lease contracts to a minimum.

As a precaution the continued access to financial markets for funding is backed up by a number of standby liquidity facilities to reduce the liquidity risk for the Group and to safeguard its ability to continue to write new business also when temporarily no new funding could be obtained.

Firstly a number of standby facilities have been concluded, both bilaterally with an individual bank (EUR 125 million maturing in October 2010) and EUR 1 billion with a syndicate of 25 highly rated banks (maturing in December 2011). None of these facilities include material adverse change clauses. During 2009 no calls were made on the available standby liquidity facilities. Furthermore in October 2008 the Group concluded a EUR 1.5 billion 3 year credit facility with Volkswagen A.G.

Secondly the Group concluded three securitisation transactions under the name of Bumper 1 (2006), Bumper 2 (2008) and Bumper 3 (2009).
Bumper 1 involved the sale of a major part of the lease portfolio (EUR 1.25 billion) of LeasePlan Nederland N.V. to the special purpose company LeasePlan Securitisatie B.V. Debt securities were issued by the special purpose company, Bumper 1 B.V. to finance this transaction. The lease portfolio has been sold and effectively pledged as security for the redemption and interest obligations on the debt securities.
Bumper 2 involved the sale of future lease instalment receivables and related residual value receivables (EUR 875 million) originated by LeasePlan Deutschland GmbH to the special purpose company Bumper 2 S.A. Debt securities were issued by Bumper 2 S.A. to finance this transaction.
Bumper 3 involved the sale of future lease instalment receivables and associated residual value receivables (GBP 887 million) originated by LeasePlan UK Ltd. to the special purpose company Bumper 3 Finance Plc. Debt securities in EUR and GBP were issued by this special purpose company to finance the transaction.
The notes issued under these transactions have all been bought by the Group's central Treasury. For further details on the transaction reference is made to note 4 of the Company financial statements.

The highest rated notes (rated AAA) under the transactions (EUR 1,120.5 million for Bumper 1, EUR 663.3 million for Bumper 2 and EUR 733.8 million for Bumper 3) are eligible to be used as collateral value when the Company engages as counterparty in monetary transactions with the European Central Bank (ECB). With regards to these notes the ECB requires a rating at the AAA/Aaa level from an external credit assessment institution at issuance. Over the lifetime of the notes, the single A minimum rating threshold would have to be retained. The underlying pool should not consist, in whole or in part, of tranches of other asset backed securities.

During 2008 and 2009 this ability has proven useful, in particular with the unrest in financial markets. At the end of 2009 EUR 1,115 million (2008: EUR 1,570 million) was borrowed from the ECB, which was secured with notes from the securitisation transactions.

The table below presents the contractual undiscounted cash flows payable of the financial liabilities of the Group in the relevant contractual maturity groupings. The cash flows do not reconcile to the balance sheet because the balance sheet amounts are based on discounted cash flows.

In thousands of euros	**0-3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Total**
Financial liabilities					
Borrowings from financial institutions	1,737,880	405,017	236,528	10	2,379,435
Funds entrusted	22,140	52,676	132,036	10,770	217,622
Debt securities issued	1,122,235	2,955,082	5,850,426	140,807	10,068,550
Subordinated loans			268,750		268,750
Trade payables	441,851				441,851
Liabilities held-for-sale	2,417				2,417
Future interest payments	156,265	287,787	457,611	159,379	1,061,042
Total as at 31 December 2009	**3,482,788**	**3,700,562**	**6,945,351**	**310,966**	**14,439,667**
Financial liabilities					
Borrowings from financial institutions	1,876,057	1,360,018	586,414	28	3,822,517
Funds entrusted	106,809	1,185,901	343,315	9,186	1,645,211
Debt securities issued	717,854	2,696,357	4,418,042	156,780	7,989,033
Subordinated loans			498,381		498,381
Trade payables	556,645				556,645
Liabilities held-for-sale	2,597				2,597
Future interest payments	110,275	179,576	122,833	130,971	543,655
Total as at 31 December 2008	**3,370,237**	**5,421,852**	**5,968,985**	**296,965**	**15,058,039**

For interest rate swaps and forward rate agreements the undiscounted cash flows 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, netted flow	-35,535	-96,942	50,072	107,947	25,542
Currency swaps inflow	2,016,351	703,906	631,164	-	3,351,421
Currency swaps outflow	-2,015,630	-729,043	-662,565	-	-3,407,238
Total as at 31 December 2009	**-34,814**	**-122,079**	**18,671**	**107,947**	**-30,275**
Interest rate swaps/forward rate agreements, netted flow	-2,100	-54,588	-120,635	48,222	-129,101
Currency swaps inflow	2,911,575	452,399	163,739	-	3,527,713
Currency swaps outflow	-2,774,739	-455,213	-161,957	-	-3,391,909
Total as at 31 December 2008	**134,736**	**-57,402**	**-118,853**	**48,222**	**6,703**

In the stress scenario that money market and debt capital market funding is unavailable, for a longer period of time, LeasePlan is able to repay maturing debt when it falls due on the basis of matched funding of existing assets. New business can be continued for a substantial period of time on the basis of the above backstop facilities in combination with available excess cash balances and overfunding of existing assets.

To control liquidity, risk limits are set for the central Treasury on the maximum amount of maturing borrowings per future month. By spreading out maturities peak drains on liquidity are avoided. In 2008 the Group was forced to accept a shortening of maturities in concluded borrowings due to the global unrest in financial markets. However, with successful Dutch State guaranteed issues having been done (late 2008 and in the first half-year of 2009), the Group is set to continue its policy to match the maturities of assets and liabilities and to spread the sources of its borrowings.

In addition to the Group's own internal policies and controls, liquidity risk is also supervised by and reported to the Dutch Central Bank on a monthly basis. The liquidity supervision by the Dutch Central Bank is focused on identifying available sources of liquidity and required liquidity.

The table below analyses available and required liquidity for a one week bucket and a one month bucket as at 31 December. The Dutch Central Bank set outs minimum liquidity level requirements for each period, by demanding that available liquidity exceeds required liquidity, according to their definitions, at all times.

In millions of euros	2009		2008	
	One week	**One month**	**One week**	**One month**
Available liquidity	2,075	3,650	2,146	4,047
Required liquidity	1,064	2,401	1,109	3,414
Surplus (minimum requirement is above nil)	**1,011**	**1,249**	**1,037**	**633**

H. Damage risk

As a result of its normal business activities the Group is exposed to damage risk which is the risk of damage to or invoked by cars managed by the Group. This damage risk refers to long-tail risks (motor third-party liability, TPL) and short-tail risks (motor material damage, passenger indemnity, and legal defence).

The tail of a risk indicates the length of time elapsing between the occurrence and the ultimate settlement of any damage relating to such risk. Short-tail risks (own damage) are normally run off in the course of a year whereas for long-tail risks (TPL) it can take years to identify and settle. These risks are either retained in own damage programmes by local Group companies, or by its own internal insurance company, Euro Insurances based in Dublin (Ireland). Euro Insurances is regulated by the Irish Financial Services Regulatory Authority and its 'European passport' enables it to support Group companies in all EU countries.

The overall approach is to selectively accept damage risk taking into account the best risk/return ratio. In principal the Group only accepts damage risk retention positions arising from its own operational and (to a lesser extent) finance lease portfolio. Damage specialists in each local Group company and Euro Insurances accept damage risk in accordance with the strict guidelines of a pre-agreed policy. These policies set out the scope and nature of the risks to be accepted (or not) as well as the authority rules. Special perils falling outside the scope of the policy are transferred to external insurance companies.

Settlement of damages is outsourced to specialised independent damage handling companies in accordance with the strict terms of a service level agreement and following a pro-active approach to damage handling, from expert investigation to early settlement at the lowest possible cost.

The Group monitors the damage risk acceptance process and the financial performance in each geography using actuarial and statistical methods for estimating liabilities and determining adequate pricing levels. Regular analysis of damage statistics, strict compliance with damage handling procedures and policies and when necessary, reviews of damage 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 risk is set in each market based on prevailing local market conditions after determining appropriate levels of (re)insurance cover and the expected costs of managing and settling damages. Regular external actuarial assessments support internal actuary assessments of the individual programme damage ratios, which are influenced by statistical evidence of accident frequency in the local market and the cost per large damage. These support the IBNR ('Incurred But Not Reported') factors used to determine appropriate reserve levels necessary to meet projected short and long-tail damages.

(Re)insurance cover is purchased by the Group on an excess of loss basis for the two principal risks, motor third-party liability and motor material damage, to minimise the financial impact of a single large accident and/or event. Reinsurers are selected on the basis of their financial strength, price, capacity and service and are monitored on a quarterly basis. A part of the insurance cover is channelled through the Group's reinsurance captive Globalines. The Group ensures that the damage risk policy's terms and conditions are mapped against the reinsurance cover in place in order to prevent any uncovered risks.

I. Fair value of financial instruments

The financial assets and liabilities held by the Group are not held for trading purposes, but are intended to be held-to-maturity. The Group does not manage its risk exposures related to operational and finance leases, financial assets, loan commitments and borrowings on a fair value basis, except for derivative 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 costs on the balance sheet as at 31 December.

In thousands of euros		Carrying value		Fair value	
		2009	**2008**	**2009**	**2008**
Financial assets					
Derivative financial instruments in hedge	(i)	124,642	33,195	124,642	33,195
Financial assets at fair value through the income statement					
Derivative financial instruments not in hedge	(i)	150,512	198,706	150,512	198,706
Loans and receivables					
To financial institutions	(ii)	1,313,641	881,719	1,313,795	883,210
To clients	(ii)	2,543,176	2,772,917	2,697,184	2,972,269
To associates and jointly controlled entities	(ii)	232,849	230,780	243,318	240,768
Rebates and bonuses and commissions receivable	(iv)	140,479	168,668	140,479	168,668
Reclaimable damages	(iv)	32,590	36,624	32,590	36,624
Interest to be received	(iv)	2,962	10,456	2,962	10,456
Assets held-for-sale	(v)	13,146	19,924	13,146	19,924
Held-to-maturity					
Financial assets held-to-maturity	(iii)	-	369,299	-	370,082
Total		**4,553,997**	**4,722,288**	**4,718,628**	**4,933,902**
Financial liabilities					
Derivative financial instruments in hedge	(i)	257,356	275,658	257,356	275,658
Financial liabilities at fair value through the income statement					
Derivative financial instruments not in hedge	(i)	223,029	83,776	223,029	83,776
Other liabilities measured at amortised cost					
Borrowings from financial institutions	(ii)	2,379,435	3,822,517	2,403,469	3,857,868
Funds entrusted	(ii)	217,622	1,645,211	216,690	1,727,392
Debt securities issued	(ii)	10,068,550	7,989,033	10,189,709	8,119,526
Subordinated loans	(ii)	268,750	498,381	270,453	524,559
Trade payables	(iv)	441,851	556,645	441,851	441,851
Interest payable	(iv)	122,836	100,651	122,836	100,651
Liabilities held-for-sale	(v)	2,417	2,597	2,417	2,597
Total		**13,981,846**	**14,974,469**	**14,127,810**	**15,133,878**

(i) Derivative financial instruments

The fair value of derivative financial instruments is based upon the method as stated under the table below.

(ii) Loans to financial institutions, clients and associates and jointly controlled entities, borrowings from financial institutions, funds entrusted, debt securities issued and subordinated loans

The fair value of these captions is in principle estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(iii) Financial assets held-to-maturity

The fair value of held-to-maturity investments is determined by reference to their quoted bid prices at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(iv) Other
For other receivables and other payables with a remaining life of less than one year the notional amount is deemed to reflect the fair value.

(v) Assets and liabilities held-for-sale
These assets and liabilities are valued at the lower of the carrying value and the fair value less cost to sell.

The table below summarises the Group's financial assets and financial liabilities which are measured at fair value on the balance sheet as per 31 December 2009, classified in three different levels (measurements).

In thousands of euros	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Derivative financial instruments in hedge		124,642		124,642
Derivative financial instruments not in hedge		150,512		150,512
Fair value adjustment attributable to hedged risk on non-derivative financial liabilities in fair value hedges		3,957		3,957
Other financial assets		-		4,134,975
Total financial assets	**-**	**279,111**	**-**	**4,414,086**
Liabilities				
Derivative financial instruments in hedge		257,356		257,356
Derivative financial instruments not in hedge		223,029		223,029
Fair value adjustment attributable to hedged risk on non-derivative financial liabilities in fair value hedges		38,573		38,573
Other financial liabilities				13,021,037
Total	**-**	**518,958**	**-**	**13,539,995**

The fair value of financial instruments which are traded in active markets is based on quoted market prices at the balance sheet date (level 1). 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 Group has no financial instruments that qualify for level 1.

The fair value of financial instruments which are not traded in an active market is determined by using valuation techniques. These instruments qualify for level 2. The Group calculates the fair value of the interest rate swaps using a discounted cash flow method, by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at measurement date, while taking into account the current creditworthiness of the swap counterparties.

The fair value of forward exchange contracts is based on their quoted market price at the balance sheet date, being the present value of the quoted forward price. If a listed market price is not available, then the fair value is estimated by discounting the difference between the contractual forward bid price and the current forward price for the remaining maturity of the contract using a risk-free interest rate (based on government bonds).

If the fair value is not based on observable market data, the financial instrument is included in level 3. The Group has no financial instruments that qualify for level 3.

Financial statements

Specific notes

Index specific notes to the consolidated financial statements

Specific notes to the consolidated financial statements

All amounts are in thousands of euros, unless stated otherwise

Note 1 – Segment reporting

In the financial year 2009 the Group adopted IFRS 8 'Operating segments'. Segment information for 2008 that is reported as comparative information for 2009 has been restated to conform to the requirements of IFRS 8. Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Group's key management (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the Group meet the definition of a reportable segment under IFRS 8.
Segment information is presented in the consolidated financial statements in respect of the Group's leasing activities and corporate support activities, which are the basis of segment reporting.

Leasing activities

Leasing activities comprise the main activity of the Group which is providing fleet management services including the purchase, financing, maintenance and remarketing of vehicles. The Group offers a mono-line product through all of its 30 LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. As a result the subsidiaries are grouped in categories based on maturity of the market and to a lesser extent maturity of the subsidiary. Segmentation is presented as follows:

Mature

The focus in this segment is on innovation of services and products as well as cost excellence by means of harmonisation and standardisation. Geographies in these segments are: United Kingdom, Spain, Portugal, the Netherlands, United States, Belgium, Germany, Australia, France and Italy.

Developing

The focus in this segment is on a seamless and efficient organisational structure. Geographies in this segment are: Norway, Denmark, Finland, Sweden, Switzerland, Ireland, New Zealand, Luxembourg, Austria, Czech Republic and Poland.

Start-up

The focus in this segment is on client segmentation and differentiation of services from competitors as well as on a high quality management and service excellence while investing in sales force. Geographies in this segment are: Brazil, Slovakia, Hungary, India, Greece, Turkey, Romania, United Arab Emirates and Mexico.

Group support activities

These activities provide services in the area of treasury, damage risk retention, procurement and infrastructure to support the leasing activities. Companies included are: LeasePlan Supply Services, LeasePlan Infrastructure Services, LeasePlan International, Euro Insurances as well as the Group's central Treasury and other support activities.

The segment reporting format reflects the Group's management and internal reporting structure and is based on the internal system of management accounting. The main purpose of the management accounting is to enable a comparison between leasing subsidiaries. This results in an allocation of income and expense from corporate support activities to the leasing activities as well as a zero equity assumption for the leasing activities in order to facilitate comparison. There are no asymmetrical allocations as both the leasing activities and the Group support activities are measured on the basis of the internal system of management accounting. The Group support activities allocate all relevant revenues and related costs in full to the leasing activities.

Segment revenues, operating income, operating expenses and operating result include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment assets include property and equipment under operational lease and rental fleet and amounts receivable under finance lease contracts.

Inter-segment pricing is determined on an arm's length basis. Internal segment revenues are not presented separately given their insignificance.

The segment and geographical information is presented in the tables below as per 31 December.

Segment	LeasePlan						Group support activities		Total	
	Mature		Developing		Start-up					
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Volume										
Number of vehicles	1,053,288	1,133,774	208,456	211,302	47,552	46,025	-	-	**1,309,296**	**1,391,101**
Nominal staff	4,408	4,590	881	899	362	360	420	400	**6,071**	**6,249**
Lease contracts	10,467,324	11,018,591	2,710,613	2,747,945	442,558	437,242	-	-	**13,620,495**	**14,203,778**
Profitability										
Revenues	4,809,969	5,110,075	928,991	889,938	203,913	146,381	47,059	16,998	**5,989,932**	**6,163,392**
Cost of revenues	4,368,190	4,570,935	829,772	787,362	193,200	128,492	71,983	56,992	**5,463,145**	**5,543,781**
Gross profit	**441,779**	**539,140**	**99,219**	**102,576**	**10,713**	**17,889**	**-24,924**	**-39,994**	**526,787**	**619,611**
Net finance income	**100,679**	**169,695**	**32,788**	**44,122**	**1,601**	**9,066**	**150,465**	**35,698**	**285,533**	**258,581**
Total operating and finance income	**542,458**	**708,835**	**132,007**	**146,698**	**12,314**	**26,955**	**125,541**	**-4,296**	**812,320**	**878,192**
Total operating expenses	**441,864**	**464,978**	**92,393**	**92,968**	**28,209**	**26,179**	**40,888**	**34,499**	**603,354**	**618,624**
Share of profit of associates	116	995	-19	-	411	-2,044	665	976	**1,173**	**-73**
Profit before tax	**100,710**	**244,852**	**39,595**	**53,730**	**-15,484**	**-1,268**	**85,318**	**-37,819**	**210,139**	**259,495**
Income tax expenses	16,198	50,213	8,613	10,671	-5,009	519	20,962	-9,421	**40,764**	**51,982**
Profit for the year from continuing operations	**84,512**	**194,639**	**30,982**	**43,059**	**-10,475**	**-1,787**	**64,356**	**-28,398**	**169,375**	**207,513**
Profit for the year from discontinued operations	-4,142	569	-	-	-	-	-	-5,619	**-4,142**	**-5,050**
Profit for the year	**80,370**	**195,208**	**30,982**	**43,059**	**-10,475**	**-1,787**	**64,356**	**-34,017**	**165,233**	**202,463**
Net finance income details										
Interest income	694,464	681,083	151,646	170,653	55,343	46,096	37,735	51,750	**939,188**	**949,582**
Interest expenses	542,371	503,425	116,646	125,643	51,787	37,673	-49,790	14,662	**661,014**	**681,403**
Net interest income	**152,093**	**177,658**	**35,000**	**45,010**	**3,556**	**8,423**	**87,525**	**37,088**	**278,174**	**268,179**
Impairment charges	96,030	46,726	4,205	2,952	1,571	1,077	438	981	**102,244**	**51,736**
Reversal of impairment	-44,616	-38,763	-1,993	-2,064	384	-1,720	-9	409	**-46,234**	**-42,138**
Net interest income after impairment charges	**100,679**	**169,695**	**32,788**	**44,122**	**1,601**	**9,066**	**87,096**	**35,698**	**222,164**	**258,581**
Other financial gains	-	-	-	-	-	-	63,369	-	**63,369**	**-**
Net finance income	**100,679**	**169,695**	**32,788**	**44,122**	**1,601**	**9,066**	**150,465**	**35,698**	**285,533**	**258,581**

Revenues and other key figures of the subsidiaries are distributed relatively evenly over the segments and in principal there are no individual subsidiaries that contribute more than 10% to the overall revenues except for LeasePlan in the Netherlands. The Netherlands is also the domicile country of the Group. Key figures for the Netherlands are: Revenues EUR 881 million (2008: EUR 947 million), Number of vehicles 117,960 (2008: 126,160), Staff 858 (2008: 859) and Lease contracts EUR 1.8 billion (2008: EUR 2.0 billion).

The Group is predominantly funded from central Treasury and therefore the majority of the Group's financial liabilities are included in the segment 'Group support activities'.

The geographical information is presented in the following table:

Geographical information	Total revenues		Lease contracts	
	2009	2008	2009	2008
Europe (euro)	4,045,664	4,337,210	8,369,585	8,982,789
Europe (non-euro)	1,262,474	1,264,257	3,323,102	3,349,197
Rest of the world	681,794	561,925	1,927,808	1,871,792
Total	**5,989,932**	**6,163,392**	**13,620,495**	**14,203,778**

Note 2 – Revenues and cost of revenues

Revenues comprise the various service components as included in the lease instalment, such as repair, maintenance and tyres, damage risk retention and depreciation, as well as the proceeds of the sale of cars and trucks from terminated contracts.

(i) Revenues

	2009	2008
Depreciation	2,641,637	2,587,002
Lease services	428,932	449,611
Management fees	188,952	201,427
Damage risk retention	482,155	488,239
Rental	202,087	218,584
Proceeds of cars and trucks sold	1,887,318	2,035,021
Other	158,851	183,508
	5,989,932	**6,163,392**

Damage risk retention includes EUR 95.5 million (2008: EUR 86.6 million) for Third Party Liability risk retained by Euro Insurances, the Groups own internal insurance company. Other includes bonuses earned in connection with costs recharged to clients and items of a one off nature like VAT refunds of older years as well as foreign exchange differences (except those on financial instruments) which amount to EUR 0.9 million loss (2008: EUR 0.5 million loss).

(ii) Cost of revenues

	2009	2008
Depreciation	2,594,838	2,555,876
Lease services	322,930	348,823
Damage risk retention	299,819	318,276
Rental	197,899	211,712
Carrying amount of cars and trucks sold	1,984,247	2,047,292
Other	63,412	61,802
	5,463,145	**5,543,781**

In view of the significant decreases in the used vehicle prices in some of the major geographies where the Group is active, prospective adjustments were made to the depreciation charges as a result of changes in the estimated residual value of the property and equipment under operational lease. For 2009 this resulted in an additional depreciation charge of EUR 27.0 million (2008: EUR 28.5 million). For 2010 additional depreciation charges of EUR 9.0 million are expected. Reference is made to note 18 and the financial risk section ('Asset Risk').

Note 3 – Interest and similar income

	2009	2008
Interest income on operational leases and rental fleet	771,596	756,505
Interest income on finance leases	114,179	127,855
Other	53,413	65,222
	939,188	**949,582**

Other includes mainly interest income on deposits placed by central Treasury with financial institutions. Furthermore other includes a gain of EUR 15.1 million resulting from the sale of bonds in 2009. Reference is made to note 14.

Note 4 – Interest expenses and similar charges

	2009	2008
Interest expense on debt securities issued	306,876	441,293
Interest expense on funds entrusted	119,003	158,463
Interest expense on subordinated loans	17,304	23,029
Other	217,831	58,618
	661,014	**681,403**

Other includes interest expense on Borrowings from financial institutions and the net interest on derivative financial instruments. Further 'Other' includes the unrealised gain on derivatives of EUR 30.4 million (2008: EUR 0.6 million unrealised loss) and the unrealised loss of financial liabilities used in fair value hedges of EUR 32.2 million (2008: EUR 11.1 million unrealised loss). Reference is made to note 11.

Note 5 – Other financial gains/(losses)

In June 2009 the Company repurchased below par part of the subordinated 10 year non-call 5 bond for a nominal amount of EUR 230 million resulting in a gain of EUR 63.4 million (2008: nil). Reference is made to note 29.

Note 6 – Staff expenses

	Note	2009	2008
Wages and salaries		284,816	274,526
Social security charges		45,159	44,072
Pension costs - defined contribution plans		17,905	18,668
Pension costs - defined benefit plans	28 (ii)	3,728	1,573
Other post retirement costs/(benefits)		534	1,539
Charge to/(release of) provision for share-based payments	28 (iii) (c)	-4	-305
Other staff costs		25,692	32,796
		377,830	**372,869**

The average number of staff employed (including temporary staff) by the Group during the year was 5,919 (2008: 5,969), of whom 858 (2008: 859) were employed in the Netherlands. At year-end the nominal number of staff employed by the Group was 6,071 (2008: 6,249).

The breakdown of post-employment benefits is as follows:

	2009	2008
Current service costs	2,405	1,565
Interest costs	2,847	2,971
Expected return on plan assets	-2,127	-2,463
Curtailment effect	-	-496
Amortisation of actuarial (gains)/losses	603	-4
Pension costs - defined benefit plans	**3,728**	**1,573**
Pension costs - defined contribution plans	17,905	18,668
Total pension costs	**21,633**	**20,241**
Other post-retirement costs/(benefits)	**534**	**1,539**

The comparative figures for pension costs in both of the above tables have been reclassified whereby the pension costs for defined benefit plans were decreased by EUR 8.1 million, the pension costs for defined contribution plans were increased by EUR 9.6 million and other post-retirement costs were reduced by EUR 1.5 million.

For information on this reclassification and on the actuarial assumptions reference is made to note 28 (ii).

Note 7 – General and administrative expenses

This item includes office overheads, automation costs, advertising costs, professional fees and other general expenses.

Note 8 – Depreciation and amortisation

	Note	2009	2008
Depreciation other property and equipment	19	25,296	24,440
Amortisation intangible fixed assets	21	9,544	10,940
		34,840	**35,380**

Note 9 – Income tax expenses

The income tax expense in the income statement can be shown as follows:

	Note	2009	2008
Current tax			
Current tax on profits for the year		74,310	24,348
Adjustments in respect of prior years		-827	-
Recognition of tax deductible goodwill		-49	-16
Total current tax		**73,434**	**24,332**
Deferred tax			
Origination and reversal of temporary differences		-33,441	31,914
Recognition of tax deductible goodwill		-389	-5,017
Changes in tax rates		-109	937
Non-deductible expenses or non-taxable income prior years		1,269	-184
Total deferred tax	20	**-32,670**	**27,650**
Income tax expenses		**40,764**	**51,982**

Further information on deferred income tax assets and liabilities is presented in note 20.

Reconciliations of effective tax rate

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 home country (25.5%) of the parent and is as follows:

	2009	2008
Profit before tax	210,139	259,495
Tax calculated at a tax rate of 25.5% (2008: 25.5%)	53,585	66,171
Effect of different tax rates in foreign countries	-13,377	-10,178
Income not subject to tax	-1,228	-1,860
Expenses not deductible for tax purposes	1,888	2,129
Adjustment of deferred tax	-104	-4,280
	40,764	**51,982**

The weighted average of the local tax rates applicable to the Group was 19.1% (2008: 21.6%). The decrease is caused by a change in the profitability of the Group's subsidiaries in the respective countries.

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

	2009			2008		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Cash flows hedges recognised in equity	19,132	-3,801	15,331	-194,997	25,560	-169,437
Cash flow hedges recycled from equity to profit and loss	22,531	-3,143	19,388	1,383	-353	1,030
Net investment hedges	-	-	-	-9,210	2,348	-6,862
Currency translation differences	34,311	-	34,311	-47,006	-	-47,006
	75,974	**-6,944**	**69,030**	**-249,830**	**27,555**	**-222,275**

Note 10 – Cash and balances with banks

	2009	2008
Cash and balances at central banks	**35,673**	**25,476**
Call money, bank overdrafts included in Receivables from financial institutions	102,884	226,005
Call money, bank overdrafts included in Borrowings from financial institutions	-133,888	-156,441
Balance as at 31 December for the purposes of the statement of cash flows	**4,669**	**95,040**

This item includes all legal tender available at call.

Mandatory reserve deposits amounting to EUR 35.6 million (2008: EUR 25.4 million) are not available for use in the Group's day-to-day operations, but are readily available on demand for liquidity supervision by the Dutch Central Bank. The mandatory reserve deposits form part of the 'Cash and balances at central banks'.

Note 11 – Derivative financial instruments

Derivative financial instruments are carried at fair value and are made up as follows:

	2009			2008		
	Notional amounts	Fair value		Notional amounts	Fair value	
		Assets	Liabilities		Assets	Liabilities
Fair value hedge						
Interest rate swaps/forward rate agreements	4,446,145	87,860	3,191	248,730	9,251	4,218
Currency swaps	-	-	-	22,014	-	3,184
Cash flow hedge						
Interest rate swaps/forward rate agreements	7,371,611	36,782	254,165	10,623,794	23,944	268,256
Currency swaps	-	-	-	-	-	-
Total derivatives in hedge	**11,817,756**	**124,642**	**257,356**	**10,894,538**	**33,195**	**275,658**
Interest-rate swaps/forward rate agreements	14,751,622	124,662	160,768	4,655,032	8,717	38,501
Currency swaps/currency forwards	3,122,159	25,850	62,261	3,086,282	189,989	45,275
Total derivatives not in hedge	**17,873,781**	**150,512**	**223,029**	**7,741,314**	**198,706**	**83,776**
Total	**29,691,537**	**275,154**	**480,385**	**18,635,852**	**231,901**	**359,434**

The fair value is based on the price including accrued interest (‘dirty price’). A reconciliation between the fair value of the derivative financial instruments and the hedging reserve included in group equity is as follows:

	2009	2008
Fair value cash flow hedges - assets	36,782	23,944
Fair value cash flow hedges - liabilities	-254,164	-268,256
Less: accrued interest on cash flow hedges	91,748	76,752
Total net position cash flow hedges	**-125,634**	**-167,560**
Less: cumulative fair value gain/(loss) through income statement (hedge imperfectness)	48	310
Tax on cash flow hedges	15,302	22,247
Hedging reserve	**-110,284**	**-145,003**

The unrealised gain/(loss) on derivatives and the unrealised gain/(loss) of financial liabilities used in fair value hedges recognised in the income statement under the caption ‘Interest expenses and similar charges’ (see note 4) breaks down as follows:

	2009	2008
Derivatives not designated as hedges	-2,632	-12,247
Derivatives at fair value hedges	32,859	10,847
Derivatives at cash flow hedges (imperfectness)	231	-217
Derivatives in hedge of net investment	-	970
	30,458	**-647**
Financial liabilities used in fair value hedges	-32,194	-11,070
	-1,736	**-11,717**

Note 12 – Receivables from financial institutions

This caption includes amounts receivable from Dutch and foreign credit institutions under government supervision. Amounts receivable from financial institutions includes call money and bank current account balances that form part of the cash and balances with banks in the cash flow statement. Besides the aforementioned items an amount of EUR 369 million (2008: EUR 257 million) is included which is deposited as cash collateral for the Bumper 1, Bumper 2 and Bumper 3 securitisation transactions and an amount of EUR 204 million (2008: nil) is deposited as cash collateral for derivative financial instruments. Reference is made to the financial risk section ('Liquidity risk').

The maturity analysis is as follows:

	2009	2008
Three months or less	577,202	563,200
Longer than three months, less than a year	158,966	61,643
Longer than a year, less than five years	577,469	256,876
Longer than five year	4	-
Balance as at 31 December	**1,313,641**	**881,719**

Note 13 – Receivables from clients

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

	2009	2008
Amounts receivable under finance lease contracts	2,071,739	2,252,919
Trade receivables	471,437	519,998
Balance as at 31 December	**2,543,176**	**2,772,917**

The maturity analysis is as follows:

	2009	2008
Three months or less	668,551	679,868
Longer than three months, less than a year	573,994	614,481
Longer than a year, less than five years	1,226,210	1,403,732
Longer than five years	74,421	74,836
Balance as at 31 December	**2,543,176**	**2,772,917**

The fair value of the receivables does not significantly differ from the carrying amount, as a significant part of these receivables is contracted at a floating interest rate and due to the short-tail of the average remaining term. Reference is made to the financial risk section ('Fair value of financial instruments').

(i) Impairment

The movement in impairment on receivables is as follows:

	2009	2008
Balance as at 1 January	**57,275**	**62,870**
Net impairment charges	56,010	9,598
Receivables written off during the year as uncollectable	-23,331	-12,815
Foreign exchange	741	-2,378
Balance as at 31 December	**90,695**	**57,275**

The impairment charges can be detailed as follows:

	2009	2008
Impairment charges	102,244	51,735
Reversal of impairment through income statement	-46,234	-42,137
	56,010	**9,598**

For a description of the criteria used to determine whether receivables to clients are impaired reference is made to the financial risk section ('Credit risk'). The impairment policy is aligned with Basel II and the Group recognises, next to specific impairment allowances of EUR 78.4 million (2008: EUR 46.0 million), an expected loss provision of EUR 12.3 million (2008: EUR 11.3 million) based on the probability of default (PD) and the loss given default (LGD) as determined under the Basel II regime.

(ii) Finance lease contracts

The Amounts receivable from clients include finance lease receivables, which may be analysed as follows:

	2009	2008
Gross investment in finance leases, with remaining maturities:		
Not longer than 1 year	859,721	864,964
Longer than a year, less than five years	1,326,925	1,536,841
Longer than five years	86,599	88,966
	2,273,245	**2,490,771**
Unearned finance income on finance leases	201,506	237,852
Net investment in finance leases	**2,071,739**	**2,252,919**

	2009	2008
Net investment in finance leases, with remaining maturities:		
Not longer than 1 year	771,110	772,967
Longer than a year, less than five years	1,226,208	1,405,116
Longer than five years	74,421	74,836
Balance as at 31 December	**2,071,739**	**2,252,919**

The unguaranteed residual values of finance lease assets accruing to the benefit of the lessor amount to EUR 364 million (2008: EUR 453 million).

The accumulated allowance for uncollectable minimum lease payments receivable amount to EUR 3.5 million (2008: EUR 2.8 million).

Note 14 – Financial assets held-to-maturity

	2009	2008
Bonds	-	368,163
Other financial assets	-	1,136
Balance as at 31 December	**-**	**369,299**

Interest income on financial assets held-to-maturity amounted to EUR 13.3 million (2008: EUR 2.2 million). In the last quarter of 2009 all bonds were sold resulting in a gain of EUR 15.1 million (reference is made to note 3). The majority of the bonds were used as collateral value by the Group's central Treasury when engaging in monetary transactions with the European Central Bank.

Note 15 – Inventories

	Note	2009	2008
Cars and trucks from terminated lease contracts		137,492	200,980
Write down		-11,000	-5,000
Carrying amount cars and trucks from terminated lease contracts	18	**126,492**	**195,980**
New cars and trucks in stock		7,716	7,454
Balance as at 31 December		**134,208**	**203,434**

Inventories are stated at the lower of cost or net realisable value.

Note 16 – Other receivables and prepayments

This item includes prepayments in respect of expenses attributable to a subsequent period and amounts still to be received, as well as to amounts that are not classified under any other asset.

	2009	2008
Rebates and bonuses and commissions receivable	140,479	168,668
Prepaid motor vehicle tax and insurance premiums	126,057	132,213
VAT and other taxes	27,410	54,670
Reclaimable damages	32,590	36,624
Other prepayments and accrued income	50,921	48,243
Interest to be received	2,962	10,456
Re-insurance assets	54,770	29,528
Other	134,912	114,852
Balance as at 31 December	**570,101**	**595,254**

The majority of the other receivables and prepayments has a remaining maturity of less than one year.

Other mainly includes pass on costs to be invoiced to clients for leasing related services such as fuel, maintenance and insurances.

Note 17 – Investments in and loans to associates and jointly controlled entities

Principal associates and jointly controlled entities that are accounted for under net equity accounting in the consolidated financial statements are:

LeasePlan Emirates Fleet Management – LeasePlan Emirates LL, United Arab Emirates (49%)
E Lease S.A.S., France (5%)
Overlease S.r.L., Italy (51%)
Please S.C.S., France (99.3%)
Excelease N.V., Belgium (51%)
Flottenmanagement GmbH, Austria (49%)
Terberg Leasing B.V., the Netherlands (24%)
LPD Holding A.Ş, Turkey (51%)

The net equity accounting treatment is based on whether the Group has significant influence or joint control. The accounting period of the principal associates and jointly controlled entities aligns with the accounting period of the Group.

The Group's share of the result in its principal associates and jointly controlled entities is as follows:

	2009	2008
Balance as at 1 January	**23,852**	**25,852**
Transfers	-4,027	-
Share of results	1,173	-73
Capital increase	1,448	327
Dividend received	-	-2,332
Exchange rate changes	1	78
Balance as at 31 December	**22,447**	**23,852**

The transfer mainly relates to the jointly controlled entity Excelease, which was transferred to the caption 'Assets classified as held-for-sale and discontinued operations' (reference is made to note 22).

The maturity analysis of the loans is as follows:

	2009	2008
Three months or less	37,621	37,383
Longer than three months, less than a year	135,727	57,778
Longer than a year, less than five years	59,501	135,619
Balance as at 31 December	**232,849**	**230,780**

The summarised financial information for the material interests in associates and joint ventures can be shown as follows:

	2009	2008
Assets	397,507	434,063
Liabilities	375,060	410,211
Total income	60,940	59,295
Net income	1,173	-73
Dividend paid	-	2,332

There are no material contingent liabilities of the associates and jointly controlled entities other than loan commitments (reference is made to note 32).

Note 18 – Property and equipment under operational lease and rental fleet

	Note	Operational lease	Rental fleet	Total
Carrying amount as at 1 January 2008		**11,594,797**	**75,019**	**11,669,816**
Purchases		5,440,659	37,458	5,478,117
Acquisitions due to business combinations	23	217,651	-	217,651
Transfer to inventories	15	-195,980	-	-195,980
Disposals		-2,058,557	-34,203	-2,092,760
Depreciation		-2,538,705	-14,287	-2,552,992
Exchange rate differences		-571,569	-1,311	-572,880
Carrying amount as at 31 December 2008		**11,888,296**	**62,676**	**11,950,972**
		-	-	-
Cost		16,458,414	78,252	16,536,666
Accumulated depreciation and impairment		-4,570,118	-15,576	-4,585,694
Carrying amount as at 31 December 2008		**11,888,296**	**62,676**	**11,950,972**
Purchases		3,932,306	19,710	3,952,016
Transfer to inventories	15	-126,492	-	-126,492
Disposals		-1,955,769	-34,297	-1,990,066
Depreciation		-2,585,402	-10,023	-2,595,425
Exchange rate differences		357,087	703	357,790
Carrying amount as at 31 December 2009		**11,510,026**	**38,769**	**11,548,795**
		-	-	-
Cost		16,609,504	49,363	16,658,867
Accumulated depreciation and impairment		-5,099,478	-10,594	-5,110,072
Carrying amount as at 31 December 2009		**11,510,026**	**38,769**	**11,548,795**

No impairment losses are recognised on leased assets in 2009 and 2008.

In view of the significant decrease in the used vehicle prices in some of the major geographies in which the Group is active, prospective adjustments were made to the depreciation charges as a result of changes in the estimated residual value of the property and equipment under operational lease. For 2009 this resulted in an additional depreciation charge of EUR 27.0 million (2008: EUR 28.5 million). For 2010 additional depreciation charges are expected of EUR 9.0 million. Reference is made to note 2 and the financial risk section ('Asset Risk').

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

	Nominal value	
	2009	**2008**
Not longer than one year	3,743,974	3,449,352
Longer than one year, less than five years	9,037,404	9,478,584
Longer than five years	125,999	373,234
	12,907,377	**13,301,170**

The future minimum lease payments under non-cancellable operational leases in aggregate are adjusted as a result of a further assessment. The total future minimum lease payments in 2008 increased with EUR 0.5 billion from EUR 12.8 billion to EUR 13.3 billion.

Note 19 – Other property and equipment

	Note	Property	Equipment	Total
Carrying amount as at 1 January 2008		**22,727**	**65,598**	**88,325**
Purchases		2,165	49,946	52,111
Transfer to held-for-sale	22	-	-3,062	-3,062
Disposals		-	-16,224	-16,224
Depreciation	8	-929	-23,511	-24,440
Exchange rate differences		141	-1,028	-887
Carrying amount as at 31 December 2008		**24,104**	**71,719**	**95,823**
Cost		32,480	206,342	238,822
Accumulated depreciation and impairment		-8,376	-134,623	-142,999
Carrying amount as at 31 December 2008		**24,104**	**71,719**	**95,823**
Purchases		692	32,993	33,685
Disposals		-43	-18,925	-18,968
Depreciation	8	-1,179	-24,117	-25,296
Exchange rate differences		-77	1,086	1,009
Carrying amount as at 31 December 2009		**23,497**	**62,756**	**86,253**
Cost		33,006	211,693	244,699
Accumulated depreciation and impairment		-9,509	-148,937	-158,446
Carrying amount as at 31 December 2009		**23,497**	**62,756**	**86,253**

There are no bank borrowings secured against land and buildings.

Note 20 – Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities as at 31 December are attributable to the following:

	Deferred tax asset		Deferred tax liability	
	2009	**2008**	**2009**	**2008**
Goodwill	17,467	21,174	-	-
Property and equipment under operational leases	7,115	12,750	258,508	292,768
Other property and equipment	3,238	10,562	664	1,049
Provisions	12,511	23,202	238	1,530
Deferred leasing income	44,179	44,956	25,362	19,966
Tax value of losses carried forward recognised	146,577	141,539	-	-
Tax credits and prepayments	31,764	35,219	531	2,087
Other receivables	36,435	31,239	11,245	10,731
Other payables	31,647	23,773	23,443	24,181
Tax (assets)/liabilities	**330,933**	**344,414**	**319,991**	**352,312**
Offset of deferred tax assets and liabilities	-197,504	-210,717	-197,504	-210,717
Balance as at 31 December	**133,429**	**133,697**	**122,487**	**141,595**
Net tax position	**10,942**			**7,898**
Movement net tax position 2009	**18,840**			

Specific notes

A breakdown of the movement in the deferred net tax position can be summarised as follows:

	Note	2009	2008
Balance as a 1 January		**-7,898**	**-19,537**
Acquisition of subsidiary	23	-	3,124
Income statement charge	9	32,670	-27,650
Tax (charge)/credit relating to components of other comprehensive income	9	-6,944	27,555
Exchange rate differences		-6,886	8,610
Balance as at 31 December		**10,942**	**-7,898**

The Group has not recognised identifiable tax losses for an amount of EUR 49.7 million (2008: 9.5 million) and has not recognised tax credits for an amount of EUR 11.4 million (2008: EUR 6.3 million) as the Group considers it not probable that future taxable profits will be available (also taking into account expiry dates when applicable) against which these tax losses and tax credits can be utilised.

The Group has an aggregate of EUR 495 million (2008: EUR 466 million) of tax value of losses carried forward in various countries. Of this amount 8% (2008: 3%) expires within the next 5 years, 14% (2008: 13%) expires after 5 years and 78% (2008: 85%) carries forward indefinitely.

If the average income tax rate of the Group increases by 1% compared with the estimates, the Group would need to change the income tax liability by EUR 0.7 million, if unfavourable; or decrease the income tax liability by EUR 0.7 million, if favourable.

Note 21 – Intangible assets

	Note	Capitalised software	Purchased software	Customer relationship	Customer contract	Goodwill	Total
Carrying amount as at 1 January 2008		**22,102**	**8,691**	**10,525**	**1,148**	**75,859**	**118,325**
Purchases	23	16,455	4,409	252		10,312	31,428
Divestments		-234	-712				-946
Amortisation	8	-4,703	-3,716	-1,544	-977		-10,940
Exchange rate differences		-3,326	-82				-3,408
Carrying amount as at 31 December 2008		**30,294**	**8,590**	**9,233**	**171**	**86,171**	**134,459**
Cost		49,266	38,618	13,677	9,446	86,171	197,178
Accumulated amortisation and impairment		-18,972	-30,028	-4,444	-9,275		-62,719
Carrying amount as at 31 December 2008		**30,294**	**8,590**	**9,233**	**171**	**86,171**	**134,459**
Purchases		20,915	6,460				27,375
Divestments		-20	-96				-116
Amortisation	8	-3,639	-4,311	-1,423	-171		-9,544
Exchange rate differences		6,477	227				6,704
Carrying amount as at 31 December 2009		**54,027**	**10,870**	**7,810**	**-**	**86,171**	**158,878**
Cost		77,913	44,823	13,705	9,446	86,171	232,058
Accumulated amortisation and impairment		-23,886	-33,953	-5,895	-9,446		-73,180
Carrying amount as at 31 December 2009		**54,027**	**10,870**	**7,810**	**-**	**86,171**	**158,878**

The remaining amortisation period for the intangible assets with a finite life is approximately 6 years.

The goodwill relates to the acquisition in 2008 of Daimler Chrysler Fleet Management France S.A.S., which operates under the brand name DCS fleet, and to the acquisition in 2005 of three entities of Europcar Fleet Services in Italy, Spain and Portugal. All acquired companies were engaged in providing leasing services.

Goodwill is reviewed for impairment annually, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in 2009 (2008: nil).

The impairment test was based on value in use. The value in use was determined by discounting future cash flows generated from the continuing use of cash generating units, being the acquired operating companies. Cash flows were projected on actual financial results and the 5-year business plans. The growth rates included in the business plans exceed the long term average growth rate for this business as a reflection of the relative growth potential of the markets and to allow for an improvement in market position. In order to align the planned growth rate to the long-term growth rate, the cash flows were extrapolated for a further 11 years based on a gradually declining growth rate, ending at a terminal (market) growth rate of 1.5%. A discount rate of 9% was applied which was based on an industry average weighted costs of capital.

If the estimated net result projection for periods after 31 December 2009 had been 15% lower than estimated at 31 December 2009, the Group will start recognising an impairment against goodwill.
If the estimated discount rate applied to the discounted cash flows had been more than 2.5% higher than estimated, the Group will start recognising an impairment against goodwill.

Note 22 – Assets classified as held-for-sale and discontinued operations

This caption includes the Mox Group and Excelease. In 2009 the Group continued its sales efforts in respect of the MOX group that leases small, mostly electric vehicles and operates in the United Kingdom, France and Spain. Parts of the assets were sold in 2008 and 2009 and the remaining business activities will be phased out and/or sold. Therefore the MOX group remains classified as held-for-sale at 31 December 2009 and the net result remains classified as arising from discontinued operations. Furthermore in 2009, the Group elected to sell Excelease, a jointly controlled entity in Belgium.

The MOX group is measured at the lower of its carrying amount and the fair value less costs to sell, which resulted in a value adjustment amounting to EUR 17.0 million at year-end 2007. In the course of 2008 and 2009 operational losses of the MOX group were written off against this value adjustment resulting in a balance of EUR 10.3 million at year-end 2009 (2008: EUR 14.4 million). Excelease is also measured at the lower of its carrying amount and the fair value less cost to sell, which resulted in a value adjustment of EUR 2.0 million at year-end 2009.

Effect of classification as assets held-for-sale

For the years ended 31 December 2009 and 31 December 2008, the MOX group and Excelease had no significant cash inflows from operating activities, cash outflows from investing activities and cash flows from financing activities.

The MOX group contributed a negative operating income of EUR 3.0 million to the Group for 2008. The net result of Excelease amounted to EUR 0.8 million for 2009.

Assets and liabilities classified as held-for-sale and discontinued operations are detailed in the table below.

	Note	2009	2008
Cash		320	518
Receivables from financial institutions		19	19
Receivables from customers		2,870	3,964
Impairment receivables from customers		-1,314	-2,080
Inventories		3,641	4,679
Other receivables and prepayments		120	351
Property and equipment under operational lease and rental fleet		8,562	18,783
Other property and equipment		185	278
Deferred corporate income tax receivable		3,536	4,790
Investments in associates and jointly controlled entities		7,510	-
Value adjustment		-12,303	-14,440
Total net assets disposal group held-for-sale		**13,146**	**16,862**
Transfer from Other property and equipment	19	-	3,062
Total assets held-for-sale and discontinued operations		**13,146**	**19,924**
Cash equivalent included in Borrowings from financial institutions		1,423	1,573
Trade and other payables and deferred income		924	909
Deferred tax liabilities		70	115
Total liabilities classified as held-for-sale and discontinued operations		**2,417**	**2,597**

In June 2009 the investment property which was transferred from the caption 'Other property and equipment' was sold at a price not significantly different from the carrying amount.

Profit for the year from discontinued operations

A breakdown of the result of discontinued operations after tax is as follows:

	2009	2008
Operating income	-183	-3,001
Operating expenses	5,019	8,964
Profit before tax	**-5,202**	**-11,965**
Income tax expenses	-1,065	-3,743
Result from associates and joint ventures	-2,142	-
Movement in value adjustment	2,137	2,560
Gain on sale of discontinued operations	-	612
Profit for the period from discontinued operations	**-4,142**	**-5,050**

The comparative 2008 result from discontinued operations for the operations discontinued in 2009 amounted to a loss of EUR 4.7 million.

Discontinued operations in 2009

The result from discontinued operations includes the result from the Mox Group, and the result of two jointly controlled entities, Overlease and Excelease. In June 2009 the Group together with the other shareholder of Overlease decided to enter into a liquidation scenario for this entity. As a result loans provided by the Group to Overlease were impaired for an amount of EUR 5.6 million. Reference is made to the financial risk section ('Credit Risk').

Discontinued operations in 2008

In October 2008 the Group finalised the sale of Services Affaires S.A.R.L. in France, a company that offers chauffeur driven cars. In December 2008 the Group liquidated Autolease Belgium N.V. a dormant company in Belgium.

The impact of the operations discontinued in 2008 on net identifiable assets and liabilities and net cash flows is as follows:

	2008		
	Autolease Belgium N.V.	**Services Affaires S.A.R.L.**	**Total**
Net identifiable assets and liabilities	**23**	**651**	**674**
Consideration received, net of costs, satisfied in cash	66	1,220	1,286
Cash disposed of	-	-	-
Net cash inflow	**66**	**1,220**	**1,286**

Note 23 – Effect of acquisitions

In 2009 there were no acquisitions. In April 2008 the Group acquired Daimler Chrysler Fleet Management France S.A.S., which operates under the brand name DCS fleet. In the eight months to 31 December 2008 DCS fleet contributed total revenues of EUR 60.4 million and an operating loss before tax of EUR 3.0 million to the consolidated operating result before tax for the year.

The acquisition had the following effect on the Group's assets and liabilities as at 30 April 2008.

	Note	Recognised values	Fair value adjustments	Carrying amounts
Assets				
Property and equipment under operational lease and rental fleet	18	217,651	-10,775	228,426
Other assets		27,434	-2,559	29,993
Deferred tax	20	3,124	3,124	-
Liabilities				
Liabilities to financial institutions		-212,782	275	-213,057
Other liabilities		-31,939	2,980	-34,919
Net identifiable assets and liabilities		**3,488**	**-6,955**	**10,443**
Goodwill on acquisition	21	10,312		

In 2009 no changes were made to the initial purchase price allocation.

Note 24 – Borrowings from financial institutions

This item includes amounts owed to credit institutions under government supervision.
The maturity analysis of these loans is as follows:

	2009	2008
On demand	133,888	156,440
Three months or less	1,603,992	1,719,617
Longer than three months, less than a year	405,017	1,360,018
Longer than a year, less than five years	236,528	586,414
Longer than five years	10	28
Balance as at 31 December	**2,379,435**	**3,822,517**

Amounts owed to financial institutions on demand relating to call money and bank overdraft balances form part of the cash and balances with central banks in the cash flow statement.

Borrowings from financial institutions include an outstanding balance of EUR 805 million (2008: EUR 936 million) which is non-euro currency denominated as at 31 December 2009. The remainder of the borrowings from financial institutions is denominated in euro. Reference is made to the financial risk section ('Currency risk').

The Group has a syndicated backstop facility with 25 banks of EUR 1.0 billion which matures December 2011. During 2009 no calls were made on the available standby liquidity facilities.

Note 25 – Funds entrusted

This item includes all non-subordinated loans not included in the caption 'Borrowings from financial institutions' or 'Debt securities issued'.

The maturity analysis of these loans is as follows:

	2009	2008
Three months or less	22,140	106,809
Longer than three months, less than a year	52,676	1,185,901
Longer than a year, less than five years	132,036	343,315
Longer than five years	10,770	9,186
Balance as at 31 December	**217,622**	**1,645,211**

The funds entrusted include an outstanding balance of EUR 0.1 million (2008: EUR 1.0 million) which is non-euro currency denominated as at 31 December 2009. The remainder of the funds entrusted is denominated in euro. Reference is made to the financial risk section ('Currency risk').

Note 26 – Debt securities issued

This item includes negotiable, interest-bearing securities, other than those of a subordinated nature.

	2009	2008
Bonds and notes	9,935,827	7,404,437
Commercial Paper	78,010	235,125
Certificates of Deposit	54,713	349,471
Balance as at 31 December	**10,068,550**	**7,989,033**

There is no pledge of security for these debt securities.

The debt securities issued include an outstanding balance of EUR 2.8 billion (2008: EUR 1.8 billion) which is non-euro currency denominated as at 31 December 2009. The remainder of the debt securities is denominated in euro. The fair value adjustment attributable to the hedged risk on non-derivative financial instruments in fair value hedges amounted to an increase of EUR 34.6 million (2008: EUR 2.4 million increase). The policy is commented on in the financial risk section ('Strategy in using financial instruments').

The average interest rates applicable on the outstanding balances can be summarised as follows:

	2009	2008
Bonds and notes	3.3%	4.4%
Commercial Paper	4.1%	5.3%
Certificates of Deposit	0.9%	5.3%
	3.3%	**4.4%**

The maturity analysis of these debt securities issued is as follows:

	2009	2008
Three months or less	1,122,235	717,854
Longer than three months, less than one year	2,955,082	2,696,357
Longer than one year, less than five years	5,850,425	4,418,042
Longer than five years	140,807	156,780
Balance as at 31 December	**10,068,549**	**7,989,033**

Bonds and notes include the following bonds raised under the Credit Guarantee Scheme of the State of the Netherlands. The 2009 annual fee payable to the State of the Netherlands amounted to EUR 47.2 million.

Term	Rate option	Interest rate	Maturity date	Currency	Notional amount
Two year	Fixed	3.375%	December 2010	EUR	1,450,000
Three year	Fixed	3.125%	February 2012	EUR	1,250,000
Three year	Fixed	3.000%	May 2012	USD	2,500,000
Five year	Fixed	3.250%	May 2014	EUR	1,500,000
Five year	Floating 3m libor	+1.125%	June 2014	USD	500,000

The fixed rate bonds listed above are included in fair value hedges whereby the bonds (hedged item) are measured at amortised cost and are constantly being adjusted for gains/losses that are attributable to the risk being hedged. This adjustment is booked in the income statement, where it offsets the remeasurement of the fair value of the hedging instrument that is also recorded in the income statement.

Note 27 – Trade and other payables and deferred income

	2009	2008
Trade payables	441,851	556,645
Other amounts owed	181,686	134,193
Deferred leasing income	564,260	507,455
Interest payable	122,836	100,651
Advance lease instalments received	57,108	77,184
Other accruals and other deferred income	196,739	173,495
VAT and other taxes	56,196	22,720
Balance as at 31 December	**1,620,676**	**1,572,343**

The majority of the trade and other payables and deferred income has, except for deferred leasing income, a remaining maturity 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. The service income included in deferred leasing income is recognised and presented based on the percentage of completion method.

Specific notes

Note 28 – Provisions

		2009	2008
Damage risk retention provision	(i)	253,181	231,952
Post-employment benefits	(ii)	14,321	13,872
Other provisions	(iii)	14,887	11,253
Balance as at 31 December		**282,389**	**257,077**

The majority of provisions are expected to be recovered or settled after more than 12 months.

(i) Damage risk retention provision

	2009	2008
Provision for Third Party Liability (TPL)	110,948	104,502
Provision for damage claims and other provisions	27,530	34,017
Incurred but not reported (IBNR)	113,415	93,433
Unearned premium reserve	1,288	-
Balance as at 31 December	**253,181**	**231,952**

The damage risk retention provisions can be shown as follows:

	2009			2008		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Damages reported	138,478	-54,770	83,708	138,519	-29,528	108,991
Damages IBNR	113,415	-	113,415	93,433	-	93,433
Unearned premium reserve	1,288	-	1,288	-	-	-
Total damage risk provisions	**253,181**	**-54,770**	**198,411**	**231,952**	**-29,528**	**202,424**
Current	78,995	-	78,995	59,830	-	59,830
Non-current	174,186	-54,770	119,416	172,122	-29,528	142,594
Total damage risk provisions	**253,181**	**-54,770**	**198,411**	**231,952**	**-29,528**	**202,424**

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.

In thousands of euros

Accident year	**‹ 2004**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**Total**
At end of accident year	132,521	48,178	61,167	58,510	53,116	57,619	49,325	
One year later	129,873	49,304	59,111	49,213	49,873	48,282		
Two years later	129,274	42,006	55,700	42,437	46,649			
Three years later	119,298	30,865	51,821	36,227				
Four years later	119,969	36,549	52,194					
Five years later	116,226	36,968						
More than five years later	115,201							
Estimate of cumulative claims	115,201	36,968	52,194	36,227	46,649	48,282	49,325	
Cumulative payments to date	-95,046	-27,887	-34,130	-25,445	-30,287	-20,926		
Gross outstanding damage liabilities	**20,155**	**9,081**	**18,064**	**10,782**	**16,362**	**27,356**	**49,325**	**151,125**
Less: IBNR	-1,766	1,758	3,790	883	6,428	9,172	19,912	40,177
Total provision for TPL, excluding IBNR	**21,921**	**7,323**	**14,274**	**9,899**	**9,934**	**18,184**	**29,413**	**110,948**

The total provision for TPL, excluding IBNR for the years prior to 2004 can be detailed as follows:

	Gross outstanding damage liabilities	**Less: IBNR**	**Total provision for TPL, excluding IBNR**
2003	4,172	551	3,621
2002	8,566	526	8,040
2001	3,564	-1,811	5,375
2000	2,170	-1,205	3,375
‹ 2000	1,683	173	1,510
Total	**20,155**	**-1,766**	**21,921**

(ii) Provision for post-employment benefits
The Group operates a number of pension plans around the world. Most of these pension plans are defined contribution plans. In seven countries, the Group has defined benefit pension plans, which for the majority are not open to new participants. The total number of participants of these pension plans is 1,027 (2008: 1,090). In addition, the Group operates other post-employment benefit plans in two countries which relate to legally required termination indemnities, which are payable at either the retirement date or the date the employees leave. The total number of participants of other post-employment benefit plans is 544 (2008: 573).

The provision for post-employment benefits comprises both defined benefit plans and other post-employment benefits.

The valuations of provisions for post-employment benefits are performed by independent qualified actuaries on an annual basis. The following table summarises the impact on the balance sheet, payment obligations, assets and economic assumptions in respect of the main post-employment benefits in the various countries.

	2009	2008
Balance as at 1 January	**50,913**	**58,054**
Movements in projected benefit obligations:		
Increase in present value of accrued benefits	2,405	1,565
Interest costs	2,847	2,971
Employer's contributions/(refunds)	269	258
Actuarial (gain)/loss	4,940	-5,431
Benefits paid	-2,091	-2,278
Curtailment effect	-	-496
Currency translation differences	1,313	-3,730
Balance as at 31 December: benefit obligations	**60,596**	**50,913**
Balance as at 1 January	**35,840**	**43,804**
Movements in plan assets:		
Expected return on plan assets	2,127	2,463
Actuarial gain/(loss) on plan assets	2,444	-8,472
Employer's contribution	2,921	3,281
Benefits paid	-1,498	-1,563
Currency translation differences	1,500	-3,673
Balance as at 31 December: plan assets	**43,334**	**35,840**
Funded status: surplus /(deficit) as at 1 January	**-15,073**	**-14,250**
Funded status: surplus/(deficit) as at 31 December	**-17,262**	**-15,073**
Unrecognised actuarial (gain)/loss	4,018	1,522
Prepaid pension cost (included in other assets)	-1,077	-321
Prepaid/(accrued) benefit cost as at 31 December	**-14,321**	**-13,872**
Unrecognised actuarial (gain)/loss as at 1 January	**1,522**	**-1,519**
Actuarial (gain)/loss on pension obligation	4,940	-5,431
Actuarial (gain)/loss on plan assets	-2,444	8,472
Unrecognised actuarial (gain)/loss as at 31 December	**4,018**	**1,522**

The comparative figures for benefit obligations and plan assets have been reclassified to include two plans which were previously included in a separate caption 'Other staff provisions'. These reclassifications resulted in an increase of the benefit obligations by EUR 4.0 million at the end of 2008.

Reference is made to note 6 for the details on the amounts recognised in the income statement in respect of the Group's post-employment benefit plans. The net periodic expense for post employment benefits for 2010 is expected to amount to EUR 3.6 million.

There are no pension plans that are wholly unfunded. None of the collective and individual pension plans in the various countries are fully funded.

The weighted averages of the main actuarial assumptions used to determine the value of the provision for post employment benefits as at 31 December were as follows:

	2009	2008
Discount rate	5.3%	5.6%
Expected increment in salaries	2.0%	2.4%
Expected return on plan assets	6.0%	5.6%

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 on the basis of the fair value of the assets of the plans in order to determine the average expected return on plan assets. All other assumptions are weighted on the basis of the post employment benefit obligations.

Assumptions regarding future mortality experience are set based on published statistics and actuarial advice. The average life expectancy is in years of a pensioner retiring at age 65 on the balance sheet date as follows:

	2009	2008
Male	21.9	22.0
Female	26.4	24.8

The plan assets comprise the following:

	2009	2008
Equity instruments	40%	42%
Debt instruments	57%	54%
Other assets	3%	4%
	100%	**100%**

The development of the deficit/surplus in the plans over the last five years as at 31 December is as follows:

	2009	2008	2007	2006	2005
Present value of defined benefit obligation	60,596	50,913	58,054	56,417	227,382
Fair value of plan assets	43,334	35,840	43,804	43,941	182,256
Deficit/(surplus) in the plans	**17,262**	**15,073**	**14,250**	**12,476**	**45,126**

(iii) Other provisions

	Other long-term employee benefits	Termination benefits	Provision for share-based payments	Miscel-laneous	Total
Balance as at 1 January	**7,014**	**1,410**	**90**	**2,739**	**11,253**
Charged/(credited) to the income statement					-
Additional provisions	659	4,174	-	4,671	9,504
Unused amounts reversal	-2,409	-25	-	-939	-3,373
Usage during the year	-313	-1,806	-4	-399	-2,522
Exchange rate differences	25	-	-	-	25
Balance as at 31 December	**4,976**	**3,753**	**86**	**6,072**	**14,887**

(a) Other long-term employee benefits
Other long-term employee benefits include provisions for medium-term bonus schemes, jubilee payments and extra holiday entitlements.

(b) Termination benefits
The provision for termination benefits relates to expected payments in order 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 and are expected to be settled in the short-term.

(c) Provision for share-based payments
Under the option plan introduced in 2001, the members of the Managing Board and a limited group of senior managers were granted options on depositary receipts for ordinary shares. The options granted have a life of seven years. The option plan was terminated in 2004, after which all options were fully vested.

At the end of 2009 the value per share was calculated at EUR 14.21 (2008: EUR 19.63). Until 2008 the fair value of the options outstanding at each balance sheet date was measured using a binomial lattice model, taking into account the terms and conditions at which the options were granted. In view of the large negative difference between the value per share and the average exercise price of the outstanding options and taking into account the very short remaining duration of the outstanding options no binomial lattice valuation was performed in 2009.

The movement in the stock option provision can be summarised as follows:

	Note	2009	2008
Balance as at 1 January		**90**	**666**
Options exercised		-	-271
Charge to/(release of) provision	6	-4	-305
Balance as at 31 December		**86**	**90**

Options granted to employees

Year	Number granted	Number exercised	Number expired	Number outstanding	Average exerciseprice in euros	Year of expiry
2001	242,190	169,180	73,010	-	32.78	2008
2001	259,610	216,190	43,420	-	34.62	2008
2002	294,060	257,260	36,800	-	34.83	2009
2003	329,030	283,010	15,340	30,680	35.28	2010
	1,124,890	**925,640**	**168,570**	**30,680**		

No options were granted to the members of the Supervisory Board. The current and former members of the Managing Board exercised all their outstanding option entitlements in 2004. The exercise price of the options granted is based on an annual valuation report issued by an external advisor. In accordance with the findings of this report, the exercise price offered participants in the option plan an 'at the money' variant or an 'out of the money' variant. The valuation report issued in November 2009 gave a value per share of EUR 14.21 (2008: EUR 19.63). In 2009 no options were exercised.

The movement in the number of options outstanding can be shown as follows:

	2009	2008
Number of options outstanding as at 1 January	**37,190**	**78,330**
Exercised	-	-35,680
Expired	-6,510	-5,460
Number of options outstanding as at 31 December	**30,680**	**37,190**

(d) Miscellaneous
Miscellaneous mainly relates to various non-employee related litigation and claims as well as onerous contracts.

Note 29 – Subordinated loans

In November 2006 under the Group's debt issuing programme (EMTN) a EUR 500 million lower Tier 2 10 year non-call 5 bond was issued. In view of the terms of this issue, the Dutch Central Bank has agreed to qualify this issue as subordinated. The issue was bought by a variety of (foreign) institutional investors.

In June 2009 the Company repurchased bonds below par for a nominal amount of EUR 230 million resulting in a gain of EUR 63.4 million which is included in the caption 'Other financial gains/(losses)' (reference is made to note 5).

Note 30 – Share capital

At 31 December 2009, the authorised capital amounted to EUR 250 million (2008: EUR 250 million), divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each, of which EUR 71.6 million is issued and paid up. The holders of the ordinary shares are entitled to receive dividend as declared from time to time and are entitled to vote per share at meetings of the Company.

Note 31 – Reserves and retained earnings

Translation reserve

The translation reserve comprises all foreign exchange rate differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company. Translation differences related to discontinued operations amounting to EUR 0.1 million gain (2008: EUR 6.4 million loss) were recycled to the income statement.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

Dividend

In 2009 and 2008 no dividend was paid or declared.

Profit appropriation

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

Note 32 – Commitments

Commitments entered into in connection with long-term rental and lease contracts amounted to EUR 97 million (2008: EUR 105 million) as at balance sheet date.

For a number of clients, residual value guarantees have been given to a total of EUR 302 million (2008: EUR 253 million).

Credit facilities have been concluded with associates and jointly controlled entities amounting to EUR 313 million (2008: EUR 291 million) of which EUR 233 million (2008: EUR 231 million) is drawn. Reference is made to note 17.

Note 33 – 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.

Global Mobility Holding B.V. is shareholder of the Company. The business relations between the two companies and its indirect shareholders are handled on normal market terms. No transactions occurred in 2009 and 2008.

In October 2008 the Company secured a EUR 1.5 billion 3 year credit facility from Volkswagen A.G. through its subsidiary Volkswagen International Payment Services N.V. At year-end 2008 EUR 1.3 billion was drawn under this facility (included in the balance sheet caption 'Funds entrusted'), which was repaid in full in 2009. The interest expenses incurred on this facility amounted to EUR 16.3 million (2008: EUR 14.9 million).

All business relations with associates and jointly controlled entities are in the ordinary course of business and handled on normal market terms.

An amount of EUR 233 million (2008: EUR 231 million) is provided as loans to associates and jointly controlled entities (reference is made to note 17).

Transactions with key management personnel
Key management personnel are considered to be the Managing Board and the Senior Vice-Presidents.

In addition to their salaries, the Group also provides non-cash benefits to the key management and contributes to post-employment defined benefit and defined contribution plans on their behalf.

The key management personnel compensations are as follows:

	2009	2008
Short-term employee benefits	6,704	10,515
Post-employment benefits	1,339	795
	8,043	**11,310**

The post-employment benefits comprise pension costs EUR 0.7 million (2008: EUR 0.8 million) and other long-term benefits EUR 0.7 million (2008: nil). In both 2009 and 2008 there were no termination benefits.

The compensations are distributed as follows:

	2009	2008
Managing Board	2,953	3,256
Senior Vice-Presidents	5,090	8,054
	8,043	**11,310**

The total remuneration is included in the caption ‘Staff expenses’ (reference is made to note 6).

No option payments following the share option scheme to key management personnel were made (2008: EUR 0.3 million). Reference is made to note 28 (iii).

The Group has not granted any loans, guarantees or advances to the members of the Managing Board.

Remuneration of the members of the Supervisory Board
The members of the Supervisory Board receive no remuneration chargeable to the Group. The Group has not granted any loans, guarantees or advances to the members of the Supervisory Board.

Note 34 – Contingent assets and liabilities
As at year-end 2009, guarantees had been provided on behalf of the consolidated subsidiaries in respect of commitments entered into by those companies with an equivalent value of EUR 1.6 billion (2008: EUR 1.6 billion). The company charges a guarantee fee to the respective subsidiaries based on normal market terms.

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.

Note 35 – Subsequent events
On 1 February 2010 a transaction regarding a change in shareholding was completed. The transaction involves Fleet Investments B.V., an investment company of German banker Friedrich von Metzler, taking a 50% stake in Global Mobility Holding B.V. This transaction follows the decision at the end of 2008 of both Mubadala Development Company and the Olayan Group to divest their respective 25% stakes in Global Mobility Holding B.V. Volkswagen will continue to maintain a 50% shareholding in Global Mobility Holding B.V.

Financial statements

Company financial statements

Balance sheet of the Company

for the year ended 31 December (before profit appropriation)

In thousands of euros	Note	2009	2008
Assets			
Cash and balances with central banks	2	35,639	25,441
Amounts due from banks	3	499,152	477,850
Debt securities	4	2,745,750	2,352,113
Loans to group companies	5	6,813,855	4,127,329
Loans to associates and jointly controlled entities	6	176,868	158,744
Investments in group companies	5	1,439,453	1,309,113
Investments in associates and jointly controlled entities	6	8,692	7,684
Other assets	7	262,606	94,703
Total assets		**11,982,015**	**8,552,977**
Liabilities			
Amounts due to banks	8	1,290,598	1,718,615
Debt securities issued	9	8,339,448	4,296,810
Other liabilities	10	462,698	655,009
Provisions	11	2,186	90
Subordinated loans	12	268,750	498,381
Total liabilities		**10,363,680**	**7,168,905**
Equity			
Share capital		71,586	71,586
Share premium		506,398	506,398
Hedging reserve		-110,284	-145,003
Legal reserves		234,175	105,344
Translation reserve		-22,057	-56,368
Other reserves		773,284	699,652
Profit for the year		165,233	202,463
Shareholders' equity	13	**1,618,335**	**1,384,072**
Total equity and liabilities		**11,982,015**	**8,552,977**

Income statement of the Company

In thousands of euros	Note	2009	2008
Result from subsidiaries after taxation	5	97,846	202,162
Other results after taxation		67,387	301
Profit for the year		**165,233**	**202,463**

Notes to the Company financial statements

All amounts are in thousands of euros, unless stated otherwise.

Note 1 – General

For certain notes to the Company's balance sheet, reference is made to the notes to the consolidated balance sheet unless stated otherwise.

The Company's financial statements are prepared pursuant to the provisions in Part 9, Book 2, of the Netherlands 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 Netherlands Civil Code.

The income statement in the Company's financial statements has been presented in abridged form pursuant to the provisions of Article 402, Part 9, Book 2, of the Netherlands Civil Code.

Under reference to Article 362 sub 8, Part 9, Book 2, of the Netherlands Civil Code, the associates and jointly controlled entities are measured and valued in accordance with the same IFRSs accounting standards as adopted in the consolidated financial statements of the Company.

By adopting Article 362 sub 8, Part 9, Book 2, of the Netherlands Civil Code, the shareholders' equity in the Company's financial statements accounts equals the shareholders' equity in the consolidated financial statements of the Company.

The accounting policies set out before in preparing the consolidated financial statements for the year ended 31 December 2009 and the consolidated financial statements for the year ended 31 December 2008 are also applied in the Company's financial statements, with the exception of the valuation of investments in subsidiaries.

Investments in subsidiaries, associates and jointly controlled entities

The investments in subsidiaries that are not classified as held-for-sale are accounted for in accordance with the net value of assets and liabilities, based upon accounting policies used in the consolidated financial statements.
The investments associates and jointly controlled entities that are not classified as held-for-sale are accounted for in accordance with the net equity method based upon accounting policies used in the consolidated financial statements.
When the Group's share of losses exceeds its interest in a subsidiary, jointly controlled entity or associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations, which are expected to result in an outflow of resources, or made payments on behalf of the subsidiary, jointly controlled entity or associate.

Note 2 – Cash and balances with central banks

Mandatory reserve deposits that amount to EUR 35.6 million (2008: EUR 25.4 million) are not available for use in the Group's day-to-day operations, but are readily available on demand for liquidity supervision by the Dutch Central Bank. The mandatory reserve deposits form part of the cash.

Note 3 – Amounts due from banks

A break down of this caption is as follows:

	2009	2008
Call money and cash at banks	332,627	97
Cash collateral Bumper 1	124,990	124,990
Cash collateral derivative financial instruments	41,535	-
Deposits with banks	-	352,763
	499,152	**477,850**

Reference is made to note 4 for additional information on cash collateral Bumper 1.

Note 4 – Debt securities

This caption includes investments in bonds, which are used as collateral value by the Group's central Treasury when engaging in monetary transactions with the ECB. The Company has conducted three securitisation programmes under the names Bumper 1 (2006), Bumper 2 (2008) and Bumper 3 (2009), which are included in this caption.

	2009	2008
Own debt securities issued	2,745,750	2,011,950
Bonds	-	340,163
	2,745,750	**2,352,113**

Bumper 1

This securitisation programme consists of a transaction whereby EUR 1,274.3 million of the lease portfolio (future receivables of LeasePlan Nederland N.V. from clients with whom a lease contract has been concluded and the anticipated revenue from the sale of ex-lease cars at the end of the lease period) was sold to LeasePlan Securitisatie B.V. Debt securities were issued by Bumper 1 B.V. to finance this transaction. Both LeasePlan Securitisatie B.V. and Bumper 1 B.V. were specifically incorporated for the purpose of securitisation transactions. The vehicles and receivables have been sold and effectively pledged as security for the Group's redemption and interest obligations on the debt securities.

The notes issued under this securitisation programme have a final legal term of ten years and a revolving period of five years (starting December 2006), after which the contracts expire and redemption takes place. LeasePlan Securitisatie B.V. and Bumper 1 B.V. are bankruptcy remote special purpose vehicles, but are included in the consolidated financial statements of the Company. The debt securities issued are divided into A-notes (EUR 1,120.5 million), B-notes (EUR 56.6 million), C-notes (EUR 72.8 million) and D-notes (EUR 24.4 million). The notes are listed on the Irish Stock Exchange. The transaction was assessed by Fitch Ratings resulting in a AAA-rating for the A-notes and a AA-rating for the B-notes.

All notes are held by the Company. All A-notes have been placed with the Dutch Central Bank allowing the Company to act as counterparty for monetary transactions. The interest payable on the notes on a quarterly basis is equal to three-month Euribor plus a mark-up. The D-notes are subordinate to the C-notes, the C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.

Bumper 2

In March 2008 a securitisation transaction was completed whereby EUR 875.6 million of future lease instalment receivables and related residual value receivables originated by LeasePlan Deutschland GmbH (the "originator") were sold to Bumper 2 S.A., a bankruptcy remote entity incorporated under the laws of Luxembourg. Debt securities were issued by Bumper 2 S.A. to finance this transaction. Bumper 2 S.A. was specifically incorporated for the purpose of securitisation transactions. The residual value receivables are created through the expectancy rights purchaser (ERP), Bumper Car Sales GmbH, a German special purpose company that purchased the expectancy rights the originator has against the issuer. The ERP in turn contracted with the originator to pay the vehicle realisation proceeds as the purchase price for the expectancy rights. These claims the originator has against the ERP were sold to the issuer. The originator must pay the contractually residual value at the end of the leasing contract to the ERP.

The notes issued under this securitisation programme have a final legal term of fifteen years and a revolving period of five years, after which the contracts expire and redemption takes place. Bumper 2 S.A. and Bumper Car Sales GmbH are bankruptcy remote special purpose vehicles, but are included in the consolidated financial statements of the Company. The debt securities issued in March 2008 are divided into A-notes (EUR 663.3 million), B-notes (EUR 74.4 million) and C-notes (EUR 137.9 million). The notes are listed on the Irish Stock Exchange. The transaction was assessed by Standard & Poor's resulting in a AAA-rating for the A-notes and a A-rating for the B-notes.

All notes are held by the Company, except for the C-notes which are held by LeasePlan Finance N.V. All A-notes have been placed with the Dutch Central Bank allowing the Company to act as counterparty for monetary transactions. The interest payable on the notes on a monthly basis is equal to one-month Euribor plus a mark-up. The C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.

Bumper 3
The Bumper 3 transaction was completed in April 2009 whereby GBP 887 million of future lease instalment receivables and associated residual value receivables originated by LeasePlan UK Ltd. (the "originator") were sold to Bumper 3 Finance Plc, a bankruptcy remote limited liability entity incorporated under the laws of England and Wales. Debt securities were issued by Bumper 3 Finance Plc in EUR and GBP to finance this transaction. To hedge the currency risk arising from purchasing GBP receivables and issuing EUR notes Bumper 3 Finance Plc concluded a currency swap. Bumper 3 Finance Plc was specifically incorporated for the purpose of securitisation transactions. The title to the underlying objects is retained by the originator (except for vehicles under an Employee Car Ownership Scheme).

The notes issued under this securitisation programme have a final legal term of thirteen years and a revolving period of one year. During this revolving period the residual value receivables may comprise up to 46% of the total assets balance and Bumper 3 Finance Plc can use available funds to purchase new receivables. Bumper 3 Finance Ltd. is a bankruptcy remote limited liability entity, but is included in the consolidated financial statements of the Company. The debt securities issued in April 2009 are divided into A-notes (EUR 733.8 million), B-notes (GBP 79.5 million) and C-notes (GBP 141.95 million). The notes are listed on the Irish Stock Exchange. The transaction was assessed by Fitch Ratings resulting in a AAA-rating for the A-notes and a A-rating for the B-notes.

All A-notes are held by the Company. The B and C-notes are held by LeasePlan Finance N.V. The A-notes have been placed with the Dutch Central Bank allowing the Company to act as counterparty for monetary transactions with the ECB. With regards to these notes the ECB requires a rating at the AAA/Aaa level from an external credit assessment institution at issuance. Over the lifetime of the notes, the single A minimum rating threshold would have to be retained. The underlying pool should not consist, in whole or in part, of tranches of other asset backed securities. The interest payable on the notes on a quarterly basis is equal to three-month Euribor plus a mark-up for the EUR notes and three-month Libor plus a mark-up for the GBP notes. The C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.

The maturity of the own debt securities issued is as follows:

	2009	2008
Longer than three months, less than one year	300,989	-
Longer than one year, less than five years	1,813,791	791,405
Longer than five years	630,970	1,220,545
Balance as at 31 December	**2,745,750**	**2,011,950**

Note 5 – Investments in and loans to group companies
Movements in investments in group companies are as follows:

	2009	2008
Balance as at 1 January	**1,309,113**	**1,752,323**
Purchase of and increase in subsidiaries	38,530	68,540
Reductions in subsidiaries	-65,068	-497,552
Result of subsidiaries	97,846	202,162
Direct changes in equity	24,720	-162,792
Exchange differences	34,312	-53,568
Balance as at 31 December	**1,439,453**	**1,309,113**

The direct changes in equity relate to fair value changes in cash flow hedges.

The loans comprise mainly loans to operating subsidiaries.
The maturity analysis on the loans is as follows:

	2009	2008
Three months or less	4,348,482	1,399,194
Longer than three months, less than a year	543,506	616,619
Longer than a year, less than five years	1,920,404	2,110,141
Longer than five years	1,463	1,375
Balance as at 31 December	**6,813,855**	**4,127,329**

Note 6 – Investments in and loans to associates and jointly controlled entities

The investment in associates and jointly controlled entities relates to a joint venture in Turkey.

Movements in associates and jointly controlled entities are as follows:

	2009	2008
Balance as at 1 January	**7,684**	**9,181**
Share of results	1,008	-1,497
Balance as at 31 December	**8,692**	**7,684**

The loans relate to associates and jointly controlled entities in France and Turkey.

The maturity analysis on the loans is as follows:

	2009	2008
Three months or less	27,101	18,900
Longer than three months, less than a year	109,792	34,707
Longer than a year, less than five years	39,975	105,137
Balance as at 31 December	**176,868**	**158,744**

The company has entered into loan commitments of EUR 200 million (2008: EUR 182 million) of which EUR 177 million has been drawn at year-end 2009 (2008: EUR 159 million). There are no other material contingent liabilities of the associates and jointly controlled entities.

Note 7 – Other assets

This caption includes besides derivative financial instruments a corporate income tax receivable from fiscal authorities and Group companies forming part of the fiscal unity. The Company settles corporate income tax due or receivable on taxable income with its Group companies forming part of the fiscal unity as if these Group companies were responsible for their tax filings on a stand-alone basis.

	2009	2008
Derivative financial instruments	245,134	79,880
Other assets	17,472	14,823
	262,606	**94,703**

Derivative financial instruments are carried at fair value and are made up as follows:

	2009			2008		
	Notional amounts	Fair value		Notional amounts	Fair value	
		Assets	Liabilities		Assets	Liabilities
Fair value hedge						
Interest rate swaps/forward rate agreements	4,391,460	79,683	3,191	103,651	2,274	4,218
Currency swaps	-	-	-	-	-	-
Cash flow hedge						
Interest rate swaps/forward rate agreements	2,890,670	36,782	44,055	3,645,000	16,303	31,412
Currency swaps				-	-	-
Total derivatives in hedge	**7,282,130**	**116,465**	**47,246**	**3,748,651**	**18,577**	**35,630**
Interest rate swaps/forward rate agreements	9,805,937	118,123	116,377	2,243,643	2,475	10,470
Currency swaps/currency forwards	1,058,482	10,546	29,609	1,543,424	58,828	270
Total derivatives not in hedge	**10,864,419**	**128,669**	**145,986**	**3,787,067**	**61,303**	**10,740**
Total	**18,146,549**	**245,134**	**193,232**	**7,535,718**	**79,880**	**46,370**

The fair value is based on the price including accrued interest ('dirty price').

The unrealised gain/(loss) on derivatives and the unrealised gain/(loss) of financial liabilities used in fair value hedges recognised in the income statement breaks down as follows:

	2009	2008
Derivatives not designated as hedges	2,219	-5,198
Derivatives at fair value hedges	29,921	5,519
Derivatives at cash flow hedges (imperfectness)	-1	43
Derivatives in hedge of net investment	-	970
	32,139	**1,334**
Financial liabilities used in fair value hedges	-29,529	-5,546
	2,610	**-4,212**

Note 8 – Amounts due to banks

This caption includes amounts owed to credit institutions under government supervision.

The maturity of these loans is as follows:

	2009	2008
Three months or less	1,059,862	1,145,196
Longer than three months, less than a year	214,500	512,132
Longer than one year, less than five years	16,236	61,287
Balance as at 31 December	**1,290,598**	**1,718,615**

Amounts due to banks include an outstanding balance of EUR 1.7 million (2008: EUR 4.6 million) which is non-euro currency denominated as at 31 December 2009. The remainder of the amounts due to banks is denominated in euro.

Note 9 – Debt securities issued

This caption includes negotiable, interest-bearing securities, other than those of a subordinated nature.
The debt securities issued include a number of bonds, which were raised under the Credit Guarantee Scheme of the State of the Netherlands. An overview of these bonds is included in note 26 of the consolidated financial statements of the Company.

	2009	2008
Bonds and notes	8,284,736	3,932,376
Commercial Paper	-	14,963
Certificates of Deposit	54,712	349,471
Balance as at 31 December	**8,339,448**	**4,296,810**

The average interest rates applicable on the outstanding balances can be summarised as follows:

	2009	2008
Bonds and notes	3.3%	4.3%
Commercial Paper	-	5.6%
Certificates of Deposit	0.9%	5.3%
	3.3%	**4.8%**

The maturity analysis of these debt securities issued is as follows:

	2009	2008
Three months or less	804,644	264,595
Longer than three months, less than one year	2,065,812	1,094,317
Longer than one year, less than five years	5,403,847	2,874,457
Longer than five years	65,145	63,441
Balance as at 31 December	**8,339,448**	**4,296,810**

The debt securities include an outstanding balance of EUR 2.1 billion (2008: EUR 42.1 million) which is non-euro currency denominated as at 31 December 2009. The remainder of the debt securities is denominated in euro.

Note 10 – Other liabilities

In this caption the funds entrusted are all non-subordinated loans not included in the caption 'Amounts due to banks' or 'Debt securities issued'. The amounts payable to Group companies comprise transactions with the insurance captive and Lease Beheer N.V.

	2009	2008
Funds entrusted	4,000	309,450
Loans from Group companies	89,912	223,400
Amounts payable to Group companies	37,716	16,338
Derivative financial instruments	193,232	46,370
Other accruals and other deferred income	112,746	52,998
Corporate income tax payable	25,092	6,453
Balance as at 31 December	**462,698**	**655,009**

For derivative financial instruments reference is made to the table in note 7.

The maturity analysis of the funds entrusted is as follows:

	2009	2008
Three months or less	-	73,450
Longer than three months, less than a year	-	232,000
Longer than one year, less than five years	1,000	1,000
Longer than five years	3,000	3,000
Balance as at 31 December	**4,000**	**309,450**

The funds entrusted are fully denominated in euro as at 31 December 2009 and 2008.

The maturity analysis of the loans from Group companies is as follows:

	2009	2008
Three months or less	89,912	173,400
Longer than a year, less than five years	-	50,000
Balance as at 31 December	**89,912**	**223,400**

Note 11 – Provisions

This caption mainly includes a provision for termination benefits and relates to expected payments in order to terminate the employment of an employee or group of employees before the normal termination date. Furthermore this caption relates to the provision for share-based payments, reference is made to note 28 (iii) in the consolidated financial statements of the Company.

Note 12 – Subordinated loans

With respect to the disclosure of the subordinated loans, reference is made to note 29 to the consolidated financial statements of the Company.

Note 13 – Shareholders' equity

Share capital

As at 31 December 2009, the authorised capital amounted to EUR 250 million (2008: EUR 250 million), divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each, of which EUR 71.6 million is issued and paid up. There were no movements in the issued and paid up capital in 2009 and 2008.

The movement in shareholders' equity is as follows:

	Share capital	Share premium	Reserves			Translation reserve	Result for the year	Share-holders' equity
			Legal reserves	Hedging reserve	Other reserves			
Balance as at 1 January 2008	**71,586**	**506,398**	**71,747**	**30,266**	**477,806**	**-9,362**	**255,443**	**1,403,884**
Changes in cash flow hedges				-168,407				-168,407
Changes in net investment hedges				-6,862				-6,862
Currency translation differences						-47,006		-47,006
Net income/(expenses) recognised directly in equity	**-**	**-**	**-**	**-175,269**	**-**	**-47,006**	**-**	**-222,275**
Profit for the period							202,463	202,463
Total recognised income/ (expenses) for the period	**-**	**-**	**-**	**-175,269**	**-**	**-47,006**	**202,463**	**-19,812**
Transfer from/to			33,597		-33,597			
Appropiation of result					255,443		-255,443	
Balance as at 31 December 2008	**71,586**	**506,398**	**105,344**	**-145,003**	**699,652**	**-56,368**	**202,463**	**1,384,072**
Transfer from/to – as per 1 January 2009			121,588		-121,588			-
Changes in cash flow hedges				34,719				34,719
Currency translation differences						34,311		34,311
Net income/(expenses) recognised directly in equity	**-**	**-**	**-**	**34,719**	**-**	**34,311**	**-**	**69,030**
Profit for the period							165,233	165,233
Total recognised income/ (expenses) for the period	**-**	**-**	**-**	**34,719**	**-**	**34,311**	**165,233**	**234,263**
Transfer from/to – for the year			7,243		-7,243			
Appropiation of result					202,463		-202,463	
Balance as at 31 December 2009	**71,586**	**506,398**	**234,175**	**-110,284**	**773,284**	**-22,057**	**165,233**	**1,618,335**

The share premium reserve is a reserve in which the amount paid in excess of the nominal value is included.

The translation reserve comprises all foreign exchange rate differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company as of 1 January 2004. Translation differences related to discontinued operations amounting to EUR 0.1 million gain (2008: EUR 6.4 million loss) are recycled to the income statement.

Legal reserves are non-distributable reserves relating to requirements to establish reserves for specific purposes either by the Articles of Association of the Company, Part 9, Book 2, of the Netherlands Civil Code and/or by local law.

The legal reserves relate to minimum reserves to be maintained for the non-distributable share in cumulated profits of subsidiaries and associates and jointly controlled entities.

A further assessment of local statutory requirements regarding distribution of reserves resulted as per 1 January 2009 in an additional increase of legal reserves amounting to EUR 122 million.

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred and that prove to be highly effective in relation to the hedged risk. The movement in cash flow hedges and net investment hedges is disclosed in the consolidated statement of comprehensive income.

The legal reserves, translation reserves and hedging reserves are undistributable reserves of the Company pursuant to the provisions of Part 9, Book 2, of the Netherlands Civil Code.

There are no statutory reserves prescribed in the Articles of Association of the Company.

Note 14 – Staff

The Company does not directly employ any staff.

Note 15 – Managing Board remuneration

In addition to their salaries, the Group also provides non-cash benefits to the Managing Board and contributes to post-employment defined benefit and defined contribution plans on their behalf. The Managing Board is also the statutory board of the Company.

The statutory board remuneration is as follows:

	2009	2008
Short-term employee benefits	2,356	3,024
Post-employment benefits	597	232
	2,953	**3,256**

The post-employment benefits comprise pension costs EUR 0.3 million (2008: EUR 0.2 million) and other long-term benefits EUR 0.3 million (2008: nil). In both 2009 and 2008 there were no termination benefits.

The Group has not granted any loans, guarantees or advances to members of the Managing Board.

Remuneration of the members of the Supervisory Board

The members of the Supervisory Board receive no remuneration chargeable to the Group. The Group has not granted any loans, guarantees or advances to members of the Supervisory Board.

Note 16 – Audit fees

	2009	2008
Audit services	660	357
Audit-related services	39	65
Total services	**699**	**422**

Note 17 – Commitments

Credit facilities have been concluded with associates and jointly controlled entities amounting to EUR 200 million (2008: EUR 182 million) of which EUR 176 million (2008: EUR 159 million) is drawn (reference is made to note 6).

Note 18 – Contingent liabilities

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Netherlands Civil Code, the Company has filed a declaration of joint and several liability with respect to the majority of the subsidiaries in the Netherlands. Abridged financial statements have accordingly been prepared for these subsidiaries.

The Company forms a fiscal unity with a number of Group companies in the Netherlands regarding corporate income tax and VAT. As a result the Company can be held jointly liable for tax returns of those subsidiaries.

As at 31 December 2009, guarantees had been provided on behalf of the consolidated subsidiaries outside the Netherlands. These guarantees had been provided in respect of commitments entered into by those companies and amount to a value of EUR 1.6 billion (2008: EUR 1.6 billion).

Almere, 19 March 2010

Supervisory Board

F. Witter, chairman
M. Klaus
L.H. Santelmann
C. Schlögell

Managing Board

V. Daemi, chairman
A.B. Stoelinga
H.P. Lützenkirchen

List of principal consolidated participating interests

Pursuant to Article 379, Part 9, Book 2, of the Netherlands Civil Code a full list of Group companies and associates and jointly controlled entities complying with the relevant statutory requirements has been filed with the Chamber of Commerce of Gooi-, Eem- en Flevoland. Unless stated otherwise, the percentage interest is 100% or nearly 100%.

Principal subsidiaries, which are fully included in the consolidated financial statements, are:
LeasePlan Australia Limited, Melbourne
LeasePlan Brasil Ltda., San Paulo
LeasePlan Česká republika s.r.o., Prague
LeasePlan Danmark A/S, Copenhagen
LeasePlan Deutschland GmbH, Neuss
LeasePlan Finland Oy, Helsinki
LeasePlan Fleet Management N.V., Brussels
LeasePlan Fleet Management (Polská) Sp. z.o.o., Warsaw
LeasePlan Fleet Management Services Ireland Limited, Dublin
LeasePlan France S.A.S., Paris
LeasePlan Hellas S.A., Athens
LeasePlan Hungária Gépjármű Kezelö és Fiannszírozó Részvénytá, Budapest
LeasePlan India Limited, New Delhi
LeasePlan Italia S.p.A., Milan
LeasePlan Luxembourg S.A., Luxembourg
LeasePlan Mexico S.A. de C.V., Mexico City
LeasePlan Nederland N.V., Amsterdam
LeasePlan New Zealand Limited, Auckland
LeasePlan Norge A/S, Oslo
LeasePlan Österreich Fuhrparkmanagement GmbH, Vienna
LeasePlan Portugal Comércio e Aluguer de Automóveis e Equipamentos Unipessoal Lda., Lisbon
LeasePlan Romania SRL, Voluntari
LeasePlan (Schweiz) AG, Zurich
LeasePlan Servicios S.A., Madrid
LeasePlan Slovakia s.r.o., Bratislava
LeasePlan Sverige AB, Stockholm
LeasePlan UK Limited, London
LeasePlan USA, Inc., Atlanta

Euro Insurances Limited, Dublin
Globalines Reinsurance Limited, Isle of Man
LeasePlan Finance N.V., Almere
LeasePlan International B.V., Amsterdam
LeasePlan Supply Services AG, Risch
Mobility Mixx B.V., Almere
Travelcard Nederland B.V., Almere

All holdings are in the ordinary share capital of the undertaking concerned and are unchanged from 2008.

Special purpose vehicles with no shareholding by the Group are:
Bumper I B.V., Amsterdam
LeasePlan Securitisatie B.V., Amsterdam
Bumper 2 S.A., Luxembourg
Bumper Car Sales GmbH, Neuss
Bumper 3 Finance Plc., London

Principal associates and jointly controlled entities that are accounted for under net equity accounting in the consolidated financial statements are:
LeasePlan Emirates Fleet Management – LeasePlan Emirates LL, United Arab Emirates (49%)
E Lease S.A.S., France (5%)
Overlease S.r.L., Italy (51%)
Please S.C.S., France (99.3%)
Excelease N.V., Belgium (51%)
Flottenmanagement GmbH, Austria (49%)
Terberg Leasing B.V., the Netherlands (24%)
LPD Holding A.Ş., Turkey (51%)

The net equity accounting treatment is based on whether the company has significant influence or joint control.

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Netherlands Civil Code, LeasePlan Corporation N.V. has filed a declaration of joint and several liability with respect to the financial obligations of the majority of the participating interests in the Netherlands. For the following participating interests an Article 403 declaration is filed:

AALH Participaties B.V.
Accident Management Services B.V.
Energie LeasePlan B.V.
Firenta B.V.
Lease Beheer N.V.
Lease Beheer Holding B.V.
Lease Beheer Vastgoed B.V.
LeasePlan Finance N.V.
LeasePlan International B.V.
LeasePlan Nederland N.V.
LeasePlan Securitisatie B.V.
LPC Auto Lease B.V.
Mobility Mixx B.V.
Transport Plan B.V.
Travelcard Nederland B.V.

Auditor's report

To the Shareholders of LeasePlan Corporation N.V.

Report on the financial statements
We have audited the accompanying financial statements 2009 of LeasePlan Corporation N.V. ('the Company'), Amsterdam as set out on pages 39 to 121. The financial statements consist of the consolidated financial statements and the Company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2009, the income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes. The Company financial statements comprise the Company balance sheet as at 31 December 2009, the income statement for the year then ended and the notes.

The Managing Board's responsibility
The Managing Board of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the Managing Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Managing Board, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the Company financial statements
In our opinion, the Company financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements
Pursuant to the legal requirement under Article 2:393 sub 5f of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the Managing Board is consistent with the financial statements as required by Article 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 19 March 2010
PricewaterhouseCoopers Accountants N.V.

Dr H.F.M. Gertsen RA

Other information

Provisions of the Articles of Association on profit appropriation

Article 22

1. The Managing Board shall in respect of distributable profits make a proposal for distribution of dividend and the allocation to the general reserve. Such proposal is subject to the approval of the Supervisory Board.
2. With due observance of paragraph 1 of this article, the distributable profits shall be at the disposal of the General Meeting for distribution of dividend or in order to be added to the reserves or for such other purposes within the Company's objects as the meeting shall decide. In calculating the amount of profit to be distributed in respect of each share, only the amount of the mandatory payments towards the nominal amount of the shares shall be taken into account.
3. The Company may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law. In calculating the appropriation of profits, the shares held by the Company in its own share capital shall not be taken into account.
4. Distribution of profits shall take place after the adoption of the financial statements which show that the distribution is permitted.
5. The Supervisory Board may resolve to distribute one or more interim dividends and/or other interim distributions, provided that the requirement laid down in paragraph 2 of this article has been met as shown in an interim statement of assets and liabilities as referred to in article 2:105(4) Civil Code.
6. Dividends shall be payable immediately after they have been declared, unless the General Meeting provides otherwise.
7. The claim for payment of dividends shall lapse on the expiry of a period of five years.

Proposed profit appropriation

No dividend was paid or declared in or regarding 2009. The profit for the year amounting to EUR 165.2 million will be added to the general reserve (Other reserves).

Events after balance sheet date

On 1 February 2010 a transaction regarding a change in shareholding was completed. The transaction involves Fleet Investments B.V., an investment company of German banker Friedrich von Metzler, taking a 50% stake in Global Mobility Holding B.V. This transaction follows the decision at the end of 2008 of both Mubadala Development Company and the Olayan Group to divest their respective 25% stakes in Global Mobility Holding B.V. Volkswagen will continue to maintain a 50% shareholding in Global Mobility Holding B.V.

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Printing
Van Son Media, Son, the Netherlands
Pictures Managing Board
Sjaak Ramakers, Utrecht, the Netherlands

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