Annual Report 2007

It's easier to leaseplan

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Profile

LeasePlan[1] is a global company, present in 29 countries and engaged in fleet and vehicle management services, mainly through operational leasing. At the end of 2007, LeasePlan employed almost 6,000 people worldwide. In total, the company managed 1.3 million vehicles representing a consolidated lease portfolio of EUR 13.9 billion. LeasePlan has held a universal banking licence since 1993 and is regulated by the Dutch Central Bank. The company is indirectly owned by a consortium consisting of the Volkswagen Group (50%), Mubadala Development Company (25%) and the Olayan Group (25%).

Apart from aspiring to a leadership position in all the main markets in which it is active, LeasePlan constantly reviews expansion opportunities in new countries. It capitalises on its status as a bank by centrally supporting the Group's financing activities. Euro Insurances, LeasePlan's own insurance subsidiary, supports the insurance solutions offered by the Group companies as part of their integrated service offer.

LeasePlan is the European market leader in fleet and vehicle management. It is also one of the leading global players in this field, with offices in 29 countries and alliances in South Africa and the Baltic States.

[1] 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.

The Group companies rank among the major players in their respective local markets, and many are market leader. LeasePlan is one of the few organisations with the broad geographical presence necessary to offer a global service to large multinational companies. LeasePlan International plays an important role in the sales and marketing of cross-border services and manages the accounts of large international customers worldwide.

LeasePlan's geographically diversified business, its high and stable profitability, robust capitalisation and strong liquidity are reflected in its long-term credit ratings: from Standard & Poor's: A, from Moody's: A3 and from Fitch Ratings: A; all ratings have a stable outlook.

The resources for success

When it comes to describing LeasePlan, there is much more than meets the eye. Apart from being the world's most advanced leasing organisation, there is our bank licence, our own insurance company and of course our solid independent funding. We have all resources in place to prove that *it's easier to leaseplan*.

Key figures

In millions of euros

	31 December 2007	31 December 2006
Income statement		
Total operating income	940.0	897.0*
Profit for the period	255.4	210.8
Balance sheet		
Lease contracts	13,856	13,190
Shareholders' equity	1,404	1,372
Total assets	16,345	15,805
Indicators		
Number of staff (nominal)	5,971	6,296
Number of vehicles	1,315,000	1,258,000
Ratios (%)		
Efficiency ratio	65.9%	66.9% *
Return on equity	18.7%	16.5% *
Tier 1 ratio	8.3%	8.7%
BIS ratio	11.5%	12.2%

Ratings

	Long-term	Outlook
Standard & Poor's	A	stable
Moody's	A3	stable
Fitch Ratings	A	stable

* The 2006 comparative figure has been restated.

Foreword

2007 was highly successful in all respects. Net profit increased by 21.2% (compared to 2006) to EUR 255.4 million, and the lease portfolio achieved organic growth of 5.1%, bringing the total fleet to 1.3 million vehicles. These are excellent results indeed.

Trust

External factors, including substantial economic growth and the increasing number of companies operating worldwide, clearly created a favourable environment this year. However, LeasePlan's success is mainly due to the commitment of staff and customers. Thanks to the efforts of our employees, LeasePlan's customers are glad to leave the responsibility for their fleet and the contact with their drivers in our hands. They trust a company that regards service, personal commitment and innovation as minimum requirements for sound business operations. This trust is something we cherish.

Expansion

Another way in which the growth of our business was visible in 2007 was the increase in the number of subsidiaries. Our subsidiary in the United Arab Emirates (49% interest) became operational in the first half of 2007. We also opened a new subsidiary in Romania. Both got off to a good start and will serve as important keystones for further growth. In Turkey we acquired a 51% share in vdf Holding A.S., which owns vdf Fleet Services that has a fleet of approximately 6,000 vehicles. Together with our local partner Dogus Otomŏtiv, Turkey's largest dealer organisation, we have created a strong company in the Turkish market, operating under the brand name LeasePlan Turkey. We aim to continue this growth line in the years ahead. There are still numerous countries where we see good opportunities to further expand our network and we are carrying out feasibility studies in several of them at present. Given the limited scope for acquisition, we generally adopt a green-field approach.

Core activities

We continue our strategy for growth, both in geographical terms and in the breadth and depth of our service. We are, however, focusing on fleet and vehicle management. This is why we divested our body repair operations in Belgium and the Netherlands (JB Carrosserie/Carflexs) as well as SurePlan USA in 2007, following the divestment of the Keddy rental business and QEK Global Solutions in the previous year.

New products

We have made good progress in expanding and updating our product range in various areas. For example, we are developing an effective answer to the growing demand in mature markets for total fleet outsourcing. We will offer a solution that covers all aspects of the fleet management process. A pilot project in the United Kingdom has shown that this product fully meets the needs of customers, especially the larger fleet operators. Cost management and driver satisfaction are judged by customers to be the most important aspects.

We are strengthening our product range for small fleet operators and professionals. These groups need a simple and easily accessible leasing solution. For some years now we have made various solutions available for this group of customers in a number of countries. Now, however, we have introduced a harmonised product under the name LeasePlan Go. Initially launched in Spain and France, this product has generated such interest that we have decided to introduce it in phases in other European markets as well.

Sound funding

LeasePlan has a solid funding platform with well established access to international debt capital markets. LeasePlan was able to attract a total of EUR 2.8 billion in these markets. In combination with the access to money markets and the various backstop facilities, this means that LeasePlan has a strong liquidity base. This solid funding foundation also meant that LeasePlan was less sensitive to the unrest in the financial markets that occurred in the second half of 2007.

All preparations for structuring risk management in accordance with the Basel II guidelines have now been completed. As a supervised banking institution we have been diligent in this area over a period of years. We have chosen an advanced risk methodology, which will be introduced on 1 July 2008 conditional on approval by the regulator – the Dutch Central Bank. LeasePlan has a strong professional risk management structure.

Customers are central
Over the years, the needs of our customers have been a constant factor in our efforts to develop our operational activities. We therefore aim to keep closely in touch with our customers in all our activities so that we are not only able to respond to but also anticipate their wishes and provide them with the benefits of new processes and technologies. To give our staff the necessary instruments to properly identify, monitor and meet customer needs we have in recent years developed a customer relationship management programme, which was rolled out in 2007. This is a good example of what a harmonised approach can realise in a large, global network.

Sustainability
A highly topical issue at present is customer demand for advice on ways of adopting a more sustainable approach to mobility. A specific focal point in this field is the reduction of CO_2 emissions by vehicle fleets and, at times, the adoption of compensating measures for these emissions. Given our expertise in the area of fuel consumption and in modelling the composition of the fleet to take account of these factors, we are ideally placed to help in this effort. Our GreenPlan initiative, which harmonises these activities and makes available suitable tools, is being launched worldwide. The reactions have been very favourable. However, sustainability is not something that only affects our customers. In a broader sense, it has become an essential part of our business operations. This means that 'we'll walk the talk' by monitoring the fuel consumption of our own fleet and offsetting any excess CO_2 emissions. We also wish to contribute in a considered way to a healthy and fair society. We are doing this by engaging in direct activities in the countries in which we operate, above all through LeasePlan ChildPlan, our corporate programme that provides support for disadvantaged children in developing countries. This programme has captured the imagination of people inside and outside the organisation.

New CFO
As per 1 October 2007 Guus Stoelinga was appointed as new member of the Managing Board and CFO. He has a strong background in finance and strategy and has been with LeasePlan for 17 years.

Towards another successful year
In 2007, LeasePlan's 45th year of business, we were once again able to exceed the profit of the previous financial year. Needless to say, this is the aim of every company, but it is remarkable that LeasePlan has achieved this every year without interruption since its incorporation. This achievement is all the more remarkable in a highly competitive market like ours. Although the pace of change is expected to remain high in the year to come, we are better equipped than ever to deal with it.

We can rely on the commitment of our staff, the trust of our customers and the support of our business partners, all of whom I would like to thank for their valuable contribution. I would also like to take this opportunity to thank our shareholders, who are giving us the necessary support to achieve yet another successful year.

Vahid Daemi

Chairman of the Managing Board
Chief Executive Officer

The difference is clear

Driving a LeasePlan car is something special. A car's a car you might think, but the difference is our experience. Care, expertise and organisational talent transform a car into a business tool, translate transport into mobility and make motoring a productive part of a working day. We have over 1.3 million drivers who can confirm this.

Report of the Managing Board

Strategic perspective

LeasePlan is engaged in fleet and vehicle management, including all integrated services, rendered either through Group entities or sourced from carefully selected external suppliers.

The key elements of LeasePlan's strategy are growth, focus on core activities and operational excellence.

Growth

LeasePlan pursues a strategy of growth. This means primarily organic growth of contracts and profits in the countries in which LeasePlan has subsidiaries. This growth is supported by Group-wide harmonised systems and programmes, which are supplemented, updated and renewed on an ongoing basis. For example a new customer relationship management programme was introduced in all LeasePlan units in 2007. Furthermore, the reporting programme Plan8Push was thoroughly upgraded in 2007 and introduced in all LeasePlan companies under a new name – FleetReporting. This is an internet-based tool that gives customers comprehensive information about all aspects of their fleet.

A second element in the growth strategy is geographic expansion. LeasePlan aims to add new countries to the network on a regular basis. Preference is given to countries that existing international clientele consider interesting. LeasePlan's considerable and ever-growing experience in setting up subsidiaries in new countries is proving to be a major advantage in this respect. New subsidiaries generally become operational very quickly because they are able to make use of all LeasePlan systems and programmes from the outset. They can also draw on the practical experience of other Group companies. An example is the smooth start made by LeasePlan Romania, which was set up during 2007 supported by LeasePlan Czech Republic.

Focus on core activities

Over the years, LeasePlan has acquired a thorough knowledge of all aspects of the automotive value chain, often from the inside, through its own subsidiaries or participating interests. This has yielded a wealth of information and has been essential in developing the distinctive quality of our products and services. It also brought us to the conclusion that, in order to achieve the desired rate of growth, it is more effective to focus on our core activities. LeasePlan has therefore concentrated exclusively on fleet and vehicle management in the past few years.

Our experience with other parts of the automotive value chain is now proving useful in monitoring the performance of external suppliers of the products and services needed to provide customers with a total product and in saving costs.

In 2007, LeasePlan completed the divestment of JB Carrosserie/Carflexs, its body repair operations, and the 49% share in SurePlan USA.

Managing Board from left to right:
A.B. Stoelinga, H.P. Lützenkirchen and V. Daemi

Operational excellence
Since the company's inception, IT has always played an important role in LeasePlan's success. LeasePlan has a shared data centre in Dublin (Ireland), which is increasingly expanding its services in support of the Group's efficiency objectives. As part of preparations for the possible introduction of a new common system for a number of LeasePlan subsidiaries, a proof of concept is being conducted in Australia. The project, for which ample time has been allocated, is well on track.

Two major IT projects were completed in 2007: the rolling out of the new reporting programme FleetReporting to all subsidiaries and the development phase of the new customer portal.

LeasePlan has a wealth of data at its disposal, both centrally and locally. When aggregated, this data enables LeasePlan to develop a product that sets it even further apart from its competitors. Data management also plays a role in risk control. The process of harmonising data management will therefore be continued so that data stored at different locations can be aggregated quickly and effectively to form usable information. As the data is stored in a variety of ways in the different countries, the process of harmonisation in advance has been prioritised to receive appropriate attention.

LeasePlan aims to add new countries to the network on a regular basis. LeasePlan's considerable and ever-growing experience in setting up subsidiaries in new countries is proving to be a major advantage.

Financial review

Equity position

Shareholders' equity rose by EUR 32 million (2.3%) to EUR 1,404 million in 2007. This represents a Tier 1 capital base of EUR 1,287 million (an increase of EUR 42 million or 3.3%).

Growth in shareholders' equity is attributable to the year-end result of EUR 255 million, offset by a final dividend over 2006 of EUR 65 million, an interim dividend over 2007 of EUR 130 million, negative foreign exchange differences of EUR 21 million and a negative marking-to-market impact of hedging derivatives of EUR 7 million. The increase in shareholders' equity highlights our ability to support the Group's autonomous growth on a structural basis, while simultaneously meeting the dividend requirements of our shareholders. Again, LeasePlan's sound and consistent performance demonstrates its ability to self-support autonomous growth in risk-weighted assets, whilst maintaining the right capital ratios.

Financial result

The total number of cars grew by 4.5% (or 57,000 units) in 2007. The value of the lease contracts increased to EUR 13.9 billion. This represents an increase of EUR 0.7 billion (5.1%) compared to 2006. Growth in the asset base reflects the growth opportunities that LeasePlan pursues on an ongoing basis. Clear differences in the lifecycle of geographical markets where LeasePlan is active allow the Group to benefit from selective growth strategies. In 2007, almost all LeasePlan entities contributed to growth.

Total operating income rose by 4.8% to EUR 940 million. As the increase in total operating expenses was lower (2.1% to EUR 627 million), LeasePlan improved its efficiency ratio by 1%-point to 65.9% in 2007.

The effective tax rate decreased from 25.9% in 2006 to 23.3% in 2007 as a reflection of lower nominal tax rates in 2007 and as a result of adjusting the deferred tax position due to lower nominal tax rates for future years.

The profit for the year under review amounted to EUR 255 million, representing an increase of 21.2% compared to the previous year. A portion of this increase was due to the result of discontinued operations amounting to EUR 16 million (mainly following the sale of the body repair activities JB Carrosserie/Carflexs and the 49% share in SurePlan USA).
Excluding the result of divested operations, the profit for the year increased to EUR 239 million, an increase of 13.4%.

Funding and liquidity

LeasePlan's treasury activities are centralised in Dublin (Ireland) and are responsible for managing all debt capital market transactions, inter-group financing and related treasury services.

Since the inaugural benchmark public bond issue in December 2004, LeasePlan has issued EUR 12.5 billion in public bonds and private placements (split 50/50). LeasePlan issued two public benchmark bonds in the year under review, a heavily oversubscribed

The profit for the year under review amounted to EUR 255 million, representing an increase of 21.2% compared to the previous year.

3-year EUR 750 million and a 3-year AUD 300 million Floating Rate Note. In 2007 LeasePlan issued 60 private placements, including German Schuldscheine, tailored to investor requirements in eight currencies for a total amount of EUR 1.9 billion. According to market research firm Dealogic and the electronic daily MTN-i, LeasePlan is now the third largest corporate issuer of private placements in the world. The focus on investor diversification and private placements has been a key factor in successfully dealing with the liquidity crunch that started in August 2007. In the last quarter of the year, LeasePlan was able to raise EUR 400 million in private placements.

Debt Capital Market successes were recognised by LeasePlan's peers in May 2007 when it was awarded runner-up in the Best New Issuer category in the annual Euroweek awards. LeasePlan stepped up its presence in the market for deposits from Dutch local municipalities and provinces, a market in which LeasePlan has been active since the 1980s. Since the liquidity crunch began in August 2007, LeasePlan raised over EUR 1 billion until year-end in this format. Furthermore, LeasePlan created EUR 1 billion of ECB eligible collateral, allowing it to participate in regular tenders for repo-funding. The combination of the newly created access to ECB repo-funding and the well established presence in the market for deposits from Dutch municipalities and provinces provided an excellent alternative to a shrinking ECP market in the fourth quarter of 2007.

From a liquidity perspective the presence of committed backstop facilities (that do not include material adverse change clauses) keeps LeasePlan on a very strong footing. The main pillars of LeasePlan's liquidity backstop framework are:

- Available eligible collateral with the Dutch Central Bank, allowing LeasePlan to participate in ECB auctions for an amount of up to EUR 1.0 billion.
- EUR 625 million in Dutch Central Bank co-signed liquidity backstop facilities from two highly rated Dutch banks.
- A 25-bank EUR 2 billion backstop facility, of which EUR 1 billion maturing in December 2009 and EUR 1 billion in December 2011.

The above framework combined with a slightly overfunded lease portfolio and excess cash, allow LeasePlan to continue to write new business as usual for almost a full year without requiring access to either money markets or debt capital markets, whilst repaying maturing debt when it falls due.

LeasePlan has no exposure whatsoever to CDO/CLOs, RMBS/CMBS senior or mezzanine tranches, SIVs, conduit vehicles or ABCP.

A commitment to care

We operate in a business world brimming with potential, in which growth, development and progress are the keywords. Yet, at the same time we know that many children are excluded from this world of affluence. Born in the wrong place, in unfavourable circumstances and with no prospect of improvement. With LeasePlan ChildPlan we aim to help them along the path to a better future.

Risk management

LeasePlan's fleet management activities are exposed to the following specific risks: credit risks, risks related to residual values, operational risks, insurance risks, treasury risks and compliance risks. LeasePlan has identified these risks and taken steps to manage them as effectively as possible. All risk management processes have been honed in preparation of the implementation of the Basel II international capital framework that became effective on 1 January 2008. It is noted that LeasePlan has prepared for the implementation of advanced methodologies as per 1 July 2008. Implementation is subject to final approval by the Dutch Central Bank.

By making the risk sensitivity of individual processes more transparent, these efforts have already had a favourable impact on the risk management discipline at Group level. The models used to estimate credit risks, and especially those related to corporate clients which form approximately 90% of LeasePlan's business volume, were improved and a new credit risk management reporting system was introduced.

Furthermore, a model capable of quantifying capital requirements for operational risk management was developed. In response to the requirements under the second pillar of the Basel II international capital framework, the Internal Capital Adequacy Assessment Process (ICAAP) procedures were completed and a first full assessment process was finalised.

Credit risks

In most countries where LeasePlan is active, economic developments were favourable during 2007. Moreover, a growing share of the portfolio comprises large international clients, most of which have a sound financial basis. This has caused the creditworthiness of the consolidated LeasePlan portfolio to improve slightly.

The creditworthiness of corporate clients is regularly monitored using a global credit management system that includes a rating model designed to calculate the likelihood of a client not being able to meet its obligations in time. In 2007, the rating model for corporate clients was reviewed and modified to improve its predictability. LeasePlan's management information system, which supports the calculation of its minimum capital requirements using internal models under Basel II regulations, was further enhanced.

Residual values

As the residual value (the value of the vehicle at the end of the lease as estimated by LeasePlan in advance) may differ from the actual market price at the end of the lease, it is considered a market risk. The residual value is mainly influenced by external factors but internal procedures have been put in place to mitigate their effect.

External factors, such as the supply of used cars, consumer preferences, exchange rates, government policies and general economic circumstances such as the impact of the credit crunch which took place in the second half of 2007, can only be managed to a certain extent. Within this context, the introduction of cars that are more environment-friendly and the promotion of their use through the restructuring of national car tax systems are important to LeasePlan. These factors may influence the residual values of the present generation of cars with higher CO_2 emissions.

Internal procedures, including the calculation of residual values, can be controlled. The Group has a robust policy in place with respect to residual value risks. This policy establishes an adequate residual value risk management framework for all LeasePlan entities.

Among other things, it describes the roles and responsibilities in relation to residual value risk management, the mandatory frequency of risk measurement and reporting and the minimum risk mitigation standards.

Statistical models are applied to calculate the future value of a car as accurately as possible, taking country-specific factors into account. LeasePlan has an advanced management information system, which accurately monitors the development of residual values under its lease contracts. It also monitors the residual values realised when the vehicles are sold. In addition, all LeasePlan entities assess their portfolio exposure to residual values once a year, or more often depending on the size and risk profile, and consider whether there are any indications for revaluation.

To optimise risk exposure at Group level, best practices in the area of residual value risk management are shared among the Group entities. This, in turn, improves client propositions and Group results.

Operational risks

Operational risk management focuses on identifying weaknesses in internal procedures and external causes of wilful or accidental damage to the company. Procedures are adapted to prevent losses or limit their potential impact. LeasePlan actively manages operational risks at a local and central level, mainly using three support tools. The first consists of a central database used to collect and analyse information on operational losses incurred by all Group companies. Secondly, LeasePlan has developed risk self-assessment methods, which have been rolled out to all Group companies. This method provides Group companies with a structural means of identifying current and future risks, as well as the necessary steps to mitigate them. The performance of such risk self-assessments is preceded by an annual top down risk assessment by Group companies' management.
Thirdly, all identified operational risks are collected in 'risk libraries', which have been implemented in all LeasePlan entities. These libraries, which are consolidated centrally, provide guidance for sharing best practices among Group companies and form the basis for estimating and preventing future losses.
The model to calculate capital requirements under the Basel II advanced approach was adjusted during 2007 and adopted after initial validation.

In 2007, initiatives in the area of business continuity management, which also form part of operational risk management, continued. On top of the ongoing testing and maintenance of the contingency plans, our Group companies tested their resilience to a 'pandemic flu' risk scenario.

Compliance risks

LeasePlan realises that sound business operations depend on a company's culture and reliable and well-disciplined staff. As a consequence, the company has adopted several corporate values, which are embedded in the Group. To make certain that the role of compliance risk management reflects international developments and regulations, LeasePlan has drawn up a compliance charter and an accompanying policy for the entire Group. The compliance function as well as the function of Information Security Officer have been embedded in all Group companies. This not only ensures that compliance is actively monitored at a local level and reported to central level, but also guarantees that information relating to LeasePlan, its customers, drivers and suppliers is secure.

LeasePlan's successful strategy of lengthening the maturity profile of its liabilities and diversifying the sources of funding has put it in a **very strong liquidity position** to weather the credit crunch that arose during 2007.

Insurance risks

LeasePlan extends motor insurance services in relation to a growing number of vehicles. This not only involves risks on account of vehicle damage (short-tail risk), but also risks in relation to third-party liability, passenger indemnity and legal assistance (long-tail risk). Some of these risks, such as the risk of exceptional damage and incidents (for example hail and flood damage), are reinsured with financially healthy reinsurers and LeasePlan's reinsurance captive Globalines (based in the Isle of Man).

Vehicle fleets are underwritten in accordance with strict procedures. Regular analysis of claims statistics, strict compliance with claims handling procedures and, when necessary, reviews of insurance premiums ensure a healthy balance between premiums and claims risk, both at an aggregate and individual fleet level. The insurance premiums can be adjusted annually during the term of the lease.

The provision for claims is regularly assessed internally and periodically checked by external actuaries. LeasePlan's insurance company, 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. In 2007 LeasePlan finalised preparations for compliance with the Insurance Mediation Directive. Furthermore, LeasePlan and Euro Insurances are closely following the developments under Solvency II, the European Commission's planned reform of prudential regulation for European insurers.

Treasury risks

To manage treasury risks, LeasePlan applies various credit, liquidity, interest rate and currency risk limits and performs regular risk analyses. Interest rate and currency risks are minimised by financing the lease contracts in local currencies and by ensuring that the financial instruments match the term of the contract wherever possible. LeasePlan does not run a trading book, thus any derivatives entered into are for hedging purposes only.

The range and complexity of the funding transactions that LeasePlan Treasury concludes require risk management activities able to monitor the accompanying risks. During 2007, LeasePlan purchased various applications to assist risk management in the measurement, monitoring and analysis of these risks.

As LeasePlan continues to raise funds on an independent platform, the monitoring of liquidity risks has become more crucial. This was especially true in the liquidity climate of mid to late 2007. LeasePlan's successful strategy of lengthening the maturity profile of its liabilities and diversifying the sources of funding has put it in a very strong liquidity position to weather the credit crunch that arose during 2007. Additionally, LeasePlan has in place a liquidity backstop framework in excess of EUR 3.5 billion with a diverse selection of banking counterparties. The combination of matched funding – to even slightly over-funding – of existing assets, an excess cash position and the liquidity backstop framework, enabled LeasePlan to continue doing business, even without access to money and/or debt capital markets, for a period of 10 months as at 31 December 2007. In March 2008 LeasePlan completed its second securitisation transaction on the back of German lease assets which created an additional EUR 0.6 billion of ECB eligible collateral/liquidity. This brought LeasePlan's liquidity back in line with its 12 months target.

Human resources management

LeasePlan monitors developments in the labour market worldwide. In Europe there is structural tightness in the labour market. Globally we are confronted with an ageing population, differences in work ethos and variations in values and standards between generations, but also by the talent drain attributed primarily to the so-called BRIC countries (Brazil, Russia, India and China). The tightness of the labour market is one of the factors obliging companies once again to provide their own training. To guarantee our innovative strength, expansion drive and continuity, it is of utmost importance for LeasePlan to not only attract and retain top managers and talent but also to be and remain an attractive employer.

One of the elements spearheading LeasePlan's HRM policy is dubbed 'Driving Our Future'. Much attention has been paid in this connection to management development and succession planning. And with success. In the past year almost all top management vacancies have been filled internally, and most of the vacancies thus created have, in turn, been filled by our own staff.

The LeasePlan Academy, which originates from our global competitive strategy, was set up late 2006. Besides providing a medium to long-term vision of the organisational competences and developments needed, the Academy contributes to the continuity and profitability of LeasePlan by affording new insights, creating internal networks and sharing best practices. The Executive Leadership Programme and Talent Development Programme are the main components at Group level.

To remain an attractive employer we regularly carry out comparative surveys. For example, a Group engagement survey is conducted regularly in all the operating companies and the head office. The topics studied in this survey include whether LeasePlan is sufficiently in touch with the needs of staff regarding personal development and career opportunities and whether staff know, endorse and propagate the company's vision and mission. Employment satisfaction is also regularly tested and the results of these surveys generally produce a high score. The surveys dealing with terms and conditions of employment and remuneration policy usually confirm that LeasePlan is pursuing the correct policy. With regard to all surveys follow-up actions are taken where necessary.

Various network meetings are also organised at international level. At the annual International Directors Meeting the Group's top management meets to discuss strategy, financial matters and other key issues. The various divisions of the Group also come together during regular council meetings (in the fields of Business Development, Finance, HRM, IT and Operations), and the annual EuroGames provide an opportunity for the staff of the European subsidiaries to meet one another in a sportive team-building event. In addition, almost all business units organise various (festive) activities for the staff.

Finally, LeasePlan has a clear vision of sustainability. The staff, too, play an important role in this.

In the past year almost all top management vacancies have been filled internally, and most of the vacancies thus created have, in turn, been filled by our own staff.

Talent that takes you further

LeasePlan’s business is basically about people. We deal with customers, drivers and mobility. Cars are tools; people come first. LeasePlan’s talented staff use their imagination and experience to put themselves in the shoes of their customers. This is how they constantly find new ways to improve our service still further. A fantastic group of people to work with!

Towards a sustainable business

The topic of sustainability has become an integral part of the corporate agenda. This is due not only to the reports about global warming and the government measures to tackle it, but also just as often to the awareness of a broader corporate social responsibility. It is becoming increasingly clear that the continuity of every business is partly dependent on striking the right balance between looking after its own stakeholders, minimising its ecological footprint and achieving a good degree of profitability. In other words, continuity is about three closely interrelated topics: 'People, Planet and Profit'. As LeasePlan's business revolves entirely around motor vehicles, whose use impacts the environment, the 'Planet' aspect represents a real challenge. However, road transport is a fact of life and for the time being there is no feasible alternative to the combustion engine. In view of this, LeasePlan can play an important role by putting its considerable knowledge and experience of cars and mobility to good effect. For example, it can help its customers to maximise the sustainability of their business operations by advising them on ways of limiting their burden on the environment.

Within LeasePlan, sustainability has received ever more attention in recent years. First of all in the company's dealings with its customers, who have an increasing need for assistance in their efforts to adopt sustainable business practices. Secondly, in its own business operations, LeasePlan has shown it is serious about sustainability through better control of its own energy and fuel consumption, as well as community projects such as LeasePlan ChildPlan, which has been very successful in helping children in need since it was set up late 2006. Thirdly, as a service provider LeasePlan has taken major steps worldwide by introducing GreenPlan. GreenPlan and LeasePlan ChildPlan were of special importance in 2007 because they represented two aspects of the company's efforts in the area of sustainability.

GreenPlan

Many LeasePlan customers, including some large international companies, have been working hard in recent years to bring their fleets into line with programmes designed to introduce more sustainable business practices. With its wealth of knowledge and experience of cars and fuel consumption, LeasePlan is excellently placed to help them achieve their goals. An important aid in this respect is GreenPlan, a programme that provides various ways of measuring, reducing and monitoring CO_2 emissions of the customer's fleet. GreenPlan is supported by Intelligent Energy Europe (IEE) and the European ECODRIVEN initiative. GreenPlan sets out specific step-by-step measures that a fleet manager can take to gear policy to the lowest possible emissions of CO_2.

A welcome side-effect is that this also helps in various ways to reduce the costs of operating the fleet: not only by cutting fuel consumption but also, for example, by making more efficient use of the vehicle.

Sustainability has received ever more attention in recent years. As a service provider LeasePlan has taken major steps worldwide by introducing GreenPlan.

This is in keeping with other LeasePlan programmes and with government policies to limit car use and enhance motoring efficiency.

As part of its GreenPlan service, LeasePlan makes proposals for improvements regarding, for example, the composition of the fleet, how vehicles are driven (even by individual drivers) and, possibly, route planning. A further important step is to monitor fuel consumption, since this allows LeasePlan to identify trends and advise on how to adjust policies accordingly. Companies that wish to go a step further and offset all or part of their CO_2 emissions, have the possibility to do so within GreenPlan. Fleet CO_2 emissions are tested for compliance with the standard adopted by the European Commission for 2012 in keeping with the Kyoto Protocol to the UN Convention on Climate Change. LeasePlan uses this standard (130 grams CO_2 /kilometre) as a benchmark for both its own fleet and that of the customer and takes steps to offset the difference between the target and the actual figure.

LeasePlan ChildPlan

In addition to various local activities undertaken by its subsidiaries in the context of corporate social responsibility, LeasePlan is focusing in the long term on supporting disadvantaged children through its community project LeasePlan ChildPlan. This is LeasePlan's corporate contribution to a better and fairer world, and the company welcomes the support of business partners in this effort. LeasePlan ChildPlan is a project that enjoys the wholehearted support of the subsidiaries and staff of LeasePlan. In 2006, they raised large amounts to sponsor Net4kids, a Dutch organisation active in developing countries. In the course of 2007, LeasePlan's subsidiaries undertook various projects to continue to raise money for LeasePlan ChildPlan. The first project supported by LeasePlan is the Child Watabaran Centre Nepal (CWCN) in Kathmandu. CWCN is a non-governmental organisation which has provided shelter, education and training for the homeless children of Kathmandu since 2002. In 2007, LeasePlan contributed to the costs of a centre for girls and of buying land and constructing new accommodations for homeless boys and girls. LeasePlan is also contributing to the operating costs of a Mobile Health Service Team and a Transit Clinic and is financially involved in the preparations for the construction of a new multifunctional building. The Mobile Health Service Team provides basic health care and information using a vehicle made available by LeasePlan. This is staffed in part by former street children. The Transit Clinic provides round-the-clock medical assistance to children from a fixed address. LeasePlan has taken all precautions to ensure that the project is properly managed and that all funds reach those for whom they are intended.

Progress towards a healthier planet

Our world revolves around cars. Cars mean mobility, but they also mean carbon dioxide emissions that impact the environment. Drawing on our experience we help our customers to strike a balance between mobility and CO_2 emissions. To start with, lease cars are new cars that have modern engines and the latest fuel-efficient technology. Moreover GreenPlan represents a huge step forward; it gives both our customers and us real control over the fleet's CO_2 footprint, both by achieving better fuel efficiency and by offsetting the carbon dioxide emissions.

Review of operations

Fleet and vehicle management
LeasePlan's core business is the provision of fleet and vehicle management services. The company's key objective is to become the preferred partner for fleet owners by offering cost-efficient fleet management solutions. LeasePlan offers a wide range of leasing and fleet management products, designed to suit the specific requirements of any client. The company directly services the large fleet segment by providing proactive advice and outsourcing solutions. The small fleet segment is targeted both directly and indirectly, through a network of distribution partners.

In a rapidly developing market situation, LeasePlan is building on its proven expertise and past success to ensure that its fleet management offer is comprehensive, meaningful and valuable for its clients. The starting point is to gain a good understanding of the real client needs regarding the management of their fleet. Through a consultative selling process, LeasePlan is then able to give in-depth advice on how to best fulfil those needs, thus providing the solution that will add more value for the client in the long run. This reinforcement of the company's offer will be gradually implemented on a global basis and builds on the important learning that LeasePlan generated from its customer relationship management programme, which has now been successfully implemented in all countries.

A key focus for LeasePlan is the essential combination of service excellence vis-à-vis the client and its drivers, and a commitment to lowering the total cost of use.
We aim to establish long-term business partnerships with our clients by delivering our brand promise: *it's easier to leaseplan.*

2007 was notable in that virtually all subsidiaries recorded substantial growth in terms of both numbers of contracts and financial result. Indeed, the rate of growth outpaced that of the market in many cases. Sales of ex-lease cars produced good results, especially in Europe where the used car market was buoyant. These effects were strengthened by LeasePlan's use of systems designed to maximise the return from remarketed vehicles. The advanced methods used to monitor the development of residual values are a major factor in the company's risk management, since fluctuations in the residual value normally pose an unpredictable risk. The successful introduction of GreenPlan in many countries was a major development. The possibilities offered by this plan very closely match current demand, particularly from international companies. In Germany, LeasePlan was hailed as the 'Best independent fleet management company' due in no small part to GreenPlan.

A key focus for **LeasePlan** is the essential combination of **service excellence** vis-à-vis the client and its drivers, and a commitment to **lowering the total cost of use.**

Total outsourcing
In most advanced markets, the demand for a full outsourcing solution to running a fleet of cars is beginning to emerge. To meet this challenge, LeasePlan is developing a *total outsourcing* product that will allow the company to set clear targets for the total cost of managing all aspects of the fleet. In addition to cost elements, this programme also includes measuring and targets for driver satisfaction, which is the other element that clients are most concerned about when managing a fleet. In this product, LeasePlan's involvement can include every element of the fleet management process, from the moment an employee is eligible for a company car to the renewal of his or her lease, without any need of involvement on the client's side and with the highest possible service standard.

Small fleets
In 2007, building on its expertise in the management of large fleets and on experience with a number of different local initiatives with small fleets, LeasePlan has introduced a new offer, specifically aimed at the needs of small fleet operators and professionals. The new product, branded LeasePlan Go, focuses on fulfilling the needs of this group of clients, who demand an easily accessible, simple but efficient operational leasing solution. LeasePlan Go has been successfully introduced in France and Spain, and will gradually be launched in other European markets during the coming years.

New reporting tool
During 2007, LeasePlan greatly improved the set of internet tools available for clients. A new, seriously modified version of the existing reporting tool (Plan8Push) was launched and renamed FleetReporting. The new tool gives clients a full overview of all details of their fleet in an easy-to-use and comprehensive manner. A new reporting dashboard allows the creation of customised views and automatically generated reports for the user. Moreover, the new tool permits the production of trend reports for different dimensions of the fleet. The push functionality of the system, which allows the creation of automatic reports that are then sent to the user, has also been greatly improved.

E-business/client portal
Clients are increasingly using the e-business tools to improve the knowledge of their fleet and to make their day-to-day communication with LeasePlan more efficient. Such data also enables both the client and LeasePlan to track and monitor fleet costs, in order to agree targeted cost reduction programmes. After a detailed analysis of the client's fleet, LeasePlan can advise them on areas of improvement and their potential impact on the total cost of running a fleet. LeasePlan and the client can then cooperate in realising these opportunities.

To facilitate a single point of access to the different available tools (FleetReporting, Internet Quotations, Fleet Administration), LeasePlan is launching its client portal, LeasePlan One, in 2008. Clients will enter the portal with a single password and find a common look and feel for the different tools, now available just a click away.

Forms of leasing
There are two basic forms of leasing: finance leasing and operational leasing. The difference between the two primarily lies in the economic ownership of the vehicle. Under a finance lease, the economic risk is borne by the customer. The vehicle is usually carried on the customer's balance sheet. Under an operational lease, the economic risk (mainly related to residual value) is borne by the lessor. In this case, the vehicle is carried on the lessor's balance sheet, not the customer's. More than 80% of LeasePlan's portfolio consists of operational leases.

LeasePlan operational leases
Payment for services can be arranged in several ways, depending on the customer's preference. LeasePlan has achieved market leadership on the basis of its **Open Calculation** concept, which gives the customer full access to all the information on costs actually incurred. With this type of agreement, LeasePlan bears the risk if the actual costs exceed the budgeted costs. On the other hand, the customer is credited if the actual costs are less than the budgeted costs. With the **Closed Calculation** concept, the customer has limited cost transparency and any positive or negative divergences from the budgeted costs are for the account of LeasePlan.

LeasePlan's services have evolved in recent years towards a harmonised but still highly diverse global product range that accurately matches the needs of individual customers. Drawing on its global expertise, LeasePlan has developed a set of six core products designed to meet the wishes of the customers with maximum effect. These core products are available in all countries, which is of great importance when concluding consistent international agreements with multinational customers.

LeasePlan has achieved market leadership on the basis of its open calculation concept.

LeasePlan International
Over the course of 2007, international business has become truly global. Growing markets for LeasePlan's international fleets included Brazil, Greece, Australia and Turkey. By the end of 2007, there were 280,000 vehicles managed under an international agreement by LeasePlan International, representing over 20% of the fleet managed by the LeasePlan Group worldwide.

The focus for international clients in 2007 continued to be on controlling the total cost of use of the fleet. As part of its day-to-day business, LeasePlan International works with its clients leveraging its expertise in international fleet management to identify potential cost saving opportunities for clients that balance savings with market trends and the impact on driver satisfaction.

Over the past several years, all aspects of Corporate Social Responsibility have become increasingly important to international clients. This trend continued in 2007 with environmental objectives in particular becoming more defined. In the past year, a number of international companies have set corporate targets to reduce overall CO_2 emissions, with some companies setting specific targets for reducing the carbon footprint of their fleet. LeasePlan International works together with its customers to identify areas of opportunity to reduce a company's CO_2 footprint and to help implement the identified initiatives. The company provides its clients with regular consolidated global reporting on the developments in this respect.

In 2007 ConsultPlus, LeasePlan International's fleet consultancy department, organised a number of Green Summits across Europe and the US. These summits provided a comprehensive overview of recent environmental trends and their relation to fleets as well as giving advice on setting fleet policies to meet environmental objectives. The Green Summits were attended by a large number of international companies with representatives from diverse functions including fleet management, procurement, human resources and environment, all coming together to participate in interactive learning sessions.

LeasePlan Supply Services
The main function of LeasePlan Supply Services is to achieve cost benefits on behalf of a large number of LeasePlan companies by combining their sourcing needs. LeasePlan uses its purchasing power as leverage in negotiations for large contracts with car manufacturers and other suppliers of goods and services in both the automotive field and other sectors. It focuses especially on international service level agreements, quality control and the structured exchange of information at local and international level.

Developments in the automotive retail and after-sales sectors in Europe on the expiry of the present Block Exemption Regulation continue to offer fresh opportunities for a pan European approach. LeasePlan Supply Services therefore carried on expanding the scope and increasing the intensity of its international activities for the LeasePlan Group in 2007. As LeasePlan Supply Services has constantly improved the quality of its cooperation with the international suppliers, the benefits are mutual and lasting. This has enabled it to achieve substantial cost savings for the Group.

LeasePlan Supply Services also plays a role in the exchange of best practices, both within the Group and between LeasePlan and its trading partners. The ultimate aim of all these activities is always to reduce the total cost of use for LeasePlan's customers worldwide. A Group-wide programme called Procurement Excellence was launched in 2007 with the support of LeasePlan Supply Services. The aim of the programme is to put the procurement arrangements of the various LeasePlan organisations on a professional footing and to coordinate them in such a way as to adopt an efficient and coherent approach to expenditure on all products and services. This allows savings and at the same time an improvement in the provision of services to the customer.

CarNext

The residual value of a car is a vital factor in the case of an operational lease, which is the most common form of lease for LeasePlan. If the actual residual turns out to be higher or lower than the price calculated at the start of the lease, this can have a major impact on the results of the contract over the full period (between 3-5 years). For some years now LeasePlan has therefore been planning to use the strength of its network to maximise its residuals. To an increasing extent this involves cross-border selling geared to local demand, which can differ greatly from country to country depending on make, model and even colour. These factors can greatly affect the price. LeasePlan's subsidiary CarNext is responsible for organising the international sale of ex-lease cars in Europe. CarNext began its operations in the main markets in 2007. For this purpose it holds auctions (online and otherwise) and supplies internal parties and external business contacts with information and analyses. Local LeasePlan companies also make use of the name and expertise of CarNext.

Euro Insurances

Euro Insurances, LeasePlan's own insurance subsidiary, offers car insurance in a growing number of European countries. It works closely with the local LeasePlan companies, but has also concluded contracts with external parties in recent years. Although based in Ireland, Euro Insurances can operate throughout Europe thanks to the Freedom of Services Act. As a captive insurer it is still unique among European leasing companies.

LeasePlan International works with its clients leveraging its **expertise** in international fleet management to identify potential **cost saving** opportunities for clients that balance savings with market trends and the impact on **driver satisfaction.**

Owing to the benefits of scale and its low handling costs, Euro Insurances is able to offer a competitive insurance product which is at least equal to that of its competitors in terms of quality and risk profile. From the perspective of the overall insurance market, Euro Insurances is a niche player; with approximately 365,000 policies in total, it has a market share of slightly less than 1% in the main markets it operates in.

The company achieved excellent insurance results in 2007. In the year under review, Austria and Czech Republic became the 14th and 15th country respectively in which Euro Insurances operates. In Germany, the company expanded its existing service to include legal assistance. In Italy, the product range was supplemented by an insurance policy for secondhand cars. In Spain and Portugal, Euro Insurances concluded contracts with two leasing companies for the distribution of car insurance to their customers through dealers. Since the start of 2007, the Group has also had its own reinsurance business – Globalines – which is based in the Isle of Man. This company had a successful first year and achieved good results.

Travelcard
With its universal fuel card, Travelcard offers business drivers in the Netherlands a convenient means of paying for fuel and lubricants. The card may be used at any petrol station in the Netherlands and can also be used selectively abroad. Travelcard realised substantial growth in the number of cards issued in 2007. It nearly doubled the market growth of cards used for business purposes.

The client base consists of more than 90 leasing companies and continues to grow. Of the total number of cards issued, 75% are sold via leasing companies while the remaining 25% are sold directly to fleet owners. Travelcard is the only independent provider of a multi-brand fuel card in the Netherlands and distinguishes itself from the competition by advising clients on diverse subjects, including cost reduction. In this respect, Travelcard offers a unique (patented) product, Plus module, with which fleet owners can block their drivers from using specific (expensive) fuel stations and/or fuel brands. This innovative product drew a lot of attention and was one of three nominees for the Fleet Innovation Prize 2007.

Other activities
During 2007, JB Carrosserie/Carflexs, LeasePlan's body repair activities in Belgium and the Netherlands, respectively, as well as the 49% shareholding in SurePlan USA were divested in line with LeasePlan's strategy to focus on core activities. The activities of MOX (leasing of small electric vehicles) will be phased out in the UK. In France and Spain, the activities of MOX are currently under review.

Almere, 3 April 2008

Managing Board
V. Daemi, Chairman
A.B. Stoelinga
H.P. Lützenkirchen

Management

Supervisory Board

B.P. Breiing, Chairman
Nationality: German
Position: Chairman of the Board of Management, Volkswagen Financial Services AG

L.H. Santelmann
Nationality: German
Position: Executive Vice-President, Volkswagen Financial Services AG

L.A.H.W. Sander
Nationality: German
Position: Member of the Board of Management Volkswagen Brand, with responsibility for Controlling and Accounting, Volkswagen AG

D.E. Wittig
Nationality: German
Position: Executive Vice-President, Group Sales and Marketing, Volkswagen AG

W.A. Al Mokarrab Al Muhairi
Nationality: Emirati and Resident of the United Arab Emirates
Position: Chief Operating Officer, Mubadala

C.A. Obeid
Nationality: Lebanese and Resident of the United Arab Emirates
Position: Chief Financial Officer, Mubadala

H.N. Lazkani
Nationality: British
Position: Head of International Private Equity, Olayan Europe Limited

F.W. Vermeulen
Nationality: Dutch
Position: Advisor, Olayan Financing Company

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

Ms. F.P.M. Hennekes - van Rosmalen
Corporate Secretary

Senior Corporate Vice-Presidents

T.R. Bercx
Human Resources Management and Legal

J. Boon
Corporate Strategy & Development

E.R. de Jong
Risk Management

T. Kuipers
Control, Reporting & Tax

B.P. Snijders
Treasury

L.C.M. Walraven
Audit

LEASEPLAN GROUP

Regional Senior Vice-Presidents

J. Contreras Garcia
Central Europe & Asia

K.D. McNally
Northern Europe & Americas

N.J. Salkeld
Southern Europe & Pacific

Senior Vice-Presidents Group Services

C. Parker
Business Information Management

W.E. Reinhold
Car Remarketing & Operations

J. Requeijo Gutierrez
Business Development

Shareholders of LeasePlan

Volkswagen Bank GmbH (50%)
Volkswagen Bank is a 100% subsidiary of Volkswagen Financial Services AG, which heads and consolidates entities that provide financing, leasing and insurance products to consumers and corporate customers in the European, Asian-Pacific and South American region.

Volkswagen Bank, operating solely in Europe, also has one of the largest direct banking activities in Germany, which 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.

Mubadala Development Company PJSC (25%)
Mubadala Development Company PJSC (Mubadala) is an investment company at the forefront of the transformation of Abu Dhabi's economy, evolving it beyond oil and gas into a global diversified economy.

As Abu Dhabi continues to enjoy rapid growth, Mubadala is taking full advantage of the opportunities to advance economic development in the region by building profitable businesses that will contribute towards robust and integrated industry sectors.

At the core of its business, Mubadala makes long-term, capital intensive investments to establish new companies and to acquire strategic holdings in existing ones. Mubadala carefully selects world-class partner organisations with proven expertise in industries such as healthcare, technology, aerospace, energy and real estate. These partnerships with internationally renowned institutions such as The Carlyle Group, Rolls Royce and Cleveland Clinic, set the highest standards for quality in every sector of the economy and create a benchmark for business excellence in the region.

As a developer, an investor and an international partner, Mubadala is generating sustainable economic benefits for the future of Abu Dhabi, its people and the region.

Olayan Group (25%)
The Olayan Group is a private, multinational enterprise made up of more than 50 companies and affiliated businesses. Founded in 1947, the Group has built its reputation on a bedrock of dedication, integrity, teamwork and continual improvement and growth. In Saudi Arabia, where the Group originated, Olayan engages in product distribution, manufacturing, services and investment, often alongside leading multinational and regional partners. These activities extend to other Gulf and Middle East countries. The Group invests internationally in both public and private equities, including real estate, and in fixed income securities. Its multi-billion dollar portfolio is concentrated in North America, Europe and the Middle East.

We’re with you worldwide

It’s not just about the fact that we have subsidiaries in 29 countries. We incorporate all our worldwide knowledge and experience in the services we deliver at local level. This means we’re truly there for our customers when they need advice on their fleet. Our products may be the same worldwide, but they’re always delivered in the way that suits you best and by experienced people located close to you.

Report of the Supervisory Board

We are pleased to present the financial statements of LeasePlan Corporation N.V. for the financial year 2007, as drawn up by the Managing Board. The financial statements have been audited by and discussed with PricewaterhouseCoopers Accountants N.V. Their unqualified auditor's report can be found on page 104.

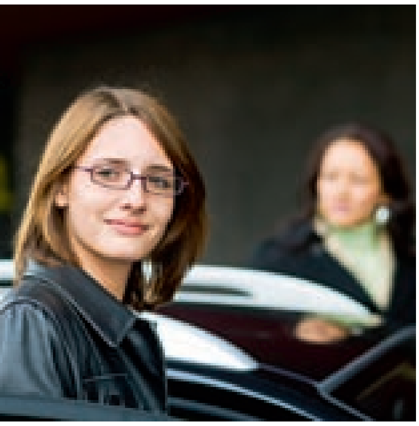
We recommend that the shareholders adopt the financial statements and the proposed profit appropriation contained therein. We also recommend that the shareholders endorse the Managing Board's conduct of the company's affairs and the supervision thereof by the members of the Supervisory Board.

Supervision

The Supervisory Board met on four occasions. The recurring items on the agenda for these meetings included the financial and commercial results, developments in the market, developments relating to LeasePlan Treasury and risk management (including the assessment of several large credit proposals). The strategy and policy for the medium and long-term are discussed once a year, as is the annual plan for the ensuing two-year period. Other items on the agenda during 2007 included the divestment and monitoring of non-core activities (JB Carrosserie/Carflexs, SurePlan USA and MOX), the preparations for the implementation of Basel II, the acquisition of a 51% share in an operational leasing company in Turkey, the leasing of new offices in Spain, the progress of the integration of the Europcar Fleet Services operation in Italy, the establishment of an insurance intermediary company in the US and a central mediation insurance company in Ireland, (possible) acquisitions in several countries, the liquidation of certain subsidiaries as part of overall corporate housekeeping, legislation changes in the Netherlands, the implementation of a new ICT system in Australia, the dividend policy for 2008, the developments on capital and money markets with special attention for the effects of the liquidity crunch late 2007, the fair market value of the company with regard to the valuation of stock options, the appointment of a member of the Managing Board to the position of Chief Financial Officer and the appointment of new members of the Supervisory Board.

The Supervisory Board has three committees: the Audit Committee, the Credit Committee and the Remuneration Committee. Each committee consists of members of the Supervisory Board and has its own composition. The Audit Committee met on four occasions in 2007 with a focus on internal control for which the main input is provided by the Group Audit Department. Once a year the meeting of the Audit Committee is also attended by the external auditors and the Senior Corporate Vice-President Audit.

The Credit Committee met on 23 occasions during the year to discuss credit proposals above the agreed limit as submitted by LeasePlan. By written resolution the Supervisory Board decided on the remuneration of the Managing Board as per the proposal of the Remuneration Committee.



Board changes

Managing Board

On 1 October 2007 Mr A.B. Stoelinga assumed the position of member of the Managing Board and Chief Financial Officer in succession of Mr A.S. Tomas.

Supervisory Board

VW Group
Mr Pötsch resigned as chairman of the Supervisory Board and was succeeded in this position by Mr B.P. Breiing effective 26 September 2007. As member of the Supervisory Board Mr Pötsch was succeeded by Mr L.A.H.W. Sander effective 3 March 2008. Mr Sander was also appointed member of the Audit Committee, the Credit Committee and the Remuneration Committee of the Supervisory Board.

On 21 January 2008 Mr D.E. Wittig succeeded Mr S. Jacoby.

Mubadala Development Company
Mr K.K. Al Mubarak was succeeded by Mr C.A. Obeid as of 12 February 2008.

Reflection on the year under review

LeasePlan's 45th year in business has been another very successful year with a significant increase in both turnover and profit. The net result improved to EUR 255.4 million being an increase of 21.2% compared to the previous year. Excluding the effect of divestments, the net result improved to EUR 239.2 million, an increase of 13.4%. These achievements are the result of the combined efforts of the professional LeasePlan staff worldwide for which we thank them.

Growth has also been achieved through the expansion of the geographic network which now totals 29 countries. LeasePlan is one of the few organisations with the broad geographical presence necessary to offer a global service to large multinational companies. During the recent liquidity crunch, the liquidity funding framework of LeasePlan has proven to be solid. With continued focus on customer needs through a strong product and excellent service whilst at the same time managing the efficiency of the organisation, LeasePlan is well placed to consolidate its strong position in 2008.

Supervisory Board

Volkswagen Group

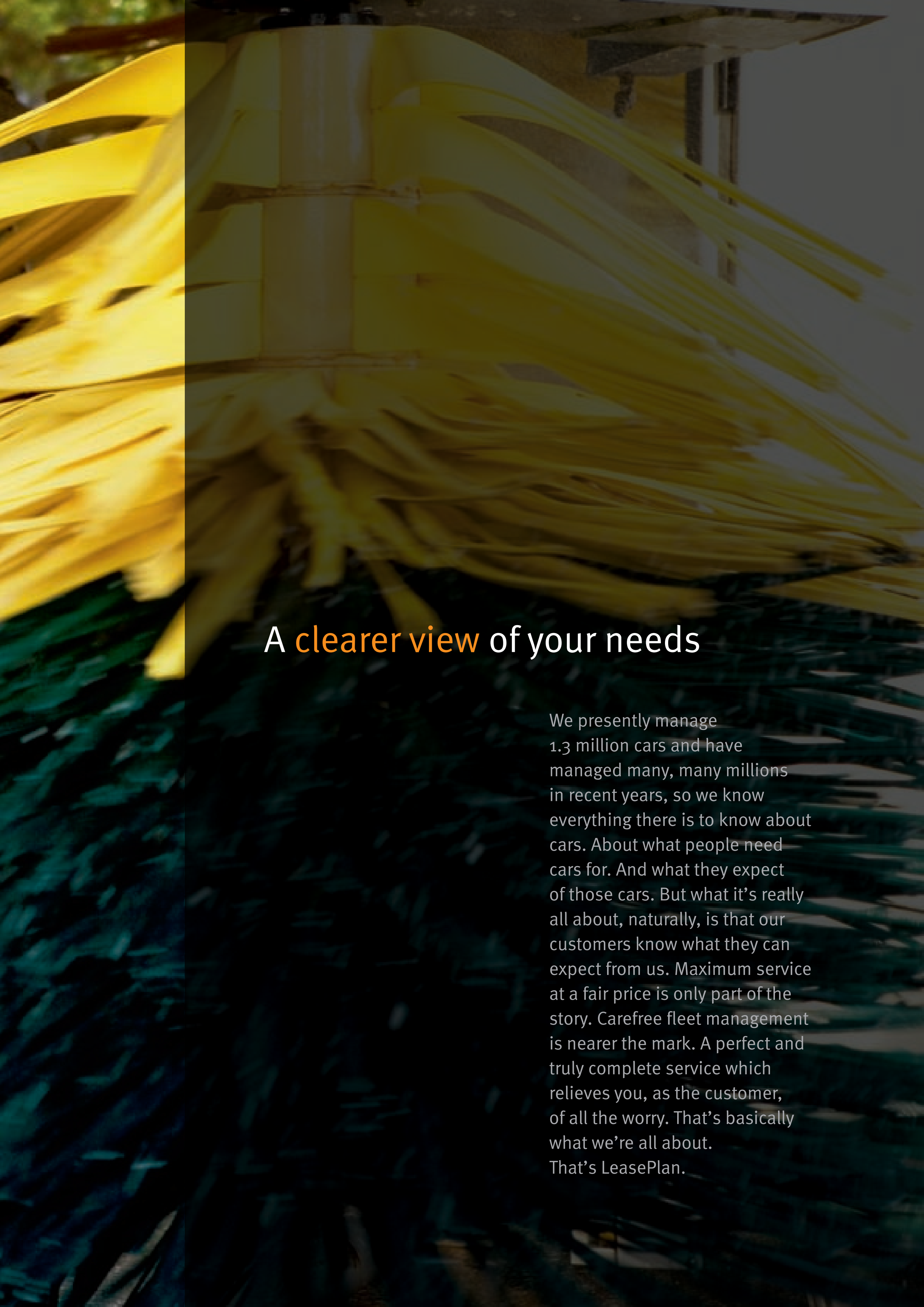
B.P. Breiing, chairman
L.H. Santelmann
L.A.H.W. Sander
D.E. Wittig

Mubadala Development Company

W.A. Al Mokarrab Al Muhairi
C.A. Obeid

Olayan Group

H.N. Lazkani
F.W. Vermeulen



A clearer view of your needs

We presently manage 1.3 million cars and have managed many, many millions in recent years, so we know everything there is to know about cars. About what people need cars for. And what they expect of those cars. But what it's really all about, naturally, is that our customers know what they can expect from us. Maximum service at a fair price is only part of the story. Carefree fleet management is nearer the mark. A perfect and truly complete service which relieves you, as the customer, of all the worry. That's basically what we're all about. That's LeasePlan.

Annual Accounts 2007

Consolidated income statement
for the year ended 31 December

In thousands of euros	Note	2007	2006
Continuing operations			
Lease revenues	4	3,658,843	3,389,688
Interest and similar income	7	894,323	749,553
Other revenues	5	411,684	458,985
Total revenues		**4,964,850**	**4,598,226**
Lease expenses	4	3,147,322	2,925,901
Interest expenses and similar charges	8	607,279	446,855
Other expenses	6	304,877	325,842
Total costs		**4,059,478**	**3,698,598**
Sales result and settlements from returned objects	9	46,629	19,288
Impairment losses on receivables	11	-11,954	-21,931
Total operating income		**940,047**	**896,985**
Staff expenses	12	371,148	360,144
General and administrative expenses	13	215,901	210,939
Depreciation and amortisation	14	40,322	43,472
Total operating expenses		**627,371**	**614,555**
Total operating result		**312,676**	**282,430**
Share of profit of associates	24	725	123
Profit before tax		**313,401**	**282,553**
Income tax expenses	15	72,987	73,099
Profit for the period from continuing operations		**240,414**	**209,454**
Discontinued operations			
Profit for the period from discontinued operations	2	16,260	90
Profit for the period		**256,674**	**209,544**
Attributable to:			
Equity holders of the Company		255,443	210,804
Minority interests	38	1,231	-1,260
Profit for the period		**256,674**	**209,544**

Consolidated statement of changes in shareholders' equity

In thousands of euros	Share capital	Share premium	Translation reserve	Hedging reserve	Retained earnings	Total	Minority interests	Total equity
Balance as at 1 January 2006	**71,586**	**506,398**	**18,106**	**12,399**	**597,746**	**1,206,235**	**2,061**	**1,208,296**
Effective portion of changes in fair value of cash flow hedging instruments				26,190		26,190		26,190
Amounts of SCE *				-155		-155		-155
Exchange differences on foreign operations			-6,102			-6,102	37	-6,065
Other equity changes							-1,842	-1,842
Net income/(expenses) recognised directly in equity	**-**	**-**	**-6,102**	**26,035**	**-**	**19,933**	**-1,805**	**18,128**
Profit for the period					210,804	210,804	-1,260	209,544
Total recognised income and expense for the period	**-**	**-**	**-6,102**	**26,035**	**210,804**	**230,737**	**-3,065**	**227,672**
Dividend					-65,000	-65,000		-65,000
Balance as at 31 December 2006	**71,586**	**506,398**	**12,004**	**38,434**	**743,550**	**1,371,972**	**-1,004**	**1,370,968**
Effective portion of changes in fair value of cash flow hedging instruments				-14,264		-14,264		-14,264
Effective portion of changes in fair value of net investment hedging instruments				6,862		6,862		6,862
Amounts of SCE *				5	232	237		237
Exchange differences on foreign operations			-21,358			-21,358	-10	-21,368
Recycling of currency exchange differences from discontinued operations			-8			-8		-8
Other equity changes				-771	771		-217	-217
Net income/(expenses) recognised directly in equity	**-**	**-**	**-21,366**	**-8,168**	**1,003**	**-28,531**	**-227**	**-28,758**
Profit for the period					255,443	255,443	1,231	256,674
Total recognised income and expense for the period	**-**	**-**	**-21,366**	**-8,168**	**256,446**	**226,912**	**1,004**	**227,916**
Dividend					-195,000	-195,000		-195,000
Balance as at 31 December 2007	**71,586**	**506,398**	**-9,362**	**30,266**	**804,996**	**1,403,884**	**-**	**1,403,884**

* SCE: Special Component of Equity

Consolidated balance sheet
as at 31 December

In thousands of euros	Note	31 December 2007	31 December 2006
Assets			
Cash and balances with central banks	16	13,387	12,732
Derivative financial instruments	19	72,928	56,090
Receivables from financial institutions	17	489,108	840,906
Receivables from customers	18	2,801,774	2,481,836
Reinsurance assets	34	20,992	15,016
Financial assets designated at fair value through the income statement	22	29,558	31,271
Assets held-for-sale (including assets of a disposal group classified as held-for-sale)	20	186,083	193,534
Corporate income tax receivable		19,449	59,408
Financial assets held-to-maturity	21	117,815	155,589
Other assets	23	578,649	517,958
Investments in associates and jointly controlled entities	24	25,852	17,509
Property and equipment under operational lease and rental fleet	25	11,669,816	11,098,408
Other property and equipment	26	88,325	93,256
Deferred tax assets	27	113,265	120,579
Intangible assets	28	118,325	111,357
Total assets		**16,345,326**	**15,805,449**
Liabilities			
Corporate income tax payable		33,394	26,170
Liabilities of a disposal group classified as held-for-sale	3	3,863	17,994
Liabilities to financial institutions	29	1,618,137	955,508
Funds entrusted	30	805,515	380,888
Debt securities issued	31	9,858,840	10,699,014
Derivative financial instruments	19	38,954	15,526
Other liabilities	32	1,685,043	1,472,753
Deferred tax liabilities	27	132,802	133,384
Provisions	33	30,448	31,094
Insurance contract provisions	34	234,446	202,150
Subordinated loans	35	500,000	500,000
Total liabilities		**14,941,442**	**14,434,481**
Equity			
Issued capital	36	71,586	71,586
Share premium		506,398	506,398
Other reserves	37	825,900	793,988
Shareholders' equity attributable to equity holders of the Company		**1,403,884**	**1,371,972**
Minority interests	38	-	-1,004
Total equity		**1,403,884**	**1,370,968**
Total equity and liabilities		**16,345,326**	**15,805,449**

Consolidated statement of cash flows

for the year ended 31 December

In thousands of euros	Note	2007	2006
Cash flows from operating activities			
Result before tax		313,401	282,553
Impairment on (leased) assets	28	1,461	1,228
Impairment on receivables	11	11,954	21,931
Gain on disposal of objects in operational lease portfolio		-46,629	-19,288
Depreciation operational lease portfolio and rental fleet	25	2,507,000	2,472,259
Depreciation other property and equipment	26	25,098	29,873
Amortisation intangible assets	28	13,446	15,006
Increase provisions		32,201	18,469
Increase/(decrease) other liabilities and other assets		151,598	-242,898
Cash generated from operations		**3,009,530**	**2,579,133**
Dividend received from associates and jointly controlled entities	24	2,472	1,290
Interest paid		-569,886	-482,741
Interest received		904,997	749,581
Income taxes paid		-54,362	-57,711
Income taxes received		21,129	29,717
Net cash from operating activities		**3,313,880**	**2,819,269**
Cash flows from investing activities			
Amounts received for disposal of objects under operational lease portfolio		1,821,830	2,017,097
Amounts paid for acquisition of objects under operational lease portfolio	25	-5,170,259	-5,480,755
Acquired new finance leases		-796,023	-1,124,758
Repayment finance leases		701,137	1,285,686
Proceeds from sale of other property and equipment		8,564	17,727
Acquisition of other property and equipment	26	-38,515	-37,568
Acquisition of software	28	-6,095	-3,915
Capital increase in associates and jointly controlled entities	24	-753	-999
Proceeds from sale of subsidiaries, net of cash disposed of, and from sale of associates	2	36,729	18,940
Increase/(decrease) in other financial assets		100,936	-115,936
Acquisition of subsidiary, net of cash acquired, and associates	24	-9,191	-
Net cash from investing activities		**-3,351,640**	**-3,424,481**
Cash flows from financing activities			
Receipt of liabilities from financial institutions		2,928,347	1,810,383
Repayment of liabilities from financial institutions		-2,265,718	-4,966,013
Receipt of funds entrusted		694,317	378,063
Repayment of funds entrusted		-269,690	-599,255
Receipt of debt securities		5,175,735	8,281,180
Repayment of debt securities		-6,015,909	-4,489,631
Receipt of subordinated loans	35	-	500,000
Repayment of subordinated loans	35	-	-240,856
Dividends paid	37	-195,000	-65,000
Net cash from financing activities		**52,082**	**608,871**
Cash and balances with central banks at 1 January		**-43,662**	**-38,984**
Net movement in cash and balances with central banks		14,322	3,659
Cash held by discontinuing entities	3	-	-6,987
Effect of exchange rate fluctuations on cash held		-924	-1,350
Cash and balances with central banks at 31 December	16	**-30,264**	**-43,662**

Notes to the consolidated financial statements

1. General information

LeasePlan Corporation N.V. (the "Company") is a company domiciled in Almere, the Netherlands. The consolidated financial statements of the Company as at and for the year ended 31 December 2007 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 2007, the Group employed almost 6,000 people worldwide and had offices in 29 countries.

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 is held by each of Mubadala Development Company from Abu Dhabi and the Olayan Group with its head office in Athens.

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

Except for IFRS 7 the application of the amendments and interpretations listed below did not result in substantial changes to the Group's accounting policies:

- IFRIC 7 Applying the Restatement Approach under IAS 29 'Financial Reporting in Hyperinflationary Economies';
- IFRIC 8 Scope of IFRS 2 Share-based Payment;
- IFRIC 9 Reassessment of Embedded Derivatives;
- IFRIC 10 Interim Financial Reporting and Impairment;
- IFRIC 11 IFRS 2, Group Treasury Share Transactions;
- Amendment to IAS 1 Capital Disclosures.

Amendments to published standards and new standards effective in 2008 or later

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007 and have not been applied 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 2007:

- IFRIC 12 Service Concession Arrangements (effective 1 January 2008);
- IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008);
- IFRS 8 Operating Segments (effective 1 January 2009);
- Revised IAS 23 Borrowing Costs (effective 1 January 2009);
- IFRIC 13 Customer Loyalty Programmes (effective 1 January 2009).

The above standards and amendments become mandatory for the Group's 2008 or 2009 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.

The financial statements were authorised for issue by the Supervisory Board on 3 April 2008.

(ii) Basis of measurement

These consolidated financial statements are prepared on historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- managed funds are designated at fair value through the income statement; and
- (non-current) assets held-for-sale are stated at the lower of the carrying amount and the fair value less costs to sell.

(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 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 estimated 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 (X), Critical accounting estimates 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. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies have been applied consistently by Group subsidiaries for the purpose of these consolidated financial statements.

(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. 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.

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company 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.

(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. 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 LeasePlan Securitisatie B.V. and Bumper I B.V., which have been incorporated specifically for the Group's securitisation transactions, and these two companies 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.

(B) Foreign currency
(i) Foreign currency transactions
Transactions in foreign currencies are translated into the functional currency using the foreign exchange rate prevailing at the date of the transaction. 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'.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the prevailing exchange rate at the date of the transaction and recognised in equity. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to euros at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences on foreign currency transactions arising on translation to the functional currency are recognised in the income statement.

(ii) Foreign operations
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 the presentation currency (euro) 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 operations 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 operation 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.

(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. Management determines the classification of its investments at initial recognition.

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.

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 also categorised as held-for-trading unless they are designated as hedges.

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.

(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 and financial assets at fair value through profit or loss 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.

(vi) Derecognition
Financial assets are derecognised if the Group's contractual rights to the received cash flows from the financial asset expire or, if the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction to another party in which substantially all the risks and rewards of ownership of the financial asset are 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.

(D) Derivative financial instruments and hedge accounting
The Group applies IAS 32 and IAS 39 for financial instruments as of 1 January 2005.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when 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 value is calculated using a discounted cash flow method, while taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

The Group uses derivative financial instruments 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 derivative financial instruments 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 either: (i) hedges of highly probable 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 hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedging
When a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecasted transaction qualifying as cash flow hedges, the effective portion of changes in the fair value of derivatives is recognised directly in shareholders' equity as a separate component of equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged forecasted transaction will affect the income statement (for example, 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 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 period 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. 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 hedging to hedge the exposure to changes in the fair value of structured notes arising from changes in interest rates.

The fixed leg of the swaps, which the Group will apply to change the interest profile of the structured notes, will match the structured 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 structured note that will be amortised over the remaining maturity.

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the income statement. The hedged item is also measured at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement under the caption 'Interest expenses'.

(iv) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting and is not held-for-trading, are recognised immediately in the income statement.

(E) Lease contracts
(i) Lease products
The Group leases assets to its customers for durations that normally range between 3-5 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:

(ii) Closed calculation contracts
Closed calculation contracts are typically leasing contracts whereby the customer 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 secondhand car market. In all cases, the overall risk on the result of the contract, both positive and negative, is borne by the Group.

(iii) Open calculation contracts
Open calculation contracts are leasing contracts whereby the customer, under particular circumstances may share a portion of any positive upside potential with the (negative) risks borne by the Group. The specifics of each contract can differ by country and/or by customer. 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 customer. Most contracts contain certain requirements that the customer 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.

(iv) 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.

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 risk being borne by the Group.

(v) 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 loans and advances.

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: (1) lease revenues and (2) 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).

(vi) 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 risk 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: (1) lease revenues and (2) interest income (effective interest rate method).

Income statement
(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 Group makes a distinction, whereby the leasing related revenues and costs are shown separately based on the functional method taking into account IFRSs disclosure requirements.

As IFRSs do not define an income statement for leasing business within the banking industry, the Group makes this distinction so as 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.

(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 account 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, whereas the correction required to arrive at a total straight-line recognition for operational lease contracts is part of lease 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.

The captions interest income and expenses also include gains and losses on hedging instruments that are recognised in profit or loss due to ineffectiveness.

(H) Total revenues and costs

(i) Lease revenues

Lease revenues comprise the various service components as included in the lease instalment, such as repair, maintenance and tyres ('RMT'), insurance and depreciation.

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 lease revenues.

The interest portion of the lease instalment is classified under interest income (see note (G)), insofar as it is based on the effective interest rate method.

The operational lease instalments are presented straight-line over the lease term net of the adjustment required to present the interest income on the effective interest rate method and any discounts granted in the contract, with the exception of those portions of the lease instalment that are considered to be service income. The service income portion is recognised and presented based on the percentage of completion method.

(ii) Service income

The income recognition on the RMT services is determined by the contractual agreement with the client. For closed calculation contracts the service income is recognised over the term of the contract based on the percentage of completion method. Under this method, the revenues are recognised over the term of the contract based on historical statistics.

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.

(iii) Lease expenses

Lease expenses comprise the cost associated with providing the above mentioned service components. Any (volume related) bonuses related to these lease expenses, except those earned on the purchase of leased objects, are credited directly to lease 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.

(iv) Other revenues and other expenses

This caption includes rental revenues from renting out the rental fleet portfolio. These rental revenues are recognised on a straight-line basis over the term of the rental agreement. The costs associated with the rental activities are reported separately as other expenses. Other revenues and cost categories that cannot be categorised as lease revenues, but are income categories of regular business operations, are also included under this caption. Other revenues are generally recognised when services are rendered.

The margin and any bonuses earned in connection with pass-on costs, as mentioned under the caption 'Lease revenues and expenses', are classified as other revenues and are recognised during the period as they are earned.

(I) Sales result and settlements from returned objects

Result from the sale of returned objects reflects the variance between the carrying value of the leased object at the end of the contract and the sales proceeds less any cost to sell. The net income recognition of this result is determined by the contractual agreements with the client as follows:

- For closed calculation contracts the net income is recognised at the end of the contract, after the asset is sold.
- For open calculation contracts, the results are settled on a net basis with the client in accordance with the contractual agreement with the client. The result from the sale of returned lease objects is deferred until there is reasonable assurance concerning the amount of the result that will be for the account of the Group. When the contract end date for a specific lease object and the final settlement date with the client are not in the same financial period, the deferral is recognised in the balance sheet under 'Other liabilities'. In the event of expected losses for the Group under open calculation settlements, these losses will be taken in the income statement in the period of the contract end date.

(J) Employee pension benefits

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

(i) 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. Some less significant multi-employer defined benefit plans exist. These are accounted for as defined contribution plans, due to immateriality. 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.

(ii) 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.

The calculation is performed annually by an independent qualified actuary 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.

(iii) Settlements and curtailment
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 reducing materially the number of employees in the defined benefit plan or the pension benefits for future services.

(iv) Other (post) employment plans
The Group's net obligation in respect of other service benefits, other than pension plans, 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 and 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.

(v) 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 have been issued subsequent to 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.

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.

(K) 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 directly in equity, in which case it is recognised in equity.

Current tax is the expected 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 tax payable or receivable in respect of previous years.

Deferred 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.

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

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

Deferred and current tax assets and liabilities are offset when they arise from the same tax reporting group and where there is both a right to offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Balance sheet

(L) Receivables from financial institutions and Receivables from customers

These captions include 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.

(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 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.

This caption includes also lease assets returned from clients upon the termination of the lease contract. These assets are stated at the lower of the carrying amount and the fair value less cost to sell.

(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 annually for impairment, using the discounted dividend method and whenever there is an indication that the unit may be impaired. 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.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

(ii) Software

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

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 relate to customer relationship intangible assets and customer contract intangible assets. Customer relationship and customer contract intangible assets are recognised separately from goodwill. The Group acquired the customer relationship intangible with the lessee meeting the contractual legal criteria for identification as an intangible asset and this asset is amortised over 10 years. Further a customer contract intangible asset was recognised for an acquired lease portfolio and the fair value attached to related assets and liabilities. This intangible is amortised over 4 years.

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

(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.

(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. 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 own use, but is to be leased out to third parties and is classified as part of other property and equipment. The Group holds investment property to earn rentals. Any such property interest is carried at cost less accumulated depreciation and any accumulated 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.

(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 5 years.

(Q) Other assets
Other assets include prepayments in respect of expenses attributable to a subsequent period plus amounts still to be received. Furthermore, this item includes stock of cars not yet assigned to a specific lease contract and such stock is measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

(R) Impairment

(i) Impairment losses on (leased) assets and assets for own use

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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. 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 and internal sources of information. If such indication for impairment exists, an impairment loss is recognised in the income statement to the extent that 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. In most cases the fair value less costs to sell will not be relevant as the Group is legally and contractually not able to sell the object or cash generating unit, as these objects are subject to an operational lease which can in general only be terminated upon the initiative of the lessee. The Group will therefore base the conclusion on impairment in most cases on the value in use, which is determined as the present value of the future cash flows expected to be derived from the object or cash generating unit.

(ii) Impairment losses on (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. There is an assessment annually whether there is any objective evidence that a financial asset is impaired or uncollectible. 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 total operating income.

(iii) Assets carried at amortised cost

The Group assesses at each balance sheet date 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 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.

(iv) 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.

(S) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are the Group's sources of debt funding and relate to liabilities to 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 maturity of the loans and borrowings.

(T) Dividends

Dividends are recognised as a liability in the balance sheet in the period when declared.

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

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. The Group as assignor assesses annually 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 over coverage.

Claims outstanding comprise provisions for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not and related internal and external claims handling expenses and an appropriate prudential margin. Claims outstanding are assessed by reviewing individual claims and making allowances for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as changes in claims 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 claims outstanding. Provisions for claims outstanding are discounted at a risk free rate of interest where there is a particularly long period from incident to claims settlement and where there exists a suitable claims pattern from which to calculate the discount.

(ii) Restructuring
A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the Group has raised a valid expectation that it will carry out the plan by either starting to implement the plan or by announcing its main features to those affected by it. Future operating costs are not provided for.

(iii) 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 at least the 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.

(V) 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.
Interest paid is classified as an operating activity, even though it will arise on financing balances.

(ii) Investing cash flows
Investing activities include cash payments to acquire underlying assets under operational lease, 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 debt and equity interests in other subsidiaries and 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. The sources of finance include amounts borrowed from other banks, loans, debentures and share capital.

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 maturity 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 maturity 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. Subsidiaries' cash flows 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.

(W) Segment reporting
A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical markets.

(X) Critical accounting estimates 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 for the value in use calculations are those regarding discount rates, growth rates and expected changes in cash flows.

(ii) Impairment 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. A change in this accounting estimate of residual value 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 in the countries by means of so-called Fleet Risk Assessments. Impairment is accounted for if internally set thresholds are exceeded.

(iii) 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 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. 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.

(iv) 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.

(v) 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.

(vi) 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 for the 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.

(Y) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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 mismatch between financial assets and financial liabilities.

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 customers at both fixed and floating interest rates, for various periods and in various currencies. The Group seeks to maximise the spread between interest rates charged in lease contracts and the interest rates paid on various borrowings and at the same time 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.

(i) IAS 39 hedge accounting

The operational lease portfolio cannot be designated as a hedged item under IAS 39. 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 arising from foreign exchange and interest rate movements, and due to the exposure to changes in fair values of recognised liabilities due to foreign exchange and interest rate movements.

(ii) Cash flow hedges

In cash flow hedging, hedge relationships are based on future cash flows from anticipated re-pricings and/or roll-overs of external funding 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.

The Group has decided to apply a cash flow hedge (being aggregate hedging of a similar group of assets/liabilities). No specific derivative transaction is designated against the specific funding transaction. A group of derivatives sharing the same characteristics is designated to the hedge relationship with a group of funding transactions with the same characteristics.

(iii) Fair value hedges

The risk being hedged is a change in the fair value of a recognised asset or liability that will affect the income statement. The Group applies a fair value hedge to hedge the exposure to changes in the fair value of issued structured notes arising from changes in the interest rate, prices of commodities and equities and foreign exchange movements.

Fair value hedge is applied in such a way that, for the risk that is hedged, the exposures in the fair value of the derivative transaction (interest rate swap or currency interest rate swap) mirrors the exposures in the fair value of the related structured notes.

Fair value hedge accounting entails the hedged item (i.e. the structured note) and the hedging instruments (i.e. the derivative) being measured at fair value upon initial recognition, with subsequent re-measurement of fair value being recorded in the income statement.

(iv) Derivatives

Derivatives are financial instruments, the value of which 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 balance 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.

The contracted notional amounts of various derivatives are listed below:

In millions of euros	Total	< 1 year	1-5 years	> 5 years	Positive replacement cost
Interest rate contracts					
Swaps	13,903	7,593	6,193	117	44
Forwards	50	50	0	0	0
Currency contracts					
Swaps	598	149	449	0	6
Forwards	2,111	2,111	0	0	24
Total as at 31 December 2007	**16,662**	**9,903**	**6,642**	**117**	**74**

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. The risks inherent in derivatives are determined on the basis of the credit risk, expressed in terms of the weighted credit equivalent. This also includes the market risk, which is expressed as the positive replacement cost. The Group maintains strict control limits (both from a credit risk point of view and from a market risk point of view) on derivative positions by both amount and term. This credit risk exposure is managed as part of the overall lending limits with financial institutions, together with potential exposures from market movements.

The table below lists the outstanding credit risk:

	31 December 2007		31 December 2006	
In millions of euros	Non-weighted	Weighted	Non-weighted	Weighted
Interest rate contracts	77	15	58	12
Currency contracts	74	15	54	11
Total	**151**	**30**	**112**	**23**

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 and off-balance sheet commitments at weighted amounts to reflect their relative risk. Under the Basel I supervisory regime assets are weighted according to broad categories of notional risk, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Four categories of risk weights (0%, 20%, 50% and 100%) are applied; for example, cash has a zero risk weighting which means that no capital is required to support the holding of these assets. Other property and equipment carries a 100% risk weighting meaning that it must be supported by capital amounting to minimum 8% of the carrying amount. Off-balance sheet credit related commitments and forwards are taken into account by applying different categories of conversion factors, designed to convert these items into balance sheet equivalents. The resulting equivalent amounts are then weighted for risk using the same percentages as for on-balance sheet assets.
As of 2008 the balance sheet assets and off-balance sheet commitments will be weighted in accordance with the Basel II requirements. The Group is endeavouring to implement the advanced measurement methodologies which are largely built on internally developed and externally validated risk models.

The standards for the principal capital ratios applied by the Dutch Central Bank up to 2007 are based on the capital adequacy directives of the Basel Committee of the BIS. These ratios compare the total BIS capital and Tier 1 capital with the total of risk-weighted assets and off-balance sheet items. The minimum requirement for the BIS ratio and Tier 1 ratio is 8% and 4% respectively of risk-weighted assets. The Company set in 2007 the minimum targets of 8% and 10% for the Tier 1 ratio and the BIS ratio respectively. Under the new Basel II capital adequacy supervisory regime these targets will be reviewed.

The following table analyses actual capital and the minimum required capital (in millions of euros).

	31 December 2007 Minimum required	Actual	31 December 2006 Minimum required	Actual
Risk-weighted assets		15,594		14,289
BIS capital	1,248	1,787	1,144	1,746
BIS ratio	8%	11.5%	8%	12.2%
Tier 1 capital	624	1,287	572	1,246
Tier 1 ratio	4%	8.3%	4%	8.7%

In order to arrive at the Tier 1 capital, adjustments to the reported equity are required for the IFRSs prudential filters (IAS 39) and a part of the acquisition related intangible assets (IFRS 3). BIS capital includes the Group's Tier 1 capital and the subordinated loans.

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. The Group structures the levels of credit risk it undertakes by placing limits on the amounts of risk accepted in relation to one borrower/lessee, or groups of borrowers/lessees and to industry segments. Such risks are monitored on a revolving basis and subject to a periodic review.

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. By product category strict policies are in place and the decision on investment proposals is taken by the Group's Credit Committee. Further policies and guidelines exist on the data and reports to be provided. Furthermore, 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.

The Group's Credit Committee discusses policies and main developments in new business, receivables and provisions 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 within a defined time period. 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 2007 can be shown as follows:

In thousands of euros	Europe (euro zone)	Europe (non-euro zone)	Rest of the world	Total
Financial assets				
Derivative financial instruments	72,928			72,928
Receivables from financial institutions	478,502	8,426	2,180	489,108
Receivables from customers	970,204	723,146	1,108,424	2,801,774
Reinsurance assets	20,992			20,992
Financial assets designated at fair value through the income statement	29,558			29,558
Corporate income tax receivable	10,732	275	8,442	19,449
Financial assets held-to-maturity	117,813		2	117,815
VAT and other taxes	45,012	15,409	5,803	66,224
Reclaimable damages	35,387	2,473	174	38,034
Interest to be received	25,094	44	1,591	26,729
Assets held-for-sale	186,083			186,083
Total as at 31 December 2007	**1,992,305**	**749,773**	**1,126,616**	**3,868,694**
Total as at 31 December 2006	**2,137,609**	**581,327**	**1,258,571**	**3,977,507**

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 Institutions**	**Manufacturing**	**Wholesale trade**	**Transport and public utilities**	**Public sector**	**Other industries**	**Total**
Financial assets							
Derivative financial instruments	72,928						72,928
Receivables from financial institutions	489,108						489,108
Receivables from customers	52,891	742,796	370,740	228,452	116,365	1,290,530	2,801,774
Reinsurance assets						20,992	20,992
Financial assets designated at fair value through the income statement	29,558						29,558
Corporate income tax receivable					19,449		19,449
Financial assets held-to-maturity					117,815		117,815
VAT and other taxes					66,224		66,224
Reclaimable damages						38,034	38,034
Interest to be received	26,729						26,729
Assets held-for-sale						186,083	186,083
Total as at 31 December 2007	**671,214**	**742,796**	**370,740**	**228,452**	**319,853**	**1,535,639**	**3,868,694**
Total as at 31 December 2006	**1,136,772**	**739,874**	**352,601**	**194,421**	**403,911**	**1,149,928**	**3,977,507**

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 validated, 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 rating tools are kept under constant review and are upgraded when necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

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.

Exposure at default is based on the amounts the Group expects to be owed at the time of default.

Loss given default or loss severity represents the Group's expectation of the extent of a loss or a claim should default occur. It is expressed as percentage loss of exposure and typically varies by country and type of transaction.

Receivables from customers are individually assessed on indications for impairment. The sources for such indications can be external, such as external credit ratings and solvency information, or internal, such as internal credit score, payment behaviour and receivable ageing. 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 customers

Receivables from customers are summarised as follows:

In millions of euros	**2007**	**2006**
Neither past due nor impaired	2,596	2,279
Past due but not impaired	201	205
Impaired	44	45
Gross carrying amount	2,841	2,529
Less: allowance for impairment	-39	-47
Net carrying amount	**2,802**	**2,482**

The total impairment provision for loans and receivables is EUR 44 million (2006: EUR 45 million) of which EUR 40 million (2006: EUR 41 million) represents the individually impaired receivables and the remaining amount of EUR 4 million (2006: EUR 4 million) represents the finance lease portfolio (loans) related to these impaired receivables.

The credit quality of the portfolio of loans and receivables that were neither past due nor impaired can be assessed by reference to the Group's internal rating system.

Receivables from customers past due, but not impaired:

Receivables from customers less than 90 days past due are not considered to be impaired, unless other information is available to indicate the contrary. Gross amount of receivables from customers that were past due but not impaired were as follows:

In millions of euros	**2007**	**2006**
Past due up to 90 days	167	177
Past due between 90-180 days	17	13
Past due over 180 days	17	15
Total	**201**	**205**

Receivables from customers individually impaired:

The individually impaired loans and receivables from customers are EUR 44 million. No collateral is held by the Group and impairment has been recognised against the gross amount. The interest income on impaired financial assets amounts to EUR 0.3 million (2006: EUR 0.2 million).

In millions of euros	**2007**	**2006**
Exposure on customers	44	45
Provision on customers	39	47
Percentage provided for	**89%**	**104%**

In addition to its natural exposure to credit risk in the leasing of vehicles, the Group's central Treasury 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.

Finally 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 always uncommitted 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.

D. Market risk

The main market risk the Group takes is the residual value risk included in the operational leases and management only contracts with off–balance sheet residual value guarantees. Residual value risk on vehicles is the Group's exposure to potential profit or loss due to the resale values of these vehicles being above or declining below 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 cars, 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 determine the estimated 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.

All Group companies assess at least once per year the exposures in their portfolios and consider if any indications for impairment exist. There were no indications for impairment on the relevant lease portfolios reported in 2007. A change in the estimated residual value may alternatively lead to a prospective adjustment of the depreciation charges. This adjustment has an effect in both the current period and in subsequent periods. Considering the residual value positions of the Group, also no prospective adjustments to depreciation were deemed necessary in 2007.

It is expected that in the (near) future governments within the European Union will continue to change taxation regimes with respect to (the purchase 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 - 5 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.

The total contracted residual values that the Group bears risk on approximates to EUR 7.4 billion at the end of December 2007 (2006: EUR 6.4 billion). A one percent increase or decrease in the estimated consolidated residual value setting reflects a favourable respectively unfavourable movement of EUR 74 million (2006: EUR 64 million), spread over the remaining consolidated lease contract years. The ultimate impact on the income statement is dependent on various factors, among other things the type of lease contracts concerned and the risk mitigating factors taken by management in time.

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 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 of the consolidated balance sheet against foreign exchange rate movements.

LeasePlan is present in 29 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 equity value in euros of non-euro subsidiaries is the protection of balance sheet ratios. The exposure in Group equity to the euro value of 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.

The table below summarises the Group's exposure to foreign exchange rate risk as at 31 December, specifically for those assets and liabilities classified as financial assets and financial liabilities. Included in the table are the Group's financial assets and liabilities (including derivatives) at carrying amounts, categorised by currency.

In thousands of euros	EUR	GBP	USD	Other	Total
Financial assets					
Derivative financial instruments	959,134	-17,787	-404,594	-463,825	72,928
Receivables from financial institutions	453,050	4,731	16,955	14,372	489,108
Receivables from customers	913,713	337,196	791,301	759,564	2,801,774
Reinsurance assets	20,992				20,992
Financial assets designated at fair value through the income statement	29,558				29,558
Corporate income tax receivable	10,732			8,717	19,449
Financial assets held-to-maturity	117,815				117,815
VAT and other taxes	45,012			21,212	66,224
Reclaimable damages	35,387	50		2,597	38,034
Interest to be received	19,806	2,830	483	3,610	26,729
Assets held-for-sale	131,357	20,583	10,728	23,415	186,083
Total as at 31 December 2007	**2,736,556**	**347,603**	**414,873**	**369,662**	**3,868,694**
Financial liabilities					
Corporate income tax payable	12,408	16,385	38	4,563	33,394
Liabilities to financial institutions	1,164,219		7,880	446,038	1,618,137
Funds entrusted	789,860	8,639		7,016	805,515
Debt securities issued	6,292,701	1,369,153	447,153	1,749,833	9,858,840
Derivative financial instruments	606,706		30,929	-598,681	38,954
Subordinated loans	500,000				500,000
Interest payable	103,794	29,373	6,529	29,249	168,945
VAT and other taxes	12,911	1,293	1,577	2,770	18,551
Liabilities held-for-sale	3,626	237			3,863
Total as at 31 December 2007	**9,486,225**	**1,425,080**	**494,106**	**1,640,788**	**13,046,199**
Net on-balance sheet financial position	**-6,749,669**	**-1,077,477**	**-79,233**	**-1,271,126**	**-9,177,505**
As at 31 December 2006					
Total financial assets	1,889,022	437,860	1,018,754	631,871	3,977,507
Total financial liabilities	8,236,926	1,468,117	1,027,752	2,020,561	12,753,356
Net on-balance sheet financial position	**-6,347,904**	**-1,030,257**	**-8,998**	**-1,388,690**	**-8,775,849**

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 such movements. 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 matching of the maturities, amounts, currency and re-pricing dates of interest bearing assets and liabilities for interest rate purposes is fundamental to the management of the Group, and has consistently been applied in the past. 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 gap reports (funding graphs), 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 a maximum mismatch of 5% between their interest bearing assets and liabilities and on average a maximum of 2.5% mismatch.

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. 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 also 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. (Interest rate) derivatives are concluded by the central Treasury as an end-user and are important and effective instruments in managing and controlling interest rate risk exposures.

The table below summarises the central Treasury's exposure to interest rate risks in a gap report as at 31 December 2007 for currencies in which such risks existed. The gaps are expressed in millions of the respective currency, and represent the difference in future between nominal assets and liabilities of the central Treasury. This risk measurement methodology is based on a 'Money at Risk' philosophy, whereby the outstanding interest exposures are clustered per currency in time buckets. (Interest rate) derivatives that are concluded to manage interest rate risk exposures are included for their nominal value.

Currency	**Time buckets**							
	0-3 months	**3-6 months**	**6-12 months**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**› 5 years**
CHF	-42	-19	-8	-2	4	0	0	0
EUR	332	-73	-246	-119	-50	-10	-0	-0
GBP	-56	11	-34	31	-3	-0	-0	-0
USD	12	-23	0	0	0	0	0	0

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 adverse or positive effect of a 200 basis points parallel yield curve shift in all currencies. At 31 December 2007 the annualised effect of such a change in interest rates would be equal to approximately 1% of profit before tax.

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, liabilities are concluded for maturities that match or exceed this run-off profile. Thereby the Group has created a position whereby at any moment in time all existing business is financed until contract maturity and even excess funds are available for new lease contracts. 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.

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 central Treasury of the Group reduces the liquidity risk on written lease contracts to a minimum. The wholesale funding character of its public, large scale transactions are complemented by a wide variety of private placements that together create a spread of maturing liabilities that match or exceed the assets' profile. Key to this process is the credit status of LeasePlan as a specialised Dutch bank with high quality ratings and a consistent stable financial track record. Continued access to financial markets for funding diversified over maturity, currency and source is a key priority of the Group.

As a precaution this continued access is backed up by a number of standby liquidity facilities to further reduce the liquidity risk for the Group.

Firstly a number of standby facilities have been concluded, both bilaterally with two individual banks (EUR 500 million maturing in June 2009 and EUR 125 million maturing in October 2008) and EUR 2 billion with a syndicate of 25 highly rated banks (EUR 1 billion maturing in December 2009 and EUR 1 billion maturing in December 2011). None of these facilities include material adverse change clauses.

Secondly a EUR 1 billion securitisation transaction allowing efficient liquidation of assets was concluded for back-up purposes in December 2006. A major part of the lease portfolio of LeasePlan Nederland N.V. was sold to the special purpose company LeasePlan Securitisatie B.V. Debt securities were issued by the second special purpose company, Bumper I B.V. to finance this transaction. Both LeasePlan Securitisatie B.V. and Bumper I B.V. were specifically incorporated for the purpose of securitisation transactions. The lease portfolio has been sold and effectively pledged as security for the redemption and interest obligations on the debt securities. During 2007 the performance of this separated lease portfolio was in line with, or even better than expectations, which resulted in a continuation of the high ratings assigned by Fitch Ratings at inception of the transaction. The notes issued under this transaction by Bumper I B.V. have all been bought by the Group's central Treasury. For further details on the transaction reference is also made to note 6 of the Company Financial Statements. The highest rated notes under the transaction (EUR 944.5 million of A-notes rated AAA) are allowed to be used as collateral value when the Company engages as counterparty in monetary transactions with the European Central Bank (ECB). During 2007 this ability has proven very useful, in particular with the unrest in financial markets that materialised since August 2007. At the end of 2007 EUR 650 million (2006: nil) was borrowed from the ECB, which was secured with notes from the securitisation transaction.

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 - to even slightly overfunding - 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 2007 the Group continued its policy to further lengthen the maturities and to spread the sources of its borrowings, in particular in the first half year. In the second half of 2007 this was, however, hindered by the unrest in financial markets, effectively leading to a shortening of maturities.

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. 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	2007 One week	2007 One month	2006 One week	2006 One month
As at 31 December				
Available liquidity	1,521	3,407	1,367	3,824
Required liquidity	710	3,162	699	3,146
Surplus (minimum requirement is above nil)	**811**	**245**	**668**	**678**

The table below presents the cash flows payable and receivable of the financial assets and financial liabilities of the Group in the relevant maturity groupings.

In thousands of euros	0-3 months	3-12 months	1-5 years	› 5 years	Total
Financial assets	**1,378,196**	**760,107**	**1,591,797**	**65,666**	**3,795,766**
Financial liabilities					
Corporate income tax payable	33,394				33,394
Liabilities to financial institutions	867,607	460,091	290,439		1,618,137
Funds entrusted	489,747	87,509	227,259	1,000	805,515
Debt securities issued	1,813,049	1,966,591	5,912,287	166,913	9,858,840
Subordinated loans			500,000		500,000
Interest payable	168,945				168,945
VAT and other taxes	18,551				18,551
Liabilities held-for-sale	3,863				3,863
Total as at 31 December 2007	**3,395,156**	**2,514,191**	**6,929,985**	**167,913**	**13,007,245**
Financial assets	**1,833,392**	**756,300**	**1,266,959**	**64,766**	**3,921,417**
Financial liabilities					
Corporate income tax payable	26,170				26,170
Liabilities to financial institutions	453,733	254,425	247,350		955,508
Funds entrusted	97,096	126,511	157,281		380,888
Debt securities issued	2,791,114	1,688,256	6,219,644		10,699,014
Subordinated loans				500,000	500,000
Interest payable	131,552				131,552
VAT and other taxes	26,704				26,704
Liabilities held-for-sale	17,994				17,994
Total as at 31 December 2006	**3,544,363**	**2,069,192**	**6,624,275**	**500,000**	**12,737,830**

Derivative cash flows are presented on a net basis into the relevant maturity groupings.

In thousands of euros	0-3 months	3-12 months	1-5 years	› 5 years	Total
Interest rate swaps/forward rate agreements	33,198	-31,541	-110,716	2,219	-106,840
Currency swaps	13,864	-6,524	-8,923		-1,583
Total as at 31 December 2007	**47,062**	**-38,065**	**-119,639**	**2,219**	**-108,423**
Interest rate swaps/forward rate agreements	11,921	-11,094	-56,042	33,404	-21,811
Currency swaps	-14,871	-16,602	7,377	2,306	-21,790
Total as at 31 December 2006	**-2,950**	**-27,696**	**-48,665**	**35,710**	**-43,601**

H. Insurance risk

Insurance risk refers to long-tail risks (motor third-party liability) and short-tail risks (motor material damage, passenger indemnity, guaranteed auto protection and legal assistance) attached predominantly to the cars managed by the Group.

The tail of a risk indicates the length of time elapsing between the occurrence and the ultimate settlement of any claim relating to such risk. Short-tail risks are normally run off in the course of a year whereas for long-tail risks it can take years to identify and settle.
These risks are either retained in a self-insurance programme by the Group, or accepted from a policy holder when the Group issues an insurance contract and acts as an insurer through its own insurance company, Euro Insurances 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.

Insurance specialists in each local Group company underwrite the vehicle fleet risks under supervision of Euro Insurances in accordance with the strict guidelines of a pre-agreed underwriting policy. These policies set out the scope and nature of the risks to be underwritten (or not) as well as the underwriting authority rules. Special perils falling outside the scope of the policy are transferred to external insurance companies.

The overall approach is to selectively underwrite programmes that offer the best risk/return ratio. Growth is sought in territories with lower exposure limits, while reducing exposure to or withdrawing from markets with high limits and/or unlimited cover.

Claims handling is outsourced to specialised independent claims handling companies in accordance with the strict terms of a Service Level Agreement and following a pro-active approach to claims handling, from expert investigation to early settlement at the lowest possible cost.

Euro Insurances monitors the underwriting process and the financial performance in each territory using actuarial and statistical methods for estimating liabilities and determining adequate premium levels. Regular analysis of claims statistics, strict compliance with claims handling procedures and underwriting policies and when necessary, reviews of insurance premiums, ensure a healthy balance between premiums and claims at both an aggregate level and an individual fleet level. The provision for claims is regularly assessed and periodically checked by external actuaries.

Premiums are set in each market based on prevailing local market conditions after determining appropriate levels of reinsurance cover and the expected costs of managing and settling claims. Regular external actuarial assessments support internal actuary assessments of the individual programme loss ratios, which are influenced by statistical evidence of accident frequency in the local market and the cost per large claim. These support the IBNR ('Incurred But Not Reported') factors used to determine appropriate reserve levels necessary to meet projected short and long tail claims. Reserves are maintained in accordance with guidelines issued from time to time by the Irish regulator.

Reinsurance cover is purchased by Euro Insurances 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 an ongoing quarterly basis. A part of the insurance cover is channelled through the Group's reinsurance captive Globalines.
Euro Insurances ensures that the insurance policy's terms and conditions are mapped against the reinsurance cover in place in order to prevent any uncovered risks.

Annually, a liability adequacy test is carried out to ascertain whether the recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of the insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognised in the income statement.

The development of the Third Party Liability (TPL) exposures provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of the table below illustrates how the Group's estimate of total claims outstanding for each accident year has changed at successive year-ends. The bottom half of the table below reconciles the cumulative claims to the amounts appearing in the balance sheet for TPL, reference is made to note 34 to the consolidated balance sheet. The accident year basis is considered the most appropriate for the business written by Euro Insurances.

In thousands of euros

Underwriting year	**‹ 2002**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**Total**
At end of accident year	65,369	38,968	38,277	48,718	63,018	58,510	53,116	
- one year later	62,485	35,734	36,568	49,304	59,111	49,213		
- two years later	59,611	35,911	37,028	42,006	55,700			
- three years later	58,950	36,026	34,017	30,865				
- four years later	57,914	30,997	32,887					
- five years later	53,903	30,951						
- six years later and onwards	56,131							
Estimate of cumulative claims	56,131	30,951	32,887	30,865	55,700	49,213	53,116	
Cumulative payments to date	-44,952	-22,223	-20,465	-24,615	-26,360	-17,620		
Gross outstanding claim liabilities	**11,179**	**8,728**	**12,422**	**6,250**	**29,340**	**31,593**	**53,116**	**152,628**
Less: IBNR	1,019	13	7,188	-3,722	10,214	11,753	21,587	48,052
Total provision for TPL, excluding IBNR	**10,160**	**8,715**	**5,234**	**9,972**	**19,126**	**19,840**	**31,529**	**104,576**

I. Fair value of financial instruments

The financial assets and liabilities are not held by the Group for trading purposes, but are intended to be held-to-maturity. The Group does not manage its risk exposures related to operating and finance leases, financial assets, loan commitments and borrowings on a fair value basis, except for derivative financial instruments and financial assets designated at fair value through the income statement.

The table below summarises the carrying amounts and fair values of the financial assets and liabilities.

		Carrying value		**Fair value**	
In thousands of euros		**2007**	**2006**	**2007**	**2006**
Financial assets					
Derivative financial instruments	(i)	72,928	56,090	72,928	56,090
Receivables from financial institutions	(iii)	489,108	840,906	488,773	840,858
Receivables from customers	(iii)	2,801,774	2,481,836	2,776,397	2,329,028
Reinsurance assets	(vi)	20,992	15,016	20,992	15,016
Financial assets designated at fair value through the income statement	(ii)	29,558	31,271	29,558	31,271
Corporate income tax receivable	(vi)	19,449	59,408	19,449	59,408
Financial assets held-to-maturity	(iv)	117,815	155,589	116,854	153,536
VAT and other taxes	(vi)	66,224	68,389	66,224	68,389
Reclaimable damages	(vi)	38,034	38,065	38,034	38,065
Interest to be received	(vi)	26,729	37,403	26,729	37,403
Assets held-for-sale	(vii)	186,083	193,534	186,083	193,534
Total		**3,868,694**	**3,977,507**	**3,842,021**	**3,822,598**
Financial liabilities					
Corporate income tax payable	(vi)	33,394	26,170	33,394	26,170
Liabilities to financial institutions	(iii)	1,618,137	955,508	1,617,408	955,321
Funds entrusted	(iii)	805,515	380,888	805,797	380,311
Debt securities issued	(v)	9,858,840	10,699,014	9,828,987	10,657,808
Derivative financial instruments	(i)	38,954	15,526	38,954	15,526
Subordinated loans	(iii)	500,000	500,000	499,979	488,748
Interest payable	(vi)	168,945	131,552	168,945	131,552
VAT and other taxes	(vi)	18,551	26,704	18,551	26,704
Liabilities held-for-sale	(vii)	3,863	17,994	3,863	17,994
Total		**13,046,199**	**12,753,356**	**13,015,878**	**12,700,134**

(i) Derivative financial instruments
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 value is calculated 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 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).

(ii) Financial assets designated at fair value through the income statement
The fair value is derived from listed market prices.

(iii) Receivables from financial institutions and customers, liabilities to financial institutions, funds entrusted, 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.

(iv) 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.

(v) Debt securities issued
For debt securities designated at fair value through profit or loss the fair value is based on the listed market price taking into account actual interest rates at balance sheet date. All other debt securities are held-to-maturity and are measured at amortised cost.

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

(vii) 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.

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All amounts are in thousands of euros, unless stated otherwise

1. Segment reporting
Segment information is presented in the consolidated financial statements in respect of the Group's geographical segments, which are the primary basis of segment reporting. The geographical segment reporting format reflects the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis. Business segments pay and receive interest to and from the central Treasury on an arm's length basis to reflect the allocation of capital and funding costs.

Segment revenues comprise total revenues. Internal segment revenues are not presented separately given their insignificance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The unallocated assets and liabilities relate to the tax positions reported by the segments.

Primary segment: Geographical markets
In presenting information on the basis of geographical segments, segment revenues are based on the geographical location of the assets.

The 'Europe – euro zone' segment contains the subsidiaries in Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

The 'Europe – non-euro zone' segment contains the subsidiaries in Czech Republic, Denmark, Hungary, Norway, Poland, Romania, Slovakia, Sweden, Switzerland, Turkey and the United Kingdom.

The 'Rest of the world' segment contains the subsidiaries in Australia, Brazil, India, New Zealand, United Arab Emirates and the United States of America.

Secondary segment: Business segments
The Group comprises the following main business segments:
- Leasing: these activities relate to services rendered under vehicle management, both under operational and finance lease and encompass funding, repair and maintenance, insurance and replacement vehicles.
- Insurances: these activities relate to the business conducted by our insurance captive.

To allocate central costs (a.o. shared operations) to business segments on a reasonable basis cost sharing agreements are in place.

Primary and secondary segments

for the year ended 31 December

Primary segment	2007	2006	2007	2006	2007	2006	2007	2006
	Europe (euro zone)		Europe (non-euro zone)		Rest of the world		Total	
Total segment revenues	**3,230,654**	**2,952,424**	**1,175,763**	**1,075,152**	**558,433**	**570,650**	**4,964,850**	**4,598,226**
Total segment result	**202,821**	**184,855**	**91,700**	**79,592**	**18,155**	**17,983**	**312,676**	**282,430**
Operating result							**312,676**	**282,430**
Share of profit of associates	1,509	628			-784	-505	725	123
Result after tax discontinued operations	19,191	90	-3,132		201		16,260	90
Income tax expenses							72,987	73,099
Profit for the period							**256,674**	**209,544**
Depreciation/ amortisation other intangibles	25,983	24,427	6,361	12,217	7,978	6,828	40,322	43,472
Depreciation operational leases and rental fleet	1,622,871	1,588,500	692,302	693,286	193,535	190,473	2,508,708	2,472,259
Impairment losses recognised in income statement	318		298	1,228	1,163		1,779	1,228
Segment assets	10,117,643	9,814,422	3,928,528	3,648,908	2,140,589	2,144,621	16,186,760	15,607,952
Investment in associates							25,852	17,509
Unallocated assets							132,714	179,988
Total assets							**16,345,326**	**15,805,449**
Segment liabilities	9,108,776	12,565,653	3,606,851	161,391	2,059,619	1,547,883	**14,775,246**	**14,274,927**
Unallocated liabilities							166,196	159,554
Total liabilities							**14,941,442**	**14,434,481**
Capital expenditure	3,385,025	3,517,409	1,331,800	1,380,359	515,674	632,338	**5,232,499**	**5,530,106**

The unallocated assets and liabilities comprise of current and deferred corporate income tax.

Secondary segment	2007	2006	2007	2006	2007	2006
	Segment revenues		Segment assets		Capital expenditure	
Leasing business	4,779,839	4,453,260	16,039,164	15,535,527	5,232,430	5,530,081
Insurances	185,011	144,966	306,162	269,922	69	25
Consolidated	**4,964,850**	**4,598,226**	**16,345,326**	**15,805,449**	**5,232,499**	**5,530,106**

2. Effect of disposals

Discontinued operations

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

	2007	2006
Operating income	10,832	45,123
Operating expenses	15,476	44,345
Profit before tax	-4,644	778
Income tax expenses	-1,228	734
Gain on sale of discontinued operations	19,676	46
	16,260	**90**

The comparative 2006 result from discontinued operations for the operations discontinued in 2007 would amount to a loss of EUR 1.0 million.

(i) Discontinued operations in 2007

In June 2007 the Group finalised the sale of the vehicle body repair companies, Carflexs B.V., the Netherlands and the JB Carrosserie group in Belgium, together with Carsolutions BV, a Dutch entity. In August 2007 the sale of the 49% investment in SurePlan, Inc. in the United States of America was finalised. The sale of this associate resulted in a book gain of EUR 3.4 million.

	2007 JB/Carflexs	2007 SurePlan	2007 Total
Net identifiable assets and liabilities	**18,471**	**262**	**18,733**
Consideration received, net of costs, satisfied in cash	37,103	3,606	40,709
Cash disposed of	3,980	-	3,980
Net cash inflow	**33,123**	**3,606**	**36,729**

In 2006 the Group contemplated the sale of the MOX Group that leases small, mostly electric vehicles and operates in the United Kingdom, France and Spain. The intended sale did not materialise in 2007. Subsequent to 31 December 2007, the Group continues its sales efforts and therefore the MOX Group remains classified as held-for-sale at 31 December 2007. In 2006 a value adjustment of EUR 14.5 million was recognised on the measurement to fair value less cost to sell for this disposal group. In 2007 an additional fair value adjustment of EUR 2.5 million was recognised.

(ii) Discontinued operations in 2006

Early 2006 a 100% subsidiary, QEK Global Solutions Benelux BV, the Netherlands, was sold for EUR 4.2 million in cash. The resulting book loss of EUR 4.4 million was accounted for against the existing impairment, whereby the remainder of the impairment provision amounting to EUR 1.0 million was released to the income statement in 2006. QEK Global Solutions Benelux had an operating loss before tax of EUR 0.2 million in 2006. The operating, financing and investing cash flows were not significant.

In June 2006, the Group sold the 100% subsidiary, Keddy nv in Belgium, which concentrated on short-term rental business for commercial and passenger vehicles in Belgium. The book gain amounted to EUR 14.5 million. Keddy nv had an asset total of EUR 64 million, of which EUR 47 million related to the rental portfolio. The operating result before tax was EUR 1.6 million for the first half year 2006. The total managed fleet size was around 3,500 units. The results of Keddy nv are included in the result of discontinued operations in 2006.

The impact of the 2006 discontinued operations on net identifiable assets and liabilities and net cash flows is as follows:

	2006 Keddy nv	2006 QEK Global Solutions Group	2006 Total
Net identifiable assets and liabilities	**7,237**	**17**	**7,254**
Consideration received (paid), net of costs, satisfied in cash	21,784	-1,985	19,799
Cash disposed of	-911	1,770	859
Net cash inflow (outflow)	**22,695**	**-3,755**	**18,940**

3. Assets and liabilities of disposal group classified as held-for-sale

In 2006 the Group started the sales process of the MOX group that leases small, mostly electric vehicles and operates in the United Kingdom, France and Spain.

The assets and liabilities of these subsidiaries are presented separately from the assets and liabilities of the continuing operations. The comparative balance sheet for the previous period is not required to be re-presented (IFRS 5).

On initial classification as held-for-sale, the MOX group was measured at the lower of its carrying amount and the fair value less costs to sell. A value adjustment of EUR 14.5 million arose on the measurement to fair value less cost to sell for these disposal groups classified as held-for-sale in 2006. In the first half of 2007 an additional value adjustment of EUR 2.5 million was recognised. The impairment is based on a best estimate of the net realisable (market) value, also taking into account a run-off of the existing contract portfolio and related costs to manage this portfolio. Furthermore, the contract portfolio, receivables and stock are valued at the lower of carrying value and market value. In view of the relatively short remaining contract duration of the existing portfolio no discounting has been applied.

Effect of classification as assets held-for-sale

For the years ended 31 December 2007 and 31 December 2006, the MOX group had no significant cash inflows from operating activities, cash outflows from investing activities and cash flows from financing activities.

The MOX group operations contributed an operating income of EUR 3.7 million to the Group for 2007 (2006: EUR 5.3 million).

	Note	2007	2006
Cash		3,172	5,058
Receivables from financial institutions		17	
Receivables from customers		3,586	6,317
Impairment receivables from customers		-1,375	-922
Deferred corporate income tax receivable		1,890	939
Property and equipment under operational lease and rental fleet		35,680	41,372
Other property and equipment		423	16,236
Stock		6,646	8,838
Intangible assets		113	369
Other assets		993	8,584
Impairment		-17,000	-14,500
Total net assets disposal group held-for-sale	20	**34,145**	**72, 291**
Provisions			2,800
Other liabilities		732	16,490
Cash equivalent included in Liabilities to financial institutions		3,248	-1,929
Deferred tax liabilities		-117	633
Total net liabilities disposal group held-for-sale		**3,863**	**17,994**

4. Operational and finance lease revenues and expenses

(i) Lease revenues

	2007	2006
Operational lease revenues	3,576,163	3,316,900
Finance lease revenues	57,286	60,598
Other	25,394	12,190
	3,658,843	**3,389,688**

(ii) Lease expenses

Lease expenses comprise the cost associated with providing the repair, maintenance and tyres service components and insurances. Any (volume related) bonuses related to these lease expenses, except those earned on the purchase of leased objects, are credited directly to lease expenses. An important element of lease expenses is the depreciation on the operational leasing contracts which is charged to the client.

5. Other revenues

	2007	2006
Rental revenues	203,863	174,753
Leveraged leasing	112,561	166,508
Other activities	60,843	87,366
Bonus and commission income	34,417	30,358
	411,684	**458,985**

6. Other expenses

	2007	2006
Rental expenses	195,619	156,687
Leveraged leasing	105,382	158,011
Other activities	3,876	11,144
	304,877	**325,842**

This caption includes the foreign exchange differences except those on financial instruments which amount to EUR 0.3 million (2006: EUR 0.1 million).

7. Interest and similar income

	2007	2006
Interest income on finance leases	134,372	119,176
Interest income on operational leases and rental fleet	664,119	589,419
Other	95,832	40,958
	894,323	**749,553**

Other includes the gain of ineffectiveness on hedges within operations amounting to EUR 0.05 million (2006: EUR 0.2 million loss) and the loss of EUR 1.7 million on the managed fund measured at fair value through the income statement (2006: EUR 1.3 million gain). The remaining part is mainly interest income on deposits placed by central Treasury with financial institutions.

8. Interest expenses and similar charges

	2007	2006
Interest expense on debt securities issued	473,237	298,964
Interest expense on funds entrusted	51,360	83,513
Interest expense on subordinated loans	23,032	6,704
Other	59,650	57,674
	607,279	**446,855**

This caption includes the fair value change gain arising on financial instruments measured at fair value through the income statement amounting to EUR 3.9 million (2006: EUR 4.3 million gain).

9. Sales result and settlements from returned objects

Result from the sale of returned objects reflects the variance between the carrying value of the leased object at the end of the contract and the sales proceeds less any cost to sell. The net income recognition of this result is determined by the contractual agreements with the client. For closed calculation contracts the net income is recognised at the end of the contract, after the asset is sold. For open calculation contracts, the results are settled on a net basis with the client in accordance with the contractual agreement with the client.

The result from the sale of returned lease objects is deferred until there is reasonable assurance concerning the amount of the result that will be for the account of the Group. In case a loss is expected this loss is reflected in the period in which it occurs.

10. Impairment losses on leased assets

There are no impairment losses on leased assets in 2007 and 2006.

11. Impairment losses on receivables

Impairment losses on receivables relate to receivables from customers only.

12. Staff expenses

	Note	2007	2006
Wages and salaries		273,035	278,975
Social security charges		41,977	39,503
Pension costs - defined contribution plans		2,268	12,890
Pension costs - defined benefit plans		18,203	6,014
Other post retirement costs/(benefits)		1,590	-4,905
Charge to provision for share-based payments	33 (iii)	64	7
Other staff costs		34,011	27,660
		371,148	**360,144**

The average number of staff employed (including temporary staff) by the Group during the year under review was 5,846 (2006: 6,175), of whom 957 (2006: 1,164) were employed in the Netherlands. At year-end the nominal number of staff employed by the Group was 5,971 (2006: 6,297).

The pension costs for 2007 consist of a number of items and are recognised in the income statement. These items are shown in the following table.

The breakdown of actuarial determined post-employment benefits is as follows:

	2007 Pensions	2006 Pensions	2007 Health insurance	2006 Health insurance
Current service costs	2,182	9,478		134
Interest costs	2,657	7,612		77
Expected return on plan assets	-2,651	-8,052		
Net amortisation of past service costs		458		-2,222
Net amortisation of net actuarial (gain)/loss		3,109		-783
Settlement effect		14,171		
Curtailment effect	80	-20,762		-2,111
Pension costs - defined benefit plans	**2,268**	**6,014**	**-**	**-4,905**
Pension costs - defined contribution plans	18,203	12,890		
Total pension costs	**20,471**	**18,904**		
Other post retirement costs/(benefits)	**1,590**	**-4,905**		

The other post retirement costs are not related to health insurance in 2007.
For information on the actuarial assumptions and the discontinuation of health insurance contributions reference is made to note 33.

13. General and administrative expenses

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

14. Depreciation and amortisation

	Note	2007	2006
Depreciation other property and equipment	26	25,098	28,119
Impairment land and buildings	26	317	-
Amortisation intangible fixed assets	28	13,446	14,025
Impairment software	28	1,461	1,228
		40,322	**43,472**

15. Income tax expenses

Further information about deferred income tax is presented in note 27.
The income tax expense in the income statement can be shown as follows:

	2007	2006
Current tax	60,366	45,551
Deferred tax	12,621	27,548
	72,987	**73,099**

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:

	2007	2006
Profit before tax	313,401	282,553
Tax calculated at a tax rate of 25.5% (2006: 29.6%)	79,917	83,636
Effect of different tax rates in foreign countries	-6,147	-17,000
Income not subject to tax	-1,386	-1,325
Expenses not deductible for tax purposes	2,641	2,995
Adjustment of deferred tax	-2,038	4,793
Total income tax expenses	**72,987**	**73,099**

The 2006 adjustment of deferred tax mainly relates to the revaluation of deferred tax assets in the Netherlands and in Spain. In the Netherlands the nominal tax rate decreased from 29.6% in 2006 to 25.5% in 2007. In Spain the nominal tax rate decreased from 35% in 2006 to 32.5% in 2007 and will further decrease to 30% in 2008.

The weighted average of the local tax rates applicable to the Group was 25.1% (2006: 26.4%).

16. Cash and balances with central banks

	2007	2006
Cash in hand and at central banks	13,387	12,732
Call money, bank overdrafts included in Receivables from financial institutions	59,172	53,496
Call money, bank overdrafts included in Liabilities to financial institutions	-102,823	-109,890
Balance as at 31 December	**-30,264**	**-43,662**

This item includes all legal tender available at call.

Mandatory reserve deposits amounting to EUR 13.3 million (2006: EUR 12.7 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 in hand and at central banks.

17. Receivables from financial institutions

This item 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 central banks in the cash flow statement.

The maturity analysis is as follows:

	2007	2006
- three months or less	364,105	840,906
- longer than a year, less than five years	125,003	-
Balance as at 31 December	**489,108**	**840,906**

18. Receivables from customers

This item includes amounts receivable under lease contracts plus loans and advances other than Amounts receivable from financial institutions, after deduction of allowances for debtor risks, where necessary.

	2007	2006
Amounts receivable under finance lease contracts	2,186,198	2,091,100
Loans to associates and jointly controlled entities	152,689	32,400
Other amounts receivable	462,887	358,336
Balance as at 31 December	**2,801,774**	**2,481,836**

The maturity analysis is as follows:

	2007	2006
- three months or less	656,580	580,670
- longer than three months, less than a year	642,292	600,712
- longer than a year, less than five years	1,437,236	1,235,688
- longer than five years	65,666	64,766
Balance as at 31 December	**2,801,774**	**2,481,836**

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:

	Note	2007	2006
Balance as at 1 January		**69,863**	**65,696**
Impairment charge on receivables	11	43,166	39,903
Receivables written off during the year as uncollectible		-17,976	-16,477
Reversal of impairment through income statement	11	-31,212	-17,939
Transfer to Assets held-for-sale	3	-	-922
Foreign exchange		-971	-398
Balance as at 31 December		**62,870**	**69,863**

For a description of the criteria used to determine whether receivables to customers are impaired reference is made to the financial risk section ('Credit risk'). The allowance for impairment also includes EUR 24.3 million (2006: EUR 22.6 million) related to past due receivables.

(ii) Finance lease contracts

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

	2007	2006
Gross investment in finance leases, with remaining maturities:		
- not longer than 1 year	894,448	882,346
- longer than a year, less than five years	1,457,185	1,340,961
- longer than five years	75,686	77,678
	2,427,319	**2,300,985**
Unearned finance income on finance leases	241,121	209,885
Net investment in finance leases	**2,186,198**	**2,091,100**

	2007	2006
Net investment in finance leases, with remaining maturities:		
- not longer than 1 year	778,326	810,345
- longer than a year, less than five years	1,342,206	1,215,989
- longer than five years	65,666	64,766
Balance as at 31 December	**2,186,198**	**2,091,100**

The unguaranteed residual values of finance lease assets accruing to the benefit of the lessor amount to EUR 395 million (2006: EUR 335 million). The accumulated allowance for uncollectable minimum lease payments receivable amount to EUR 3.1 million (2006: EUR 3.9 million).

19. Derivative financial instruments

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

	2007			2006		
	Notional amounts	Fair value Assets	Fair value Liabilities	Notional amounts	Fair value Assets	Fair value Liabilities
Interest rate swaps/forward rate agreements	8,586,996	45,322	33,260	7,445,376	53,664	13,865
Currency swaps	384,257	9,045	772	173,589	280	480
Total derivatives in hedge	**8,971,253**	**54,367**	**34,032**	**7,618,965**	**53,944**	**14,345**
Interest-rate swaps/forward rate agreements	5,388,576	2,975	1,489	3,054,676	1,878	720
Currency swaps/currency forwards	2,324,192	15,586	3,433	2,704,878	268	461
Total derivatives not in hedge	**7,712,768**	**18,561**	**4,922**	**5,759,554**	**2,146**	**1,181**
Total	**16,684,021**	**72,928**	**38,954**	**13,378,519**	**56,090**	**15,526**

The unrealised gain/(loss) on derivatives recognised in the income statement breaks down as follows:

	Note	2007	2006
Derivatives not designated as hedges		27	257
Derivatives at fair value hedges		-4,048	-4,220
Derivatives at cash flow hedges (imperfectness)	7	5	-155
Derivatives in hedge of net investment		-970	-
		-4,986	**-4,118**

The unrealised gain in financial liabilities used in fair value hedges amounts to EUR 3.9 million (2006: EUR 4.3 million gain).

20. Assets held-for-sale

In 2006 the Group held a building, which is presented as an asset held-for-sale at the fair value less cost to sell. The building has been sold against its carrying value in 2007.

	Note	2007	2006
Other property and equipment		-	13,844
Less: accumulated impairment losses		-	-6,384
Assets of a disposal group classified as held-for-sale	3	34,145	72,291
Transfer from Property and equipment under operational lease and rental fleet	25	151,938	113,783
Balance as at 31 December		**186,083**	**193,534**

The item Transfer from 'Property and equipment under operational lease and rental fleet' (reference is made to note 25) relates to returned objects from operational lease contracts waiting for resale.

21. Financial assets held-to-maturity

	2007	2006
Bonds	113,420	151,126
Other financial assets	4,395	4,463
Balance as at 31 December	**117,815**	**155,589**

The fair value of the financial assets held-to-maturity amounts to EUR 117 million as at 31 December 2007 (2006: EUR 154 million). If the entire held-to-maturity investments are tainted the value would decrease by EUR 0.9 million, with a corresponding entry in the fair value reserve in shareholders' equity.

The outstanding bonds include an investment in a bond, which is used as collateral value by the Group's central Treasury when engaging in monetary transactions with the ECB.

22. Financial assets designated at fair value through the income statement

	2007	2006
Managed investment funds	29,558	31,271
Balance as at 31 December	**29,558**	**31,271**

The fair value is derived from listed market prices. The initial investment value was EUR 30 million.

23. Other assets

This item includes prepayments in respect of expenses attributable to a subsequent period plus amounts still to be received, as well as to amounts that are not classified under any other asset.
Other assets mainly include pass on costs to be invoiced to customers.

	2007	2006
VAT and other taxes	66,224	68,389
Reclaimable damages	38,034	38,065
Stock of spare parts	13,334	304
Other assets	110,077	104,739
Prepaid motor vehicle tax and insurance premiums	119,556	89,041
Interest to be received	26,729	37,403
Rebates and bonuses and commissions receivable	165,980	137,580
Other prepayments and accrued income	38,715	42,437
Balance as at 31 December	**578,649**	**517,958**

24. Investments in associates and jointly controlled entities

There are no material contingent liabilities of the associates and jointly controlled entities other than loan commitments (reference is made to note 39).

	2007	2006
Balance as at 1 January	**17,509**	**15,512**
Acquisitions/(Disposals)/Transfers	9,191	2,145
Share of results	725	123
Capital increases	753	999
Dividend received	-2,472	-1,290
Exchange rate changes	146	20
Balance as at 31 December	**25,852**	**17,509**

The 2006 transfer related to Overlease which was deconsolidated in 2006 and accounted for as a joint venture under the net equity method as of September 2006, the date control ceased.

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

	2007	2006
Assets	395,173	278,655
Liabilities	376,744	261,521
Revenues	47,644	103,147
Net income	1,125	123
Dividend paid	2,472	1,290

25. Property and equipment under operational lease and rental fleet

	Note	Operational lease	Rental fleet	Total
Carrying amount as at 1 January 2006		**10,249,844**	**97,886**	**10,347,730**
Purchases		5,353,375	127,380	5,480,755
Transfer to assets held-for-sale	3, 20	-155,073	-82	-155,155
Disposals		-1,967,288	-145,038	-2,112,326
Depreciation		-2,459,247	-13,012	-2,472,259
Exchange rate differences		10,237	-574	9,663
Carrying amount as at 31 December 2006		**11,031,848**	**66,560**	**11,098,408**
Cost		15,282,053	77,547	15,359,600
Accumulated depreciation and impairment		-4,250,205	-10,987	-4,261,192
Carrying amount as at 31 December 2006		**11,031,848**	**66,560**	**11,098,408**
Purchases		5,109,607	60,652	5,170,259
Transfer to assets held-for-sale	20	-151,938		-151,938
Disposals		-1,786,776	-35,054	-1,821,830
Depreciation		-2,489,934	-17,066	-2,507,000
Exchange rate differences		-118,010	-73	-118,083
Carrying amount as at 31 December 2007		**11,594,797**	**75,019**	**11,669,816**
Cost		16,191,047	90,399	16,281,446
Accumulated depreciation and impairment		-4,596,250	-15,380	-4,611,630
Carrying amount as at 31 December 2007		**11,594,797**	**75,019**	**11,669,816**

In 2007 and 2006 there was no impairment or reversal of impairment.
In 2006 on the line transfer to assets held-for-sale (EUR 155 million) an amount of EUR 41 million (reference is made to note 3) is included which relates to the MOX group.

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

	2007 Nominal value	2006 Nominal value
- not longer than 1 year	3,584,341	3,778,087
- longer than a year, less than five years	9,472,425	8,837,719
- longer than five years	145,717	107,624
	13,202,483	**12,723,430**

26. Other property and equipment

	Note	Property	Equipment	Total
Carrying amount as at 1 January 2006		**45,046**	**82,232**	**127,278**
Purchases		1,907	35,661	37,568
Transfer to assets held-for-sale		-12,586	-3,650	-16,236
Disposals		-7,659	-17,300	-24,959
Depreciation		-2,307	-27,566	-29,873
Exchange rate differences		-256	-266	-522
Carrying amount as at 31 December 2006		**24,145**	**69,111**	**93,256**
Cost		33,769	193,446	227,215
Accumulated depreciation and impairment		-9,624	-124,335	-133,959
Carrying amount as at 31 December 2006		**24,145**	**69,111**	**93,256**
Purchases		318	38,197	38,515
Disposals		-223	-17,021	-17,244
Impairment charge	14		-317	-317
Depreciation	14	-1,183	-23,915	-25,098
Exchange rate differences		-330	-457	-787
Carrying amount as at 31 December 2007		**22,727**	**65,598**	**88,325**
Cost		30,158	196,482	226,640
Accumulated depreciation and impairment		-7,431	-130,884	-138,315
Carrying amount as at 31 December 2007		**22,727**	**65,598**	**88,325**

The item 'Other property and equipment' includes investment property with a carrying amount of EUR 3.0 million (2006: EUR 3.5 million). The rental income from investment property amounting to EUR 0.5 million (2006: EUR 0.6 million) is recognised in the income statement under the caption Other revenues. The direct Operating expenses amounting to EUR 0.5 million (2006: EUR 0.4 million) are also included in Other revenues. The fair value does not significantly differ from the carrying amount.

There are no bank borrowings secured against land and buildings.

27. Deferred tax assets and deferred tax liabilities

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

	Note	2007 Deferred tax asset	2006 Deferred tax asset	2007 Deferred tax liability	2006 Deferred tax liability
Goodwill		13,252	19,244	2,656	4,633
Property and equipment under operational leases		11,963	23,710	230,764	131,482
Other property and equipment		9,616	7,699	727	68,664
Provisions		22,010	18,719	9	237
Deferred leasing income		44,348	43,367	15,435	15,050
Tax value of loss carry forwards recognised		92,859	69,419		
Tax credits and prepayments		30,136	29,567		907
Other assets		2,883	10,651	18,933	13,927
Other liabilities		44,759	29,876	22,839	29,851
Tax (assets)/liabilities		**271,826**	**252,252**	**291,363**	**264,751**
Offset tax		-158,561	-130,734	-158,561	-130,734
Net tax (assets)/liabilities		**113,265**	**121, 518**	**132,802**	**134,017**
Tax position held by disposal group	3		-939		-633
Balance as at 31 December		**113,265**	**120,579**	**132,802**	**133,384**
Net tax position		**-19,537**	**-12,499**		

The deferred tax assets on goodwill include an allowance of EUR 4.7 million (2006: EUR 5.6 million. In connection with the assessment of the recognition of tax credits, an amount of EUR 6.9 million (2006: EUR 3.5 million) has not been recognised. The deferred tax asset and the unrecognised tax credit have no expiry date.

The Group has an aggregate of EUR 299 million (2006: EUR 216 million) of tax loss carry forwards in various countries. Of this amount 5% (2006: 7%) expires within the next 5 years, 5% (2006: EUR 13%) expires after 5 years and 90% (2006: 80%) 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 0.2 million, if unfavourable; or decrease the income tax liability by EUR 0.2 million, if favourable.

Current tax assets and current tax liabilities are only offset if there is a legally enforceable right to offset the recognised amounts and if a subsidiary intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to offset the current tax assets against current tax liabilities and the deferred tax assets and the deferred 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 tax assets and liabilities on a net basis, or to realise the asset and to settle the liabilities simultaneously (often within one fiscal unity).

28. Intangible assets

	Note	Capitalised software	Purchased software	Customer relationship	Customer contract	Goodwill	Total
Carrying amount as at 1 January 2006		**10,823**	**8,708**	**13,201**	**8,234**	**71,719**	**112,685**
Purchases		7,868	3,915				11,783
Transfer to assets held-for-sale			-369				-369
Increase goodwill						4,140	4,140
Divestments		-15	-8				-23
Impairment charge		-1,228					-1,228
Amortisation		-5,864	-3,377	-1,354	-4,411		-15,006
Exchange rate differences		-63	-562				-625
Carrying amount as at 31 December 2006		**11,521**	**8,307**	**11,847**	**3,823**	**75,859**	**111,357**
Cost		20,400	30,924	13,540	9,446	75,859	150,169
Accumulated amortisation and impairment		-8,879	-22,617	-1,693	-5,623		-38,812
Carrying amount as at 31 December 2006		**11,521**	**8,307**	**11,847**	**3,823**	**75,859**	**111,357**
Purchases		17,118	6,095				23,213
Divestments		-268	-721	-9			-998
Impairment charge	14	-298	-1,163				-1,461
Amortisation	14	-5,581	-3,865	-1,325	-2,675		-13,446
Exchange rate differences		-390	38	12			-340
Carrying amount as at 31 December 2007		**22,102**	**8,691**	**10,525**	**1,148**	**75,859**	**118,325**
Cost		36,358	35,225	13,426	9,446	75,859	170,314
Accumulated amortisation and impairment		-14,256	-26,534	-2,901	-8,298		-51,989
Carrying amount as at 31 December 2007		**22,102**	**8,691**	**10,525**	**1,148**	**75,859**	**118,325**

The increase of goodwill in 2006 related to the final assessment of the provisional preliminary accounting adjustments made at the time of the acquisition in 2005 to align the Europcar Fleet Services accounting principles to the accounting principles of the Company. Goodwill is revised annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in 2007 (2006: nil).

The remaining amortisation period for the intangible assets with a finite life is approximately 7 years.

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 operating results and the 5 year business plan. After this 5 year period the cash flows for a further 11 years were extrapolated based on a gradually declining growth rate, ending at a terminal 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 2007 had been 10% lower than estimated at 31 December 2007, the Group would have recognised an impairment of goodwill of EUR 6 million.
If the estimated discount rate applied to the discounted cash flows had been 1% higher than estimated. the Group would have recognised impairment against goodwill of EUR 3 million.

29. Liabilities to financial institutions

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

	2007	2006
- on demand	112,825	141,071
- three months or less	754,782	312,662
- longer than three months, less than a year	460,091	254,425
- longer than a year, less than five years	290,439	247,350
Balance as at 31 December	**1,618,137**	**955,508**

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.

Liabilities to financial institutions include an outstanding balance of EUR 453.9 million (2006: EUR 540.2 million) which is non-euro currency denominated as at 31 December 2007. The remainder of the liabilities to financial institutions is denominated in euro. Reference is made to the financial risk section ('Currency risk').

In 2006 the Group negotiated a syndicated backstop facility with 24 banks, consisting of 2 tranches (EUR 1 billion ending December 2009 and EUR 1 billion ending December 2011). In the year under review a 25th bank was added to the syndicate. No amounts were drawn under this backstop facility at year-end 2007.

30. Funds entrusted

This item includes all non-subordinated loans not included in Liabilities to financial institutions or Debt securities.
The maturity analysis of these loans is as follows:

	2007	2006
- three months or less	489,747	97,096
- longer than three months, less than a year	87,509	126,511
- longer than a year, less than five years	227,259	157,281
- longer than five years	1,000	-
Balance as at 31 December	**805,515**	**380,888**

The funds entrusted include an outstanding balance of EUR 15.7 million (2006: EUR 10.3 million) which is non-euro currency denominated as at 31 December 2007. The remainder of the funds entrusted is denominated in euro. Reference is made to the financial risk section ('Currency risk').

31. Debt securities issued

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

	2007	2006
Commercial Paper	691,989	1,687,235
Certificates of Deposit	608,963	646,884
Bonds designated at fair value through profit or loss	420,511	441,661
Bonds and notes	8,137,377	7,923,234
Balance as at 31 December	**9,858,840**	**10,699,014**

There is no pledge of security for these debt securities.
The fair value change of the structured bonds designated at fair value through the income statement amounted to EUR 8.6 million (2006: EUR 4.7 million).

The debt securities include an outstanding balance of EUR 3.6 billion (2006: EUR 3.9 billion) which is non-euro currency denominated as at 31 December 2007. The remainder of the debt securities is denominated in euro. Reference is made to the financial risk section ('Currency risk').

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

	2007	2006
Commercial Paper	5.5%	4.8%
Certificates of Deposit	4.9%	3.8%
Bonds and notes	4.9%	4.2%
	5.0%	**4.3%**

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

	2007	2006
- three months or less	1,813,045	2,791,114
- longer than three months, less than one year	1,966,593	1,688,256
- longer than one year, less than five years	5,912,287	6,219,644
- longer than five years	166,915	-
	9,858,840	**10,699,014**

32. Other liabilities

	2007	2006
Trade payables	506,340	397,810
Other amounts owed	126,808	155,329
Deferred leasing income	587,135	492,384
Interest payable	168,945	131,552
Advance lease instalments received	57,451	84,935
Other accruals and other deferred income	219,813	184,039
VAT and other taxes	18,551	26,704
Balance as at 31 December	**1,685,043**	**1,472,753**

33. Provisions

		2007	2006
Provision for pension obligation arrangements	(i)	11,405	12,596
Provision for employment arrangements	(ii)	5,500	5,019
Provision for share-based payments	(iii)	666	786
Restructuring provisions	(iv)	2,605	3,061
Provision for onerous contracts	(iv)	1,884	1,722
Other staff provisions	(v)	6,906	5,339
Other provisions	(v)	1,482	2,571
Balance as at 31 December		**30,448**	**31,094**

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

(i) Provision for pension obligation arrangements

The valuations of other staff provisions 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 defined benefit pension plans in the various countries.

	2007 Pensions	2006 Pensions
Balance as at 1 January	**56,417**	**227,382**
Movements in projected benefit obligations:		
- Increase in present value of accrued benefits	2,182	9,278
- Interest costs	2,657	7,612
- Employer's contributions/refunds	53	-15,663
- Actuarial gain/(loss)	-2,541	-131
- Benefits paid	-3,520	-1,890
- Curtailment effect	80	-20,762
- Settlement effect		-146,167
- (De)consolidation		-2,155
- Currency translation differences	-1,524	-1,087
Balance as at 31 December: benefit obligations	**53,804**	**56,417**
Balance as at 1 January	**43,941**	**182,256**
Movements in plan assets:		
- Actual return on plan assets	2,651	5,258
- Employer's contribution	3,929	20,386
- Benefits paid	-3,520	-1,897
- Settlement effect		-160,337
- (De)consolidation		-1, 428
- Currency translation differences	-3,197	-297
Balance as at 31 December: plan assets	**43,804**	**43,941**
Funded status: surplus/(deficit) as at 1 January	**-12,476**	**-45,126**
Funded status: surplus/(deficit) as at 31 December	**-10,000**	**-12,476**
Unrecognised actuarial (gain)/loss	-1,405	-192
Unrecognised past service costs		72
Prepaid/(accrued) benefit cost as at 31 December	**-11,405**	**-12,596**

Reference is made to note 12 for the details on the amounts recognised in the income statement in respect of the Group's benefit plans. The net periodic pension expense for 2008 is expected to amount to approximately EUR 2.3 million.

As per 1 October 2006 the main Dutch Group companies transferred their pension scheme to a so-called collective defined contribution (CDC) system. In this plan the Company needs to pay a fixed contribution to a fund outside the consolidation scope of the Group each year. The risks of the fund and its investments are solely carried by the employees. This change resulted in a full settlement and curtailment of the Dutch defined benefit plans. Accordingly there is no longer a pension obligation in the Company's balance sheet regarding the Dutch projected defined benefit obligations and plan assets.

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

In 2006 the provision for health insurance had been released as the Group decided not to continue with providing health insurance contributions to retirees in the Netherlands due to changes in legislation in 2006. The impact amounted to EUR 5.1 million release in the income statement relating to a curtailment impact of EUR 2.1 million, the realisation of unrecognised past service costs amounting to EUR 2.2 million and the write-off of the unrecognised actuarial gains amounting to EUR 0.8 million.

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

	2007	2006
Pensions		
Discount rate	5.2%	4.8%
Expected increment in salaries	1.8%	1.1%
Expected return on plan assets	6.0%	5.8%

The expected return on investments regarding pension obligations is weighted on the basis of the fair value of those investments. All other assumptions are weighted on the basis of the defined benefit plan obligations.

Assumptions regarding future mortality experience are set based on published statistics and actuarial advice. The average life expectancy in years of a pensioner retiring at age 60 on the balance sheet date is as follows:

	2007	2006
Male	21.9	21.1
Female	24.8	24.0

(ii) Provision for employment arrangements

The provisions for employee obligations during employment with regard to jubilee payments and extra holiday day entitlements do not have any plan assets. These obligations are determined actuarially.

	2007	2006
Balance as at 1 January	**5,019**	**4,401**
Movements in projected benefit obligations:		
- Increase in present value of accrued benefits	1,117	1,221
- Interest costs	210	425
- Actuarial losses	-551	-226
- Benefits paid	-295	-281
- Deconsolidation	-	-521
Prepaid/(accrued) benefit cost as at 31 December	**5,500**	**5,019**

The weighted averages of the main actuarial assumptions used to determine the value of the provision for jubilee and extra holiday days as at 31 December were as follows:

	2007	2006
Jubilee and extra holiday days		
Discount rate	4.9%	4.5%
Expected increment in salaries	3.8%	2.4%

(iii) 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.

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, whereby the following assumptions are used:

- A constant volatility and a fixed number of time steps, starting on the valuation date (1 November 2007) and ending at the maturity date of the stock options contract, whereby the volatility was calculated using historical share prices from the same peer group that was used in determining the Company's share price.
- Value per share of EUR 39.46.
- Risk free rates are based on the Dutch Government EUR yield curve as of 1 November 2007.
- The Company's dividend policy.
- Estimated percentage of number of people leaving in each future year (4.8%).

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

	Note	2007	2006
Balance as at 1 January		**786**	**849**
Options exercised		-184	-70
Charge to provision	12	64	7
Balance as at 31 December		**666**	**786**

Options granted to employees

Year	Number granted	Number exercised	Number expired	Number outstanding	Average exercise price in euros	Year of expiry
2001	242,190	165,260	73,010	3,920	32.78	2008
2001	259,610	207,650	43,420	8,540	34.62	2008
2002	294,060	248,300	27,560	18,200	34.25	2009
2003	329,030	268,750	12,610	47,670	33.51	2010
	1,124,890	**889,960**	**156,600**	**78,330**		

No options have been 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 2007 gave a value per share of EUR 39.46 (2006: EUR 35.25). The amount payable on the options is EUR 0.2 million (2006: EUR 0.1 million before tax) and was credited against the provision.

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

	2007	2006
Number of options outstanding as at 1 January	**110,080**	**143,290**
2001 1st tranche exercised	-8,050	-840
2001 1st tranche expired		-10,920
2001 2nd tranche exercised	-4,200	
2002 tranche exercised		-3,900
2003 tranche exercised	-19,500	-17,550
Number of options outstanding as at 31 December	**78,330**	**110,080**

(iv) Restructuring provisions and provisions for onerous contracts

	Note	2007 Restructuring	2006 Restructuring	2007 Onerous contracts	2006 Onerous contracts
Carrying amount as at 1 January		**3,061**	**8,755**	**1,722**	**693**
Add: Additional provisions made/transfers		1,271	1,650	162	1,029
Less: transfer to Liabilities held-for-sale	3		-2,800		
Less: Amounts used (incurred and charged)		-77	-4,316		
Less: reversal of provision		-1,650	-228		
Carrying amount as at 31 December		**2,605**	**3,061**	**1,884**	**1,722**

In three subsidiaries of the Group provisions are established in respect of reorganisation plans which focus on reduction in headcount. It is expected that the main provisions will run off within the coming two to three years.

(v) Other staff provisions and other provisions

	2007 Other staff provisions	2006 Other staff provisions	2007 Other provisions	2006 Other provisions
Carrying amount as at 1 January	**5,339**	**2,187**	**2,571**	**2,143**
Add: Additional provisions made/transfers	2,550	1,372	-960	1,136
Add: reclassification from/to Other provisions		2,984		
Less: Amounts used (incurred and charged)	-983	-1,204	-129	-708
Carrying amount as at 31 December	**6,906**	**5,339**	**1,482**	**2,571**

The other staff provisions are actuarially determined every three years.

Other provisions mainly relate to a small number of employee related litigations and obligations of relatively small size, and are expected to run off in the short term.

34. Insurance contract provisions

	2007	2006
Provision for TPL	104,576	104,163
Provision for damage claims and other provisions	48,866	38,326
IBNR	81,004	59,661
Balance as at 31 December	**234,446**	**202,150**

The insurance contract provisions can be shown as follows:

	2007			2006		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reported	153,442	-20,992	132,450	142,489	-15,016	127,473
Claims IBNR	81,004		81,004	59,661		59,661
Total insurance contract provisions	**234,446**	**-20,992**	**213,454**	**202,150**	**-15,016**	**187,134**
Current	75,013		75,013	48,416		48,416
Non-current	159,433	-20,992	138,441	153,734	-15,016	138,718
Total insurance contract provisions	**234,446**	**-20,992**	**213,454**	**202,150**	**-15,016**	**187,134**

For the movements in the provision for TPL and the related IBNR reference is made to the financial risk management section ('Insurance risk').

35. 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.

36. Share capital

At 31 December 2007, the authorised capital amounted to EUR 250 million (2006: 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.

37. Reserves and retained earnings

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company.

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 2007, the Company made two payments to its shareholder Global Mobility Holding B.V., the first payment was a final dividend payment relating to 2006 of EUR 65 million on 2 April 2007. The second payment was an interim dividend payment relating to 2007 of EUR 130 million on 18 December 2007.

Profit appropriation

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

38. Minority interests

Movements in Minority interests were as follows:

	2007	2006
Balance as at 1 January	**-1,004**	**2,060**
Share of net profit of subsidiaries	1,231	-1,260
Other changes	-217	-1,842
Foreign exchange	-10	38
Balance as at 31 December	**-**	**-1,004**

In 2007 the minority interest relating to the Company's participation in LeasePlan India, was written off to zero to reflect the contractual arrangements with the minority shareholder. The other change in 2007 relates to the divestment of the JB Carrosserie group in Belgium. The other change in 2006 relates to the deconsolidation of the joint venture Overlease. In September 2006 the joint venture agreement of Overlease was renewed. As a result control no longer existed and as of that date the joint venture Overlease was accounted for as a jointly controlled entity under the equity method. The effect of the deconsolidation is recognised in 'Other equity changes' in the Consolidated statement of changes in shareholders' equity.

39. Commitments

Commitments entered into in connection with long-term rental and lease contracts amounted to EUR 109 million (2006: EUR 139 million) as at balance sheet date.

For a number of customers, residual value guarantees have been given to a total of EUR 215 million (2006: EUR 194 million). Other guarantees relating to credit substitutes amounting to EUR 9 million (2006: EUR 10 million) have also been given on behalf of customers.

Credit facilities have been concluded with associates and jointly controlled entities amounting to EUR 275 million (2006: EUR 47 million) of which EUR 153 million (2006: EUR 32 million) is drawn (reference is made to note 18).

40. 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. At year-end 2006 a receivable under a warranty claim was outstanding with one of the indirect shareholders, Volkswagen Group, regarding residual values in connection with the Europcar Fleet Services acquisition in 2005. The total receivable amounts to EUR 7.3 million and was received in January 2007.

On 8 November 2007 the Company purchased from Volkswagen Financial Services A.G. a 51% share in vdf Holding A.S., a company active in the operational leasing market in Turkey. The purchase price of this transaction amounts to EUR 9.2 million.

All business relations with associates and jointly controlled entities are handled on normal market terms. The Group has a related party relationship with its subsidiaries, associates, joint ventures and with its directors and executive officers. There were no related party transactions with the ultimate parent company or with the parent company other than the payment of dividend on ordinary shares.

Amounts receivable from customers include an amount totalling EUR 152.7 million (2006: EUR 32.4 million) receivable from an investment in associates and jointly controlled entities.

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:

	2007	2006
Short-term employee benefits	9,697	10,944
Post-employment benefits	2,227	1,632
	11,924	**12,576**

The total remuneration is included in staff expenses (reference is made to note 12).

Option payments following the share option scheme to key management personnel amounted to EUR 0.2 million (2006: EUR 0.1 million). Reference is made to note 33 (iii).

	2007	2006
Managing Board	4,907	3,643
Senior Vice-Presidents	7,017	8,933
	11,924	**12,576**

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.

41. Contingent assets and liabilities

The Group made a provision of EUR 4.2 million during the previous years in relation to a dispute between a Group company in France and a third party. During 2007, the French court appointed a specialist to provide an estimate of the damages for which the Group company may be liable. The specialist issued a draft report in January 2008, which estimates that the Group company may be liable to damages of EUR 1.9 million up to EUR 11.2 million. The amounts vary depending on the methodology used (several methodologies were contemplated in the draft report, but no conclusions were drawn). The Group company filed objections against the court specialist's draft report and judgement is expected at the beginning of 2009. The Group has not recognised an additional provision in its Annual Accounts for the claim at 31 December 2007. Management of the Group company does not expect the outcome of the actions to have a material effect on the Group's financial position.

At 31 December 2007, the Company and its subsidiaries are involved in a number of other legal actions, either as claimant or as defendant. No material provisions were recorded as the probability of outflow of economic resources related to those actions was assessed as being remote.

Pursuant to the provisions of Article 403, 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 the 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 year-end 2007, 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 1.9 billion (2006: EUR 1.8 billion).

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.

Company financial statements

Balance sheet of the Company

(before profit appropriation)

In thousands of euros	Note	31 December 2007	31 December 2006
Assets			
Financial fixed assets			
Subsidiaries	2	1,752,323	1,682,528
Amounts receivable from subsidiaries	3	3,631,197	3,051,061
Associates and jointly controlled entities	4	9,181	6
Amounts receivable from associates and jointly controlled entities	5	100,494	32,400
Own debt securities issued	6	1,019,500	1,019,500
Other financial assets	7	347,569	160,962
Current assets			
Other assets	8	21,544	42,800
Cash at central bank	9	13,342	12,682
Total assets		**6,895,150**	**6,001,939**
Liabilities			
Liabilities to financial institutions	10	770,109	26,305
Funds entrusted	11	409,660	183,600
Debt securities issued	12	3,630,113	3,064,742
Amounts payable to subsidiaries	13	103,946	789,715
Other liabilities	14	76,772	58,939
Provisions	15	666	6,666
Subordinated loans	16	500,000	500,000
Total liabilities		**5,491,266**	**4,629,967**
Equity			
Issued capital		71,586	71,586
Share premium reserve		506,398	506,398
Hedging reserve		30,266	38,434
Legal reserves		71,747	67,817
Translation reserve		-9,362	12,004
Other reserves		477,806	464,929
Profit for the period		255,443	210,804
Shareholders' equity attributable to equity holders of the Company	17	**1,403,884**	**1,371,972**
Total equity and liabilities		**6,895,150**	**6,001,939**

Income statement of the Company

In thousands of euros	Note	2007	2006
Result from subsidiaries after taxation	2	254,381	193,626
Other results after taxation		1,062	17,178
Profit for the period		**255,443**	**210,804**

Notes to the Company financial statements

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

1. General
For certain notes to the Company's balance sheet reference is made to the notes to the consolidated 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, Title 9, 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, Title 9, 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 2007 and the consolidated financial statements for the year ended 31 December 2006 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.

2. Subsidiaries
Movements in subsidiaries were as follows:

	2007	2006
Balance as at 1 January	**1,682,528**	**1,141,312**
Purchase of and increase in subsidiaries	10,610	495,263
Deconsolidation of and reductions in subsidiaries	-169,677	-167,606
Result of subsidiaries	254,381	193,626
Marking to market movements under IAS 39	-4,153	26,035
Exchange differences	-21,366	-6,102
Balance as at 31 December	**1,752,323**	**1,682,528**

In 2006 an impairment has been formed for the contemplated sale of a number of disposal groups as disclosed in note 3 to the consolidated financial statements.

3. Amounts receivable from subsidiaries
The amounts receivable comprise mainly amounts receivable from other operating subsidiaries.

The maturity analysis is as follows:

	2007	2006
- three months or less	2,002,745	1,467,742
- longer than three months, less than a year	1,015,145	747,351
- longer than a year, less than five years	611,714	834,308
- longer than five years	1,593	1,660
Balance as at 31 December	**3,631,197**	**3,051,061**

4. Associates and jointly controlled entities
In 2007 this caption relates to a 51% interest in a joint venture in Turkey. In 2006 this caption relates to a 49% interest in a joint venture in the United States of America, which was sold, resulting in a book gain of EUR 3.3 million in 2007.

5. Amounts receivable from associates and jointly controlled entities
This caption relates to loans issued to associates and jointly controlled entities.

	2007	2006
- three months or less	10,550	2,700
- longer than three months, less than a year	25,707	10,000
- longer than a year, less than five years	64,237	19,700
Balance as at 31 December	**100,494**	**32,400**

There are no material contingent liabilities of the associates and jointly controlled entities other than loan commitments (reference is made to note 39 in the consolidated financial statements).

6. Securitised debt securities
All securitised debt securities have a maturity of longer than five years.

In December 2006 a securitisation transaction was completed whereby EUR 1,019.5 million of the lease portfolio (future receivables of LeasePlan Nederland N.V. from customers 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 I B.V. to finance this transaction. Both LeasePlan Securitisatie B.V. and Bumper I 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, after which the contracts expire and redemption takes place. Taking account of an average term of four years for the securitised lease contracts, the securitisation programme is expected to have a weighted average term of seven years. LeasePlan Securitisatie B.V. and Bumper I B.V. are bankruptcy remote special purpose vehicles, but are included in the consolidated financial statements of the Company.

The debt securities issued in December 2006 are divided into A-notes (EUR 944.5 million), B-notes (EUR 27 million), C-notes (EUR 28.5 million) and D-notes (EUR 19.5 million). The notes are listed on the Irish Stock Exchange. The transaction was assessed by Fitch Ratings whereby the A-notes have been given a triple A-rating and the B-notes a double A-rating.

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.
In view of the revolving period of five years and the anticipated redemption schedule, at year-end 2011 the debt securities will amount to EUR 1,019.5 million.

The securitised debt securities are all denominated in euro.

7. Other financial assets

This caption includes an investment in a bond, which is used as collateral value by the Group's central Treasury when engaging in monetary transactions with the ECB.

	2007	2006
Bond	40,000	40,000
Derivative financial instruments	30,512	15,604
Loans to financial institutions	277,057	105,358
	347,569	**160,962**

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

	2007			2006		
	Notional	Fair value		Notional	Fair value	
	amounts	Assets	Liabilities	amounts	Assets	Liabilities
Interest rate swaps/forward rate agreements	2,432,990	12,337	22,667	2,832,042	15,148	5,500
Currency swaps	240,365	8,241				
Total derivatives in hedge	**2,673,355**	**20,578**	**22,667**	**2,832,042**	**15,148**	**5,500**
Interest rate swaps/forward rate agreements	2,047,718	674	466	1,366,535	433	295
Currency swaps/currency forwards	1,031,786	9,260	21	607,502	23	14
Total derivatives not in hedge	**3,079,504**	**9,934**	**487**	**1,974,037**	**456**	**309**
Total	**5,752,859**	**30,512**	**23,154**	**4,806,079**	**15,604**	**5,809**

The fair value movement of derivatives recognised through the income statement was negligible (2006: EUR 0.2 million loss) relating to the ineffectiveness of some hedges and were recycled to the special component of equity, the hedging reserve.

8. Other assets

Other assets include a current 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.

9. Cash at central bank

Mandatory reserve deposits that amount to EUR 13.3 million (2006: EUR 12.7 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.

10. Liabilities to financial institutions

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

	2007	2006
- three months or less	655,915	21,305
- longer than three months, less than a year	79,057	5,000
- longer than one year, less than five years	34,137	-
- longer than five years	1,000	-
Balance as at 31 December	**770,109**	**26,305**

Liabilities to financial institutions include an outstanding balance of EUR 3.8 million (2006: EUR 1.3 million) which is non-euro currency denominated as at 31 December 2007. The remainder of the liabilities to financial institutions is denominated in euro.

11. Funds entrusted

This item includes all non-subordinated loans not included in 'Liabilities to financial institutions' or 'Debt securities issued'. The maturity analysis of these loans is as follows:

	2007	2006
- three months or less	330,900	75,600
- longer than three months, less than a year	23,760	86,000
- longer than one year, less than five years	55,000	22,000
Balance as at 31 December	**409,660**	**183,600**

The funds entrusted are fully denominated in euro as at 31 December 2007 and 2006.

12. Debt securities issued

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

The issued debt securities which are used in a fair value hedge are valued on the balance sheet at their fair value. The change in fair value is posted through the profit and loss account.

	2007	2006
Commercial Paper	63,933	132,946
Certificates of Deposit	608,963	646,884
Bonds and notes	2,957,217	2,284,912
Balance as at 31 December	**3,630,113**	**3,064,742**

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

	2007	2006
Commercial Paper	4.6%	4.5%
Certificates of Deposit	4.9%	3.8%
Bonds and notes	4.8%	4.1%
	4.8%	**4.1%**

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

	2007	2006
- three months or less	675,636	566,357
- longer than three months, less than one year	469,587	718,472
- longer than one year, less than five years	2,410,890	1,779,913
- longer than five years	74,000	-
Balance as at 31 December	**3,630,113**	**3,064,742**

The debt securities include an outstanding balance of EUR 422.9 million (2006: EUR 501.6 million) which is non-euro currency denominated as at 31 December 2007. The remainder of the debt securities is denominated in euro.

13. Amounts payable to subsidiaries

The amounts payable to subsidiaries comprise mainly transactions with the insurance captive and Lease Beheer N.V.

The maturity analysis of these amounts payable is as follows:

	2007	2006
- three months or less	53,946	789,715
- longer than a year, less than five years	50,000	-
Balance as at 31 December	**103,946**	**789,715**

14. Other liabilities
Other liabilities mainly relate to accrued interest payable and the fair value balance of derivatives concluded. Reference is made to note 7 to the balance sheet for further details.

15. Provisions
Provisions include the deferred tax liability and the provision for share-based payments.

With respect to the disclosure of the provision for share-based payments, reference is made to note 33 (iii) in the consolidated financial statements of the Company.

The deferred tax liability relates to a provision for deferred tax and is mostly long-term in nature.

16. Subordinated loans
With respect to the disclosure of the subordinated loans, reference is made to note 35 in the consolidated financial statements of the Company.

17. Shareholders' equity
Share capital
As at 31 December 2007, the authorised capital amounted to EUR 250 million (2006: 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 2007 and 2006.

Movements in shareholders' equity

	Share capital	Share premium	Legal reserves	Hedging reserve	Other reserves	Translation reserve	Result for the year	Total equity
Balance as at 1 January 2006	**71,586**	**506,398**	**100,177**	**12,399**	**298,425**	**18,106**	**199,144**	**1,206,235**
Changes in equity								
Effective portion of changes in fair value of cash flow hedges				26,190				26,190
Amounts of SCE *				-155				-155
Exchange differences on foreign operations						-6,102		-6,102
Net income/(expenses) recognised directly in equity	**-**	**-**	**-**	**26,035**	**-**	**-6,102**	**-**	**19,933**
Profit for the period							210,804	210,804
Total recognised income and expense for the period	**-**	**-**	**-**	**26,035**	**-**	**-6,102**	**210,804**	**230,737**
Transfer from/to			-32,360		32,360			-
Appropriation of result					199,144		-199,144	-
Dividend					-65,000			-65,000
Balance as at 31 December 2006	**71,586**	**506,398**	**67,817**	**38,434**	**464,929**	**12,004**	**210,804**	**1,371,972**
Effective portion of changes in fair value of cash flow hedges				-14,264				-14,264
Effective portion of changes in fair value of net investment hedging instruments				6,862				6,862
Amounts of SCE *				5	232			237
Exchange differences on foreign operations						-21,358		-21,358
Reversal foreign exchange on disposed operations						-8		-8
Other changes				-771	771			-
Net income/(expenses) recognised directly in equity	**-**	**-**	**-**	**-8,168**	**1,003**	**-21,366**	**-**	**-28,531**
Profit for the period							255,443	226,912
Total recognised income and expense for the period	**-**	**-**	**-**	**-8,168**	**1,003**	**-21,366**	**255,443**	**226,912**
Transfer from/to			3,930		-3,930			-
Appropriation of result					210,804		-210,804	-
Dividend					-195,000			-195,000
Balance as at 31 December 2007	**71,586**	**506,398**	**71,747**	**30,266**	**477,806**	**-9,362**	**255,443**	**1,403,884**

* SCE: Special Component of Equity

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 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.

Legal reserves are non-distributable reserves relating to requirements to establish reserves for specific purposes either by the Articles of Association of the Company and/or by local law.

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 movements in the legal reserves can be tabulated as follows:

	Internally developed software	Legal reserves held by subsidiaries	Other legal reserves	Total legal reserves
Balance as at 1 January 2006	**10,823**	**30,667**	**58,687**	**100,177**
Changes in legal reserves				
Transfer from/to other reserves	698	15,349	-48,407	-32,360
Balance as at 31 December 2006	**11,521**	**46,016**	**10,280**	**67,817**
Changes in legal reserves				
Transfer from/to other reserves	10,632	-6,084	-618	3,930
Balance as at 31 December 2007	**22,153**	**39,932**	**9,662**	**71,747**

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

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

The legal reserves relate to minimum reserves to be maintained for internally developed software, for legal reserves kept by subsidiaries and for changes in the equity of associates (positive net result, direct equity changes less any dividend paid out and the translation reserve for investments in subsidiaries).

18. Staff

The Company has no employees.

19. 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:

	2007	**2006**
Short-term employee benefits	4,609	3,252
Post-employment benefits	298	391
	4,907	**3,643**

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.

20. Commitments

Credit facilities have been concluded with associates and jointly controlled entities amounting to EUR 167 million (2006: EUR 47 million) of which EUR 100 million (2006: EUR 32 million) is drawn (reference is made to note 5).

21. Contingent liabilities

Pursuant to the provisions of Article 403, 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 2007, 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 1.9 billion (2006: EUR 1.8 billion).

Almere, 3 April 2008

Supervisory Board

B.P. Breiing, chairman
L.H. Santelmann
L.A.H.W. Sander
D.E. Wittig
W.A. Al Mokarrab Al Muhairi
C.A. Obeid
H.N. Lazkani
F.W. Vermeulen

Managing Board

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

List of principal consolidated participating interests

Pursuant to Article 379, Title 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 Lelystad Trade Register. Unless stated otherwise, the percentage interest is 100% or nearly 100%.

Principal subsidiaries, which are fully included in the consolidated financial statements, are:
Automotive Leasing Limited, London
Bumper I B.V., Amsterdam (a special purpose vehicle with no shareholding)
Euro Insurances Limited, Dublin
Globalines Reinsurance Limited, Isle of Man (*)
LeasePlan Australia Limited, Melbourne (*)
LeasePlan Beteiligungs- und Leasinggesellschaft mbH, Dusseldorf (*)
LeasePlan Brasil Ltda., San Paulo (*)
LeasePlan Česká republika s.r.o., Prague (*)
LeasePlan Danmark A/S, Copenhagen (*)
LeasePlan Finance N.V., Almere (*)
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 Rt., Budapest (*)
LeasePlan India Limited, New Delhi (*)
LeasePlan International B.V., Amsterdam
LeasePlan Italia S.p.A., Milan (*)
LeasePlan Luxembourg S.A., Luxembourg (*)
LeasePlan Nederland N.V., Amsterdam
LeasePlan New Zealand Limited, Auckland (*)
LeasePlan Norge A/S, Oslo (*)
LeasePlan Österreich Fuhrparkmanagement GmbH, Vienna (*)
LeasePlan Portugal Lda., Lisbon (*)
LeasePlan Romania, Voluntari (*)
LeasePlan (Schweiz) AG, Zurich (*)
LeasePlan Securitisatie B.V., Amsterdam (a special purpose vehicle with no shareholding)
LeasePlan Servicios S.A., Madrid (*)
LeasePlan Slovakia, Bratislava
LeasePlan Sverige AB, Stockholm (*)
LeasePlan UK Limited, London (*)
LeasePlan USA, Inc., Atlanta (*)
LPC Auto Lease B.V., Amsterdam
LPC Apollo International B.V. (formerly named QEK International B.V.), Hoofddorp (*)
Travelcard Nederland b.v., Almere (*)

All holdings are in the ordinary share capital of the undertaking concerned and are unchanged from 2006.

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%)
Elease S.A.S., France (5%)
Overlease S.r.L., Italy (51%)
PLease, France (97.66%)
Excelease N.V., Belgium (49%)
Terberg Leasing B.V., the Netherlands (24%)
vdf Holding A.S., Turkey (51%)

The net equity accounting treatment is based on contractual agreements, whereby joint control is agreed upon in the contract.

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

AALH Participaties B.V. (*)
Energie LeasePlan B.V. (*)
Lease Beheer N.V.
Lease Beheer Holding N.V. (*)
LeasePlan Finance N.V. (*)
LeasePlan International B.V. (*)
LeasePlan Nederland N.V.
LPC Auto Lease B.V.
Travelcard Nederland b.v. (*)

(*) These subsidiaries are directly held by the Company.

Other information

To the Shareholders of LeasePlan Corporation N.V.

Auditor's report

Report on the financial statements
We have audited the accompanying financial statements 2007 of LeasePlan Corporation N.V. ('the Company'), Amsterdam as set out on pages 39 to 103. 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 2007, the income statement, 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 2007, 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 2007, 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 2007, 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 5 part e 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, 3 April 2008
PricewaterhouseCoopers Accountants N.V.

H.F.M. Gertsen RA

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 annual accounts 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

An interim dividend of EUR 130 million was paid out in December 2007. The remainder of the financial net profit amounting to EUR 125.4 million will be added to the general reserve (Other Reserves).

Events after balance sheet date

There were no significant events up to 3 April 2008.

Five-year review

In thousands of euros	2007	2006	2005	2004	2004*	2003*
Total operating income	940,047	896,985	891,590	872,744	861,872	812,620
Operating expenses	627,371	614,555	638,732	615,974	568,731	554,342
Profit before tax	313,401	282,553	255,312	278,359	278,986	248,331
Profit for the period	255,443	210,804	199,144	209,482	209,168	192,787
Dividend paid	195,000	65,000	60,000	130,000	130,000	
Balance sheet						
Lease contracts **	13,855,802	13,189,508	12,502,042	10,214,491	10,388,285	9,719,221
Debt financing	12,282,492	12,035,410	11,141,801	9,214,351	9,214,351	8,128,844
Shareholders' equity	1,403,884	1,371,972	1,206,235	1,032,269	1,094,828	1,025,570
Total assets	16,345,326	15,805,449	14,316,268	11,864,681	11,994,462	10,840,265
Key figures						
Number of staff (nominal)	5,971	6,296	6,413	7,198	7,198	7,113
Number of cars	1,315,000	1,258,000	1,225,000	1,090,000	1,090,000	1,074,000
Efficiency ratio ***	65.9%	66.9%	70.5%	69.5%	64.9%	69.1%
Return on equity	18.7%	16.5%	17.3%	19.8%	18.6%	20.1%
BIS ratio	11.5%	12.2%	10.0%	11.7%	12.6%	13.0%

* Based on Dutch GAAP.
** This item includes the operational lease portfolio, the rental fleet (included in 'Property and equipment under operational lease and rental fleet') as well as the finance lease portfolio (included in 'Receivables from customers').
*** Total operating expenses/Total operating income excluding impairment losses on receivables.

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