ANNUAL REPORT
2012

LeasePlan

It's easier to leaseplan

LEASEPLAN IS A GLOBAL VEHICLE LEASING AND FLEET AND VEHICLE MANAGEMENT COMPANY OF DUTCH ORIGIN. WE OPERATE IN 31 COUNTRIES ACROSS EUROPE, NORTH AND SOUTH AMERICA AND THE ASIA-PACIFIC. ESTABLISHED 50 YEARS AGO WE MANAGE A FLEET SIZE OF OVER 1.3 MILLION MULTI-BRAND VEHICLES, MAKING US THE WORLD'S LARGEST FLEET AND VEHICLE MANAGEMENT PROVIDER IN TERMS OF FLEET SIZE. WE OFFER A COMPREHENSIVE PORTFOLIO OF FLEET MANAGEMENT SOLUTIONS COVERING VEHICLE ACQUISITION, LEASING, FULL SERVICE FLEET MANAGEMENT, STRATEGIC FLEET SELECTION AND MANAGEMENT ADVICE, FLEET FUNDING, ANCILLARY FLEET AND DRIVER SERVICES AND CAR REMARKETING.

TAKING CARE OF OUR NUMEROUS STAKEHOLDERS HAS ENABLED LEASEPLAN TO CONTINUE GROWING FOR MUCH OF ITS 50 YEARS IN BUSINESS. BY PAYING CLOSE ATTENTION TO THE NEEDS OF CLIENTS, EMPLOYEES, SUPPLIERS, INVESTORS AND THE GLOBAL COMMUNITY, WE HAVE REMAINED A STABLE AND RESILIENT ORGANISATION FOR HALF A CENTURY, EVEN THROUGH THE RECENT YEARS OF ECONOMIC TURBULENCE.

WE HAVE A PROVEN TRACK RECORD IN ENHANCING OUR PRESENCE IN TRADITIONAL MATURE FLEET MARKETS, AS WELL AS EXPANDING INTO NEW MARKETS AND GROWING OUR BUSINESS TO MARKET LEADING POSITIONS. WE ARE ABLE TO CAPITALISE ON OUR GLOBAL GROWTH PRESENCE AND INTERNATIONAL NETWORK BY PROVIDING EXPERTISE, SAVINGS AND OPPORTUNITIES TO MEET THE NEEDS OF LARGE AND MULTINATIONAL COMPANIES, SMALL AND MEDIUM SIZED ENTERPRISES AND PUBLIC SECTOR ENTITIES. WE AIM TO DO THIS BY USING OUR EXPERTISE TO MAKE RUNNING A FLEET EASIER FOR OUR CLIENTS. THIS IS REFLECTED IN OUR UNIVERSAL PROMISE TO ALL OUR CLIENTS:

'IT'S EASIER TO LEASEPLAN'.

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

LEASEPLAN ANNUAL REPORT 2012

FOR MORE INFORMATION
Visit us at leaseplan.com

READ ONLINE
leaseplan.com/annualreport2012
This Annual Report is published in English only.

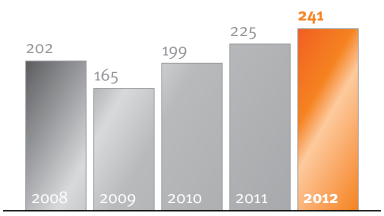
This document contains forward-looking statements. Please read the disclaimer inside the rear cover.

REVIEW OF THE YEAR

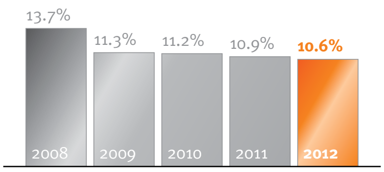
GROUP OVERVIEW

KEY NUMBERS 2012

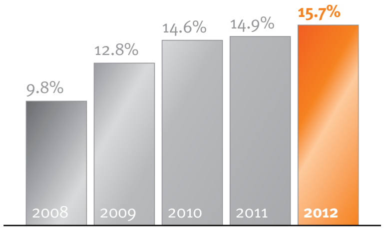
Profit for the year EUR 241M



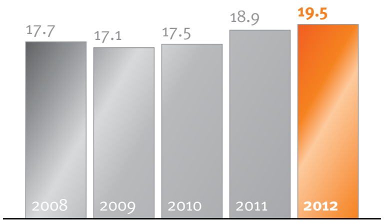
Return on equity 10.6%



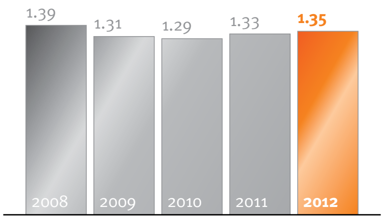
Core Tier 1 ratio 15.7%



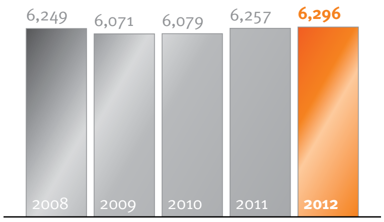
Total assets EUR 19.5BN



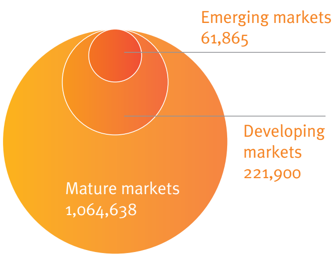
Number of vehicles 1,348,403



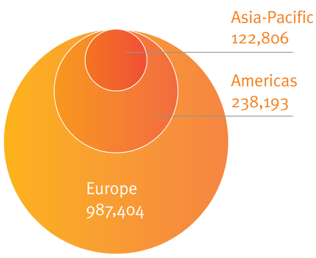
Number of employees 6,296



Market spread (number of vehicles)



Geographical spread (number of vehicles)



OUR MISSION

We aim to be recognised as the 'easier' leasing company and global leader in fleet and vehicle management by partnering with our clients to provide the best and most efficient fleet and vehicle management solutions.

OUR PROMISE

We believe leasing should make the lives of our clients easier. Based on 50 years of experience, and guided by our values of commitment, expertise, passion and respect, we help our clients achieve their objectives.

MANAGING BOARD

Vahid Daemi, Chairman and CEO
Guus Stoelinga, CFO
Sven-Torsten Huster, COO

SEE PAGE 14

SUPERVISORY BOARD

Frank Witter, Chairman
Michael Klaus, Deputy Chairman
Albrecht Möhle
Christian Schlögell
Ada van der Veer - Vergeer

SEE PAGE 54

OUR SHAREHOLDING

Global Mobility Holding B.V. holds 100% of our shares. Global Mobility Holding is a company owned by the Volkswagen Group headed by Volkswagen AG (50%) and Fleet Investments B.V. (50%).

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BUSINESS DESCRIPTION

ABOUT LEASEPLAN

LEASEPLAN CELEBRATES ITS 50TH ANNIVERSARY IN 2013 AS THE WORLD'S LEADING FLEET AND VEHICLE MANAGEMENT COMPANY. THE COMPANY WAS FOUNDED IN 1963 IN AMSTERDAM, THE NETHERLANDS. WE BEGAN BY OFFERING BASIC LEASING SERVICES FOR MACHINE EQUIPMENT AND SUBSEQUENTLY EXTENDED OUR SERVICES WITH OPERATIONAL AS WELL AS SERVICE LEASING. EXPANSION INTO OTHER EUROPEAN COUNTRIES BEGAN IN THE 1970s, WITH FURTHER INTERNATIONAL EXPANSION OCCURRING IN THE 1980s. TODAY, LEASEPLAN OPERATES IN 31 COUNTRIES WORLDWIDE.

Our business model operates across the automotive value chain. As a service integrator, we manage a wide variety of business activities in the automotive value chain. We perform independently or through outsourced partners all activities needed for clients to operate a vehicle fleet, from purchasing the vehicles to the remarketing of those vehicles at the end of the contract.

LeasePlan's business model illustrates the activities we perform along the automotive value chain:

LeasePlan in-sourced
LeasePlan partly in-sourced (in some local entities the activities are outsourced and in others in-sourced)
Activities in the value chain in which LeasePlan is not active

We are involved in all of these areas except for vehicle manufacturing and distribution. We are independent of vehicle brand and provide services for vehicles of a wide variety of makes and models in line with the specific needs of our clients.

Our services are coordinated across our markets of operation and include:

- purchasing and procurement of vehicles
- financing of vehicles
- comprehensive vehicle insurance services
- vehicle maintenance management and pick-up and delivery service
- cost control systems and fuel purchase cards
- accident management and claim-handling services
- fixed-fee fleet outsourcing services by handling all fleet-related matters for clients
- fleet consulting services
- vehicle remarketing by selling used vehicles to drivers, traders and private persons

In addition to providing these services, we focus on continuous innovation in order to keep up with client developments and industry trends. This has resulted in the development of additional services, or the modification of existing services, in response to evolving client needs and concerns such as a greater environmental focus, cost savings initiatives and driver-focused fleet management platforms.

Our local operating companies provide front-line fleet management services to diverse client segments in 31 countries. We offer comprehensive fleet solutions covering strategic fleet advice, funding options, full service leasing and ancillary fleet and driver services to large corporate clients, public sector entities and Small and Medium Enterprises (SMEs).

CORPORATE CENTRE

The Corporate Centre comprises central functions providing global policies, support services and Group-wide strategic projects to the operating countries of LeasePlan. The central functions include:

Audit; Business Development; Information Services; Car Remarketing,
Operations & Procurement; Control, Reporting & Tax; Corporate Communications;
Corporate Strategy & Development; Human Resources; Legal & Compliance;
Regional Management; Risk Management and Strategic Finance.

We also have a number of group activities as described below:

- **Euro Insurances** is our wholly owned specialist motor insurance company. It is active in 22 countries, including the European Economic Area, Australia and New Zealand. LeasePlan is the main client of Euro Insurances. Euro Insurances is based in Dublin, Ireland and is regulated by the Central Bank of Ireland.

- **LeasePlan Bank** is our internet savings bank in the Netherlands and a division within LeasePlan Corporation N.V. It offers straightforward flexible savings products to both corporate and private clients in the Netherlands. We established our internet retail banking activities in 2010 to provide an additional source of funding for our core business.

- **LeasePlan Information Services** is our shared data centre established in 2003. It helps to harmonise our various IT applications and platforms in a robust IT network for our entire business operations, clients and drivers. The company is based in Dublin, Ireland.

- **LeasePlan International** is a dedicated entity within LeasePlan focused on selling and marketing international fleet management services and manages the accounts of large international clients worldwide. It was formed in 1996 in order to offer coordinated fleet management solutions at a global level.

- **LeasePlan Supply Services** seeks to leverage our scale and purchasing power in the area of global procurement of fleet management services and international car remarketing.

- **LeasePlan Treasury** arranges and manages our funding programmes and concludes our funding and financing transactions with all entities and external counterparts in the financial markets.

TAILORED CLIENT OFFERINGS AND PRICING MODELS

Our leasing offerings comprise a variety of bundled and stand-alone services tailored to the specific needs of our clients. Our full service offerings include a mixture of in-sourced and outsourced solutions and are based on two pricing models, open calculation and closed calculation. We also offer management-only as well as financing-only solutions.

LEASEPLAN OPERATING AREAS

Our main operating companies provide front-line fleet management services to diverse client segments in 31 countries. The countries offer comprehensive fleet solutions covering strategic fleet advice, funding options, full service leasing, ancillary fleet and driver services to large corporate clients, public sector and small- to medium-sized businesses.

*formally opens in 2013

CHAIRMAN'S REVIEW

"WE DELIVER RELIABLE AND MEANINGFUL GROWTH"

"WE ARE CELEBRATING LEASEPLAN'S 50TH ANNIVERSARY THIS YEAR, A SIGNIFICANT MILESTONE FOR A COMPANY THAT HELPED INTRODUCE THE CONCEPT OF LEASING IN EUROPE AND THROUGHOUT THE WORLD. OUR TRACK RECORD OF SUCCESS OVER THE PAST HALF-CENTURY IS BASED ON A TRIED AND TESTED BUSINESS MODEL. FIRST, WE DISCOVER INSIGHTS INTO WHAT OUR CLIENTS NEED. WE THEN USE OUR EXPERTISE AND THE GLOBAL SCALE OF OUR BUSINESS TO TRANSLATE THESE INSIGHTS INTO SERVICE SOLUTIONS THAT TAKE CARE OF THESE NEEDS. IT'S A SIMPLE MODEL THAT HAS ENABLED US TO DELIVER RELIABLE AND MEANINGFUL GROWTH OVER A LONG PERIOD AND WILL CONTINUE TO DO SO INTO THE FUTURE."

In terms of the past year the world economy has offered business little respite from serious economic challenges. We saw much of the same turmoil that has come to define the past five years. Increased financial instability including double- and in some areas triple-dip recession and the ongoing eurozone crisis marked yet another difficult year. No business is immune to these external factors but our time-tested business model and profitable growth strategy continued to prove an attractive proposition to clients and investors alike.

Despite the economic turbulence, it is a testament to the health of the organisation that LeasePlan entered its 50-year milestone while posting near-record results. The qualities that helped define the company and propelled it to grow from its beginnings in a small office in Amsterdam to its presence on five continents still apply today, and in fact they form the cornerstone of our values: a combination of commitment, expertise, passion and respect.

PROFITABLE GROWTH

The past year has once again seen the strengths of LeasePlan's global operations manifested in the company's performance. In terms of profitability, our results were very positive, with a 7.4% increase over our 2011 results, from EUR 225 million to EUR 241 million (+EUR 16 million). Like others we continued to manage the significant challenges faced in much, though not all, of Western Europe. The fact that we seized the opportunities to extend the breadth of our geographical operations in years past continues to ensure healthy financial results today, as the strong performance in a number of countries helped to balance what was a more challenging, though still profitable, year in other regions. It is our geographical diversity that continues to underpin our performance, even through these tougher times.

Our growth strategy is delivering, making key acquisitions and expanding into new markets when favourable conditions present themselves. In terms of geographical expansion, the LeasePlan Russia start-up continued to take shape throughout 2012 and will open its doors to clients in 2013. Our expansion into Russia increases our footprint in Eastern Europe, and provides our international clients with yet more opportunities to streamline their fleet operations.

VAHID DAEMI
CHAIRMAN OF THE
MANAGING BOARD
AND CEO.

The agreement to acquire the Italian fleet and leasing arm of BBVA's business, announced late in the year and finalised in February 2013, provides LeasePlan with a growth opportunity whereby we are able to instantly increase our presence in the Italian market and provide our clients there with further economies of scale. This acquisition, as with every strategic expansion undertaken by LeasePlan, again assists our clients as we leverage the size and scope of our company. A stronger presence globally presents our clients with far greater opportunities in terms of overall fleet management, including standardised processes and cost savings.

LeasePlan's strong market position was demonstrated by an overall increase in its funded, managed, and total fleet numbers, and our profit numbers were positively influenced by a turnaround in results of vehicles sold. The losses we witnessed on the relatively high number of contract terminations during the crisis years, on leases that were originated before the 2008 debt crisis (and therefore created at higher residual values), are coming to an end.

In absolute terms, however, the strongest contributors to profit continue to be generated by LeasePlan's core business model components of management fees, damage risk retention, and lease services. At the very core of LeasePlan's continued strong business performance has been our ability to provide excellent client service coupled with our capacity to leverage the size and scope of our operations.

CONTINUED FINANCIAL STRENGTH

The broader financial markets also took notice of LeasePlan's stability and solid performance. Numerous rounds of funding took place in various markets, each time with considerable success. Commercial investors expressed confidence in our organisation time and again, with seven public unsecured debt capital market transactions and several private placements taking place, to a total of EUR 2.8 billion over the course of the year. 2012 also marked the presence of LeasePlan on the US markets, with the establishment of an institutional debt issuance (Rule 144A) programme and our debut US transaction of USD 500 million in October.

Closer to home, the continued success of LeasePlan Bank was yet again a testament to the honest and transparent approach offered to the bank's clients. Since it opened its virtual doors in 2010 the retail savings bank has been a reliable source of diversified funding for our core fleet and vehicle management business. During the year, retail deposits increased by EUR 1.2 billion and the bank has now garnered a total of almost EUR 4 billion in deposits.

As a direct result of the success of our diversified funding strategy, LeasePlan repaid a large share of the bonds it issued under the Credit Guarantee Scheme of the State of the Netherlands several years prior, to the amount of EUR 1.25 billion in February and an additional USD 2.5 billion in May. Additionally, in December LeasePlan was able to buy back a government guaranteed bond maturing in May 2014, in the amount of EUR 500 million.

"WE CONTINUE TO SET FOR OURSELVES THE HIGHEST STANDARDS IN TERMS OF SERVICE DELIVERY"

Further to our successful funding platform, our capital and liquidity position remains solid. Our Core Tier 1 ratio stands at 15.7%, well above current and future (Basel III) requirements, and represents an increase over the 2011 figure of 14.9%. At year end, LeasePlan held a cash balance of EUR 1.8 billion.

STAYING CLOSE TO OUR CLIENTS

The challenges faced by the business go further than simply those of growing profitability. During the year, LeasePlan continued to showcase its approach to new solutions that fit today's changing workplace with the September announcement of a car-sharing programme. We recognise that flexible mobility solutions are increasingly part of the bottom line for many clients, solutions that are environmentally sound while meeting the varied demands of mobile workforces. The pilot programme, in conjunction with one of our large enterprise clients, will provide over 2,000 employees with access to environmentally friendly vehicles for day-to-day and occasional use.

From an innovation standpoint, LeasePlan took a significant leap forward in terms of next-generation fleet reporting in 2012. Items such as mobile reporting for use on smartphones and tablets were launched, along with improvements to administrative tools and new transactional survey capabilities, making fleet management that much easier for clients and drivers alike. This next-level reporting offering was rolled out to 15 LeasePlan countries in 2012, with more to come in 2013.

We continue to set for ourselves the highest standards in terms of service delivery. To that end, we were pleased that 2012 marked our third consecutive year of growth on the globally recognised TNS TRI*M (Measuring, Managing, and Monitoring) system, which measures the relationship an organisation maintains with clients, employees and other stakeholders. This is in addition to a 92% client satisfaction rating achieved by LeasePlan globally in 2012. Both factors represent a strong indication of our ability to listen to our clients and to continue to deliver effective fleet and vehicle management solutions that make their lives easier.

"THIS YEAR HAS BEEN ONE OF REAL ACHIEVEMENT IN LEASEPLAN AND I AM PROUD TO OVERSEE SUCH STRONG RESULTS"

This year has been one of real achievement in LeasePlan and I am proud to oversee such strong results. During 2013, we will remain focused on delivering profitable growth in our business and will continue to discover solutions for our clients that make their lives easier. Finally, I would like to offer my appreciation to the talented and hard-working employees across LeasePlan. I would also on behalf of the Managing Board like to thank our clients, service partners, investors and shareholders for their continued support.

OUTLOOK FOR 2013

LeasePlan anticipates a similarly mixed year ahead in terms of the global economy and market conditions. We foresee continued challenges in certain regions, with potentially more encouraging market conditions in other areas as well as expansion into new markets.

As we celebrate our 50th year in existence we remain optimistic about the strength of our organisation. In terms of performance, our primary sources of strength continue to lie in the global reach and scale of our business, a diversified funding approach, our robust client focus and the expertise and commitment that exists in our people across the world.

Vahid Daemi
Chairman of the Managing Board and Chief Executive Officer

LEADERSHIP TEAM

MANAGING BOARD


Vahid Daemi


Guus Stoelinga


Sven-Torsten Huster

REGIONAL SENIOR VICE-PRESIDENTS


Javier Contreras Garcia


Kevin McNally


Nick Salkeld

CORPORATE SECRETARY


Flora Hennekes – van Rosmalen

"OUR STRONG MANAGEMENT TEAM SETS THE TONE FOR THE WHOLE ORGANISATION"

◆ Executive Management Team
■ Corporate Management Team

MANAGING BOARD

Vahid Daemi ◆ ■
Chairman of the Managing Board,
Chief Executive Officer
Nationality: British

Guus Stoelinga ◆ ■
Member of the Managing Board,
Chief Financial Officer
Nationality: Dutch

Sven-Torsten Huster ◆ ■
Member of the Managing Board,
Chief Operating Officer
Nationality: German

REGIONAL SENIOR VICE-PRESIDENTS

Javier Contreras Garcia ◆ ■
Central Europe & Asia
Nationality: Spanish

Kevin McNally ◆ ■
Northern Europe & Americas
Nationality: British

Nick Salkeld ◆ ■
Southern Europe & Pacific
Nationality: British

CORPORATE SECRETARY

Flora Hennekes – van Rosmalen ◆ ■
Corporate Secretary
Nationality: Dutch

SENIOR CORPORATE VICE-PRESIDENTS


John Boon


Tricia Desnos


Marja Gorter


Theo Kuipers


Yolanda Paulissen


Patrick Steenvoorden


Leo Walraven

SENIOR VICE-PRESIDENTS GROUP SERVICES


Wolfgang Reinhold


Jaime Requeijo Gutierrez

SENIOR CORPORATE VICE-PRESIDENTS

John Boon ◆ ■
Corporate Strategy & Development
Nationality: British

Tricia Desnos ■
Human Resources
Nationality: British

Marja Gorter ■
Legal & Compliance
Nationality: Dutch

Theo Kuipers ◆ ■
Control, Reporting & Tax
Nationality: Dutch

Yolanda Paulissen ■
Strategic Finance
Nationality: Dutch

Patrick Steenvoorden ◆ ■
Risk Management
Nationality: Dutch

Leo Walraven ■
Group Audit
Nationality: Dutch

SENIOR VICE-PRESIDENTS GROUP SERVICES

Wolfgang Reinhold ◆ ■
Car Remarketing and Operations
Nationality: German

Jaime Requeijo Gutierrez ■
Business Development
Nationality: Spanish

LOCAL MANAGEMENT TEAMS

All of LeasePlan's main operating companies in the 31 countries are led by a Managing Director, supported by a local management team. See pages 152-154.

FINANCIAL PERFORMANCE 2012

LEASEPLAN ACHIEVED A NEAR-RECORD NET PROFIT OF EUR 241 MILLION IN 2012, WHICH IS A STRONG TESTAMENT TO THE STABILITY AND GLOBAL REACH OF OUR BUSINESS. THIS FIGURE REPRESENTS A 7.4% INCREASE OVER THE 2011 RESULT OF EUR 225 MILLION, AND IS A FURTHER INDICATION OF THE RESILIENCE OF OUR BUSINESS MODEL AND STRATEGY.

FINANCIAL STRENGTH

COMPOSITION OF BIS CAPITAL	2012	2011	Delta
In millions of euros			
Share capital and share premium	578.0	578.0	-
Translation reserve	31.8	22.0	+9.8
Hedging reserve	-36.7	-33.0	-3.7
Retained earnings	1,822.7	1,586.9	+235.8
Total equity	**2,395.8**	**2,153.9**	**+241.9**
Deduction goodwill	-98.6	-98.6	-
Prudential filter m-t-m derivatives	36.7	33.0	+3.7
Deduction intangible assets	-9.0	-12.1	+3.1
Dividend accrual	-94.5	0.0	-94.5
AIRB provision shortfall	-8.2	-3.6	-4.6
CORE TIER 1 CAPITAL	**2,222.2**	**2,072.6**	**+149.6**
BIS CAPITAL	**2,222.2**	**2,072.6**	**+149.6**
Risk-weighted assets	14,177.3	13,945.7	+231.6
Core Tier 1 ratio	**15.7%**	**14.9%**	
BIS ratio	15.7%	14.9%	

SUMMARY

Fleet numbers have increased when comparing 2012 to 2011 as well as the average book value per vehicle. This resulted in an increase of risk-weighted assets from EUR 13.9 billion at the end of 2011 to EUR 14.2 billion at the end of 2012 under the advanced model approaches that we used for central bank solvency reporting.

Due to the rise in Core Tier 1 capital at a somewhat faster pace than the increase in risk-weighted assets the Core Tier 1 ratio increased from 14.9% to 15.7% in 2012. The increase in Core Tier 1 capital is predominantly caused by profit retention, partly offset by a dividend accrual and payment.

During the past years we have on the basis of our stable business franchise and consistently retained profits been able to substantially raise our Core Tier 1 ratio. The current level is perceived in excess of both internal targets and minimum requirements of the central bank supervisor. Also anticipating the effects of the new Basel III regulatory rules, our current solvency ratio is relatively high. While on the one hand this emphasises our strength, it also allows for future growth.

PROFITABILITY

SUMMARY INCOME STATEMENT	2012	2011	Delta
In millions of euros			
Depreciation	47.4	86.6	-39.2
Lease services	157.6	150.9	+6.7
Damage risk retention	179.7	173.4	+6.3
Rental	23.4	20.9	+2.5
Management fees	196.2	190.8	+5.4
Results of vehicles sold (results terminated contracts)	27.5	-24.4	+51.9
Other	88.8	82.7	+6.1
Gross profit (revenues-/- cost of revenues)	**720.6**	**680.9**	**+39.7**
Net interest income	360.7	363.5	-2.8
Impairment charges on loans and receivables	-23.2	-19.7	-3.5
Unrealised gains/(losses) on financial instruments	-3.9	-19.2	+15.3
Other financial gains/(losses)	-10.1	-	-10.1
Net finance income	**323.5**	**324.6**	**-1.1**
TOTAL OPERATING AND NET FINANCE INCOME	**1,044.1**	**1,005.5**	**+38.6**
Total operating expenses	742.8	728.9	+13.9
Share of profit of associates and jointly controlled entities	11.8	3.6	+8.2
PROFIT BEFORE TAX	**313.1**	**280.2**	**+32.9**
Income tax expenses	71.8	57.4	+14.4
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**241.3**	**222.8**	**+18.5**
Profit for the year from discontinued operations	-	1.9	-1.9
PROFIT FOR THE YEAR	**241.3**	**224.7**	**+16.6**

Total operating and net finance income rose by EUR 38.6 million, in excess of the EUR 13.9 million rise in **Total operating expenses**, thereby raising the **Profit before tax** (+ EUR 32.9 million).

Net finance income was more or less stable despite the significantly lower **Unrealised loss on financial instruments** (from EUR 19.2 million to EUR 3.9 million loss). This positive development in **Net finance income** was compensated by slightly higher debtor losses, the one-off expense of a (partial) debt buy back and a small reduction in **Net interest income**. The latter was mainly impacted by higher liquidity buffers that the Group is maintaining in view of its diversified funding policy and regulatory requirements.

Gross profit increased by EUR 39.7 million, mainly as a reflection of the improved **Results of vehicles sold**. This line item turned from negative to positive and is therefore a significant factor in the movement of **Gross profit**. In absolute terms however the largest contributions to **Gross profit** are still coming from **Management fees, Damage risk retention** and **Lease services**. All these line items show a continued strong, stable and improving performance, as a reflection of the business model and our positioning therein. Providing excellent services and leveraging our scale and scope of business are key strengths of LeasePlan and a backbone for our continued positive financial performance.

Income tax expenses increased by EUR 14.4 million, but also as a percentage of **Profit before tax** from 20.5% to 22.9%. This increase is caused by less losses in higher tax jurisdictions and non recurrence of specific one-off items.

Share of jointly controlled entities is rising strongly due to the very positive performance of our joint venture in Turkey.

THE LEASEPLAN VALUES

COMMITMENT
WE TAKE PERSONAL OWNERSHIP OF OUR ACTIONS AND OUR CLIENTS CAN COUNT ON US TO DELIVER WHAT WE PROMISE.

EXPERTISE
WE LISTEN TO OUR CLIENTS AND SHARE OUR KNOWLEDGE IN AN UNDERSTANDABLE WAY.

PASSION
WE ARE PROUD OF OUR COMPANY AND OF THE CLIENTS WE WORK FOR AND WE SHOW THAT IN ALL OF OUR COMMUNICATION AND ACTIONS.

RESPECT
WE ARE OPEN-MINDED TOWARDS OTHER PEOPLE'S FEELINGS, VALUES, CULTURE AND OPINIONS AND ARE RESPONSIBLE TOWARDS PLANET AND PROFIT.

LEASEPLAN REACHES 50 YEARS IN BUSINESS IN 2013. WE HAVE DELIVERED RELIABLE AND MEANINGFUL GROWTH THROUGHOUT THIS PERIOD.

KEY BUSINESS AREAS 2012

STRATEGY

TAKING CARE OF... STRATEGY

LEASEPLAN REMAINS COMMITTED TO ITS SELECTIVE GROWTH STRATEGY EVEN AS DIFFICULT ECONOMIC CONDITIONS PERSIST GLOBALLY. OUR STRATEGY HAS PROVEN TO BE STABLE AND RESILIENT OVER THE PAST FIVE YEARS SINCE THE FINANCIAL AND ECONOMIC CRISIS BEGAN AND THROUGH THE EXISTING CHALLENGES IN THE EUROZONE. OUR PRAGMATIC AND FOCUSED APPROACH TO STRATEGY HAS IN FACT PROVEN DURABLE OVER OUR ENTIRE 50 YEARS IN BUSINESS.

GEOGRAPHIC EXPANSION

LeasePlan believes that it can generate long-term growth opportunities through geographic expansion. We have chosen to do so at a moderate pace which takes into account market conditions. For us to consider entry into a new country, the fleet management market in that country must have high stand-alone attractiveness and at the same time provide a high regional cluster potential. Pursuing geographic expansion at a moderate pace allows us to finance this autonomous growth from successful operations in well-established markets.

2012 developments

In 2012, the company demonstrated this commitment in two distinct areas. First, by renewing its referral alliance agreement in the Baltic States, LeasePlan ensured the continuation of providing fleet and vehicle management to organisations operating in those areas, with the added assurance of expert local knowledge. Secondly, LeasePlan continued with its final preparations for the launch of LeasePlan Russia. Incorporated in October 2012, LeasePlan Russia is the 31st country among the LeasePlan group of companies, and beginning in the second quarter of 2013 will provide world-class fleet and vehicle management to local clients there as well as to our international clients with operations in the country.

ACCELERATED GROWTH INTO THE SME SEGMENT

LeasePlan believes that the Small and Medium Enterprise (SME) client segment presents an opportunity for the company to further expand its client base because of the potential for higher growth in this area. While SMEs are already part of our client base in some countries, penetration of this segment is still at an early stage in most markets. We intend to leverage our existing product expertise and adapt our current product offerings in order to increase our market share in this growing area.

2012 developments

LeasePlan's platform for growth in the SME market was the further development and deployment of its Small Fleet Strategy, a targeted plan of fleet and vehicle management tailored to suit the needs of SME clients. The strategy is structured largely around a set of over 80 'good practices' to help optimise a small fleet's operations, gathered from our expertise and deep knowledge of the market in our mature markets. The Small Fleet Strategy made significant gains in 2012, with a particular focus on the top ten markets in the LeasePlan group of companies. The strategy is aimed squarely at enhancing the LeasePlan value proposition in these areas and adding additional sales channels; in the top ten countries, this resulted in 5.5% growth (8,000 additional vehicles) in the SME segment in 2012.

SELECTIVE PURSUIT OF STRATEGIC GROWTH OPPORTUNITIES

LeasePlan believes that a number of fleet markets, primarily in Europe, are becoming increasingly mature. This development could provide us with an opportunity to strengthen our competitive position in such markets and our strategy is to consider participating in the ongoing consolidation process by evaluating opportunities and, where appropriate, engaging in selective strategic transactions.

2012 developments

LeasePlan continued on this path in 2012 by signing a purchase agreement to acquire the fleet operations of BBVA Renting S.p.A. and BBVA Autorenting S.p.A. in Italy, which was completed on 27 February 2013. The acquisition provides access to an attractive portfolio of both large corporations and small companies, allowing the organisation to continue to add value to clients by realising efficiencies and economies of scale.

FURTHER DEVELOPMENT OF THE INTERNATIONAL FLEET SEGMENT

We intend to continue targeting the growing segment of international fleet clients by further improving our service offerings in this area, particularly by strengthening LeasePlan International, and by developing and implementing sophisticated international fleet reporting tools that support enhanced client service capabilities.

2012 developments

Service offerings such as LeasePlan's next generation FleetReporting product, launched in 15 countries in 2012, allow multinationals the opportunity to streamline their fleet operations and retain greater control of their extensive distribution of vehicles.

STRENGTHENING OUR COMPETITIVE POSITION

LeasePlan aims to strengthen its competitive position by focusing on three key areas. The first focus area is built around our values and service proposition in line with our client promise of "It's easier to leaseplan". We are rolling out global engagement programmes to continue to embed our client promise, values and code of conduct in the way we do business. The second focus area is geared towards continuing the further development of innovative products and services which seek to provide added value to our clients and differentiate us from our competitors. Our competitive advantage in the global marketplace is greatly enhanced by the services of LeasePlan International, as multinational clients are able to coordinate their operations in multiple countries. Our third focus area is to emphasise our price competitiveness. We continually strive to ensure that we remain a trusted business partner, offering value which is in line with world class products and client service.

2012 developments

The development of two particular services pertaining to additional competitive advantage in these markets in 2012 revolve around a dedicated framework for international fleets and a consultancy-based approach for clients requiring specific car policy management. Both areas will solidify LeasePlan's market-leading status in established markets and will enhance client retention in the years to come. The development of the Commercial Training Programme, explained more in depth in the following section of the report, is an additional tool LeasePlan is using to strengthen its competitive position.

ENHANCING PROFITABILITY

LeasePlan aims to continuously modernise its business and enhance the efficiency of its operations in core areas, such as procurement, risk management, car remarketing, contract management and insurance. This allows us to maintain a balance between continued top-line growth aspirations and a focus on risk-return considerations in times of tight credit markets. This strategy has been beneficial to us historically and has enabled us to build a financial track record while growing our business, both prior to the global economic crisis and while weathering the turmoil of the past five crisis years.

2012 developments

Two projects in particular were aimed at streamlining the efficiency of our operations in 2012: the Driver Experience Enhancement Programme (DEEP) and the Supplier Integration Management Solution (SIMS). The DEEP programme, directed at improving driver management and steering drivers to preferred LeasePlan suppliers, was rolled out to the majority of LeasePlan countries throughout the year and is in its final stages of overall deployment. The SIMS programme will increase process efficiency and improve supplier interaction in the key areas of service, maintenance, repair and tyres. It was launched in its pilot country in November 2012, with further deployments to take place in 2013 and 2014.

DIVERSIFICATION OF FUNDING SOURCES

LeasePlan aims to maintain and further expand the portfolio of funding options for its business which would allow it to secure the ongoing liquidity needs of the company in a cost efficient manner. One element of this strategy includes the managed and selective growth of our internet retail banking division, LeasePlan Bank, which had almost EUR 4 billion in savings deposits as at 31 December 2012. Another element of the funding diversification strategy involves the continued selective use of securitisation programmes.

2012 developments

A variety of funding activities throughout the year, buoyed by considerable institutional investor confidence in LeasePlan's business model, resulted in strong overall financial health at the end of 2012. Further details on the success and highlights of LeasePlan's diversified funding approach over the course of the year can be read on page 30.

PEOPLE

TAKING CARE OF... PEOPLE

ULTIMATELY, IT IS OUR PEOPLE WHO REALISE OUR AMBITION AND DELIVER OUR STRATEGY TO BE THE PROACTIVE SERVICE PARTNER TO OUR CLIENTS. OUR LONG-STANDING TRACK RECORD OF SUCCESS COMES DIRECTLY FROM OUR PEOPLE'S IN-DEPTH EXPERTISE OF COUNTRY FLEET MARKETS, DIFFERENT FLEET SECTORS AND THEIR UNDERSTANDING OF DIFFERENT CLIENTS' BUSINESS TRANSPORTATION NEEDS. AS A GLOBAL BUSINESS WE CONTINUE TO BENEFIT FROM OPERATING ACROSS FIVE CONTINENTS AND THE REGULAR SOURCE OF KNOWLEDGE AND NEW IDEAS THAT THIS BRINGS. OUR CENTRAL PEOPLE STRATEGY IS SPECIFICALLY DESIGNED TO SUIT OUR GLOBAL BUSINESS OPERATIONS BY FOCUSING ON INITIATIVES THAT TAKE THE BEST OF LEASEPLAN TO THE REST OF LEASEPLAN.

ONE COMPANY, DIVERSE PEOPLE

Guided by a common set of values, we ensure that we apply the same principles to all employees wherever they are based. All of our policies comply with the legal and regulatory requirements of the countries in which we operate. As LeasePlan celebrates its 50th anniversary in 2013, we remain committed to supporting, listening to and involving the 6,296 people we employ across the world. They continue to determine how effectively we operate and build our reputation with investors, clients, suppliers, partners and fellow employees every day, and they uphold our values. This past year has seen a number of initiatives designed to ensure our values and people practices continue to be reinforced strongly across the company.

ENGAGING OUR PEOPLE

We believe that when employees feel engaged in all aspects of the business, it leads to higher standards of performance across our organisation. It is important for us to know what our employees think about what we are doing. We conduct an annual employee survey which gives employees the opportunity to contribute to the developments in our workplaces as well as identifying the areas that will lead us to greater success. In 2012, LeasePlan conducted its second annual Global Employee Engagement and Integrity Survey. The results were very encouraging across the group with a global participation rate of 92%, exceeding the participation rate of 2011.

"ETHICAL CONDUCT STRENGTHENS AN INDIVIDUAL'S REPUTATION AS WELL AS THAT OF THE COMPANY"

The concept of organisational integrity is also of primary importance to LeasePlan and is a key component of our employee survey. Ethical conduct strengthens an individual's reputation as well as that of the company, and an aligned organisation speaking with one voice enhances efficiency and mitigates compliance risks and costs. At the same time, LeasePlan strives to ensure that the concept of integrity is both tangible for employees conceptually and measurable for the company.

TALENT AND ORGANISATIONAL DEVELOPMENT

The ongoing development of our organisation and the talented people we employ remains a key priority for LeasePlan. During the year, in addition to the continuation of our existing LeasePlan Academy programme, we launched a strategic development initiative called the Commercial Training Programme.

Commercial Training Programme
The concept of taking the best of LeasePlan to the rest of LeasePlan originated from the Commercial Training Programme (CTP). By placing the critical strengths and expertise of LeasePlan at the heart of this programme, the CTP has created a unique, tailored programme of learning and development designed to enhance the commercial success of our business.

Building on the foundation set by the LeasePlan Sales Model, the programme was extended in 2012 to maximise the opportunity offered by LeasePlan Open Calculation, a key strategic differentiator. We use this model to lead to a more consultative sales experience for our clients and prospects, which is critical in an increasingly competitive fleet and vehicle management market.

The enhanced performance of our sales organisation is expected to enable LeasePlan to further improve client retention and satisfaction, allowing our people to work more in partnership with clients and prospects. As a well-targeted training programme offering practical guidance, the CTP is also expected to assist in employee engagement and motivation. By widening the target audience worldwide and developing additional specialist courses in 2013 for our new business and account management teams, we are able to offer a world-class standard of sales relationship to our clients.

"WE BELIEVE THAT WHEN EMPLOYEES FEEL ENGAGED IN ALL ASPECTS OF THE BUSINESS, IT LEADS TO HIGHER STANDARDS OF PERFORMANCE ACROSS OUR ORGANISATION"

Since the successful introduction of the CTP pilot in 2011, in excess of 550 senior sales professionals have been trained worldwide in the LeasePlan Sales Model and this number will continue to grow as the training is rolled out further in 2013.

Feedback from across the organisation indicates that the CTP was so effective throughout 2012, from its design phase through implementation, that other departments within the organisation are using it as a blueprint for their respective training programmes. This will in turn further strengthen and streamline the activities of every LeasePlan entity globally.

LeasePlan Academy
LeasePlan Academy provides the learning and management training programmes that LeasePlan holds for both management and staff, from new service implementation training to talent development.

The Academy took steps in 2012 to realign its overall vision and strategy for the coming years. A specific Faculty Board, comprised of members from our global HR Directors' team, senior executive members, and Managing Directors' group, has been established to fully define and develop an overall vision for LeasePlan Academy in the years to come.

The new vision will incorporate a greater focus on the specific business requirements of the various entities and departments at LeasePlan. The Academy will be more closely linked to LeasePlan's global strategic imperatives as a result.

As we begin to refine the vision overall, it is important to note the ongoing achievements of LeasePlan Academy which help to sustain the high performance culture we seek to attain at LeasePlan. A total of 260 high-potential managers and specialists have attended our Talent Development Programme thus far and currently 105 of our future managers have completed our People Management Programme.

MAKING IT EASIER

Every day across the LeasePlan group of companies, employees provide each other with prime examples of how we live up to our client promise of 'It's easier to leaseplan'. Our 50th anniversary in 2013 is a celebration of our people and their achievements in delivering our client promise daily. Examples of living up to this promise are being highlighted across the company.

'It's easier to leaseplan' in action

In a rather unique situation where a client service team at one of our offices was under a very heavy workload, a LeasePlan UK Account Manager changed roles and went into the office and worked as a Client Service Executive for the day.

He put on hold his account management duties and rolled up his sleeves, placing orders, running quotes and handling queries – a great example of doing what is needed to make it easier for our clients, regardless of whether it is easier for us as LeasePlan employees.

He benefited from seeing a different perspective from his day job; the other Client Service team members benefited from seeing an Account Manager get involved; and clearly all the clients benefited as well. Without the additional help, clients' calls would have been subjected to long waits or may have gone unanswered.

Stories similar to this one occur with regularity across the globe at LeasePlan, prime examples of making it 'easier to leaseplan' and how one person's actions can benefit the team, the individual, and of course, the client.

EMPLOYER OF CHOICE

As a testament to the success of our brand promise and how it can impact our people and clients, numerous LeasePlan companies won a series of awards in 2012. Among them:

- LeasePlan Germany: Most Popular Leasing Company 2012
- LeasePlan Luxembourg: Fleet Manager Award 2012
- LeasePlan Netherlands: Top Employer 2012
- LeasePlan United Kingdom: Top Employer 2012; Leasing Company of the Year 2012
- LeasePlan United States: Top 100 Workplace (Atlanta); Best Place to Work 2012 (Chicago); Top 101 Best and Brightest Companies to Work For (Chicago); World Class Client Service Award

RISK MANAGEMENT

TAKING CARE OF... RISK MANAGEMENT

OVER THE LAST DECADE THE CHARACTER OF LEASEPLAN HAS EVOLVED INTO A HYBRID AUTOMOTIVE AND FINANCIAL SERVICES PROVIDER. WITH ITS ACTIVITIES SOLELY IN THE AREA OF VEHICLE LEASING AND FLEET MANAGEMENT, THE COMPANY HAS CHARACTERISTICS FROM BOTH AUTOMOTIVE SERVICES AS WELL AS FINANCIAL SERVICES. WHEREAS THE LEASEPLAN GROUP COMPANIES AROUND THE WORLD MARKET VEHICLE LEASING AND FLEET MANAGEMENT PRODUCTS, THE BANKING LICENCE AT LEASEPLAN CORPORATION AND INSURANCE LICENCE AT EURO INSURANCES ALLOW THE GROUP TO EFFICIENTLY FUND AND INSURE THE VEHICLES THAT ARE PUT ON THE ROAD FOR CLIENTS. LEASEPLAN HAS DEVELOPED ITS RISK MANAGEMENT FRAMEWORK IN SUCH A WAY THAT IT FULLY CAPTURES THE RISKS THAT DERIVE FROM THIS HYBRID CHARACTER.

PILLARS UNDER SUSTAINABLE AND PROFITABLE GROWTH STRATEGY

LeasePlan's risk management is a dynamic framework that is aligned with the company's strategic intentions, external regulations, risk management best practices and organisational set-up. The outline of the overall framework is documented for reference purposes and is reviewed annually and approved by the Managing Board. It is integrated in the company's Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) which are annually reported upon to the Dutch Central Bank. The framework consists of three main layers: risk strategy, risk governance and day-to-day risk management.

LeasePlan's corporate strategy aims to achieve profitable growth by providing fleet and vehicle management to mainly corporate and small fleet clients, whereby vehicles are funded via the execution of a diversified funding strategy. Our risk strategy mirrors the corporate strategy, meaning a risk appetite statement is defined to allow for profitable growth by selling to our diverse client groups in a sustainable manner. The risk appetite is reviewed by the Supervisory Board annually.

The risk appetite, or the amount and type of risk a company is willing to accept in pursuit of its business objectives, is set at two levels.

First, the overall risk appetite is defined in terms of a long-term debt credit rating, supported by the financial return on risk adjusted capital (i.e. economic return) and the diversified share of funding levers.

Secondly, risk appetite is set for the underlying key risks that LeasePlan is facing by using key risk indicators customary to measure these exposures. Asset risk, credit risk and liquidity risk are the primary risks or the risks that we have experienced which have the most significant impact on the execution of the strategy. Other risks, equally as important to take into the risk management framework are strategy risk, reputational risk, ICT risk, interest rate risk, currency risk, motor insurance risk, operational risk and legal and compliance risk.

Strict risk governance is set up from the corporate centre, where risk committees consisting of at least two Managing Board members and any relevant senior corporate vice-presidents are established for the key risks. The risk committees have a delegated authority from the Managing Board and their key role is to monitor the risks in their respective areas and to make decisions along the lines of company risk policies set by the Managing Board. The corporate risk management and legal and compliance departments play a coordinating role in the area of risk management. These functions are the initiators of most risk policies; they drive the committees and play a controlling role in projects and overarching risk activities such as maintenance of ICAAP and ILAAP, risk appetite and the execution of remuneration policy for Identified Staff.

Risk Management's day-to-day activities are set up in accordance with the management model of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the three lines of defence model customary for financial institutions. The first line of defence, mainly consisting of Group company management, regional management and strategic finance departments (i.e. the central treasury, LeasePlan Bank and a team of securitisation specialists), owns the respective risk positions and manages these positions in accordance with risk policies. The corporate risk management and legal and compliance departments, the second line of defence, are required to monitor, report on and challenge risk taken by the first line. The third line of defence, i.e. the internal audit department, provides assurance as to the processes followed by the first and second line.

"LEASEPLAN HAS INVESTED OVER THE LAST SEVERAL YEARS IN NEW PRODUCTS, PEOPLE, RISK SYSTEMS AND DISCLOSURE TO INVESTORS TO DEMONSTRATE ITS COMMITMENT TOWARDS EXTERNAL STAKEHOLDERS"

OUR RESPONSE TO CHANGING MARKET CONDITIONS

The fleet and vehicle management industry is increasingly facing a turbulent and changing environment. Client trends such as the desire for outsourced and sustainable solutions interact with trends that have emerged from the credit and sovereign crises since 2008. Crises-related trends have required the risk management framework of financial institutions and corporations to structurally change and enhance their offerings. Three such trends impact LeasePlan and the fleet and vehicle management industry as a whole.

First, the overall economy is facing uncertainty and low growth, in particular in mature markets. LeasePlan, with the majority share of its business in developed markets, is inherently exposed to the impact of the creditworthiness of its clients and the sales proceeds of disposed end of contract vehicles. Although LeasePlan did experience higher credit losses and termination losses at the onset of the debt crisis, the mitigation activities for vehicles on the road and prudent business acceptance criteria for renewals and expansions have visibly contributed to improved results in those areas. Simultaneously, our strategy has identified selected areas of growth, such as in small fleets and new outsourcing products, as well as in mergers and acquisitions and geographical expansion. The cross-functional approach to these growth areas, with close co-operation of all lines of defence and the careful consideration of opportunities, are intended to pave the road to growth sustainably.

Secondly, in general for financial institutions, access to funding has changed from on-demand access to window-driven capital markets in combination with materially increased cost of borrowed funds. The need for liquidity of financial institutions has been strongly driven by central banks around the world to avoid having institutions default. Deleveraging, reducing reliability on debt capital markets and maintaining crisis-proof liquidity buffers are important contributors to structurally restore trust within the financial industry. LeasePlan has adequately responded over the past several years and strengthened its liquidity position by rolling out the aforementioned funding diversification strategy. This has led to funding with material retail deposits, securitisation proceeds and committed facilities next to enhanced debt capital market access. Parallel to the diversification, the company's capital position has materially improved with our Core Tier 1 capital ratio almost doubling, from 8.3% in 2007 to 15.7% in 2012.

Thirdly, also as a consequence of the first two trends, external stakeholder demands have increased. Institutions and corporations are required to act sustainably with respect to people, profit and planet. Transparency has become a prerequisite to stay in business and adherence to stricter new regulatory demands are inevitable. LeasePlan has invested over the last several years in new products, people, risk systems and disclosure to investors to demonstrate its commitment towards external stakeholders.

STRONG COMMITMENT TO THE RISK MANAGEMENT FRAMEWORK

In 2009 LeasePlan defined effective risk management as one of its strategic pillars and in the years thereafter has continued to invest in its risk management framework. Risk management activities are embedded within the scope of control functions and projects and other activities involving LeasePlan's group companies and the corporate centre. In the table below, specific activities conducted by LeasePlan up to and including 2012 to enhance control over the company's risks are listed. It illustrates LeasePlan's continued effort to integrate risk management into our decision-making processes.

Strategic response to trend	Main risks impacted	Risk Management Framework action
Low growth and economic uncertainty		
Expansion small fleet segment	Credit, operational	Involvement in Small Fleet Strategy
Launching outsourcing product	All	Involvement in FleetPlan Project
Acquiring growth	All	Involvement in projects
Controlled business acceptance	Credit, asset, operational, liquidity	Euro Exit Contingency Committee and preventative country reviews in eurozone (for selected countries)
Window driven access to funding		
Diversification of funding	Liquidity, credit	Execution of diversification strategy
Enhancing solvency	All	Waiver dividend payments
Increasing stakeholder demands (towards a sustainable banking and insurance system)		
Sustainable risk management in banking	All	Basel II (advanced models, economic return, risk-based remuneration, product approval processes)
Sustainable risk management in insurance	Motor insurance	Solvency II
Transparency, consistency and control over asset risk	Asset	Harmonising Asset Risk Approaches
Enhancing liquidity adequacy processes	Liquidity, credit	Basel III (e.g. ILAAP)
Enhancing counterparty management derivatives	Liquidity, credit	European Market Infrastructure Regulation (EMIR)

FUNDING

TAKING CARE OF... FUNDING

LEASEPLAN'S FUNDING DIVERSIFICATION STRATEGY CONTINUES TO DEVELOP EFFECTIVELY YEAR AFTER YEAR. AS VEHICLE LEASING ACTIVITIES ARE CAPITAL INTENSIVE, LEASEPLAN REQUIRES ONGOING ACCESS TO FUNDING IN ORDER TO ORIGINATE NEW LEASES AND UPON WHICH TO BASE ITS FUTURE GROWTH, MAKING A DIVERSE AND ROBUST FUNDING BASE CRITICAL TO ITS BUSINESS.

All funding levers set up in previous years delivered results in 2012, and LeasePlan also added the US funding route with the establishment of the 144A programme and a corresponding debut transaction in October. The instability seen in the second half of 2011 in the global economy persisted throughout much of 2012, yet LeasePlan readily achieved its funding goals.

The following highlights represent the funding and liquidity achievements for the year:

- Seven public and several private senior unsecured debt capital market transactions totalling EUR 2.8 billion were conducted, including the successful debut 144A transaction in the amount of USD 500 million in October.
- LeasePlan repaid two bonds raised under the Credit Guarantee Scheme of the State of the Netherlands, in the amount of EUR 1.25 billion in February and USD 2.5 billion in May.
- Benefiting from a strong and stable funding position, LeasePlan initiated a successful buy-back in December of the government guaranteed bond maturing in May 2014 in the amount of EUR 500 million, in order to create a more granular redemption profile in 2014.
- LeasePlan Bank saw growth of EUR 1.2 billion in retail deposits, ending the year with a total of almost EUR 4 billion in retail deposits, with 68% in term deposits and over 87,000 client accounts.
- Under its Bumper programme, the closing of the Bumper 5 transaction yielded over GBP 580 million backed by our UK leasing portfolio. All Class-A and Class-B notes were publicly placed. LeasePlan also sold the remaining Class-B notes of Bumper 2 and 4, yielding in total EUR 64 million.
- The set-up of a warehousing facility in the Netherlands took place in December for EUR 500 million. Until the first drawing this facility services as a committed credit facility.
- LeasePlan renewed its Revolving Credit Facility to EUR 1.25 billion with a group of 13 banks. In relation to this Revolving Credit Facility, the committed Volkswagen Facility was renewed for an amount of EUR 1.25 billion. Both the Revolving Credit Facility and the Volkswagen Facility will mature in December 2015.
- Total new funding for the year amounted to EUR 4.8 billion.

LeasePlan ends the year with a healthy liquidity position. Besides the aforementioned committed credit facilities we have access to a EUR 125 million stand-by facility and a cash balance of EUR 1.8 billion.

"FUND MANAGERS AND OTHER INSTITUTIONAL INVESTORS DEMONSTRATED ONCE AGAIN THE CONFIDENCE WITH WHICH THE INVESTMENT COMMUNITY VIEWS LEASEPLAN"

Diversified funding in action
LeasePlan issued its debut bond under its USD 5 billion Medium-Term Note (MTN) programme in October 2012. Taking advantage of Rule 144A under the US Securities Act of 1933, LeasePlan was able to sell the bonds to US institutional investors (or "qualified institutional buyers"), thereby taking advantage of a market with substantial depth and liquidity. It is generally believed that being able to issue securities under Rule 144A gives issuers additional flexibility in their funding and investor offerings.

LeasePlan's strategic finance team worked on establishing the programme since September 2011 in order to comply with the Rule 144A disclosure requirements. Following a road show for investors in the United States, the process culminated in the initial issuance of a USD 500 million bond on 15 October. The enthusiastic response of fund managers and other institutional investors demonstrated once again the confidence with which the investment community views LeasePlan, and it showcases their trust in the company's business model. The addition of a Rule 144A programme able to tap the US institutional investor market adds yet another strong element to LeasePlan's diversified funding strategy.

RATINGS

RATINGS	Short-term	Long-term	Outlook
Standard & Poor's	A-2	BBB+	stable
Moody's	P2	Baa2	stable
Fitch Ratings	F2	A-	negative

After a comprehensive review of 114 European financial institutions including LeasePlan in 2012, Moody's downgraded the organisation's long-term rating to Baa2. It should be noted that a similar downgrade was provided to the majority of other institutions simultaneously. Investor confidence in LeasePlan remained high, however, as evidenced by the series of highly successful debt capital market transactions and Bumper transactions, as well as by retail banking growth.

A further testament to the company's financial health was provided by its ability to buy back a government guaranteed bond prior to its maturity in 2014 and in its repayment of two other government guaranteed bonds during the year. Despite this, Fitch Ratings did revise its outlook to 'negative' from 'stable' citing primarily the prolonged adverse operating environment in Europe. The agency affirmed its Long-Term Issuer Default Rating A-, unchanged from the year-end of 2011.

TAKING CARE OF... CLIENTS

AS LEASEPLAN CELEBRATES ITS 50TH ANNIVERSARY IN 2013, IT IS CLEAR THAT IT WOULD NOT HAVE BEEN ABLE TO DO SO WITHOUT ITS CLIENTS. FROM THE FIRST DAY OF OPERATIONS IN 1963, LEASEPLAN HAS MADE CLIENT SERVICE THE PRIMARY FOCUS THAT DRIVES THE REST OF THE BUSINESS.

STAYING CLOSE

The 2012 results of our client and driver satisfaction surveys provide testament to this focus. LeasePlan annually conducts extensive surveys of its clients and specifically its group of drivers, engaging them and soliciting detailed feedback in order to continue to provide world-class client service.

Several years ago, LeasePlan developed a global programme for measuring the satisfaction and loyalty of LeasePlan's clients. This programme allows countries to share best practices and other insights related to client loyalty, with the ultimate goal of improving where necessary to increase satisfaction and retention. Fleet managers are the primary targets of the client loyalty survey, whilst drivers of LeasePlan vehicles are the focus of the driver satisfaction studies.

LeasePlan achieved its third consecutive year of growth in terms of client satisfaction on its client loyalty assessment, which measures the relationship that an organisation maintains with its clients, employees and other stakeholders. This is in addition to a 92% client satisfaction rating achieved by LeasePlan globally in 2012. Both factors represent a strong indication of our ability to work closely with our clients and to continue to deliver effective fleet and vehicle management solutions.

"LEASEPLAN HAS MADE CLIENT SERVICE THE PRIMARY FOCUS THAT DRIVES THE REST OF THE BUSINESS"

As the end users of the vehicles provided and managed by LeasePlan and its suppliers, drivers provide critical feedback to assist LeasePlan in adjusting and improving its service offerings every year. Our driver satisfaction levels saw a third consecutive year of improvement in terms of loyalty, with its largest year on year increase to date.

OPEN CALCULATION

A significant portion of LeasePlan's products and services are developed solely to enhance what we refer to as 'client intimacy'. Understanding the client, in particular the fleet manager and the driver, on a multitude of levels is at the core of this concept.

LeasePlan's Open Calculation model, pioneered decades ago by one of our early management teams, is a prime example of this approach to business. The goal of the open calculation model is to partner with our clients to help them in reducing their total cost of vehicle ownership. As part of this partnership approach, clients are provided with information about the total costs of their fleet and LeasePlan endeavours to keep costs as low as possible. By actively engaging our client, we often manage to run their fleet at lower cost, due to the level of involvement and control from their side and the overall transparent and open aspect of the process.

CONTINUOUS IMPROVEMENT

In 2012, LeasePlan took additional steps to maintain and in fact continuously improve upon the concept of client intimacy with the development of a fleet consulting service and a next generation fleet reporting product. The consultancy-based approach will see expert advice provided to clients in the coming years as the demand for such services is on the rise. We will be able to provide our clients solutions related to car policy management and purchasing, derived from our 50 years of accumulated expertise.

LeasePlan's next generation FleetReporting solution was launched in numerous countries in 2012, enabling fleet managers extensive access to electronic reports, dashboards, and trend analysis. The service also encompasses a mobile reporting solution in some areas, providing faster access to critical fleet data.

We will continue to utilise a combination of closely monitoring our clients and drivers along with new and innovative product and service offerings in order to build upon the expertise we have acquired over the last half century. As a result, we are well-positioned to provide our clients world-class service for many years to come.

	PRODUCT NAME	PRICING METHOD	DESCRIPTION
	EASY PLAN	Closed Calculation	A product for small fleet clients that offers a basic service package at a fixed cost.
	COMFORT PLAN	Closed Calculation	A product that offers mid-size clients access to a full service range while they pay a fixed cost.
	OPEN CALCULATION	Open Calculation	It provides the client a high level of customisation and a clear breakdown of vehicle costs with the possibility of additional savings reimbursed at the end of a given contract.
	OWNER PLAN	Management-only	If customers wish to keep purchasing their fleet, LeasePlan can manage their operational services.
	TRANSITION PLAN	Varies	If a client moves their fleet to LeasePlan, we can offer to manage the transition phase.
	GLOBAL SOLUTIONS	Varies	If a client operates a fleet across several countries, LeasePlan International will provide support to deliver a harmonised range of products and services wherever needed.

OPERATIONS

TAKING CARE OF... OPERATIONS

LEASEPLAN MADE SIGNIFICANT EFFORTS IN HARMONISING ITS RESEARCH EFFORTS GLOBALLY IN 2012, IN TERMS OF ALIGNING ITS CLIENT AND DRIVER SATISFACTION RESEARCH METHODOLOGY GLOBALLY, AND IN RELATING THIS TO ITS OPERATIONAL AND SERVICE FOCUS. THE FEEDBACK FROM DRIVERS AND FLEET MANAGERS DIRECTLY IMPACTS THE PRODUCTS AND SERVICES THAT WE DEVELOP ANNUALLY, WHICH IN ESSENCE CAN ONLY BE DELIVERED THROUGH EFFICIENT AND EFFECTIVE OPERATIONS THROUGHOUT OUR VALUE CHAIN.

OUR GLOBAL FLEET VALUE CHAIN

LeasePlan performs independently or through outsourced partners all activities needed for our clients to run a fleet, from purchasing the vehicles to the remarketing of those vehicles at the end of their respective contracts. We are independent of vehicle brands and provide services for vehicles of any make and model in line with the specific needs of our clients.

These services are coordinated across our markets of operation and include:

- purchasing and procurement of vehicles
- financing of vehicles
- comprehensive vehicle insurance services
- vehicle maintenance management and pick-up and delivery service
- cost control systems and fuel purchase cards
- accident management and claim-handling services
- fixed-fee fleet outsourcing services by handling all fleet-related matters for clients
- vehicle remarketing by selling used vehicles to drivers, traders and private persons

The size of our fleet requires maintenance and replenishment with significant procurement of fleet services and commodities. By leveraging our size and scope, we are able to negotiate favourable pricing structures with our preferred network of suppliers which translate into savings for our clients.

“LEASEPLAN CONTINUALLY SEEKS TO IMPROVE ITS DIRECT INTERACTION WITH DRIVERS”

SUPPLIER MANAGEMENT

Globally, the sustainable management of our supply chain is further enhanced with our central procurement company, LeasePlan Supply Services. This subsidiary aims to turn our size and international presence into an advantage for our local subsidiaries and our clients by managing international agreements with a network of preferred suppliers. In recent years we have significantly strengthened our supplier relationships and control frameworks through procurement excellence. Our procurement functions use a global blueprint to manage strategic and sustainable relationships with suppliers in ensuring the quality of products and ultimately the service delivered to clients. LeasePlan applies a strict code of ethics for its procurement activities.

In 2012, LeasePlan launched a new department known as Operational Excellence Services (OES). The primary focus of OES is to support each individual entity within the LeasePlan group of companies to improve the maturity of their operations by sharing best practices, systems, and when possible business processes, with the final aim to improve the net result of the company. The department will deliver service excellence efficiently by developing interfacing capabilities with business partners, clients, drivers and vehicles.

SUPPLIER INTEGRATION MANAGEMENT SOLUTION

Under the guidance of the OES team, LeasePlan further developed and solidified its unique Supplier Integration Management Solution (SIMS). SIMS is intended to mutually benefit LeasePlan and its suppliers by increasing process efficiency and effectiveness, while at the same time improving cost control in the areas of service, maintenance, repairs and tyres.

LeasePlan launched the initial phase of the programme in November 2012, with one pilot country using the system in conjunction with a supplier. Local project preparations are underway in an additional four countries, with further plans for specific countries to be rolled out throughout 2013 and 2014.

DRIVER EXPERIENCE ENHANCEMENT PROGRAMME

As part of an ongoing effort to deliver on our promise of 'It's easier to leaseplan', there are essential areas of direct interaction with its drivers where LeasePlan aims to continually improve. A strong focus on service, maintenance, repairs and tyres ensures that we frequently score highly on driver satisfaction surveys.

One element created to further enhance this relationship with our drivers is the Driver Experience Enhancement Programme (DEEP), also being run from the newly created OES area. DEEP has been in development over the past two years and was launched near the end of 2012 in order to effectively steer drivers into preferred supplier networks with a strong focus on the service and maintenance areas mentioned above. By doing so, the drivers are spared unnecessary extra time and effort in their day-to-day operating of a vehicle, and ultimately report greater satisfaction with LeasePlan's services.

CAR REMARKETING

LeasePlan has built significant expertise in vehicle remarketing, enabling us to maximise the residual value of a vehicle under management at the end of the service contract. In addition to engaging in traditional local remarketing activities, we have established CarNext International, a subsidiary specialised in coordinating vehicle remarketing activities across borders. Using our knowledge of the resale value of different vehicle makes and models from our multi-brand portfolio we are able to ship specific vehicle brands to those national markets where they are most popular, thereby potentially achieving higher resale values.

LeasePlan is the only leasing company offering a single clear international guideline for the assessment of damage on returned lease vehicles. Our fair wear and tear standard is certified by TÜV Nord Fair Wear & Tear Standard. We are the only leasing company in Europe to maintain an independent quality standard.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY

TAKING CARE OF... CSR AND SUSTAINABILITY

WITH THE CRITICAL ROLE THAT BUSINESSES PLAY IN TODAY'S SOCIETY, COMPANIES ARE MAKING CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY KEY COMPONENTS OF THEIR BUSINESS STRATEGY. THE BEHAVIOUR AND PRACTICES OF ALL ORGANISATIONS ARE COMING UNDER GREATER SCRUTINY FROM ALL STAKEHOLDERS. LEASEPLAN WELCOMES THIS DEEPER LEVEL OF INVOLVEMENT AND IS PROUD TO CONTINUE ITS ROLE AS A STRONG AND ETHICAL COMPANY IN THE AREAS OF ECONOMIC, ENVIRONMENTAL, AND SOCIAL RESPONSIBILITY.

Our mission is to be recognised as the global leader in fleet and vehicle management for companies and the public sector. We do this by partnering with our clients to provide them with the best and most efficient fleet and vehicle management solutions. We recognise that the long-term interests of our stakeholders are best served by acting in a socially responsible and sustainable manner.

Our vision for social responsibility and sustainability begins with sound principles and practices. It extends to providing value-added fleet and vehicle management solutions in order to help our clients focus on their core business. It also includes supporting both the communities in which we operate and wider society by providing our time, expertise and resources.

LEASEPLAN CHILDPLAN

LeasePlan not only wishes to display its core values in providing services to its clients, but also through its corporate social responsibility policy. In addition to the intrinsic intention to offer support and opportunities to less privileged children, the related activities have proven to support the engagement of LeasePlan employees worldwide.

Accordingly, LeasePlan is proud to continue its activities concerning LeasePlan ChildPlan. Since its inception in 2006, the LeasePlan ChildPlan programme has provided support to disadvantaged children in a number of underdeveloped areas around the world. We largely coordinate activities through the Netherlands-based organisation Net4kids, who assist in applying the funds raised to specific causes globally.

The projects supported through Net4kids are in addition to a substantial number of local social activities, many of which also focus on supporting children in disadvantaged circumstances.

In 2012, LeasePlan Corporation and a number of the LeasePlan companies once again actively participated in LeasePlan ChildPlan initiatives. Among these was a competition across the LeasePlan entities during the Euro 2012 football championships, whereby employees were invited to predict the scores and ultimate winner in exchange for making a donation to the LeasePlan ChildPlan fund. A portion of the amount raised went specifically to the purchase of a van for use by the Dushi House in the Netherlands. The Dushi House is a safe home for children from troubled home environments, a place to learn important social and life skills. The van initiative was spearheaded by a group of LeasePlan employees after a visit to the Dushi House earlier in the year, as part of the LeasePlan Inside Out programme commented on later in this report.

Furthermore, LeasePlan Corporation employees were able to witness closely what their donations can achieve, as the company was privileged to receive a special visit in June 2012 from Tirtha Rasaili, the founder and Chairman of the Child Watabaran Centre Nepal (CWCN). Mr Rasaili hosted a session for employees on what the CWCN provides for the street children of Nepal, and what the LeasePlan ChildPlan donations have provided them.

In February 2013, the inauguration of ChildPlan Academy took place in Namakkal, India. Through LeasePlan's financial support a school has been built through which 600 children will be able to receive an education from 1st until 12th grade with a focus on quality, including English lessons and computer training. As well as providing proper education the new school will enhance the local charity's sustainability in the years to come. LeasePlan selected three company representatives through a global contest to attend the event. Their experiences and impressions will be conveyed to the entire LeasePlan community through videos, photos, and journals, to further highlight how important it is that we continue to support and enrich children's lives.

A brief summary of our global LeasePlan ChildPlan projects are described below:

Nepal
Our first global project was the Child Watabaran Centre Nepal (CWCN) in Kathmandu, Nepal, where we provided the financial means to build a new boys' home, girls' home and an academic building for 60 former street children. These children now receive shelter, food, medical care and education, and have safer places to live. Additionally, we provide the ongoing costs for the girls' home as well as a mobile health service and transit clinic.

Rwanda
In 2011 LeasePlan decided to support children with a physical or mental disability in Rwanda. In developing countries such as war-torn Rwanda, very few children with these disabilities are able to go to school. We work with Komera, a non-governmental organisation that offers adapted educational programmes to teach children to make optimal use of any means of communication, such as using various visualisation techniques and sign language.

India
Until the end of 2015, LeasePlan will support 270 children that are affected by HIV/AIDS within the 'Foster a Child Programme' (FCP) of the Society for Serving Humanity. The objective of this project is to create an enabling environment for the social, educational and health development of these children living in the Namakkal and Dindigul districts in the state of Tamil Nadu. 90% of these children have lost a parent and many are orphans that live with grandparents or other relatives.

Pakistan
Nowshera Kakayzain is a small village in Tehsil Pasrur, District Sialkot, Punjab, Pakistan. It has a small primary school, educating youngsters from first to fifth grade. Many local children are staying out of school because the existing infrastructure cannot house all the kids. Only a few kids are going to the nearest available school, five kilometres away. Walking ten kilometres each day just to get to school and back is clearly not an optimal situation. LeasePlan provided the ability for the expansion of local facilities to address this problem, and to have more kids overall attending school.

Cameroon
Poverty, underdevelopment and diseases such as HIV/AIDS are typical of the lives of people living in Babungo, Cameroon. The Babungo Foundation, founded in 2008, implements small-scale projects to support the children in the area. The foundation focuses on health care, schooling and microcredit projects to improve the health, economic position and coping capacity of the people in Babungo.

The Babungo Foundation is dedicated to ensuring that as many children as possible can get an education. Since the foundation was established, it has been paying school tuition for 21 children, most of whom are girls. Education is seen as one of the most important ways of fighting poverty. LeasePlan ChildPlan is proud to provide funds to the Babungo Foundation from a variety of fundraising activities.

"LEASEPLAN'S VISION FOR SOCIAL RESPONSIBILITY AND SUSTAINABILITY BEGINS WITH SOUND PRINCIPLES AND PRACTICES"

LEASEPLAN INSIDE OUT

LeasePlan Corporation and LeasePlan Netherlands launched a new programme in 2012 entitled LeasePlan Inside Out.

The concept of LeasePlan Inside Out is simple: each employee is provided with an additional day off during the year, a day which is to be spent volunteering at one of a selected group of charities. In 2012, nearly 400 participants spent one day devoted to a charity in the Netherlands. Whether it was helping animals, taking care of national green spaces, helping feed the poor, or assisting in a home for disadvantaged children, LeasePlan employees made a difference.

With that success to build upon, the company is pleased to launch LeasePlan Inside Out once again in 2013. This year, we are supporting several new charities including an animal shelter, a food bank, a charity assisting children through arts and culture, a children's pet farm, and again the National Forest Service of the Netherlands.

GLOBAL REPORTING INITIATIVE (GRI)

In 2012, LeasePlan successfully registered its first sustainability report based on its 2011 activities, in adherence to the GRI framework. GRI has pioneered and developed a comprehensive Sustainability Reporting Framework that is widely used around the world. The framework enables all organisations to measure and report their economic, environmental, and social performance – the three key areas of sustainability according to the G3 guidelines set out by GRI.

"THE LEASEPLAN INSIDE OUT PROGRAMME PROVIDES EMPLOYEES WITH AN OPPORTUNITY TO GIVE BACK TO THE COMMUNITY"

The Reporting Framework, which includes the Reporting Guidelines, Sector Guidelines and other resources, enables greater organisational transparency about economic, environmental, and social performance. This transparency and accountability builds stakeholders' trust in organisations, and can lead to many other benefits. Many of LeasePlan's practices outlined in the GRI framework are already part of our everyday operations and standards, and have been for many years. In addition, the sustainability framework of the GRI helps guide continuous improvement and effective communication of our sustainability initiatives.

By submitting a report based on GRI's Level C guidelines, LeasePlan again joins thousands of organisations, of all sizes and sectors, in using GRI's framework in order to understand and communicate their sustainability performance.

Report Scope and Boundary

Covering our economic, environmental, and social performance practices up to 31 December 2012, the Sustainability Report has been written with the aim of informing our stakeholders and is based on the GRI G3 Guidelines for Sustainability Reporting. The content of the report has been developed to meet the requirements of GRI Application Level C of the G3 Guidelines and the required content index has been placed on page 42.

Unless mentioned otherwise, all the information in the report covers the global fleet and vehicle management activities of LeasePlan. Environmental data contained within this report covers LeasePlan's head office in Almere, the Netherlands. The impacts of our activities, our joint ventures and our suppliers in other countries are not within the scope of this report. In the absence of significant changes to certain reporting areas, LeasePlan has re-stated some general information from the 2011 Sustainability Report as seen in the previous annual report.

In terms of stakeholder identification and selection, LeasePlan has maintained a similar approach to the process outlined in the 2011 sustainability report. We engage with and are directly or indirectly responsible to clients, employees, suppliers, regulators and supervisory bodies, industry associations, vehicle manufacturers, media, NGOs and sponsorship partners, business partners, and the communities in which we operate.

The sections below pertain to each of the three keys areas of sustainability as mentioned on the previous page.

ECONOMIC

With 50 years of economic growth, LeasePlan's economic sustainability can be expressed not only in terms of its 2012 financial results, which can be seen beginning on page 68, but in fact as part of the broader message conveyed by its 50 years of business.

Since its inception in the Netherlands in 1963, LeasePlan has been committed to fulfilling its duties towards its economic stakeholders. By first expanding to other areas in Europe and then ultimately to 31 countries across the world, LeasePlan has generated income to sustain the lives and communities of thousands of people. With over 6,000 employees currently, LeasePlan continues this practice of sustainable growth, coupled with effective risk management and sound, ethical financial practices.

ENVIRONMENTAL

LeasePlan continued and furthered its commitment to the environment in 2012. A variety of initiatives were either introduced or renewed, each with the intention of reducing emissions and creating greater awareness of the environmental impact of running a fleet of vehicles.

GreenPlan

Under the banner of our flagship global environmental fleet service, GreenPlan, we use our consultative expertise to advise our clients on how to make their car policy greener. This can be achieved from a financing perspective, such as vehicle choice and fuel selection, and from the ability to influence driver behaviour.

We see GreenPlan as a global initiative for a global issue. GreenPlan is the first truly international eco-friendly programme developed by a fleet management company. Much more than simply facilitating carbon offsetting participation, GreenPlan's core objectives serve as the underpinning for the entire consultative approach to becoming a greener fleet operator.

GreenPlan provides periodic reports on CO_2 emissions and energy labels per car or by total fleet numbers. Of course, carbon offsets are still important - GreenPlan also provides access to carbon offsetting programmes. Our worldwide entities either have a choice of using our international partner, CO_2OL, or a dedicated local partner for helping clients move toward a carbon neutral fleet. GreenPlan is certified by TÜV Rheinland and supported by Intelligent Energy Europe (IEE).

Car sharing

LeasePlan entered into a unique car sharing pilot programme with a major car rental agency and a large enterprise client in 2012. This type of mobility solution will reduce the carbon footprint normally produced by several thousand personnel across Europe, and potentially around the world in subsequent years.

Under the initial terms of the arrangement, employees will select from a variety of low-emission vehicles, including electric cars. Vehicles will be shared and utilised according to need.

The car sharing programme represents yet another method whereby LeasePlan serves as an active partner in helping its clients develop more environmentally friendly solutions for day-to-day transportation.

A listing of LeasePlan Corporation's environmental measures related to the GRI requirements can be seen on pages 41-42.

SOCIAL

The social dimension of sustainability concerns the impacts an organisation has on the social systems within which it operates. LeasePlan recognises its impact on a variety of stakeholders, and as such has developed internal training programmes to continuously improve employee engagement and to ensure that all personnel are mindful of their ethical and behavioural role within the company and with regard to clients and suppliers.

LeasePlan Identity Programme

The LeasePlan Identity Programme continued throughout 2012, with great success. In 2012 the focus remained on internalising 'It's easier to leaseplan' worldwide throughout the LeasePlan organisation.

In 2009 the LeasePlan Engagement Programme was the first step in this journey, with workshops created for management and staff. From 2010 through 2012, the journey continued and became known as the LeasePlan Identity Programme, bringing different workshops to the management team, managers, staff and suppliers. All participants were immersed in activities regarding the LeasePlan Code of Conduct, principles of giving and receiving feedback, and in developing ways to ingrain the concept of 'It's easier to leaseplan'. Feedback will help people develop themselves and to foster an open and transparent culture that allows for continuous improvement.

In all workshops the client is central, and employees are asked to consider how we can make the client experience easier, saving them time, money or providing a hassle-free experience. From 2010 through 2012, 22 LeasePlan countries and entities started the LeasePlan Identity Programme. In 2013, the remaining LeasePlan countries and entities will follow suit.

LeasePlan Code of Conduct

In 2012, an online training programme was created for the education of all LeasePlan employees with regard to learning about and adhering to the LeasePlan Code of Conduct. The programme will be officially launched in 2013.

The LeasePlan Code of Conduct is based on our values, starting with what we expect from employees in our duty of care towards clients, suppliers and business partners. The Code of Conduct further describes our commitment in providing employees with a fair, rewarding and enjoyable work environment. As we strive to balance the interests of people, planet and profit, our Code of Conduct also gives guidance on our responsibilities towards our wider society and the environment. Furthermore, employees are given information on the several channels open to them for asking questions or dealing with business ethics issues.

The Social aspects pertaining specifically to LeasePlan's GRI report requirements are listed on pages 41-42.

SUSTAINABILITY INDEX

SUSTAINABILITY METRICS	2012
in thousands of euros	
ECONOMIC VALUE GENERATED	**8,627,804**
Revenues	7,684,169
Interest and similar income	943,635
ECONOMIC VALUE DISTRIBUTED	**8,325,084**
Operating costs	7,205,534
Cost of revenues	6,963,601
General and administrative expenses	241,933
Employee costs	455,165
Payments to providers of capital	568,572
Payments to government	95,420
Income tax paid	70,020
Fees under the Credit Guarantee Scheme of the State of the Netherlands	25,400
Community investment[1]	393
IMPROVING THE CLIENT EXPERIENCE	
Client loyalty index (TRI*M)	68
Driver satisfaction	91%
Delivering our client promise	85%
ENGAGING OUR EMPLOYEES	
TRI*M High Performance Organisation Index	69
Total number of employees	6,296
Diversity (% of male/female)	53% male / 47% female
Position type by gender	
Employees	49% male / 51% female
Middle Management	68% male / 32% female
Senior Management	77% male / 23% female
ENVIRONMENT[2]	
Direct energy consumption - electricity	830,000 KWh
Direct/indirect CO_2 emissions	248,480 tonnes
Total water withdrawal by source	1526 cubic metres

[1] *This amount encompasses the total invested in several corporate LeasePlan ChildPlan initiatives, including funds transferred to the Net4kids organisation. In several countries additional LeasePlan ChildPlan and other CSR initiatives have been undertaken, which have not been included in the above amount. Also not included are the 392 person-days spent volunteering at local charities under the LeasePlan Inside Out programme.*
[2] *Environmental data is taken from LeasePlan Corporation head office in Almere, the Netherlands only.*

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2.1	Name of the organisation	Full	47
2.2	Primary brands, products and services	Full	7-9
2.3	Operational structure	Full	14-15, 54-55
2.4	Location and headquarters	Full	Back inside cover
2.5	Countries located	Full	9
2.6	Nature of ownership and legal form	Full	73
2.7	Markets served	Full	9, 152-154
2.8	Scale of organisation	Full	6
2.9	Significant changes during the period	Full	No significant changes
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3.6	Boundary of the report	Full	38
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3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities	Full	38
3.10	Re-statements of information provided in earlier reports	Full	38
3.11	Significant changes from previous reporting periods	Full	No significant changes
3.12	Standard Disclosures table	Full	41

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EN8	Total water withdrawal by source	Full	41
EN16	Total direct and indirect GHG emission by weight	Full	41
EN18	Initiatives to reduce GHG emissions and reductions achieved	Partial	39
EN26	Initiatives to mitigate environment impacts of products and services	Partial	39
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LA11	Programmes for skills management and lifelong learning for employees	Full	25
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"WE ARE PROUD OF OUR STABLE BUSINESS MODEL AND SUCCESSFUL GROWTH STRATEGY"

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

GOOD CORPORATE GOVERNANCE IS AT THE CORE OF OUR BUSINESS MODEL AND OUR SYSTEMS OF GOVERNANCE HAVE BEEN DESIGNED TO PROVIDE THE NECESSARY CHECKS AND BALANCES BETWEEN MANAGEMENT AND EMPLOYEES, AS WELL AS BETWEEN MANAGEMENT, THE SUPERVISORY BOARD AND OUR SHAREHOLDERS.

GOVERNMENT SUPERVISION AND REGULATION

LeasePlan is a bank incorporated under the laws of the Netherlands. The principal Dutch law on supervision applicable to us is the Dutch Financial Supervision Act (Wet op het financieel toezicht, the 'Wft') which entered into force on 1 January 2007 and under which LeasePlan is supervised by the Dutch Central Bank (De Nederlandsche Bank N.V., 'DNB') and the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten, 'AFM'). We are also subject to certain EU legislation, which has an impact on the regulation of our businesses in the EU, and the regulation and supervision of local supervisory authorities of the various countries in which we do business.

SHAREHOLDERS

Global Mobility Holding B.V. holds 100% of our shares. Global Mobility Holding is a company owned by the Volkswagen Group headed by Volkswagen AG (50%) and Fleet Investments B.V. (50%).

Volkswagen Group

The Volkswagen Group with its headquarters in Wolfsburg is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The Group is made up of twelve brands from seven European countries: Volkswagen, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. The Group operates 100 production plants in 18 European countries and a further nine countries in the Americas, Asia and Africa.

Fleet Investments B.V.

Fleet Investments B.V. is an investment company of the German banker Friedrich von Metzler. The heart of the Metzler group is the Frankfurt based bank B. Metzler seel. Sohn & Co. KGaA. Founded more than 330 years ago, it is the oldest private bank in Germany with an unbroken tradition of family ownership. Main group activities focus on asset management, corporate finance, equities, financial markets and private banking. In addition to the head office in Frankfurt, Metzler has offices in Munich, Stuttgart, Cologne/Düsseldorf, Hamburg, Atlanta, Los Angeles, Seattle, Tokyo, Dublin and Beijing.

The aforementioned activities of Volkswagen Group and von Metzler operate independently from the business and banking activities of LeasePlan.

LARGE COMPANY STRUCTURE REGIME

Upon the launch of our internet retail banking activities under the brand LeasePlan Bank in February 2010 and in accordance with Dutch law, we filed a statement with the Chamber of Commerce of Gooi-, Eem- and Flevoland notifying that we meet the legal requirements of, and qualify for, the Dutch large company structure regime (art. 2:153 Dutch Civil Code). On 9 February 2013, the uninterrupted term of three years expired during which the legal criteria to qualify for the large company structure regime applied. Since this date the company is subject to the large company structure regime. This regime grants specific powers to the Supervisory Board and more influence to employees through the works councils in the appointment of Supervisory Board members. The company's articles of association were amended accordingly.

ACT ON MANAGEMENT AND SUPERVISION

This new act entered into force in the Netherlands on 1 January 2013. Some important features of this act which are relevant for LeasePlan are (i) limitation of the number of board positions of board members, (ii) gender diversity in boards and (iii) clearer rules regarding conflicts of interest of board members.

In the revised articles of association of LeasePlan as a result of the introduction of the large company structure regime, additional changes were made in respect of conflicts of interest in order to reflect the new legal requirements. These changes will be worked out in more detail in the Regulations for the Supervisory Board and the Regulations for the Managing Board.

Gender diversity is important for LeasePlan and providing a non-discriminatory environment for our people is one of the principles of our Code of Conduct. The Act on Management and Supervision requires that LeasePlan and its Dutch 'large entities' (as defined in the Act) aim in the years 2013-2015 to establish an equal division of gender in the Managing Boards and Supervisory Boards thereof, i.e. at least 30% male and at least 30% female members. The legislator will evaluate the effect of this temporary law at the end of 2015. The profiles in case of (re-)appointment of Managing or Supervisory Board members of LeasePlan require indeed a diverse composition of the Boards. Below we provide an overview of the status of our efforts to aim for at least 30% male and 30% female board members in our 'large entities', as required by the Act on Management and Supervision:

LeasePlan Corporation N.V.	Managing Board, three male members, no changes since 1 April 2011 Supervisory Board, four male members, one female member. Two male members of the Supervisory Board were reappointed in March 2013 for a second term of four years. In view of their good performance during the first term it was not deemed in the interest of the company to replace them and nominate female members in their place.
Lease Beheer Holding B.V.	Board of Management is Managing Board of LeasePlan Corporation N.V. (see LeasePlan Corporation N.V.) No Supervisory Board
Lease Beheer N.V.	Board of Management, two male members and one female member (since 1 February 2013) No Supervisory Board
LeasePlan Nederland N.V.	Board of Management, one male and one female member Supervisory Board, one male member

A diversity project plan is being executed in order to enhance diversity among staff globally.

DUTCH BANKING CODE

LeasePlan is a global fleet and vehicle management company of Dutch origin. We have held a Dutch banking licence since 1993. In September 2009, the Netherlands Bankers' Association (NVB) published the Dutch Banking Code in response to a report entitled 'Restoring Trust' published by the Advisory Committee on the Future of Banks in the Netherlands. The Banking Code lays out the principles of conduct for Dutch banks in terms of the role of the banks' Executive Board (Managing Board in LeasePlan) and Supervisory Board, corporate governance, client focus, risk management, audit and remuneration. The Banking Code is a form of self-regulation that took effect on 1 January 2010 on a 'comply or explain' basis. On the basis of the principles of the Banking Code regarding the governance structure, products, and services offered by LeasePlan, we confirm that we apply the Banking Code at the consolidated level of

LeasePlan. As such the Supervisory Board and Managing Board endorse the principles of the Banking Code, and we follow the comply approach, with one exception. LeasePlan decided not to establish a separate Risk Committee of the Supervisory Board. In view of the importance of risk management, and also taking into account the size of the Supervisory Board, the Board has determined that instead of a separate Risk Committee, all members will retain full responsibility for overseeing decisions concerning the risk management framework of the group.

In December 2011, the Monitoring Committee Banking Code presented to the Dutch Minister of Finance its first integral report regarding the implementation of the Banking Code and in December 2012 its second integral report. The 2011 report concluded that the Banking Code, overall, is having a positive effect on the banking sector in the Netherlands. The 2012 report concluded that banks now have a more holistic approach towards risk management, and that all other requirements towards client first, remuneration, lifelong learning of board members and the moral-ethical statement of bankers are to a large extent followed by Dutch banks. The latter report includes some recommendations, i.e. to demonstrate to the public the status and progress of compliance with the Banking Code by Dutch banks. LeasePlan continues to observe the requirements of the Banking Code. As in previous years, representatives of the LeasePlan Supervisory Board and Managing Board participated in each of the meetings organised by the Monitoring Committee. LeasePlan completed the various surveys initiated by the Monitoring Committee on compliance with the various principles of the Code. In this Corporate Governance section, LeasePlan indicates its compliance with the Banking Code.

MORAL ETHICAL STATEMENT / BANKER'S OATH

The members of the Managing Board of LeasePlan support the Banking Code with regard to the banking activities of the Company and as such have signed the moral ethical statement. The statement was signed for the first time by each member of the Managing Board on 3 May 2010. During its meetings of 19 January 2011 and 30 January 2012 the Managing Board signed the moral ethical statement again. On 1 January 2013 the 'Regulation Oath or Promise Financial Sector' entered into force requiring that Managing Board and Supervisory Board members take the banker's oath or declare the banker's promise (the 'Oath'). The wording of the aforesaid moral ethical statement and the Oath are similar. On 4 December 2012, two members of the Supervisory Board took the Oath in view of their reappointment. On 19 February 2013 all three members of the Managing Board took the Oath. On 13 March 2013 the three remaining members of the Supervisory Board took the Oath. Furthermore, the Identified Staff of LeasePlan (staff whose professional activities have a material impact on our risk profile, including the control functions) signed the Moral Ethical Statement in 2011.

"GOOD CORPORATE GOVERNANCE IS AT THE CORE OF OUR BUSINESS MODEL"

The body of the Oath reads as follows:

"I swear/promise and declare I will perform my duties as Supervisory Board/Managing Board member of LeasePlan Corporation N.V. with integrity and care.
I swear/promise and declare I will carefully consider all the interests involved in the bank, i.e. those of the clients, the shareholders, the employees and the society in which the bank operates.
I swear/promise and declare in this consideration, I will give paramount importance to the client's interests.
I swear/promise and declare I will comply with the laws, regulations and codes of conduct applicable to me in my position as Supervisory Board/Managing Board member of LeasePlan Corporation N.V.
I swear/promise and declare I will observe secrecy in respect of matters entrusted to me.
I swear/promise and declare I will not abuse my knowledge.
I swear/promise and declare I will act in an open and assessable manner and I know my responsibility towards society.
I swear/promise and declare I will endeavour to maintain and promote confidence in the banking sector."

PUTTING CLIENTS FIRST – DUTY OF CARE

In the Banking Code, it is noted that putting the client first is a prerequisite for the bank's continuity. We believe that the moral ethical behaviour and duty of care towards clients prescribed in the Banking Code are complementary to our approach to business. In fact, these underlying principles have long been part of our culture and practices. For LeasePlan this means continually investing in the quality, expertise and professionalism of our people so that we deliver high standards of service, quality and care, which goes beyond any statutory framework.

Since 2010 our underlying cultural principles have been further reinforced with a global cultural change programme. In 2010 this started with the LeasePlan Engagement Programme (LEP), which was followed by the LeasePlan Identity Programme (LIP) in 2012. These programmes centre on our core values: Commitment, Expertise, Passion and Respect and on how to act on them in order to ensure that we fulfill our promise to clients of 'It's easier to leaseplan'. As part of LEP and LIP, all employees worldwide participated in workshops to help them better understand our values and apply them to their behaviours and daily activities. Ongoing ethical dilemma training, first rolled out in 2011, continued at LeasePlan in 2012 to support the LIP programme and encourage discussion among all LeasePlan staff globally about the various potential dilemmas in our business. Our annual global Engagement and Integrity Survey includes several questions on client focus. This survey measures engagement as well as our performance on the Seven Elements of an Ethical Culture, as published by the Dutch Central Bank. With regard to our client focus the elements 'Transparency' and 'Balance' scores were satisfying and above the global standards. One of the 'Balance' questions concerns taking the interest of clients into consideration in our business activities. One of the 'Transparency' questions concerns the consistent, clear and understandable communication towards all of our stakeholders, including clients, employees and suppliers.

With a view to further reinforcing ethical business practices in the interests of our clients, we use our Code of Conduct to better reflect the values and behaviour that exist in our organisation. Our Code of Conduct more than covers the principles of the Dutch Banking Code with respect to moral ethical conduct. In 2013 a Code of Conduct e-learning tool will be rolled out globally within our group of companies.

PRODUCT APPROVAL PROCESSES (PAP)

In view of the introduction of LeasePlan Bank in 2010, the Managing Board approved a separate PAP Policy for products offered specifically by the bank. The PAP for LeasePlan Bank products consists of an eight-phase development process which includes an assessment of the risks and duty of care towards clients. A dedicated Product Approval Committee, acting as an advisory body to the Managing Board, owns the primary task of overseeing this process for new products and changes to existing products.

In September 2012 the Managing Board of LeasePlan approved the PAP Policy for vehicle leasing and fleet management products and services, as well as our adjusted Product Harmonisation and Structured Pricing Policy. This PAP Policy seeks to ensure that prior to market introduction the products to be developed and/or changes to existing products continue to:

- Meet market demand and ensure duty of care towards clients
- Meet requirements with respect to prudent risk management
- Be compliant with internal policies and external rules and regulations
- Be communicated properly within LeasePlan Group, allowing for sharing of good practices and leveraging the economies of scale in their departments

In addition, new products and services are developed based on market demands and, as part of the standard development process, are often tested with existing and/or prospective clients. Furthermore, in the area of duty of care, we have established mechanisms for monitoring and acting on client and driver feedback as part of the service lifecycle.

Group Audit annually reviews whether the PAP has been designed properly, is present, and works effectively. For 2012 Group Audit did not identify major shortcomings.The PAP for LeasePlan Bank and the PAP for vehicle leasing and fleet management products and services both comply with section 4.5 of the Banking Code.

THE BOARDS

We are governed by a two-tiered board structure comprising a Supervisory Board and a Managing Board. Both boards perform their duties and powers as laid down in the relevant laws, rules and regulations, the articles of association, and the regulations applicable to the Managing Board and the Supervisory Board respectively. The requirements of the Banking Code are incorporated in the aforementioned corporate documents, as well as the new legislative requirements following the introduction of the Act on Management and Supervision as of 1 January 2013.

Supervisory Board

The Supervisory Board is responsible for supervising the policy of the Managing Board and the general course of affairs of LeasePlan and its group companies. The Supervisory Board performs a yearly assessment of the Managing Board members and determines the remuneration and other conditions of employment of the Managing Board members. Furthermore, the Supervisory Board advises the Managing Board in determining our strategic direction and certain resolutions of the Managing Board are subject to approval by the Supervisory Board. There is a lifelong learning programme in place for the members of the Supervisory Board which meets the requirements of the Banking Code. The various training sessions are taken care of by internal and external experts.

Managing Board

The Managing Board is made up of three members: the Chairman and Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer of LeasePlan. The Managing Board is responsible for the overall management of the Group and meets every other week. In accordance with principle 3.1.7 of the Banking Code, the Chief Financial Officer is the member of the Managing Board specifically charged with the responsibility for preparing the decision-making with regard to risk management.

The Managing Board has sufficient diversity in the background, knowledge and expertise of the individual members to warrant proper execution of the overall management of the group, including its relevant banking activities. The division of tasks within the Managing Board is determined by the Board itself and is approved by the Supervisory Board. The members of the Managing Board are fully supported in performing their duties with the advice and services provided by a mixed and diverse Corporate Management Team.

Banking Code

The Banking Code provisions applicable to the Managing Board have been fully adopted. An individual profile outline was prepared for each vacancy on the Managing Board in order to comply with the requirements of the Banking Code. We have a lifelong learning programme in place for the members of the Managing Board which meets the requirements of the Banking Code. The various training sessions are taken care of by internal and external experts.

Internal controls

The Managing Board is responsible for the systems of internal control that are designed to safeguard controlled and sound business operations and to ensure the quality of internal and external reporting and compliance with applicable laws, regulations and codes of conduct. In devising internal controls, we have given regard to the nature and extent of the risks that may affect the soundness of the entire enterprise, the likelihood of risks occurring and the cost of control.

RISK MANAGEMENT

In line with banking industry best practice and European Banking Authority guidance on internal governance, our control framework includes three lines of defence which are supported by investment in information technology and our people. We operate a decentralised governance model with support coming from a corporate centre. The following overview outlines the composition and responsibilities of all the parties involved in executing the three lines of defence for risk management within LeasePlan:

(i) local, regional and corporate management heads of our businesses that have ownership, responsibility and accountability for assessing, controlling and mitigating risks;
(ii) corporate risk and compliance risk management (acting independently from risk originators) who coordinate, oversee and objectively challenge the execution, management, control and reporting of risks; and
(iii) internal audit, which through a risk-based approach, provides independent and objective assurance to the management body on how effectively we assess and manage our risks, including the manner in which the first and second lines operate.

RISK APPETITE

The Managing Board has set the overall risk appetite for LeasePlan in terms of (stand-alone) long-term debt rating, supported by the financial return on risk adjusted capital (i.e. economic return) and the diversified share of funding levers. An institution's rating target is an indication of the overall risk appetite a company may have and the level of capital it will hold. In addition, the Managing Board sets the risk appetite for each underlying risk category for LeasePlan. The Supervisory Board approves the risk appetite for the group annually, and approves any changes required throughout the year. The principal financial risks inherent to our business activities are individually discussed in the financial statements beginning on page 103. The risk appetite is also explained further on pages 27-28.

A comprehensive overview of our overall risk management framework, including elaboration on all key risks inherent to our business activities, is described in detail in our Pillar III Disclosures, which are available on www.leaseplan.com.

GOVERNANCE AND COMPLIANCE

The Senior Corporate Vice-President Legal & Compliance assumes the role of Group Compliance Officer, reporting directly to the Chief Executive Officer and with direct access to the Chairman of the Supervisory Board in specific circumstances. Compliance risk covers the risk of legal or regulatory sanctions, financial loss, or loss to reputation we may suffer as a result of non-conformance with the integrity, expertise and professionalism requirements of applicable laws, regulations, codes of conduct, good management practices and internal policies. Half year compliance reports are presented to the Managing Board and an annual compliance overview is presented to the Audit Committee of the Supervisory Board.

Compliance risk management is considered to be most effective when a high level of awareness exists within the entire organisation. Therefore, it aims to constantly contribute to the advancement of compliance with external and internal regulation. Our compliance risk management practices are important to the way we conduct business. The basis for mitigating compliance risk is provided by our compliance risk management framework. The Chief Executive Officer has assigned the task for identifying, assessing, advising, monitoring and reporting compliance risks to the independent Group Compliance Officer. A local compliance function exists within each LeasePlan entity. The roles and responsibilities of the compliance function within the LeasePlan group are described in the Compliance Charter.

GROUP AUDIT DEPARTMENT

Our Group Audit Department provides internal audit services and is recognised as the third line of defence for our control framework. The internal audit activity is guided by the international Professional Practices Framework of the Institute of Internal Auditors (IIA). The scope of the Group Audit Department includes all majority owned entities, group service companies, and head office functions. The Group Audit Department conducts independent audits of our activities and is responsible for providing professional and independent assurance by evaluating the organisation's network of risk management, control, and governance processes, as designed and represented by management. This includes but is not limited to assessing the effectiveness of governance, risk management and internal control processes. The Group Audit Department reports its findings to the Managing Board and provides quarterly updates to the Audit Committee of the Supervisory Board.

The Group Audit Department is headed by the Senior Corporate Vice-President Group Audit who reports directly to the Chief Executive Officer. Regular internal audit meetings are scheduled between the Managing Board and the Senior Corporate Vice-President Group Audit in order to ensure sufficient attention and follow-up is given to the outcome of the audits. Measures are in place to maintain the independence of the audit function, including the right to directly approach the chairman of the Supervisory Board Audit Committee if circumstances so require. The Chairman of the Audit Committee and the Senior Corporate Vice-President Group Audit have informal meetings twice a year, which took place prior to the Audit Committee meetings in March and December 2012. Additionally, in 2012 the Senior Corporate Vice-President Group Audit held a meeting with the Dutch Central Bank, the external auditor and members of the Control, Reporting & Tax department to discuss risk analysis and findings and the respective audit plans .

CORPORATE GOVERNANCE STATEMENT

Pursuant to the Dutch Decree of 20 March 2009, updated on 1 January 2010, implementing further accounting standards for annual reports (Besluit Corporate Governance) and based on the listing of LeasePlan debt securities on regulated markets in the EU, the following information is provided. The most important features of the control systems set up for securing reliable consolidated financial statements are:

- As a holding entity for the group LeasePlan has a uniform set of accounting and reporting principles for its business units based on its application of International Financial Reporting Standards;
- A monthly cycle of reporting is maintained and throughout the year financial results and movements therein are analysed, explained and linked to the risk management information;
- Compliance with these uniform accounting and reporting principles is reviewed by the department of Control, Reporting & Tax and both internal and external auditors;
- Managers of the individual business units submit a letter of representation emphasising the compliance with the uniform set of accounting and reporting principles. The group of entities that is included in the consolidated financial statements is comprised of subsidiaries in 31 countries acting as separate business units selling LeasePlan's core products. View our main operating companies on pages 152-154.

MANAGING BOARD RESPONSIBILITY ON FINANCIAL REPORTING

The Managing Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and responsible. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Managing Board, so that timeliness, completeness and correctness of external financial reporting are assured.

Conformity statement pursuant to section 5:25C paragraph 2(c) of the Dutch Act on Financial Supervision (Wet op het financieel toezicht)

As required by section 5:25c paragraph 2(c) of the Dutch Act on Financial Supervision, each member of the Managing Board hereby confirms that to the best of their knowledge:

- The LeasePlan 2012 Annual Report gives a true and fair view of the assets, liabilities, financial position and profit and loss of LeasePlan and the subsidiaries included in the consolidated financial statements;

- The LeasePlan 2012 Annual Report gives a true and fair view of the position at the balance sheet date, the development and performance of the business during the financial year 2012 of LeasePlan and the subsidiaries included in the financial statements, together with a description of the principal risks that LeasePlan is being confronted with.

Almere, the Netherlands, 13 March 2013

Vahid Daemi, Chairman and CEO
Guus Stoelinga, CFO
Sven-Torsten Huster, COO

SUPERVISORY BOARD MEMBERS

Frank Witter
German

Chairman
Year of birth: 1959

Chief Executive Officer, Volkswagen Financial Services AG.
Appointed as member and Chairman of the Supervisory Board on January 5, 2009; reappointed 13 March 2013. Chairman of the Audit Committee, Remuneration Committee and the Credit Committee.

Michael Klaus
German

Deputy Chairman
Year of birth: 1961

Personally liable Partner, B. Metzler seel. Sohn & Co. Kommanditgesellschaft auf Aktien and Member of the Managing Board, B. Metzler seel. Sohn & Co. Holding AG.
Appointed member of the Supervisory Board on February 1, 2010; reappointed 13 March 2013. Appointed Deputy Chairman on March 19, 2010. Member of the Audit Committee, Remuneration Committee and the Credit Committee.

Albrecht Möhle
German

Year of birth: 1958

Global Head of Global Markets and Group Funding of Volkswagen AG.
Appointed member of the Supervisory Board on February 7, 2012. Member of the Credit Committee.

Christian Schlögell
German

Year of birth: 1957

General Counsel, B. Metzler seel. Sohn & Co. Holding AG.
Appointed member of the Supervisory Board on February 1, 2010. Member of the Credit Committee.

Ada van der Veer - Vergeer
Dutch

Year of birth: 1959

Appointed member of the Supervisory Board on December 10, 2010. Member of the Audit Committee and the Remuneration Committee.

Has over 25 years' experience in finance and financial services. Joined the Volkswagen Group in 1992 as Head of Capital Markets at Group Treasury and held senior treasury positions in both Europe and North America until 2001. Prior to rejoining the Volkswagen Group in 2002, he held the position of Corporate Treasurer for SAirGroup in Zurich, Switzerland. From 2002 to 2006, he acted as Chief Executive Officer and Chief Financial Officer of Volkswagen of America Inc. and Volkswagen Canada Inc. In 2006, he was appointed member of the VW Group Board with responsibility for North America. Between 2007 and 2008 he acted as President and Chief Financial Officer of VW Credit Inc. and as Regional Manager for the Americas for all financial services companies. Since 2008, as a member of the VW Group Board, he has held the position of Chief Executive Officer of Volkswagen Financial Services AG based in Germany with full responsibility for the majority of the worldwide financial services operations of Volkswagen AG.

Has 25 years' experience in finance. Joined his current employer B. Metzler seel. Sohn & Co. in 1991. Has held senior roles as Head of Financial Markets, Head of the Bank's Treasury Committee, Head of Personnel, Co-head of Metzler Real Estate and Market Risk Controller for the entire Metzler Group. Appointed Partner in 2005. Other board positions include: member of the Board of Directors of Metzler/Payden, LLC, Los Angeles; Metzler Realty Advisors, Inc. Seattle; member of the Supervisory Board of BVV Versicherungsverein des Bankgewerbes A.G., Berlin; Executive Officer of Metzler Securities GmbH and General Securities Principal of Metzler Securities Corp., New York. Also member of the Advisory Committee of Hauptverwaltung der Deutschen Bundesbank, Frankfurt. Currently Managing Director of Antje Verwaltungs GmbH, Frankfurt; Fleet Investments B.V., Amsterdam; Global Mobility Holding B.V., Amsterdam. Formerly Managing Director of Metzler Nederland B.V.

Has over 30 years' experience in corporate finance and banking. After joining his current employer, Volkswagen AG, in 1986 in the area of treasuries trade finance, Mr Möhle spent time in risk management followed by a treasury engagement in Volkswagen's Czech subsidiary SKODA Auto a.s. In 1992 he was appointed General Manager of Volkswagen Investments Limited in Dublin, which led to the roles of Head of Treasuries Back Office Operations and Head of Capital Markets of the Volkswagen Group. In 2004, he was appointed to his current position, Global Head of Global Markets and Group Funding of Volkswagen AG. Mr Möhle holds Supervisory Board positions at Volkswagen International Finance N.V., Volkswagen International Payment Services N.V., Volkswagen Finance Luxembourg S.A., Volkswagen International Luxembourg S.A. and Volkswagen Group Services S.A. Moreover he sits on the board of Volkswagen Pension Trust e.V. and is Managing Director of Porsche Holding Finance.

Has over 25 years' experience as a banking and corporate lawyer. Joined his current employer, the German Metzler banking group, in 1994 as Head of Legal. Has extensively worked in Europe, North America and Asia on corporate finance, M&A transactions, general banking and compliance matters and structuring issues. Holds various managerial roles at Metzler and is Chairman of the Supervisory Board of Freunde der Eintracht AG, Frankfurt. Prior to 1994, was a Legal Counsel for Robert Bosch GmbH, Stuttgart, and a member of the Supervisory Board of Robert Bosch Elektronik GmbH.

Has over 25 years' broad experience in the financial services industry including a strong background in the banking sector. Her previous positions include Chief Executive Officer of Currence Holding, Chairperson of the Board of Staal Bankiers and member of the Executive Board of Achmea Bank Holding. Since 2007, she has worked as an independent board advisor for strategy and corporate governance. Her current other Supervisory Board memberships include the Netherlands Public Broadcasting and Alliander N.V. Furthermore she is member of the Board of Stichting Preferente Aandelen Nedap N.V. and an advisor to the National Register of Directors and Supervisors.

SUPERVISORY BOARD REPORT

THE PAST YEAR HAS ONCE AGAIN PROVEN THE STABILITY AND SUCCESS OF LEASEPLAN'S STRATEGIC GROWTH BUSINESS MODEL. IN TERMS OF PROFITABILITY, THE COMPANY POSTED A NEAR-RECORD RESULT OF EUR 241 MILLION, WHICH REPRESENTS A 7.4% INCREASE OVER THE 2011 RESULTS. ONGOING CHALLENGES IN WESTERN EUROPE WERE OVERCOME BY STRONG MANAGEMENT PERFORMANCE AND THE BALANCED SCOPE OF THE COMPANY'S GLOBAL OPERATIONS. LEASEPLAN RELIED ON ITS CORE BUSINESS PROCESSES, AS WELL AS SOUND FINANCIAL AND RISK MANAGEMENT AND A DIVERSIFIED AND SUCCESSFUL FUNDING STRATEGY. THE SUPERVISORY BOARD IS GRATEFUL TO THE MANAGING BOARD OF LEASEPLAN AND ALL EMPLOYEES FOR THEIR HARD WORK AND ONGOING SUPPORT.

FULL REVIEW OF THE YEAR AND OUTLOOK

A review of LeasePlan's 2012 performance and 2013 outlook is set out on pages 6 to 17. This is intended to inform stakeholders and help them assess how the Supervisory Board has acted upon its responsibility to support the success of the company, its group companies, and their business enterprises.

ANNUAL REPORT AND FINANCIAL STATEMENTS

In accordance with the relevant provisions of the articles of association of LeasePlan, the Supervisory Board has reviewed the Annual Report and the financial statements for 2012. The Supervisory Board discussed these documents with the Managing Board and PricewaterhouseCoopers Accountants N.V., the independent external auditor, and took note of the independent auditor's report that PricewaterhouseCoopers issued on the financial statements of 2012. The Supervisory Board proposes that the shareholders adopt the financial statements and the proposed profit appropriation contained therein. We also recommend that the shareholders endorse the Managing Board's conduct of the company's affairs and the supervision thereof by the members of the Supervisory Board.

THE ROLE OF THE SUPERVISORY BOARD

In accordance with its formal duties and responsibilities, the Supervisory Board supervises the policies pursued by the Managing Board and the general conduct of affairs of LeasePlan and its group companies. In its role, the Supervisory Board acts as an advisory partner to the Managing Board in determining the company's strategic direction. Regular topics for discussion and, where necessary, approval are the annual and interim figures, operating and financial performance, strategy, funding, objectives, business plans, budgets and risks associated with the business.

The Chairman of the Supervisory Board is in close contact with the Chairman of the Managing Board on a regular basis. The Chairman of the Managing Board, together with the Corporate Secretary, ensures that the members of the Supervisory Board receive timely and clear information on all relevant matters. The Supervisory Board annually reviews and discusses the yearly Board report and group management letter prepared by the external auditors. This discussion is also attended by the external auditor. Twice a year the Supervisory Board reviews the progress made on detailed action plans supporting the five-year strategy plan which has been designed in close consultation with the Supervisory Board.

In line with Dutch company law, the Dutch Banking Code and the articles of association, the Supervisory Board regulations require all members of the Supervisory Board to act in accordance with the interests of LeasePlan and its group companies, and their business enterprise.

Certain resolutions of the Managing Board, specified in the articles of association of LeasePlan and the Supervisory Board regulations, are subject to approval of the Supervisory Board.

COMMITTEES OF THE SUPERVISORY BOARD

On 31 December 2012, the Supervisory Board had three standing committees: the Audit Committee, the Credit Committee and the Remuneration Committee. In view of the importance of risk management, and also taking into account the size of the Supervisory Board, the Board has determined that instead of a separate Risk Committee, all members will retain full responsibility for overseeing decisions concerning the risk management framework of the group. Each Supervisory Board member is entitled to attend the committee meetings, and for that purpose receives the agenda for each committee meeting, as well as all documents tabled to be discussed or dealt with at such meeting.

MEETING FREQUENCY OF THE SUPERVISORY BOARD AND ITS COMMITTEES

The Supervisory Board met with the Managing Board in each quarter of 2012, meeting on six separate days during the year. An additional five conference calls were held throughout 2012.

The Audit Committee meetings were conducted once each quarter.

The Remuneration Committee met three times during the year and held one conference call.

QUARTERLY MEETINGS OF THE SUPERVISORY BOARD

The recurring items on the quarterly agenda include the financial and commercial results, market developments, business cases related to various acquisition opportunities, developments relating to funding and liquidity, and risk management with a specific focus on the performance against the group's approved risk appetite, asset risk management and credit risk management. The economic climate and prevailing market conditions were also a regular discussion point with a particular focus on potential scenarios in the eurozone.

In March 2012, the Supervisory Board reviewed and discussed the Annual Report 2011 of LeasePlan, including the management report, the accompanying independent auditor's report, the financial statements and the proposed profit appropriation. The management letter and group board report were also discussed in detail in the presence of the independent external auditor. Having reviewed and discussed the aforementioned documents pertaining to the results of LeasePlan, the Supervisory Board unanimously resolved to approve the year-end 2011 figures including the consolidated financial result. Further, the Supervisory Board unanimously resolved to recommend to the General Meeting of Shareholders to adopt the annual accounts for 2011.

The discussion then moved to the significant improvement in LeasePlan's liquidity position since December 2011 – specifically the repayment of a EUR 1.25 billion government guaranteed bond and the success of two recent public bond offerings and the retail deposit growth seen in LeasePlan Bank. The potential downgrade of credit ratings as part of an overall review of financial institutions by the main ratings agencies was also discussed. Concluding this discussion, the Supervisory Board resolved to approve the overall funding framework. Extensive discussion took place in the area of risk management with specific attention to the total capital ratio included in the overall risk appetite. Further to the regular strategy report, the Supervisory Board discussed the current developments as they pertain to LeasePlan's strategy of selective growth focused on profitability, demonstrating the company as being on track with the desired levels of each element of the strategy. Other items discussed were a Human Resources (HR) update from the Senior Corporate Vice-President HR, adherence to the Banking Code and the imminent Act on Management and Supervision. As well, the establishment of a global integrity benchmark for the company was discussed in the presence of the Senior Corporate Vice-President Legal & Compliance. During a conference call in April 2012, the Supervisory Board discussed and approved further details of the funding framework for 2012-2013. This included discussions centred around LeasePlan's aim to become a certified

144A entity, which would provide access to the US financial markets as an additional source of funding. The company successfully launched its debut 144A transaction in October 2012 for USD 500 million.

The June 2012 meeting of the Supervisory Board took place at the offices of LeasePlan Portugal in Lisbon. A detailed presentation was given by the Portuguese management about the business and financial position of the company as well as the challenges and opportunities in the local market. Moreover the Supervisory Board received in-depth presentations from the three Regional Senior Vice Presidents, covering the areas of Northern Europe and the Americas, Central Europe and Asia, and Southern Europe and Pacific. Among topics discussed covering these respective areas, the roll-out of a new global product to a select group of countries, the ongoing success of the Multirent acquisition in 2011, and the start-up progress of LeasePlan Russia were all covered in detail along with a series of other topics related to each area. As part of the Supervisory Board's lifelong learning programme, the members were given an in-depth presentation of the state of the Portuguese economy by Dr. R.M.L. Martinho, President of the Portuguese Chamber of Economists. The Regional Senior Vice-Presidents were also present for the Euro Exit Contingency Committee (EECC) discussion on the latest developments in the eurozone crisis. LeasePlan has established a series of measures and plans to counteract any negative ramifications of a country's exit from the euro. The EECC was established in May 2012 by the Managing Board after discussions held late in 2011 by a working group of corporate and regional management, along with external advisors. The goal was to identify and establish a series of potential risk mitigating measures.

The Supervisory Board received an update on LeasePlan's potential Mergers and Acquisitions (M&A) activities. In particular, the future acquisition of the Italian fleet business of BBVA was discussed. The Supervisory Board discussed at length the diversified funding strategy of LeasePlan including the progress related to the US 144A filing mentioned above, and the road show to institutional investors to take place later in 2012. Other items discussed were a pension update, a presentation of the current results to-date, and a presentation on the company's ICT strategy by the Chief Operating Officer.

In August 2012 the Supervisory Board reviewed the interim report 2012; the financial results as per 30 June 2012 were published on 28 August 2012 accordingly.

In September 2012 the Supervisory Board received another session for the lifelong learning programme, this time in the form of a presentation by Mr Wolfgang Münchau, associate editor of the Financial Times and co-founder of Eurointelligence.com. The presentation and discussion covered the global economic picture, with particular emphasis on the eurozone crisis and its challenges for business, governments and society at large. Subsequently, the results of the corporation were discussed, again with the annual budget remaining on track. Business and market developments were also discussed. The extensive analyses of the EECC provided added assurances regarding the company's preparedness in the event of a eurozone exit by member countries. From a funding perspective, Supervisory Board members were advised of the strong liquidity buffer that LeasePlan possessed at the end of the first half of 2012. A discussion on the strategy report focused on several initiatives to further improve LeasePlan's network of suppliers, measures which serve to increase their revenues and guarantee quality of services. Additionally, measures to improve the market position of Euro Insurances were also discussed along with progress of LeasePlan's plans for geographic expansion into Russia and Canada. The Supervisory Board received a presentation from the Senior Corporate Vice-President HR on gender diversity in the workplace related to the upcoming Act on Management and Supervision. It was explained that a diversity project plan has been developed and is being executed in order to enhance diversity among staff globally. Other related matters discussed involved career management and talent development. As part of the ongoing discussions at each meeting of the Supervisory Board, the management style throughout the organisation is viewed carefully, as it is recognised that the 'tone at the top' is important. Exploring and addressing such key issues as diversity and talents development helps to set this tone, and to effectively steer LeasePlan in the right direction for years to come.

In early December 2012 a strategy session took place involving the Supervisory Board and Managing Board. As part of the lifelong learning programme a presentation was given by Clifford Chance regarding the forthcoming EU Banking Union and its impacts in general and on

LeasePlan specifically. Subsequently, the meeting addressed extensive documentation prepared by the company about banking requirements and the control functions within LeasePlan. The organisational model was also discussed, touching upon the role of the headquarters and the framework of corporate policies within which the local subsidiaries have their own profit and loss responsibility. In addition, the Supervisory Board discussed the geographic expansion plans and scenarios as well as the insurance strategy.

Another lifelong learning session took place in December 2012. A presentation was given on corporate social responsibility by Mr J. Elkington who is Founding Partner & Executive Chairman of Volans and co-founder of SustainAbility and a world authority on corporate responsibility and sustainable development. The Supervisory Board then reviewed and approved both the annual plan for 2013-2014 and the multi-year plan which encompasses 2014-2017. These plans are key indicators of the stability of the company. It was acknowledged that the LeasePlan operating countries remain committed to fleet growth included in the multi-year projections, despite the challenges associated with the current global economic climate. As a testimony to LeasePlan's financial strength the management proposed the pay-out of a dividend to the shareholders, a proposal which was supported by the Supervisory Board and will be recommended for approval by the General Meeting of shareholders in March 2013. The Supervisory Board also discussed at length the current business and market developments in the various countries in the group. On the subject of mergers and acquisitions, the Supervisory Board approved the acquisition of BBVA Autorenting S.p.A. and BBVA Renting S.p.A. in the Italian fleet market, which was announced to the public soon after. This acquisition was viewed favourably in terms of both cost of acquisition and projected profitability. Another item discussed included the strong results of LeasePlan's internal global integrity and employee engagement surveys, in conjunction with the surveys covering client loyalty and driver satisfaction. The linkage between high employee engagement and client retention was made evident. Concluding an extensive discussion on risk management, the Supervisory Board unanimously resolved to approve the risk appetite for 2013. The Supervisory Board took note of the DNB assessment of (co-) policymakers of Dutch banks and the need to complete the Expertise and Capability matrix. The Supervisory Board unanimously approved to adopt the updated profile for members of the Supervisory Board. Further, the Supervisory Board agreed that Mr Witter and Ms Van der Veer - Vergeer will be available for yearly meetings with the work councils of Lease Beheer and LeasePlan Netherlands in relation to the Dutch mitigated structure regime which applied to the company effective 9 February 2013. More background on the structure regime can be found in the Corporate Governance section on page 64.

PROFILE AND COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board of LeasePlan has been composed in such a way to warrant proper execution of the function of the board and its committees. The Supervisory Board size and composition are attuned to the nature and characteristics of the business, and the required expertise and background of each member. The Supervisory Board of LeasePlan has a complementary and mixed composition and complies with the Banking Code's provisions in the duties it performs under its purview. The Supervisory Board has drawn up a profile to be used as the basis for its current and future composition.

TERMS OF APPOINTMENT OF MEMBERS OF THE SUPERVISORY BOARD

Members of the Supervisory Board are appointed for a term of four years and may be reappointed following the expiry of each four year term. A gradual reappointment schedule is in place in order to ensure that the terms of appointment do not expire at the same time. In March 2013, Mr Witter and Mr Klaus were reappointed members of the Supervisory Board for an additional four years, following approval by the Dutch Central Bank.

PERFORMANCE AND DEVELOPMENT

The Chairman of the Supervisory Board organises a programme of lifelong learning, with the aim of maintaining the expertise of the Supervisory Board members at the standards that are generally imposed on Supervisory Board members in the Dutch financial sector and improving their expertise where necessary. The learning programme covers relevant developments in the company, in the financial sector, corporate governance in general and, in particular, the financial sector, the duty of care towards the client, integrity, risk management, financial reporting and audits. Every Supervisory Board member takes part in the programme and meets the requirements for lifelong learning.

The Supervisory Board carries out an annual assessment of its own performance, its composition and effectiveness as well as the effectiveness of the lifelong learning programme. Once every three years the self-assessment is performed with the assistance of independent supervision by a professional party invited by the Supervisory Board for that purpose. In this triennial assessment, focus lies on the evaluation of the performance of individual Supervisory Board members and the culture within the Supervisory Board, and the relationship between the Supervisory Board and the Managing Board is evaluated. Such assessment concerning the year 2012 was done during a separate Supervisory Board session on 16 January 2013. The process used involved an interview by an external agency with all individual members of the Supervisory Board as well as the Managing Board. Based on the outcome of the interviews the external agency produced a report, which was discussed during the session. During the same session the Supervisory Board performed the yearly assessment of the Managing Board, including its lifelong learning programme, in line with the Policy Rule on Expertise 2011 of the Dutch Central Bank.

With regard to the assessment of the Managing Board, feedback sessions take place between the Supervisory Board (for this matter represented by Mr Witter and Ms Van der Veer - Vergeer) and the individual Managing Board members.

COMMITTEES OF THE SUPERVISORY BOARD

Audit Committee
The members of the Audit Committee are Frank Witter (Chairman), Michael Klaus and Ada van der Veer - Vergeer. Usually the meetings of the Audit Committee are attended by all members of the Supervisory Board. The members of the Managing Board and the Senior Corporate Vice-President Group Audit attend the Audit Committee meetings as guests.

The Audit Committee met on four occasions in 2012 with a focus on internal control, and the main input provided by the company's Group Audit Department. Every quarter the Audit Committee reviews the main conclusions of the audits concluded during each preceding period, those high priority issues identified by the Group Audit Department that have not been addressed conclusively within six months, as well as a report on any fraud and integrity matters. In March 2012, the Audit Committee resolved to reappoint and instruct PricewaterhouseCoopers Accounts N.V. as external auditor for the annual accounts 2012. The external auditor attended the Audit Committee meeting twice in 2012. In addition to the regular items discussed by the Audit Committee, in March 2012 the committee approved the internal audit charter and audit plan for 2012. Moreover the Senior Corporate Vice-President Legal & Compliance provided an update on compliance related matters in 2011 as well as an overview of the organisation of compliance in the group.

"THE SUPERVISORY BOARD ACTS AS AN ADVISORY PARTNER TO THE MANAGING BOARD IN DETERMINING THE COMPANY'S STRATEGIC DIRECTION"

In June 2012, the committee acknowledged the need for even greater attention to areas of risk and compliance as a growing company and being a Dutch bank in an increasingly regulated environment. Staffing levels in these areas have been increasing accordingly. In addition the Audit Committee took note of the overview of recommendations of the external auditor following the 2011 audit and the way in which follow-up was arranged by the company.

In September 2012 the Audit Committee reviewed and discussed the integrated audit plan of the Group Audit Department and the external auditor. In addition the external auditor presented its audit plan for 2012. The committee also had a discussion on soft controls and the control environment involving elements such as tone at the top and the group's code of conduct. At the end of the meeting the Audit Committee had an evaluation session with the external auditor, during which the representatives of the company left the meeting.

In December 2012 the Audit Committee reviewed and approved the planning of the Group Audit Department for 2013. The committee also analysed in detail the yearly report on control measures. This report stems from the Banking Code requirements, following which the internal auditor needs to assess whether the internal control measures have been designed properly, are present and are working effectively. Moreover, the Senior Corporate Vice-President Legal & Compliance presented the compliance reporting concerning the year 2012.

Credit Committee
The members of the Credit Committee are Frank Witter, Michael Klaus, Albrecht Möhle and Christian Schlögell.

During 2012 the Credit Committee resolved on five large credit applications related to LeasePlan Australia / LeasePlan New Zealand, LeasePlan Switzerland, LeasePlan International, LeasePlan Romania, and LeasePlan US / LeasePlan International respectively.

Remuneration Committee
The members of the Remuneration Committee are Frank Witter (Chairman), Michael Klaus and Ada van der Veer - Vergeer. On a regular basis also the other Supervisory Board members attend the meetings of the committee. The Chief Executive Officer and the Senior Corporate Vice-President HR usually attend the Remuneration Committee meetings as guests.

More information on the involvement of the Remuneration Committee of the Supervisory Board with regard to remuneration matters can be found in the separate Remuneration report beginning on page 62.

Almere, the Netherlands, 13 March 2013

The Supervisory Board

Frank Witter
Michael Klaus
Albrecht Möhle
Christian Schlögell
Ada van der Veer - Vergeer

REMUNERATION REPORT

GROUP REMUNERATION POLICY

The remuneration policy of LeasePlan is aimed at attracting, retaining, motivating and rewarding high calibre employees to deliver first rate long-term business performance, in line with the business strategy, within the approved risk appetite. The policy applies to all entities within LeasePlan. Apart from general remuneration principles, it contains specific details about the remuneration structure of the Identified Staff, namely the members of the Managing Board and other selected staff who have a material impact on the risk profile of LeasePlan.

The members of the Remuneration Committee act independently from LeasePlan and are able to bring in their own advisors. The Remuneration Committee meets at least twice per year, and more often if business so requires. In 2012 the Remuneration Committee has met more frequently in order to discuss the self-assessment that LeasePlan had to perform at the request of the Dutch Central Bank ('DNB') relating to LeasePlan's compliance with all relevant regulations and guidelines that follow from the CRD III principles as implemented in the Regulation on sound remuneration policies from DNB.

The remuneration policy of LeasePlan is compliant with all relevant regulations and guidelines, including the Dutch Banking Code and the CRD III principles as implemented in the Regulation on sound remuneration policies from DNB and the Dutch Corporate Governance Code. Also, LeasePlan complies with the relevant provisions of the Bonus Prohibition Act for state supported banks that came into force on 20 June 2012.

The remuneration policy is reviewed on an annual basis by Human Resources and the Control Functions Risk, Compliance and Audit. The report is submitted to the Remuneration Committee of the Supervisory Board for review. The Group Audit Department carries out a number of special audits on the execution of the remuneration policy.

DNB completed an assessment of LeasePlan's remuneration policy and has confirmed that the remuneration policy is up to standards in light of the Regulation on sound remuneration policies. LeasePlan can therefore implement its remuneration policy accordingly.

REMUNERATION FOR IDENTIFIED STAFF

Pursuant to section 3:74a of the Financial Supervision Act, LeasePlan discloses the information in relation to remuneration as reflected in CRD III. This information relates to Identified Staff only and is provided below.

a. Decision making process

The remuneration policy, which contains details about the remuneration structure of Identified Staff, is developed and adopted by the Managing Board. Prior to adoption the remuneration policy is reviewed by the Remuneration Committee and approved by the Supervisory Board on an annual basis. The Remuneration Committee also reviews the decision making processes that relate to the execution of the remuneration policy, including the Identified Staff target setting and target achievement determination, the application of any risk adjustments and the award of variable remuneration in its various components. The Remuneration Committee receives input from Human Resources and the Control Functions on these matters.

Managing Board

The Supervisory Board determines the remuneration and other conditions of employment of Managing Board members following consultation with the CEO. In this decision, the Supervisory Board takes into account the specific policy applicable to the members of the Managing Board as adopted by the General Meeting of Shareholders for the remuneration of Managing Board members, as well as the performance and the development of the value of LeasePlan and non-financial indicators that are relevant to the long term objectives of LeasePlan. Generally, the Remuneration Committee and the Supervisory Board in their review also analyse the possible outcomes of the variable remuneration components and how they may affect the remuneration of the Managing Board members, subject to the applicable legislation. In compliance with the Bonus Prohibition Act no variable remuneration may be awarded or paid to the Managing Board during the term of state support.

Other Identified Staff
The fixed and variable remuneration for the other Identified Staff is proposed by the Managing Board, assessed by the Remuneration Committee and approved by the Supervisory Board.
Other benefits, such as pension, are offered in line with local policy. This provides a consistent approach for Identified Staff in terms of fixed and variable remuneration, with benefits being provided in line with prevailing local market conditions.

External advisors
In preparing for any changes in the new remuneration structure and in the context of a careful assessment, LeasePlan seeks external advice, such as legal advice or other specialist advice, whenever required. If and when required, the Remuneration Committee and the Supervisory Board may be supported by separate external advisors in order to ensure that there are adequate checks and balances in order to achieve a sound decision making process.

b. Reward and performance
The variable remuneration of Identified Staff is fully performance-related, and based on financial criteria, such as the profit for the year, and non-financial criteria, such as customer loyalty, compliance and employee engagement. The variable remuneration of Control Functions personnel excludes profit for the year as a target. All variable remuneration of Identified Staff is subject to risk assessments at collective and individual performance levels. This means that the remuneration structure will reward according to performance at group, company and individual level as appropriate.

c. Main elements of the reward structure
The main reward elements are determined by a set of general remuneration principles:

- The remuneration structure is aligned with LeasePlan's strategy and risk appetite.
- The remuneration positioning of Identified Staff is below the median of the market.
- The remuneration positioning is based on total compensation, including fixed and variable remuneration.
- The remuneration positioning is based on a relevant peer group as approved by the Remuneration Committee.
- Variable remuneration is performance-related, consists of a well thought-out mix of financial and non-financial elements and reflects both short and long-term strategic goals.
- Variable remuneration targets are specific, measureable, attainable, relevant and time-bound
- Variable remuneration of Identified Staff can never exceed 100% of fixed remuneration.
- Variable remuneration consists of cash and non-cash elements (i.e. phantom share units ('PSUs'). 40% of the variable remuneration of Identified Staff is deferred and 50%, including the deferred element, is non-cash.
- There is logic, consistency and alignment between the remuneration packages of Identified Staff and of other senior positions in the company.
- The company makes defined contributions to the pension plans on behalf of the members of the Managing Board. These plans are recognised in accordance with the applicable accounting standards. The pension plans of other Identified Staff and of other employees are in line with the pension conditions of the relevant entity in their country of employment.

d. Performance criteria
All variable remuneration, including the PSUs, is based on the performance of financial (profit for the year) and non-financial targets such as employee engagement and customer loyalty. In case of a profit for the year of 90% of budget or lower, there is no payment related to the financial target. In case of a profit for the year of 69% of budget or lower, there is no variable remuneration for any of the Identified Staff. The targets for Identified Staff of Audit, Risk and Compliance (Control Functions) exclude profit for the year targets and the function holders are remunerated on the basis of the achievement of non-financial group objectives and non-financial targets relevant to their position. The variable remuneration for Control Functions is capped at 50% of base salary.

All variable remuneration is subject to risk assessments in which key risk indicators, covering areas such as capital, liquidity, compliance and residual values play a central role.

e. Main parameters and motivation for the remuneration structure

The described remuneration structure for Identified Staff has been set up to:

- Drive the objective of the remuneration policy - provide, in the context of the business strategy of LeasePlan, remuneration in form and amount that will attract, retain, motivate and reward high calibre employees to deliver first rate long-term business performance within the approved risk appetite.
- Follow the remuneration principles - see point c - Main elements of the reward structure.
- Comply with the relevant legislation and regulations.

There are no other non-cash benefits in the context of the variable remuneration structure, other than the PSUs.

f. Aggregated remuneration information of Identified Staff

Identified Staff within LeasePlan consists of 15 positions, including the Managing Board positions.

Below is an overview of the fixed and variable remuneration 2012 and its components (fixed and variable remuneration; variable remuneration in cash and PSUs and deferred variable remuneration).

In thousands of euros			2012			2011
	Managing Board	**Other Identified Staff**	**Total**	**Managing Board**	**Other Identified Staff**	**Total**
Fixed	1,787	3,021	4,808	1,545	2,895	4,440
Cash	-	559	559	-	571	571
Prior year cash settlement		26	26			
Phantom shares	-	559	559	-	571	571
Deferred cash	-	373	373	-	381	381
Deferred phantom shares	-	373	373	-	381	381
Total variable	-	1,891	1,891	-	1,905	1,905
Total	**1,787**	**4,912**	**6,699**	**1,545**	**4,800**	**6,345**

Over 2012, there was no downward risk-adjustment of the variable remuneration following the Ex-Ante Risk Assessment. However, the awarded variable remuneration is still conditional until the final payment of the deferred amounts has taken place. After that, the claw back conditions remain applicable. There were no severance payments, nor were there any 'sign-on' or any other form of guaranteed payments made. Over 2012 there were no variable remuneration payments made to the Managing Board due to the Bonus Prohibition Act (2012).

The 'prior year cash settlement' is the difference between the amount accrued during 2011 compared to the actual amount paid.

2011 variable remuneration

The Ex-Post Risk Assessment has led to no downward adjustment of the deferred elements of the 2011 variable remuneration. The February 2013 value of the PSUs at EUR 35.12 (February 2012: EUR 24.97) has been determined by the Managing Board with the assistance of an external valuation expert and has been approved by the Supervisory Board. The non-deferred 2011 PSUs are at the end of their retention period and will be converted into a gross cash payment in Q1 2013.

REMUNERATION FOR THE MANAGING BOARD

The members of the Managing Board qualify as Identified Staff. Most elements of the remuneration structure of the Managing Board have been described above. This section provides additional remuneration information and a comparison between the years 2012 and 2011.

Incurred cost for Managing Board remuneration

The incurred costs for the remuneration of the Managing Board members in 2011 and 2012 are represented on page 144.

Managing Board

In thousands of euros	2012	2011
Remuneration element		
Fixed remuneration	1,787	1,545
Other employee benefits (e.g. car, housing)	186	208
Short-term incentive (STI) prior year settlement	-	- 187
Post-employment benefits (pension)	387	259
Total	**2,361**	**1,825**

The fixed remuneration of the Managing Board, taking due notice of the Bonus Prohibition Act, was increased in 2012 giving consideration to LeasePlan's profitability and risk profile. The 'Short-term incentive (STI) prior year settlement' is the difference between the amount accrued during the previous performance year compared to the actual amount paid.

PSUs

Although the variable remuneration structure contains the element of PSUs, the members of the Managing Board are not entitled to shares, options or related remuneration elements during the remaining period of state support. This is a direct consequence of the Bonus Prohibition Act. Also there are no such remuneration elements, vested or unvested, for previous years.

Severance / special remuneration

No severance nor other special remuneration have been awarded or paid over 2012.

REMUNERATION FOR THE SUPERVISORY BOARD

Ada van der Veer - Vergeer is the only Supervisory Board member compensated by LeasePlan for the tasks and responsibilities as a member of the Supervisory Board. The total expenses for the group amounted to EUR 55,000 for 2012. Neither the company nor any of its group companies has granted any loans, guarantees or advances to the members of the Supervisory Board.

CONCLUSION

Based on a careful assessment, the Supervisory Board believes that LeasePlan is compliant with the applicable rules and regulations whilst still providing, in the context of LeasePlan's business strategy, remuneration in form and amount that will attract, retain, motivate and reward high-calibre employees to deliver first rate long-term business performance within acceptable risk parameters. The remuneration structure is balanced and sustainable and is structured in such a way that it does not reward failure. The Supervisory Board will continue to monitor any further developments to ensure that LeasePlan remains compliant with all regulations in the area of remuneration.

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December

In thousands of euros	Note	2012	2011
CONTINUING OPERATIONS			
Revenues	2	7,684,169	7,398,054
Cost of revenues	2	6,963,601	6,717,172
Gross profit		**720,568**	**680,882**
Interest and similar income	3	943,635	932,693
Interest expenses and similar charges	4	582,919	569,142
Net interest income		**360,716**	**363,551**
Impairment charges on loans and receivables	6	23,157	19,739
Net interest income after impairment charges on loans and receivables		**337,559**	**343,812**
Unrealised gains/(losses) on financial instruments	12	-3,866	- 19,235
Other financial gains/(losses)	5	- 10,139	-
Net finance income		**323,554**	**324,577**
Total operating and net finance income		**1,044,122**	**1,005,459**
Staff expenses	7	455,165	444,778
General and administrative expenses	8	241,933	240,972
Depreciation and amortisation	9	45,705	43,117
Total operating expenses		**742,803**	**728,867**
Share of profit of associates and jointly controlled entities	17	11,792	3,629
Profit before tax		**313,111**	**280,221**
Income tax expenses	10	71,811	57,396
Profit for the year from continuing operations		**241,300**	**222,825**
DISCONTINUED OPERATIONS			
Result for the year from discontinued operations	22	-	1,916
Profit for the year		**241,300**	**224,741**
PROFIT ATTRIBUTABLE TO			
Owners of the parent		241,300	224,741
Non-controlling interest		-	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

In thousands of euros	**Note**	**2012**	**2011**
COMPREHENSIVE INCOME			
Profit for the year		**241,300**	**224,741**
Other comprehensive income			
Changes in cash flow hedges, before tax		31,032	53,654
Cash flow hedges recycled from equity to profit and loss, before tax		- 35,951	- 64,660
Income tax on cash flow hedges	10	1,223	2,730
Subtotal changes in cash flow hedges, net of income tax	10	**- 3,696**	**- 8,276**
Exchange rate differences		9,851	5,915
Other comprehensive income, net of income tax		**6,155**	**- 2,361**
Total comprehensive income for the year		**247,455**	**222,380**
ATTRIBUTABLE TO			
Owners of the parent		247,455	222,380
Non-controlling interest		-	-
Total comprehensive income for the year		**247,455**	**222,380**
Total comprehensive income attributable to owners of the parent arises from			
Continuing operations		247,455	220,464
Discontinued operations	22	-	1,916
		247,455	**222,380**

CONSOLIDATED BALANCE SHEET

In thousands of euros	**Note**	**2012**	**2011**
ASSETS			
Cash and balances at central banks	11	1,015,429	61,946
Derivative financial instruments	12	188,920	243,758
Receivables from financial institutions	13	1,186,096	1,870,069
Receivables from clients	14	3,093,213	2,964,060
Corporate income tax receivable		48,857	38,112
Inventories	15	201,448	225,460
Other receivables and prepayments	16	636,959	645,696
Loans to associates and jointly controlled entities	17	223,689	192,588
Investments in associates and jointly controlled entities	17	48,935	37,760
Property and equipment under operating lease and rental fleet	18	12,419,634	12,194,828
Other property and equipment	19	87,327	80,875
Deferred tax assets	20	170,135	145,432
Intangible assets	21	163,423	169,080
		19,484,065	**18,869,664**
Assets classified as held-for-sale and discontinued operations	22	-	5,132
Total assets		**19,484,065**	**18,874,796**
LIABILITIES			
Corporate income tax payable		39,741	55,285
Borrowings from financial institutions	24	1,776,693	1,535,899
Funds entrusted	25	4,111,419	2,985,400
Debt securities issued	26	8,523,227	9,535,928
Derivative financial instruments	12	226,212	258,216
Trade and other payables and deferred income	27	1,888,075	1,927,849
Deferred tax liabilities	20	211,873	154,764
Provisions	28	310,986	267,327
		17,088,226	**16,720,668**
Liabilities classified as held-for-sale and discontinued operations	22	-	244
Total liabilities		**17,088,226**	**16,720,912**
EQUITY			
Share capital	29	71,586	71,586
Share premium	29	506,398	506,398
Other reserves	30	1,817,855	1,575,900
Equity attributable to the owners of the parent		**2,395,839**	**2,153,884**
Non-controlling interest		-	-
Total equity		**2,395,839**	**2,153,884**
Total equity and liabilities		**19,484,065**	**18,874,796**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Attributable to the owners of the parent							
	Share capital	Share premium	Other reserves			Total	Non-controlling interest	Total equity
			Translation reserve	Hedging reserve	Retained earnings			
Balance as at 1 January 2011	**71,586**	**506,398**	**16,073**	**- 24,691**	**1,367,038**	**1,936,404**	**-**	**1,936,404**
Changes in cash flow hedges				- 8,276		- 8,276		
Exchange rate differences			5,915			5,915		
Other comprehensive income	**-**	**-**	**5,915**	**- 8,276**	**-**	**- 2,361**	-	
Profit for the year					224,741	224,741		
Total comprehensive income for the year	**-**	**-**	**5,915**	**- 8,276**	**224,741**	**222,380**	**-**	222,380
Transactions with owners of the parent – Dividend relating to 2011					- 4,900	- 4,900		- 4,900
Balance as at 31 December 2011	**71,586**	**506,398**	**21,988**	**- 32,967**	**1,586,879**	**2,153,884**	**-**	**2,153,884**
Changes in cash flow hedges				- 3,696		- 3,696		
Exchange rate differences			9,851			9,851		
Transfer from/to				- 7	7	-		
Other comprehensive income	**-**	**-**	**9,851**	**- 3,703**	**7**	**6,155**	-	
Profit for the year					241,300	241,300		
Total comprehensive income for the year	**-**	**-**	**9,851**	**- 3,703**	**241,307**	**247,455**	**-**	247,455
Transactions with owners of the parent – Dividend relating to 2012					- 5,500	- 5,500		- 5,500
Balance as at 31 December 2012	**71,586**	**506,398**	**31,839**	**- 36,670**	**1,822,686**	**2,395,839**	**-**	**2,395,839**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December

In thousands of euros	Note	2012	2011
OPERATING ACTIVITIES			
Profit before tax		313,111	280,221
Result for the year from discontinued operations	22	-	1,916
Adjustments			
Interest income	3	- 943,635	- 932,693
Interest expense	4	582,919	569,142
Impairment on receivables	14	23,157	19,739
Valuation allowance on inventory	15	- 9,700	12,500
Depreciation operating lease portfolio and rental fleet	18	2,774,235	2,639,806
Depreciation other property and equipment	19	23,583	23,929
Amortisation and impairment intangible assets	21	22,122	19,188
Investment income, share of profit and impairments of associates and joint ventures	17	- 11,792	- 3,629
Financial instruments at fair value through profit and loss	12	3,866	19,235
Changes in			
Increase/(decrease) provisions	28	43,659	- 2,572
Derivative financial instruments		15,272	- 107,890
Increase/(decrease) trade and other payables and other receivables		- 75,643	- 39,004
(Increase)/decrease inventories	15	207,431	138,998
Amounts received for disposal of objects under operating lease	18	1,989,906	2,074,967
Amounts paid for acquisition of objects under operating lease	18	- 5,059,022	- 5,657,789
Acquired new finance leases and other increases of receivables from clients		- 708,557	- 994,812
Repayment finance leases		581,375	795,287
Cash generated from operations		**- 227,713**	**- 1,143,461**
Interest paid		- 568,572	- 557,370
Interest received		944,780	931,216
Income taxes paid		- 70,020	- 41,834
Income taxes received		8,309	19,009
Net cash inflow/(outflow) from operating activities		**86,784**	**- 792,440**
INVESTING ACTIVITIES			
Proceeds from sale of other property and equipment	19	13,188	18,314
Acquisition of other property and equipment	19	- 43,169	- 41,108
Acquisition of intangible assets	21	- 18,372	- 38,222
Divestments of intangible assets	21	2,207	2,317
Capital (increase)/decrease in associates and jointly controlled entities	17	- 754	-
Redemption on loans/(loans provided) to associates and jointly controlled entities	17	- 31,101	- 6,017
Dividend received from associates and jointly controlled entities	17	1,371	1,623
(Increase)/decrease in held-for-sale investments		4,888	- 2,884
Net cash inflow/(outflow) from investing activities		**- 71,742**	**- 65,977**
FINANCING ACTIVITIES			
Receipt of receivables from financial institutions		7,368,028	7,429,058
Balances deposited to financial institutions		- 7,278,992	- 7,506,975
Receipt of borrowings from financial institutions		5,765,466	7,927,772
Repayment of borrowings from financial institutions		- 5,654,608	- 8,570,779
Receipt of funds entrusted		1,228,757	1,292,717
Repayment of funds entrusted		- 102,737	- 226,489
Receipt of debt securities		6,334,217	5,190,469
Repayment of debt securities		- 7,346,917	- 4,070,132
Repayment of subordinated loans		-	- 269,057
Dividends paid to Company's shareholders		- 5,500	- 4,900
Net cash inflow/(outflow) from financing activities		**307,714**	**1,191,684**
CASH AND BALANCES WITH BANKS AT 1 JANUARY		**860,480**	**527,213**
Net movement in cash and balances with banks		322,756	333,267
Cash and balances with banks at 31 December	11	**1,183,236**	**860,480**

GENERAL NOTES

1. GENERAL INFORMATION

LeasePlan Corporation N.V.

LeasePlan Corporation N.V. (the "Company") is a company domiciled in and operating from Almere, the Netherlands and having its statutory seat in Amsterdam, the Netherlands. The consolidated financial statements of the Company as at and for the year ended 31 December 2012 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 operating leasing. At the end of 2012, the Group employed just under 6,300 people worldwide and had offices in 31 countries. A list of the principal consolidated subsidiaries is included on page 146.

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

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

Global Mobility Holding B.V.

Global Mobility Holding B.V., a company owned by Volkswagen group headed by Volkswagen AG (50%) and Fleet Investments B.V. (50%)., holds 100% of the Company's shares. Global Mobility Holding B.V. is a limited liability company established in the Netherlands.

Volkswagen Group

The Volkswagen group with its headquarters in Wolfsburg is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The group is made up of twelve brands from seven European countries: Volkswagen, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. The group operates 100 production plants in 18 European countries and a further nine countries in the Americas, Asia and Africa.

Fleet Investments B.V.

Fleet Investments B.V. is an investment company of the German banker Friedrich von Metzler. The heart of the Metzler group is the Frankfurt based bank B. Metzler seel. Sohn & Co. KGaA. Founded more than 330 years ago, it is the oldest private bank in Germany with an unbroken tradition of family ownership. Main group activities focus on asset management, corporate finance, equities, financial markets and private banking. In addition to the head office in Frankfurt, Metzler has offices in Munich, Stuttgart, Cologne/Düsseldorf, Hamburg, Atlanta, Los Angeles, Seattle, Tokyo, Dublin and Beijing.

2. BASIS OF PREPARATION

(i) Statement of compliance

The consolidated financial statements for the year ended 31 December 2012 were authorised for issue by the Managing Board on 13 March 2013. The Managing Board may decide to amend the financial statements as long as these are not adopted by the General Meeting of Shareholders. The General Meeting of Shareholders may decide not to adopt the financial statements, but may not amend these. In accordance with Article 362 paragraph 6, Book 2 of the Dutch Civil Code the Managing Board can, after adoption, at any time disclose facts which seriously affect the adopted financial statements. Such disclosure has to be filed at the Chamber of Commerce.

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

New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

The following new standards, amendments and interpretations to published standards are mandatory for the first time for the financial year beginning 1 January 2012 and are relevant for the Group:

- Amendment to IFRS 7 'Financial instruments: Disclosures' on transfer of financial assets (effective 1 July 2011). These amendments are as part the IASBs comprehensive review of off-balance sheet activities. The amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.
- Amendment to IAS 12 'Income taxes' on deferred tax (effective 1 January 2012). Currently IAS 12 'Income taxes' requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 'Investment property'. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes - recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn. There is no material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2012 and have not been early adopted in preparing these consolidated financial statements.

- Amendment to IAS 1 'Financial statement presentation' regarding other comprehensive income (effective 1 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented in 'Other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. No material impact on the Group is expected.
- IAS 19 'Employee benefits' was amended in June 2011 (effective date 1 January 2013). The impact on the Group will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in other comprehensive income as they occur; to immediately recognise all past service costs and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Adoption of IAS 19 revised in 2013 is not expected to have a more than insignificant impact on the Group's financial statements taking into account the relatively small size and closed nature of the defined benefit post-employment plans the Group operates. Adoption will cause the balance of unrecognised actuarial losses of EUR 5.3 million at 31 December 2011 to be recognised directly in equity at 1 January 2012 as retroactive application requires the restatement of comparative figures. In addition, the unrecognised actuarial gains and losses of 2012 will be recognised directly in equity in 2012 resulting in a total unrecognised actuarial loss on post-employment benefit obligations of EUR 11.2 million at year-end 2012 in equity.
- IAS 27 (revised 2011) 'Separate financial statements' (effective 1 January 2014) includes the requirements relating to separate financial statements. No material impact on the Group is expected.
- IAS 28 (revised 2011) 'Associates and joint ventures' (effective 1 January 2014) includes the requirements for associates and jointly controlled entities that have to be equity accounted following the issue of IFRS 11. No material impact on the Group is expected.
- Amendment to IAS 32 'Financial instruments: Presentation' on asset and liability offsetting (effective 1 January 2014). These amendments are to the application guidance in IAS 32 'Financial instruments: Presentation' and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. No material impact on the Group is expected.
- Amendment to IFRS 1 'First time adoption' on hyperinflation and fixed dates (effective 1 January 2013). The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. No material impact on the Group is expected.
- Amendment to IFRS 1 'First time adoption' on government loans (effective 1 January 2013). This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. No material impact on the Group is expected.
- Amendment to IFRS 7 'Financial instruments: Disclosures' on asset and liability offsetting (effective 1 January 2013) . This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. No material impact on the Group is expected.
- IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities (effective date 1 January 2015). IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to a company's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS's full impact and intends to adopt IFRS 9 no later than 1 January 2015, subject to EU endorsement.
- IFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether a company should be included within the consolidated financial statements of the parent company (effective date 1 January 2014). The standard provides additional guidance to assist in the determination of control where this is difficult to assess. No material impact on the Group is expected.

- IFRS 11 'Joint arrangements' is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form (effective date 1 January 2014). No material impact on the Group is expected.
- IFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other companies, including joint arrangements, associates, special purpose companies and other off-balance sheet vehicles (effective date 1 January 2014). No material impact on the Group is expected.
- IFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs (effective date 1 January 2013). The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. No material impact on the Group is expected.
- Annual improvements 2011 (effective 1 January 2013). These annual improvements address six issues in the 2009-2011 reporting cycle. It includes changes to:
  – IFRS 1 'First time adoption';
  – IAS 1 'Financial statement presentation';
  – IAS 16 'Property plant and equipment';
  – IAS 32 'Financial instruments: Presentation';
  – IAS 34 'Interim financial reporting'.
  No material impact on the Group is expected.
- IFRIC 20 'Stripping costs in the production phase of a surface mine'. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine (effective 1 January 2013). The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. No material impact on the Group is expected.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(ii) Basis of measurement
The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments which are measured at fair value.

(iii) Functional and presentation currency
Items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which the company operates (the functional currency). The consolidated financial statements are presented in 'euro', which is the Company's functional and presentation currency. Financial information presented in euro has been rounded to the nearest thousand, unless otherwise indicated.

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

The main estimates and underlying assumptions relate to the residual values at the end of the contract date, the assessment of the impairment of the lease portfolio, the defined benefit pensions obligations, the fair value of the derivatives, the assessment of the income tax position and damage risk provision and the impairment of intangibles and goodwill.
Information on the above-mentioned areas of estimation and judgement is provided in note Y - Critical accounting estimates, assumptions and judgements.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note A - Basis of consolidation

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

(i) Subsidiaries
Subsidiaries are all companies (including special purpose companies) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another company. The Group also assesses existence of control when it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at its fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

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

(ii) Transactions with non-controlling interests and disposals

The Group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the company is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that company are accounted for as if the Group had directly disposed of the related assets or liabilities. This may imply that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Associates

Associates are those companies over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for applying the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

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

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

Reference is made to note S for the impairment of non-financial assets.

(iv) Jointly controlled entities

Jointly controlled entities are those companies 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 jointly controlled entities under the equity method, which is recognised from the date that joint control commences until the date that joint control ceases.

(v) Special purpose companies

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

Note B - Foreign currency

(i) Foreign currency transactions

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

(ii) Foreign subsidiaries

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

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

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

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

Note C - Financial assets and liabilities

(i) Classification

Financial assets are initially recognised at fair value. Subsequent measurement depends on the classification described below. The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were initially acquired or originated. Financial liabilities are initially recognised at fair value net of transaction costs incurred and are subsequently carried at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the financial liability using the effective interest method.

Financial assets at fair value through profit or loss

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

Gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in the income statement in the period in which these gains and losses arise and are included in the caption 'Unrealised gains/(losses) on financial instruments' in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These 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.

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 method less any impairment losses.

Available-for-sale

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

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

(ii) Recognition

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

(iii) Derecognition

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

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

(iv) Offsetting
Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and liability simultaneously.

Income and expenses are presented on a net basis only when permitted by IFRSs.

Note D - Derivative financial instruments and hedge accounting

Derivative financial instruments (derivatives) are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

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

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

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

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

(i) Cash flow hedging
When derivatives are designated as a hedging instrument in a cash flow hedge, the effective portion of changes in the fair value of derivatives is recognised directly in other comprehensive income as a separate component of equity.

The gain or loss relating to the ineffective portion is recognised immediately in the income statement in the caption ‘Unrealised gains/(losses) on financial instruments’.

Amounts accumulated in equity are recycled to the income statement in the periods in which the forecasted transaction in a hedge will affect the income statement (i.e. when the forecasted sale that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the income statement when the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, hedge accounting should cease retrospectively and the cumulative unrealised gain or loss that was reported in equity is immediately transferred to the income statement.

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

(ii) Fair value hedging
The Group applies fair value hedge accounting to eliminate the income statement volatility arising from different measurement principles applied by IAS 39 to some issued fixed rate notes and to all issued structured notes (hedged items both measured at amortised cost) and related derivatives (hedging instruments measured at fair value through profit and loss).

The future cash flows on the fixed leg of the swaps (hedging instrument), which the Group will apply to change the interest profile of the notes, will match the cash flows of the notes but in an opposite way thus creating a highly effective hedge. The change in the fair value of the debt attributable to the change of the underlying swap rate is in principle equal and opposite to the change in the fair value of the swap. As the hedging period always matches the period of life-time of the note, the basis adjustments are fully reversed at maturity and no further amortisation of basis adjustments is necessary.

Changes in the fair value of a hedging instrument designated as a fair value hedge are recognised in the income statement. The carrying amount of the hedged item measured at amortised cost has been adjusted by gains or losses attributable to the hedged risk. These gains or losses are recognised in the income statement in the caption ‘Unrealised gains/(losses) on financial instruments’.

(iii) Derivatives
Changes in the fair value of derivatives that are not designated as a hedging instrument in a cash flow hedge are recognised immediately in the income statement in the caption 'Unrealised gains/(losses) on financial instruments'.

Note E - Lease contracts

(i) Lease classification
The lease classification is determined on a contract-by-contract basis, taking into consideration the substance of the transaction and the specific details of each lease contract. The key factor is whether or not substantially all of the risks and rewards incidental to ownership are transferred.

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

(ii) Finance lease portfolio
Leases where substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee are classified as finance leases. The Group as a lessor records a finance lease receivable at the amount of its net investment which equals the present value of the future minimum lease payments receivable (including any guaranteed residual value by the lessee) and the unguaranteed residual value accruing to the Group, after any accumulated impairment losses. The finance lease receivables are presented within the caption 'Receivables from clients'.

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

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

The operating lease instalments are recognised in the financial statements in their entirety on a straight-line basis over the lease term. The instalments are classified and presented in the following categories in the income statement: (i) revenues; and (ii) interest income (effective interest method).

(iv) Lease products
The Group leases assets to its clients for durations that normally range between three to four years. In almost all cases, the leased assets are returned to the Group at the end of the contract term. There are two main types of leasing products offered:

(a) Closed calculation contracts
Closed calculation contracts are typically leasing contracts whereby the client is charged a fixed fee for the use of the asset over a period of time. At the end of the lease, the asset is normally returned to the Group and then sold in the used vehicle market. In all cases, the overall risk on the result of the contract, both positive and negative, is borne by the Group.

(b) Open calculation contracts
Open calculation contracts are leasing contracts whereby the client, under particular circumstances, may share a portion of any positive upside potential resulting from the exploitation of the lease contract. The specifics of each contract can differ by country and/or by client. However, in most of these contracts, the result on service income and the sale of the leased asset at the end of the lease are combined and a net positive result is returned to the client. Most contracts contain certain requirements that the client must fulfil in order to receive the net positive result, such as maintaining a certain number of leased objects during the year or that a certain number of leased objects must be included in the calculation of the net result.

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

Note F - General and presentation format

The Group considers the presentation model for banks as the most appropriate format. Within the banking model interest income and interest expenses are separately shown on the face of the income statement whereas the operating expenses are presented under the categorical method. For its main activity – leasing – the related revenues and costs are shown separately based on the functional method taking into account IFRSs presentation requirements. As IFRSs do not define an income statement for leasing business within the banking industry, the Group makes this distinction to give the reader a better understanding of the performance of the business. Revenues only include the gross inflow of economic benefits received and receivable by the Group on its own account; amounts collected on behalf of third parties are therefore excluded.

Note G - Net interest income

Interest and similar income and interest expenses and similar charges for all interest-bearing assets and liabilities are recognised in the income statement on an accrual basis using the effective interest 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 operating lease instalments, which is charged on a straight-line basis to the client, is presented based on the effective interest method in interest income using the interest rate included in the lease contract and based on the net investment value of the leased asset. The correction required to arrive at a total straight-line recognition for operating lease contracts is part of revenues.

Interest income on finance lease contracts is recognised in the income statement on the basis of accruing interest income on the net investment (using the effective interest 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.

Note H - Revenues and cost of revenues

(i) Revenues

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

Revenues include the various components of the lease instalment, such as repair, maintenance and tyres (RMT), damage risk retention, depreciation and management fees. The lease instalments may include passed on costs such as fuel, road taxes and other taxes which do not represent the inflow of economic benefits and/or are collected on behalf of third parties and are therefore not presented as revenues.

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

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

Revenues also include the proceeds of the sale of vehicles from terminated lease contracts and rental revenues from renting out the rental fleet portfolio. The proceeds from the sale of vehicles are recognised when the objects are sold. The rental revenues are recognised on a straight-line basis over the term of the rental agreement.

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

(ii) Cost of revenues

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

Cost of revenues also includes the carrying amount of the sold vehicles and the costs associated with the rental activities.

Note I - Employee benefits

(i) Post-employment benefits

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

Defined contribution plans

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

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

In case of a defined contribution plan the Group has no further payment obligations once the pension contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality credit rated bonds that have maturity dates approximating the terms of the Group's obligations.

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

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

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

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

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

Other post-employment benefits
Some Group companies provide other post-employment benefits to their employees based on local legal requirements. These benefits mainly comprise termination indemnities which are either payable at retirement age or if the employee leaves. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The obligations are valued annually by qualified independent actuaries.

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

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

(iii) Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

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

Note J - Income tax
Income tax in the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the income tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

(ii) Deferred income tax
Deferred income tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and providing for available income tax losses and tax credits.

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

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

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

Note K - Receivables from financial institutions
This caption includes amounts receivable from Dutch and foreign credit institutions under government supervision with fixed or determinable payments that are not quoted in an active market. These receivable balances are shown after any accumulated impairment losses and are initially measured at fair value and subsequently at amortised cost using the effective interest method.

Note L - Receivables from clients
This caption includes lease instalments receivable from the finance and operating 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 method.

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

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

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier, and is presented in the balance sheet separately. When an operation is classified as a discontinued operation the comparative income statement is re-stated as if the operation had been discontinued from the start of the comparative period.

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

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

Goodwill is allocated to cash generating units and is tested for impairment annually and whenever there is an indication that the unit may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are charged to the income statement and are not subsequently reversed. Gains and losses on the disposal of a company include the carrying amount of goodwill relating to the company sold.

(ii) Software
Capitalised software relates to purchased software from third parties and to internally developed software for Group use.
Expenditure on research activities undertaken to gain new technical knowledge and understanding is recognised in the income statement when incurred.
Expenditure on development of software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use of the software in a manner that will generate future economic benefits and can measure the costs to complete

the development. The capitalised cost of internally developed software includes all costs directly attributable to developing software and are amortised over its useful life. Capitalised internally developed and externally purchased software are measured at cost less accumulated amortisation and any accumulated impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

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

(iii) Other intangible assets

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

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

(iv) Amortisation

Intangible assets are amortised and recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use. The estimated useful life for software is generally three to seven years. The capitalised intangible assets have no estimated residual value.

Note O - Other property and equipment

(i) Measurement

Items of property and equipment owned and for Group use are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

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

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

(ii) Depreciation

The cost of other property and equipment is depreciated to its estimated residual value and recognised in the income statement on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. The residual value and the useful life of the leased assets are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate. Land is not depreciated.

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

Property	30 - 50 years
Furniture and fixtures	3 - 12 years
Hardware	3 - 5 years
Company cars	3 - 4 years

Note P - Property and equipment under operating lease and rental fleet

Property and equipment under operating lease and rental fleet are measured at cost less accumulated depreciation and impairment losses. The assets subject to operating 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 three to four years. Upon termination of the lease or rental contract the relevant assets are reclassified to the caption 'Inventories' at their carrying amount. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Note Q - Inventories

Inventories are stated at the lower of cost and net realisable value. Upon termination of the lease or rental contract the relevant assets are reclassified from the caption 'Property and equipment under operating lease and rental fleet' to the caption 'Inventories' at their carrying amount. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

Note R - Other receivables and prepayments

Other receivables and prepayments include prepayments in respect of expenses attributable to a subsequent period plus amounts still to be received.

Note S - Impairment

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

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

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

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

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

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

(iii) Non-financial assets
Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

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

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

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

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

(vi) Reversal of impairment
An impairment loss in respect of goodwill is not reversed. In respect of all other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Note T - Interest-bearing loans and borrowings
Interest-bearing loans and borrowings are the Group's sources of debt funding and relate to borrowings from financial institutions, funds entrusted and debt securities issued. 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 method. Any difference between cost and redemption value is recognised in the income statement over the term of the loans and borrowings.

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

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

(i) Damage risk provision
The damage risk provision for motor third-party liability, legal defense, motor material damage and passenger indemnity is calculated on the basis of the damages history and technical damage risk principles. The amount of the provision also includes an allowance for losses incurred but not yet reported (IBNR).

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

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

(ii) Miscellaneous provisions
Miscellaneous provisions include amounts for litigation and claims as well as onerous contracts. For litigation and claims the best estimate of the future outflow of resources has been recognised. Regarding onerous contracts, the present obligation under a contract that is onerous is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

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

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

(ii) Investing cash flows
Investing activities include cash flows with respect to acquisition and sale of assets under other property and equipment, intangible assets and other long-term assets. Investing activities also include cash flows relating to acquisition, disposal and dividend of equity interests in associates, jointly controlled entities and held-for-sale investments.

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

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

Note X - Segment reporting

Segment reporting is based on the internal reporting to the Group's key management (in its function as the chief operating decision-maker), which makes decisions on the allocation of resources and assesses the performance of the reportable segments. Consequently, segment information is presented in the consolidated financial statements in respect of the Group's leasing activities and Group activities.

Leasing activities comprise the main activity of the Group which is providing fleet management services including the purchase, financing, service and remarketing of vehicles. The Group offers a mono-line product through all of its 31 LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. As a result the subsidiaries are grouped in categories based on maturity of the market and to a lesser extent maturity of the subsidiary.

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

Note Y - Critical accounting estimates, assumptions and judgements

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

(i) Impairment of goodwill and intangible assets
Determining whether goodwill or intangible assets are impaired requires an estimation of the value in use of the groups of cash generating units to which the goodwill and intangible assets have been allocated. The key assumptions calculating the value in use are those regarding discount rates, growth rates and other expected changes in cash flows. The sensitivity to estimates and assumptions used is disclosed in note 21 of the consolidated financial statements of the Company.

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

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. The sensitivity to estimates and assumptions used is disclosed in the financial risk section (Asset risk).

(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 in national or local economic conditions that correlate with defaults on assets in the Group.

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

(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 increases 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) Damage risk retention
The damage risk retention provision is based on assumptions such as technical damage risk principles, policyholder behaviour, inflation and court decisions. The assumptions may differ from the actual data as a result of

changes in economic and market conditions.

(vi) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes and the deferred tax positions. 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.

Note Z - Comparatives

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

Consolidated statement of cash flows

- An amount of EUR 12 million has been reclassified from 'Amounts received for disposal of objects under operating lease' and 'Amounts paid for acquisition of objects under operating lease' to '(Increase)/decrease inventories'.

Financial risk management

- Cash and balances at central banks (EUR 61.9 million) have been reclassified as financial assets.
- An amount of EUR 126.2 million has been transferred from receivables from clients neither past due nor impaired to receivables from clients past due but not impaired.

Explanatory notes to the consolidated financial statements

- In note 4 'Interest expenses and similar charges' an amount of EUR 59.2 million has been reclassified from 'Other' to 'Interest expense on funds entrusted' (EUR 12.6 million) and to 'Interest expense on debt securities issued' (EUR 46.6 million).
- In note 18 'Property and equipment under operating lease and rental fleet' EUR 9.5 million has been transferred from 'Purchases' to 'Transfer from inventories'.
- In note 18 'Property and equipment under operating lease and rental fleet' EUR 21.5 million has been transferred from 'Disposals' to 'Transfer to inventories'.
- In note 18 'Property and equipment under operating lease and rental fleet' the approximation of the future minimum lease payments under non-cancellable operating leases has been re-stated to EUR 7.3 billion (was EUR 13.6 billion). This adjustment reflects the exclusion of the previously included residual value component.

FINANCIAL RISK MANAGEMENT

All amounts are in thousands of euros, unless stated otherwise

INTRODUCTION

This section presents information about the Group's exposure to a number of financial 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 operating leases, which under IFRS do not qualify as financial assets, results in a significant difference between financial assets and financial liabilities.

	2012	2011
FINANCIAL ASSETS		
Cash and balances at central banks	1,015,429	61,946
Derivative financial instruments	188,920	243,758
Receivables from financial institutions	1,186,096	1,870,069
Receivables from clients	3,093,213	2,964,060
Rebates and bonuses and commissions receivable	197,286	191,882
Reclaimable damages	24,882	29,641
Interest to be received	2,941	4,087
Loans to associates and jointly controlled entities	223,689	192,588
Total	**5,932,456**	**5,558,031**
NON-FINANCIAL ASSETS	**13,551,609**	**13,316,765**
TOTAL ASSETS	**19,484,065**	**18,874,796**
FINANCIAL LIABILITIES		
Borrowings from financial institutions	1,776,693	1,535,899
Funds entrusted	4,111,419	2,985,400
Debt securities issued	8,523,227	9,535,928
Derivative financial instruments	226,212	258,216
Trade payables	565,008	666,110
Interest payable	169,873	155,525
Total	**15,372,432**	**15,137,078**
NON-FINANCIAL LIABILITIES	**1,715,794**	**1,583,834**
TOTAL LIABILITIES	**17,088,226**	**16,720,912**

A. STRATEGY IN USING FINANCIAL INSTRUMENTS

The Group's activities are principally related to vehicle leasing and fleet management. The Group accepts and offers lease contracts to clients at both fixed and floating interest rates, for various periods and in various currencies. The Group seeks to balance the spread between interest rates charged in lease contracts and the interest rates paid on various borrowings and at the same time needs to control its exposure towards future movements in interest rates and currencies. The risk control is important to continuously meet the solvency and liquidity requirements and targets as set by the Dutch Central Bank and as expected by external stakeholders. The Group uses various non-derivative and derivative financial instruments to achieve that goal.

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

The operating lease portfolio has not been designated to a fair value hedge following IAS 32 AG9. The Group has applied cash flow and fair value hedges of the interest rate risk and other types of market risks on the issued debt securities and other borrowings to mitigate both current and future income statement volatility arising due to the variability of cash flows attributable to currency and interest rate movements, and due to the exposure to changes in fair values of recognised liabilities. It should be noted that while as a result of the above the Group mitigates interest rate risk and currency risk from an economic perspective, these derivatives do not always qualify for hedge accounting from an accounting perspective and in such cases the unrealised gains and losses are recognised in the income statement.

The contracted notional amounts of all derivatives are listed below:

			2012			2011
	Interest rate contracts	Currency contracts	Total	Interest rate contracts	Currency contracts	Total
Fair value hedge	2,959,446	120,905	3,080,351	5,367,907	65,957	5,433,864
Cash flow hedge	2,315,993		2,315,993	2,576,465		2,576,465
Not in hedge	13,430,819	4,126,184	17,557,003	11,733,122	3,350,881	15,084,003
Total	**18,706,258**	**4,247,089**	**22,953,347**	**19,677,494**	**3,416,838**	**23,094,332**

(i) Cash flow hedges
The company hedges the exposure to variability in future interest payments on recognised floating rate bonds and notes issued and on highly probable forecast transactions (short-term rolling over liabilities) attributable to changes in underlying swap and money market rates. In cash flow hedging, the hedged risks are future changes in cash flows stemming from anticipated repricings and/or roll-overs of borrowings due to interest rate movements. To apply highly effective cash flow hedges the forecasted cash flows, which are subject to a hedge, must be 'highly probable'. Based on the business activity of the Group and the financial/operational ability of the Group to carry out the transactions, the likelihood that forecasted cash flows will take place is very high. These forecasted cash flows are expected to occur and to affect the income statement in the period 2013-2016.

The Group applies a cash flow hedge as an aggregate hedging of a similar group of assets/liabilities. A group of derivatives sharing the same characteristics is designated to the hedge with a group of borrowings with the same characteristics. Any ineffectiveness resulting from these cash flow hedges is recognised in the income statement when incurred.

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

Fair value hedge accounting entails that the hedged item (i.e. the note) that is measured at amortised cost is constantly being adjusted for gains/losses attributable to the risk being hedged. This adjustment is booked in the income statement, where it offsets the measurement of the fair value of the hedging instrument that is also recorded in the income statement.

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

The Group maintains control limits from a credit risk point of view and (for a significant part of the derivative portfolio) uses Credit Support Annexes (CSAs) to International Swaps and Derivatives Association (ISDA) master agreements to mitigate the risk through periodic margin calls. This credit risk exposure is managed as part of the overall lending limits with financial institutions. The positive replacement cost of the derivative financial instruments amounting to EUR 189 million (2011: EUR 244 million) converts to a risk-weighted equivalent of EUR 50 million (2011: EUR 47 million) taking into account Basel II netting requirements and the inclusion of the potential future credit risk.

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 regulatory capital with its risk-weighted assets for credit risk, operational risk and market risk (currency risk). In November 2008 the Company received approval from the Dutch Central Bank to use the Advanced Internal Ratings Based (AIRB) approach for credit risk of the corporate portfolio and the Advanced Measurement Approach (AMA) for operational risk, for determining the risk weighting.

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

- the probability of default (PD), being the likelihood of a client that is assigned a rating getting into default in the next 12 months (expressed in %);
- the loss given default (LGD), being the loss the Group expects to incur at the moment of a default (expressed in %); and
- the exposure at default (EAD), being the actual exposure to a client at the moment of measurement and expressed as expected amount if a client would go into default (in nominal currency represented by the remaining amortising book value of lease contracts).

The models for credit risk are applied to all corporate client exposures and in the calculation of the related capital requirement a confidence level of 99.9% is used.

For the exposures related to governments, banks and retail clients the Group applies the Standardised Approach of the Capital Requirements Directive which prescribes fixed percentages for risk weighting depending on characteristics and conditions of the exposure. In 2011 a project was started to further enhance internal models in use (for the corporate portfolio) and in particular to develop and implement internal scorecards, PD, EAD and LGD models for the main part of the retail portfolio which is intended to increase the part of the assets that qualify for the AIRB approach. The focus is on the various retail portfolios in the United Kingdom and the Netherlands. This project was completed in 2012 with submission of model documentation to the regulator. A decision of the regulator for permission to use these internal models is expected in 2013. Current balance sheet exposure to retail clients is EUR 2.1 billion or 13.7% of total client exposures (2011: EUR 1.9 billion or 12.7% of total client exposures), of which EUR 1.2 billion or 8.0% of total client exposures relate to retail clients in the United Kingdom and the Netherlands (2011: EUR 1.1 billion or 7.7% of total client exposures).

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

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

The eligible regulatory capital (BIS capital) that is compared against the risk-weighted exposures of the Group only consists of Tier 1 capital. The Tier 1 capital is derived from the Group's total equity position. In order to arrive at the Tier 1 capital, adjustments to the total equity are required for the IFRS prudential filters as implemented in the Decree on Prudential Rules pursuant to the Act on Financial Supervision (Wft).

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

	2012		2011	
	Minimum required	Actual	Minimum required	Actual
Risk-weighted assets Basel II (excluding transitional capital floor)		12,941,350		13,072,316
Transitional capital floor		1,235,987		873,334
Risk-weighted assets Basel II		**14,177,337**		**13,945,650**
BIS capital	1,134,187	2,222,204	1,115,652	2,072,553
BIS ratio	8.0%	15.7%	8.0%	14.9%
Tier 1 capital		2,222,204		2,072,553
Tier 1 ratio		15.7%		14.9%

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

C. CREDIT RISK

Credit risk definition

Credit risk is the risk that a counterparty will be unable to fulfil its financial obligations when due. The Group is exposed to credit risk for vehicles leased to counterparties through both receivables due under the lease and the book value of vehicles. The credit risk of the book value of vehicles is partly mitigated by the sales proceeds of these vehicles. In addition, the Group is exposed to credit risk originating from banking and treasury activities which includes deposits placed with banks or other financial institutions, hedging instruments such as derivatives and reinsurance activities.

Credit risk management structure and organisation

LeasePlan's Managing Board sets authority levels for all Group companies, based on which each Group company is allowed to decide on (vehicle leasing and fleet management) counterparty acceptance and renewal. The authority levels are granted based on the relative size of the Group company and the perceived quality of credit risk management and are reviewed by the Group's Credit Committee in its quarterly meetings. Above a Group company's authority, the Group's credit risk management department, the Group's Credit Committee or the Credit Committee of the Supervisory Board is authorised to decide on credit acceptance and renewal. The Group has a custom built web-based global credit risk management system in place that enables the Group to efficiently and in accordance with granted authorities handle and monitor credit requests and defaults.

The Group's credit risk management department advises the Group's Credit Committee in quarterly meetings on items concerning adjustments of delegated authorities, development of credit risk in local portfolios, internal credit risk models performance, stress testing, development of account receivables and doubtful debtors, watch accounts and provisions, and introduction and adjustment of credit risk management policies and guidelines. Furthermore, the Group's credit risk management department initiates the introduction and review of counterparty rating models and score cards.

Quantitative specialists within the Company are responsible for monitoring and analysing performance of the internal risk models and underlying risk components. In the model development phase this function performs an internal pre-validation of the model and advises on the expected performance of the models to be validated and implemented. The quantitative specialists work in consultation with the several risk management disciplines and are supported by external parties.

The tasks of credit risk management organisations within the Group companies, including the local credit committee comprise among others, the following:

- define a clear internal credit acceptance policy;
- decide on credit requests;
- regularly review the overdue account receivables and the doubtful debtors; and
- regularly review the local watch account list, containing all counterparties that need special attention with regard to credit risk management.

In principle, the Managing Director and the Finance Director of a Group company form part of the local credit risk committee. The local credit risk committees act independently from the commercial business area. The Group's group audit department pays, during the audits, specific attention to the way credit risk management has been organised and embedded in the organisation. For this purpose the group audit department has defined specific activities in its working programme.

The policy for counterparty credit risk for banking and treasury counterparties which applies to all Group companies (including the Group's central Treasury operations) is set by the Group's Credit Committee. The Group's treasury risk management department reviews adherence to limits on a daily basis. For credit risk in respect of reinsurance reference is made to the section on motor insurance risk.

Credit risk management policy

The Group has issued policies to its Group companies, which regulate the governance of the local credit risk management organisation and set limits to industry sectors with which Group companies can do business. Group companies are required to define their risk appetite and set their limits in respect of counterparty and concentration risks, as well as the types of business and conditions thereof in local policies. Further policies and guidelines exist on the data and reports to be provided.
The Group distinguishes policies and portfolio between corporate clients, retail clients, governments, banks and others. In this respect, retail clients are defined as clients with a vehicle fleet with an investment value not exceeding EUR 1 million with which there is no active commercial relationship.
Except for retail customers, which are assessed whenever a credit application is received, the credit risk of all counterparties is assessed at least once a year.

Each Group company is required to maintain a special attention list and a watch list which are based on the internal rating grades and other available information. These lists are reviewed in regular meetings by the credit committees. Credit risk exposures on companies included in these lists are monitored on a daily basis by the respective risk management teams on both local level and Group level. A qualitative analysis of our total credit exposures, defaults and losses is reported on a quarterly basis to the Group's Credit Committee.

As per above, credit risk arising from the use of the relationship with banking and treasury counterparties is laid down in a specific counterparty policy. Limits are set on a single-name basis and are aligned with the Group's risk appetite. Key criteria used in setting limits are among others long term debt rating, credit risk assessment on the related banks and participation in the revolving credit facility. The Group, equally, puts in place acceptance criteria for reinsurance of motor insurance risks.

Credit risk measurement
The Group uses an internally developed risk measurement system to measure the probability of default and the exposure to potential defaults for the corporate lease portfolio. The Group uses this measurement system to be able to report on such credit risk to external regulators.

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

	Europe (euro)	Europe (non-euro)	Rest of the world	Total
FINANCIAL ASSETS				
Cash and balances at central banks	1,015,429	16	4	1,015,429
Derivative financial instruments	188,920			188,920
Receivables from financial institutions	1,044,327	131,002	10,767	1,186,096
Receivables from clients	857,702	702,674	1,532,837	3,093,213
Rebates and bonuses and commissions receivable	166,774	22,740	7,772	197,286
Reclaimable damages	22,236	2,358	288	24,882
Interest to be received	2,941			2,941
Loans to associates and jointly controlled entities	223,689			223,689
Total as at 31 December 2012	**3,521,998**	**858,790**	**1,551,668**	**5,932,456**
Total as at 31 December 2011	**3,337,494**	**806,794**	**1,413,743**	**5,558,031**

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

	Financial institutions	Manufacturing	Wholesale trade	Transport and public utilities	Public sector	Other industries	Total
FINANCIAL ASSETS							
Cash and balances at central banks	1,015,429						1,015,429
Derivative financial instruments	188,920						188,920
Receivables from financial institutions	1,186,096						1,186,096
Receivables from clients	215,234	768,238	603,373	268,223	135,942	1,102,203	3,093,213
Rebates and bonuses and commissions receivable		197,286					197,286
Reclaimable damages						24,882	24,882
Interest to be received	2,941						2,941
Loans to associates and jointly controlled entities						223,689	223,689
Total as at 31 December 2012	**2,608,620**	**965,524**	**603,373**	**268,223**	**135,942**	**1,350,774**	**5,932,456**
Total as at 31 December 2011	**2,389,728**	**940,672**	**562,923**	**252,469**	**137,758**	**1,274,481**	**5,558,031**

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

	Carrying amount	Neither past due nor impaired	Past due but not impaired	Impaired	Allowance for impairment
FINANCIAL ASSETS					
Cash and balances at central banks	1,015,429	1,015,429			
Derivative financial instruments	188,920	188,920			
Receivables from financial institutions	1,186,096	1,186,096			
Receivables from clients	3,093,213	2,719,710	374,462	78,900	- 79,859
Rebates and bonuses and commissions receivable	197,286	197,286		1,239	- 1,239
Reclaimable damages	24,882	24,882		3,245	- 3,245
Interest to be received	2,941	2,941			
Loans to associates and jointly controlled entities	223,689	223,689		7,325	- 7,325
Total as at 31 December 2012	**5,932,456**	**5,558,953**	**374,462**	**90,709**	**- 91,668**
FINANCIAL ASSETS					
Cash and balances at central banks	61,946	61,946			
Derivative financial instruments	243,758	243,758			
Receivables from financial institutions	1,870,069	1,870,069			
Receivables from clients	2,964,060	2,560,030	403,947	75,770	- 75,687
Rebates and bonuses and commissions receivable	191,882	191,882		902	- 902
Reclaimable damages	29,641	29,641		4,490	- 4,490
Interest to be received	4,087	4,087			
Loans to associates and jointly controlled entities	192,588	192,588		7,052	- 7,052
Total as at 31 December 2011	**5,558,031**	**5,154,001**	**403,947**	**88,214**	**- 88,131**

Cash and balances at central banks/receivables from financial institutions

The Group maintains liquid assets at central banks and a diversified group of solid commercial banks.

Derivative financial instruments

In addition to its natural exposure to credit risk in the leasing of vehicles, the Group is also exposed to credit risk because of its use of derivative financial instruments and because of excess cash being deposited with banks. Both credit risks arising from the Group's central Treasury operations are controlled by setting specific nominal limits for the limited number of financial institutions that such transactions are being concluded with and the requirement of minimal external rating grades that such counterparties are assigned. Exposures on derivative financial instruments are mitigated by using CSAs (reference is made to paragraph 'A. Strategy in using financial instruments'). At year-end 2012 the Group received EUR 41 million cash collateral under these CSAs (2011: EUR 40 million).

Receivables from clients

Receivables from clients are individually assessed on indications for impairment. The sources for such indications can be internal, such as internal credit rating, payment behaviour and receivable ageing or external, such as external credit ratings and solvency information. Impairment is recognised when collection of receivables is at risk and when the recoverable amount is lower than the carrying amount of the receivable, also taking into account cash collateral (amounting to EUR 13 million at year-end 2012) and the fact the Group retains legal ownership of the leased asset until transfer of such ownership at the end of the lease contract.

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

	2012	2011
Receivables from clients past due, but not impaired		
Past due up to 90 days	302,427	327,963
Past due between 90 - 180 days	27,158	33,193
Past due between 180 days - 1 year	25,112	25,248
Past due 1 - 2 years	10,150	10,629
Past due over 2 years	9,615	6,914
Total	**374,462**	**403,947**

When invoiced lease instalments for finance leases are past due also the remaining not yet invoiced finance lease receivables (relating to the remaining contract duration) become past due and are included in the above balance of receivables from clients past due but not impaired. This balance of not yet invoiced finance lease receivables amounts to EUR 202 million (2011: EUR 218 million).

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

	2012	2011
Impaired loans and receivables from clients	**78,900**	**75,770**
Provision on clients provided for	73,399	69,034
Expected loss provision	6,460	6,653
Total allowance for impairment	**79,859**	**75,687**

The total impairment allowance for loans and receivables is EUR 79.9 million (2011: EUR 75.7 million) of which EUR 73.4 million (2011: EUR 69.0 million) represents the impaired receivables and the remaining amount of EUR 6.5 million (2011: EUR 6.7 million) represents the expected loss provision determined in line with Basel II. Reference is made to note 14 to the consolidated balance sheet.

Loans to associates and jointly controlled entities

Credit risk for the Group arises on lending to associates and jointly controlled entities. The underlying business of the respective associates and jointly controlled entities is very similar to the Group's core activities conducted through subsidiaries. In shareholder agreements the Group has agreed with its respective partners the ability to provide debt funding under specific credit documentation. Such provision of credit is committed and established limits are reviewed regularly. In the control on its investments in associates and jointly controlled entities, the Group also monitors and manages its credit exposures to such ventures. The impairment in the table above relates to loans to Overlease, a jointly controlled entity in Italy. In June 2009 the shareholders of Overlease decided to enter into a liquidation scenario for this company. As a result it is expected that Overlease will not be able to fully repay loans received from the Group.

Credit risk measurement including non-financial assets

Counterparties of the Group (the lease contract portfolio) are segmented into 14 non-default rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The governance framework built around models ensures that the rating tools are kept under constant review and are renewed when necessary. For this purpose the Group monitors on a quarterly basis if the performance of the models meets internal and external requirements. Annually, all models are validated by an external party. The Group's internal ratings scale and mapping of external ratings are:

Group's rating	Description of the grade	External rating: Standard & Poor's equivalent
1	Prime	AAA/AA-
2A	Very Strong	A+
2B	Strong	A
2C	Relatively Strong	A-
3A	Very Acceptable	BBB+
3B	Acceptable	BBB
3C	Relatively Acceptable	BBB-
4A	Very Sufficient	BB+
4B	Sufficient	BB
4C	Relatively Sufficient	BB-
5A	Somewhat Weak - Special Attention	B+
5B	Weak - Special Attention	B
5C	Very Weak - Watch	B-
6A	Sub-Standard - Watch	CCC+/C

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

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

	2012			2011		
External rating	**Lease contract portfolio**	**Derivative financial instruments**	**Receivables from financial institutions**	**Lease contract portfolio**	**Derivative financial instruments**	**Receivables from financial institutions**
AAA to AA-	425,953	63,415	269,999	392,289	91,641	365,761
A+ to A-	3,871,753	115,015	896,805	3,718,261	152,117	1,493,443
BBB+ to BBB-	5,047,760	10,490	15,211	4,546,985		1,658
BB+ to BB-	2,129,842		3,779	2,244,416		9,207
B+ to B-	269,672			286,121		
CCC+ to C	6,891		302	14,622		
Unrated	3,185,475			3,382,667		
Total	**14,937,346**	**188,920**	**1,186,096**	**14,585,361**	**243,758**	**1,870,069**

Loss given default or loss severity represents the Group's expectation of the extent of a loss should default occur. It is expressed as percentage loss of the exposure at the time a counterparty is declared in default and typically varies by country and transactional features like the leased object. The average credit risk exposure-weighted estimated loss given default percentage of the corporate portfolio and applicable to the capital calculation of the Group in 2012 amounted to 30% (2011: 30%).
On a quarterly basis the Group's credit risk management department performs stress testing on the corporate lease portfolio by assuming deterioration in counterparties' ratings in combination with a deterioration of LGDs. The worst case scenario calculated under these stress tests assumes an average decrease in counterparties' ratings by 2 notches and a deterioration of the average LGD by 10%. Such a scenario would for the Group result in an increase of required capital amounting to approximately EUR 168 million.

D. ASSET RISK

Asset risk definition

Within the Group, asset risk is split into two main underlying risk components being residual value risk and risk related to the services repair, maintenance and tyre replacement. The residual value risk is defined by the Group as the exposure to potential loss at contract end date due to the resale values of assets declining below the estimates made at lease inception. The risk related to repair, maintenance and tyre replacement is considered the Group's exposure to potential loss due to the actual costs of the services repair, maintenance and tyre replacement exceeding the estimates made at lease inception.

Asset risk management structure and organisation

The Managing Board is the highest ruling authority on asset risk management within the Group. The Managing Board decides on the content and potential changes of policies and is informed about all relevant and significant developments with regard to the Group's asset risk profile. Trends in relevant asset risk related elements are monitored by and discussed in the Group's Asset Risk Committee. This committee also discusses changes to Group policies regarding asset risk and the Group's asset risk position. The Group's asset risk management department is responsible for establishing and maintaining the asset risk management framework and monitoring the Group's asset risk profile. This department also prepares reporting on asset risk at Group level. On a quarterly basis the department prepares reporting on the asset risk position of the Group which is discussed in the Group's Asset Risk Committee and is shared with the Managing Board and Supervisory Board. The report details recent developments related to asset risk and summarises the latest risk measurements across relevant Group companies. A Group company's management is responsible for the adequate management (risk identification, risk assessment and response, risk control, monitoring and communication) of asset risks in their respective lease portfolios. All Group companies have an asset risk management role in place. The Group's group audit department pays, during their audits, specific attention to the way asset risk management has been organised and embedded. This department also verifies compliance with the Group policies. For these purposes the group audit department has defined specific activities in its working programme.

Asset risk management policy

The Group has a robust policy in place with respect to asset risk management that applies to all Group companies bearing such risk. The policy, among others, outlines a limit structure which is based on the Group's defined residual value risk appetite, whereby the level of risk taking is determined for three echelons within the Group (i.e. country, region and Group). Furthermore, the policy describes that due to the complexity involved all Group companies should establish an asset risk committee including the Managing Director and/or the Finance Director. This committee convenes with a minimum frequency of once every quarter and has as a primary task to oversee the adequate management of asset risks on behalf of the local management team. Equally, it is the task of this committee to ensure that the management team of a Group company is informed on all relevant issues. The local asset risk committee assesses influences on asset risk exposure (both internal as well as external) and, based on its assessment, decides on the level of pricing and risk mitigating measures. The Group companies have internal reporting in place regarding asset risk management. The internal reporting should include the trends in termination results, trends in risk mitigation and asset risk measurements. The policy also describes the minimum standard with respect to risk mitigating techniques. The purpose of these risk mitigating techniques is to ensure that Group companies are placed in a position where asset risks can be managed. Examples of risk mitigation are charging end-of-contract damages and charging the costs related to premature terminations. Additionally, the Group, in many cases, is allowed to recalculate the asset risk parameters in a contract in case of deviations of actual mileage versus budgeted mileage.

Asset risk measurement
Asset risk is analysed throughout the term of the lease contracts: starting at lease inception, following it through its term up to lease termination. Measuring asset risk at all three stages of the lease contracts assists in tracing developments with respect to asset risk elements and identifying adverse trends.

- Contract Inception; on a monthly and quarterly basis the contractual residual values and the pricing applied for vehicle repair, maintenance and tyre replacement risk of the Group companies are reviewed. Any developments arising from the pricing reviews are then discussed with local and regional management.
- During Contract Life; the Group companies measure the residual value risk and repair, maintenance and tyre replacement risk on vehicles under lease contracts and report the estimated results of these exposures at lease termination to the corporate centre on a quarterly basis. These measurements are referred to as fleet risk assessments. In many cases these measurements are calculated through statistical analysis (such as generalised linear models or regressions) based on the Group's historical vehicle sales results. Estimates in respect of residual values and results from vehicle repair, maintenance and tyre replacement are made at an individual vehicle level and aggregated to portfolio level. The outcomes of these measurements are reviewed and discussed within local asset risk management committees. The outcomes can also serve as a basis for the determination of any prospective depreciation of the portfolio.
- Contract Termination; for vehicle leases terminated within the relevant monthly or quarterly reporting period, the actual sales proceeds from the vehicle and the result from vehicle repair, maintenance and tyre replacement are monitored and reviewed in comparison to the estimates made at lease inception and adjusted during the term of the lease.

On a quarterly basis, reports summarising the residual value pricing at lease inception, developments in the estimated residual value results and vehicle repair, maintenance and tyre replacement results of the unsold vehicles in the portfolio (consisting of both vehicles still under lease contract and vehicles after lease termination but prior to disposal), and the actual sales results and vehicle repair, maintenance and tyre replacement results are provided for discussion at the meetings of the Group's Asset Risk Committee, and afterwards provided to the Supervisory Board and the Dutch Central Bank.

On a quarterly basis all Group companies assess the exposures in the existing lease portfolios for future years and inter alia compare contracted residual values to the latest expectations of future market prices. With a view to the consolidated Group outcome of the assessment of expected residual value results in future years, no additional depreciation charge was taken in 2012 (2011: nil). Reference is made to note 2 and note 18 to the consolidated financial statements.
The Group performs stress testing as part of the above-mentioned quarterly assessment. A one percentage point movement in the latest expectation of future (used car) market prices would lead to a EUR 50 million movement in estimated termination results for the year 2013.

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

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 three to four years, but are in practice also regularly adjusted during the term of the lease (either extended or early terminated).

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

	2012	2011
Future lease payments	6,745,323	6,494,755
Residual value	8,192,023	8,090,606
Total	**14,937,346**	**14,585,361**

The previous table includes both operating and finance leases. The Group is therefore not effectively exposed to the entire residual value, since part of this represents its finance lease portfolio. On the remaining amount that the Group is exposed to risk mitigating measures as described previously have an important (reducing) impact. Taking also into account the geographical and make/model diversification of the Group's portfolio of vehicles, it is appropriate to conclude that the Group is well set up for managing volatility in used vehicle prices.

E. TREASURY RISK

Treasury risk definitions

Treasury risk in this respect entails a combination of three individual risks, being liquidity risk, interest rate risk and currency 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. Interest rate risk is the risk that the profitability and shareholder's equity of the Group is affected by movements in interest rates. Currency risk entails the risk that currency fluctuations have an adverse impact on the Group's result and shareholder's equity.

Treasury risk management structure and organisation

In order to enhance oversight and control on all treasury risks - liquidity, interest rate and currency risks - a Funding & Treasury Risk Committee (FTRC) was established during 2012 replacing the Asset & Liability Committee (ALCO). The FTRC bears the delegated responsibility for monitoring treasury risks and has an advisory role towards the Managing Board.

As the FTRC is meant for going-concern situations, a Liquidity Crisis Committee (LCC) exists at Company level to handle critical liquidity situations. The LCC includes among others all Managing Board members, all regional senior vice-presidents that are responsible for LeasePlan Group and senior corporate vice-presidents of Risk Management, Strategic Finance, Control, Reporting & Tax and Corporate Strategy & Development. The activation, role and mandate of the LCC are governed by the Liquidity Contingency Plan.

Both the compliance of LeasePlan as a group and of all Group companies (including the Group's central Treasury) is monitored on, at least, a monthly basis by the Group's treasury risk management (TRM) department; positions of the Group's central Treasury are monitored daily. The department is part of Corporate Risk Management, is physically present at the Group's central Treasury and has the responsibility to monitor treasury risk limits, achievement of liquidity targets and to identify control breakdowns, inadequacy of processes and unexpected events. Non-compliance and follow-up measures are discussed with the FTRC.

Treasury risk management policy

The Managing Board sets the risk appetite, which is discussed and approved by the Supervisory Board. The risk appetite and limits are reviewed periodically and updated as a result of changes in market conditions of the liquidity and funding, interest rate and foreign currency profile. The limits for liquidity, interest rate and currency risks are differentiated between regulatory limits, mismatch limits, funding redemption limits, counterparty limits and settlement limits.

Liquidity risk policy

The liquidity risk appetite and tolerance levels are based on the following key principles:

- compliance with minimum regulatory liquidity requirements at all times;
- maintaining sufficient liquid assets to meet financial obligations under severe but plausible stress events for a period of at least one month without negatively affecting ongoing business; and
- maintaining access to liquidity buffers and developing a set of possible management actions to meet the financial obligations during a period of continuing stress for at least nine months.

Liquidity risk is not perceived as a driver for profit by the Group, hence the policy is aimed at matched funding and diversification of funding sources. Liquidity risk is managed by seeking to conclude funding that matches the estimated run-off profile of the leased assets. This matched funding principle is applied both at a consolidated group and at subsidiary level taking into account specific mismatch tolerance levels. Group companies' local management is responsible to adhere to the matched funding policy and has the possibility to attract funding directly via external banks or to attract funding at the Group's central Treasury. For the latter situation, a fund transfer price is applied. The fund transfer price is adjusted monthly and approved by the Managing Board.

A key instrument in the liquidity risk management is the funding planning maintained at Group level and is a recurring item on the FTRC agenda. The funding planning forecasts issuances and redemptions for each funding source, resulting in a multi-year projection of the liquidity position. Apart from the actual forecast, a stress-tested forecast is calculated based on stress assumptions.

Enhancements made in the stress testing programme in 2012 include integration of additional risk drivers, review of stress scenarios, governance, tools used and documentation of the stress testing process. The Group maintains a number of stress scenarios addressing idiosyncratic and market wide risk drivers in both specific and combined scenarios. On a monthly basis a high-level stress test is performed based on fixed parameterisation of cash flow forecasting, in addition to the quarterly stress testing cycle.

Stress testing results are used both for contingency planning as for going-concern funding and risk activities, for instance to set the target level for the liquidity buffer to meet a period of severe stress. Stress testing is also input for periodic recalibration of the risk appetite for liquidity risk.

Liquid assets are maintained to meet a one month stress period. To meet a longer term stress period of at least nine months, the Group has established several committed credit facilities from solid financial institutions, diversified across countries inside and outside the European Monetary Union and of Volkswagen Group.
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.

Interest rate risk policy
The Group accepts and offers lease contracts to clients at both fixed and floating interest rates, for various durations and in various currencies. Group companies have interest bearing assets (mainly lease contracts) that are funded through interest bearing liabilities (loans and other indebtedness) and non-interest bearing liabilities (mainly working capital and equity). The interest rate risk policy is to match the interest rate profile of the lease contract portfolio with a corresponding interest rate funding profile to minimise the interest rate risk at Group level. Individual Group companies are only authorised to have a maximum mismatch of 5% between their interest bearing assets and liabilities for every future month and a maximum average mismatch of 2.5% over the mismatch period.

The Group's central Treasury provides loans and swaps to Group companies and attracts funds from the market in conjunction with interest rate derivatives entered into for hedging purposes. Derivative financial instruments are concluded by the Group's central Treasury as an end user only. To enable the Group's central Treasury to achieve economies of scale, smaller inter-company assets are grouped into larger size external funding transactions. Some timing differences are unavoidable in this process and interest rate risk exposures are inherent to the central treasury process. To manage this risk, limits are set for the level of mismatch of interest rate repricing that may be undertaken by currency and time period.

Currency risk policy
Due to its activities in 31 countries, the Group is exposed to currency exchange rates and uses the euro as its functional currency. Whenever reasonably possible, hedging is applied by means of matching assets and liabilities or by means of financial derivatives.

Nearly all debt funding, directly or via derivatives, is concluded in the currency in which assets are originated, thereby protecting balance sheets ratios against currency fluctuations. This principle is applied both at Group level, and at the local Group companies. This is required both when obtaining funds at local banks or at the Group's central Treasury. In order to facilitate this, the Group's central Treasury has limits per currency in line with the Group's approved risk appetite.

The Group is exposed to the currency risk on its equity holdings of its subsidiaries, including annual results. The Company has in general the policy not to hedge translation risk, but keeps open the possibility to do so when operations are denominated in highly volatile currencies or in a high inflation environment.

Treasury risk measurement

Liquidity risk measurement
The table on the following page presents the contractual undiscounted cash flows payable of the financial liabilities of the Group in the relevant contractual maturity groupings. The cash flows do not reconcile to the balance sheet because the balance sheet amounts are presented on an amortised cost basis. As a result of the diversified funding strategy funds entrusted increased (savings deposits of LeasePlan Bank) and funding in the debt capital markets reduced.

	0-3 months	3-12 months	1-5 years	> 5 years	Total
FINANCIAL LIABILITIES					
Borrowings from financial institutions	463,461	298,583	1,014,649		1,776,693
Funds entrusted	2,303,455	1,263,981	537,464	6,519	4,111,419
Debt securities issued	943,282	2,120,769	5,321,413	137,763	8,523,227
Trade payables	565,008				565,008
Future payments (interest and commitment fees)	175,165	528,619	858,427	107,351	1,669,562
Total as at 31 December 2012	**4,450,371**	**4,211,952**	**7,731,953**	**251,633**	**16,645,909**
FINANCIAL LIABILITIES					
Borrowings from financial institutions	291,210	318,927	925,762		1,535,899
Funds entrusted	1,479,464	1,154,591	338,818	12,527	2,985,400
Debt securities issued	1,896,897	2,439,467	5,031,308	168,256	9,535,928
Trade payables	666,110				666,110
Future payments (interest and commitment fees)	163,271	321,750	664,431	84,809	1,234,261
Total as at 31 December 2011	**4,496,952**	**4,234,735**	**6,960,319**	**265,592**	**15,957,598**

For interest rate swaps and forward rate agreements the undiscounted cash flows are presented on a net basis into the relevant maturity groupings, whereas the undiscounted cash flows on currency swaps are presented on a gross basis. In 2012 the increase in cash inflow and outflow from currency swaps in the 1-5 years bucket is related to the Bumper 5 securitisation transaction whereby the Euro denominated bond is swapped to British pound.

	0-3 months	3-12 months	1-5 years	> 5 years	Total
Interest rate swaps/forward rate agreements, netted cash flow	- 13,259	- 9,688	10,198	109,257	96,508
Currency swaps cash inflow	2,824,788	577,222	1,002,507	-	4,404,517
Currency swaps cash outflow	- 2,831,339	- 587,478	- 1,012,561	-	- 4,431,378
Total as at 31 December 2012	**- 19,810**	**- 19,944**	**144**	**109,257**	**69,647**
Interest rate swaps/forward rate agreements, netted cash flow	- 7,878	9,712	- 13,879	83,906	71,861
Currency swaps cash inflow	3,128,313	200,109	198,035	-	3,526,457
Currency swaps cash outflow	- 3,144,114	- 229,224	- 200,911	-	- 3,574,249
Total as at 31 December 2011	**- 23,679**	**- 19,403**	**- 16,755**	**83,906**	**24,069**

The Dutch Central Bank sets out minimum liquidity level requirements demanding that available liquidity exceeds required liquidity at all times. The Group is in compliance with this minimum liquidity requirement.

As a precaution the continued access to financial markets for funding the Company maintains a liquidity buffer. This buffer includes committed (standby) credit facilities to safeguard its ability to continue to write new business also when temporarily no new funding could be obtained and hence to reduce the liquidity risk for the Group.

The following funding arrangements have been concluded by the Group:

- A committed standby facility was renewed bilaterally with an individual bank (EUR 125 million maturing in October 2013). In addition a three year committed revolving credit facility was renewed with a consortium of 13 banks (EUR 1.25 billion) maturing in December 2015. Furthermore, in December 2012 a three year credit facility with Volkswagen A.G., through its subsidiary Volkswagen International Payment Services N.V., (EUR 1.25 billion) maturing December 2015 was renewed. None of these facilities include material adverse change clauses. During 2012 and 2011 no calls were made on the above-mentioned facilities.
- The Group concluded three asset backed securitisation transactions under the name of Bumper 2 (2008/2011: EUR 876 million), Bumper 4 (2011: EUR 1 billion) and Bumper 5 (2012: GBP 838 million). These transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various Group companies to special purpose companies. Debt securities were issued by these special purpose companies to finance these transactions. The higher rated notes were sold to external investors and the other notes were bought by the Group's central Treasury. For further details on the transactions reference is made to the consolidated financial statements of the Company (note 13 and note 18) and the Company financial statements (note 4).
- The Group concluded in December 2012 a structured finance transaction under the name 'Bumper Cars'. Bumper Cars is a private transaction and uses a securitisation structure under Dutch law common for operating lease securitisations. As per closing date and as per year-end 2012 no future cash flows have been sold by the originator (LeasePlan Nederland N.V.) to the special purpose company. The committed credit facility in the transaction, with a maximum of EUR 500 million, is provided by two banks is undrawn as per 31 December 2012, and as such readily available as soon as the originator sells future cash flows to the special purpose company. For further details on the transaction reference is made to the consolidated financial statements of the Company (note 18) and the Company financial statements (note 4).
- LeasePlan Bank, the Group's internet savings bank in the Netherlands, launched in February 2010, targets private individuals. Through the savings bank, the Company aims to fund between 20% and 25% of its balance sheet total over the medium term. By the end of 2012, LeasePlan Bank raised EUR 3.949 billion (2011: EUR 2.794 billion).
- In the last quarter of 2008 and in the first half of 2009 the Group has availed of the possibility to issue debt under the Credit Guarantee Scheme of the State of the Netherlands. At the end of 2012 EUR 1 billion and USD 500 million were outstanding under this scheme (reference is made to note 26 to the consolidated balance sheet of the Company). The Credit Guarantee Scheme is a public scheme, available for Dutch banks, drawing under this scheme is subject to approval of the Dutch Central Bank. The scheme contains important terms and conditions that the Group is comfortable to adhere to.

Interest rate risk measurement

The table on the following page summarises the Group's exposure to interest rate risks for currencies in which such risks exists. The outstanding interest exposures are clustered in time buckets. In addition any (interest rate) derivatives concluded to manage interest rate risk exposures are included.

	Up to 3 months	3-12 months	1-5 years	> 5 years	Total
As at 31 December 2012					
FINANCIAL ASSETS					
Cash and balances at central banks	1,015,429				1,015,429
Receivables from financial institutions	1,186,096				1,186,096
Receivables from clients	1,472,119	547,055	986,330	87,709	3,093,213
Rebates and bonuses and commissions receivable	197,286				197,286
Reclaimable damages	24,882				24,882
Interest to be received	2,941				2,941
Loans to associates and jointly controlled entities	30,517	49,022	144,150		223,689
Total	**3,929,270**	**596,077**	**1,130,480**	**87,709**	**5,743,536**
FINANCIAL LIABILITIES					
Borrowings from financial institutions	504,160	298,583	973,950		1,776,693
Funds entrusted	2,303,455	1,263,981	537,464	6,519	4,111,419
Debt securities issued	948,938	2,180,254	5,165,644	228,391	8,523,227
Trade payables	565,008				565,008
Interest payable	169,873				169,873
Total	**4,491,434**	**3,742,818**	**6,677,058**	**234,910**	**15,146,220**
NON-FINANCIAL ASSETS AND LIABILITIES	458,555	2,576,070	8,575,279	188,619	11,798,523
Equity	- 2,395,839				- 2,395,839
Net on-balance position	**- 2,499,448**	**- 570,671**	**3,028,701**	**41,418**	**-**
Derivative financial instruments					
Assets	14,960,525	2,518,686	5,350,347	216,391	23,045,949
Liabilities	12,099,889	2,715,054	8,056,558	2,000	22,873,501
INTEREST GAP	**361,188**	**- 767,039**	**322,490**	**255,809**	**172,448**
As at 31 December 2011					
Total financial assets	4,233,055	507,270	466,440	107,508	5,314,273
Total financial liabilities	5,237,094	3,785,194	5,720,809	135,765	14,878,862
Non-financial assets and liabilities	819,703	3,170,459	7,653,899	74,412	11,718,473
Equity	- 2,153,884				- 2,153,884
Net on-balance position	**- 2,338,220**	**- 107,465**	**2,399,530**	**46,155**	**-**
Derivative financial instruments					
Assets	15,639,366	2,708,724	4,807,002	118,238	23,273,330
Liabilities	13,694,698	2,750,595	6,649,039	-	23,094,332
INTEREST GAP	**- 393,552**	**- 149,336**	**557,493**	**164,393**	**178,998**

The interest gap is presented including total equity and non-interest-bearing liabilities, both included in the assets and liabilities with an interest rate sensitivity up to three months. The Group's interest rate risk exposures can be qualified as limited in relation to the overall balance sheet size.

Derivative financial instruments are entered into to mitigate or reduce interest rate exposures and are not used for trading purposes. This 'non-traded interest rate risk' exposure is monitored through interest rate gap reports. The analysis is performed by calculating the impact of an increase in rates on the future cash flows of all transactions.

Stress testing takes place regularly on central treasury exposures during the year by analysing the profit and loss effect of an unexpected increase of 200 basis points parallel yield curve shift in all currencies. The results on the interest positions are due to the fact that the Group's central Treasury leaves interest exposures open by not fully hedging the inter-company funding. These interest rate positions are held in different currencies yet mainly in EUR, USD, GBP and CHF. The Managing Board has approved absolute limits for all these currencies. The open interest positions are sensitive for any change in interest rates. The analysis is performed by calculating the impact of an increase in rates on the future cash flows of all transactions (including the off-balance transactions) categorised as open interest rate position. It can be concluded that with an increase in interest rates of 200 basis points the results on the open interest positions will decrease by approximately EUR 5.6 million spread out over the duration of the position; annualised this would affect the pre-tax profit by approximately EUR 2.2 million. The calculation is based on a blended yield curve of cash rates and swap rates derived from Bloomberg.

Currency risk measurement
The Group has a limited exposure to effects of fluctuations in currencies on its financial position and cash flows. The main cause for this limited exposure is that nearly all debt funding, directly or via derivatives, is concluded in the currency in which assets are originated. Also the Group's equity is allocated to the currencies in which assets are denominated.

In view of such limited exposure to effects of fluctuations in currencies on its financial position the Group has not performed a sensitivity analysis on the impact of such fluctuations.

Being active largely in the euro currency zone, the Group is exposed to the possible exit of one or more individual member states.

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

	EUR	GBP	USD	AUD	Other	Total
As at 31 December 2012						
FINANCIAL ASSETS						
Cash and balances at central banks	1,015,331	5	28	5	60	1,015,429
Receivables from financial institutions	1,035,692	123,267	1,858	5,631	19,648	1,186,096
Receivables from clients	858,607	252,254	1,188,522	324,531	469,299	3,093,213
Rebates and bonuses and commissions receivable	165,617	4,963	5,083	1,961	19,662	197,286
Reclaimable damages	22,225				2,657	24,882
Interest to be received	2,921	2	18			2,941
Loans to associates and jointly controlled entities	195,124		6,429		22,136	223,689
Total	**3,295,517**	**380,491**	**1,201,938**	**332,128**	**533,462**	**5,743,536**
FINANCIAL LIABILITIES						
Borrowings from financial institutions	580,882	146,985	6,466	495,680	546,680	1,776,693
Funds entrusted	4,109,902				1,517	4,111,419
Debt securities issued	6,044,689	759,283	754,288	178,777	786,190	8,523,227
Trade payables	400,210	11,800	1,852	34,409	116,737	565,008
Interest payable	141,496	802	2,552	7,128	17,895	169,873
Total	**11,277,179**	**918,870**	**765,158**	**715,994**	**1,469,019**	**15,146,220**
NON-FINANCIAL ASSETS AND LIABILITIES	7,663,200	1,440,059	140,267	596,861	1,995,428	11,835,815
Net on-balance position	**- 318,462**	**901,680**	**577,047**	**212,995**	**1,059,871**	**2,433,131**
Derivatives position	1,994,904	- 723,030	- 508,228	- 82,883	- 718,055	- 37,292
CURRENCY POSITION		**178,650**	**68,819**	**130,112**	**341,816**	
Net investment subsidiaries		180,595	69,385	133,750	334,792	
Other		- 1,945	- 566	- 3,638	7,024	
As at 31 December 2011						
Total financial assets	3,039,523	320,662	1,069,700	357,852	526,536	5,314,273
Total financial liabilities	10,910,282	14,491	2,351,676	640,363	962,050	14,878,862
Non-financial assets and liabilities	7,734,627	1,381,610	130,592	625,807	1,860,295	11,732,931
Net on-balance position	**- 136,132**	**1,687,781**	**- 1,151,384**	**343,296**	**1,424,781**	**2,168,342**
Derivatives position	1,655,467	- 1,523,467	1,204,414	- 224,607	- 1,126,265	- 14,458
CURRENCY POSITION		**164,314**	**53,030**	**118,689**	**298,516**	
Net investment subsidiaries		164,170	53,637	118,235	290,509	
Other		144	- 607	454	8,007	

In 2012 a part of the funds were no longer obtained at the Group's central Treasury but at local level in Australia and the United Kingdom. This resulted in a lower derivatives position in the respective currencies.

F. MOTOR INSURANCE RISK

Motor insurance risk definition

As a result of its normal business activities the Group is exposed to motor insurance risk. Motor insurance risk is the exposure to potential loss due to costs related to damages incurred for the Group's account exceeding the compensations included in lease rental payments. This risk consists of long-tail risks (motor third-party liability and legal defence) and short-tail risks (motor material damage and passenger indemnity).

Motor insurance risk management structure and organisation

The Managing Board is the highest ruling authority with respect to motor insurance risk management within the Group. The Managing Board decides on the content of policies as well as amendments to these policies. Parts of the responsibilities of the Managing Board are delegated to the Group's Motor Insurance Risk Committee. The Group's motor insurance risk management department is responsible for establishing and maintaining the motor insurance risk framework and monitoring Group's motor insurance risk profile. The motor insurance risks are retained by the Group's insurance subsidiary, Euro Insurances based in Dublin, Ireland, (these risks are referred to as insurance risk). In addition, some LeasePlan subsidiaries have a local risk retention scheme for motor material damages and retain the damage risk, while also offering insurance coverage through either Euro Insurances or external providers. Euro Insurances is regulated by the Central Bank of Ireland and its 'European passport' enables it to support Group companies in all EU countries. Euro Insurances is currently in the process of preparing for implementation of Solvency II (standardised approach). The Group reinsurance subsidiary, Globalines Reinsurance, seeks to reinsure the third party liability and catastrophic events liability of Euro Insurances up to certain defined limits of coverage, while external reinsurance providers are used for any coverage required outside of Globalines Reinsurance's coverage limits, to minimise the financial impact of a single large accident and/or event.

Motor insurance risk management policy

The overall approach is to selectively accept damage and insurance risk in LeasePlan subsidiaries and Euro Insurances. The Group's objective is to indentify and develop the motor insurance risk profile and to continuously monitor and manage these risks in line with Group's risk appetite for motor insurance risk. In principal the Group only accepts damage and insurance risk positions arising from its own operating and (to a lesser extent) finance lease portfolio, no material third party business exists. Damage and insurance specialists in each Group company accept damage or insurance risk in accordance with the strict guidelines of a pre-agreed risk selection and pricing procedures. These procedures set out the scope and nature of the risks to be accepted (or not) as well as the authority rules. Special perils falling outside the scope of the procedures are transferred to external insurance companies.

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

In order to clearly identify, monitor, manage and limit the risks, principles are laid down in a motor insurance risk policy that needs to be adhered to by all Group companies. Main requirements are the existence of motor insurance risk function with all Group Companies which is independent from the insurance (pricing) department and a local motor insurance risk committee which is required to monitor exposure and discuss trends and developments thereof. Clear authorisation structures are in place for intended launches of and changes in insurance structures and programmes. Reinsurers are selected on the basis of their financial strength, price, capacity and service and are monitored, also in respect of credit ratings, on a quarterly basis. The Group ensures that the damage and insurance risk policy's terms and conditions are mapped against the reinsurance cover in place in order to prevent any uncovered risks.

Motor insurance risk measurement

The Group monitors the damage and insurance risk acceptance process and the financial performance using actuarial and statistical methods for estimating liabilities and determining adequate pricing levels. Regular analysis of damage and loss ratio statistics, strict compliance with damage handling procedures and policies and when necessary, reviews of damage and insurance risk pricing, ensure a healthy balance between revenues and damages at both an aggregate level and an individual fleet level. The provision for damages is regularly assessed and periodically verified by (external) actuaries.

The price for acceptance of damage and insurance risk is set in each market based on prevailing local market conditions after determining appropriate levels of (re)insurance cover and the expected costs of managing and settling damages. 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 damage. These support the Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) factors used to determine appropriate reserve levels necessary to meet projected short-tail and long-tail damages.

Under the motor insurance risk policy, Group companies measure and monitor their motor insurance risk exposure by performing a yearly damage and insurance risk self-assessment. On a quarterly basis Euro Insurances, Globalines Reinsurance and Group companies measure and report their risk exposures by means of premium developments and loss ratios to central management. These loss ratios are consolidated on group level and monitored against our defined risk appetite.

G. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below summarises the Group's financial assets and financial liabilities of which the derivatives are measured at fair value and the other financial assets and other financial liabilities are measured at amortised costs on the balance sheet as at 31 December.

		Carrying value		Fair value	
		2012	2011	2012	2011
FINANCIAL ASSETS					
Derivative financial instruments in hedge	(i)	100,922	149,523	100,922	149,523
Financial assets at fair value through the income statement					
Derivative financial instruments not in hedge	(i)	87,998	94,235	87,998	94,235
Loans and receivables					
Cash and balances at central banks	(ii)	1,015,429	61,946	1,015,429	61,946
To financial institutions	(ii)	1,186,096	1,870,069	1,186,475	1,867,595
To clients	(ii)	3,093,213	2,964,060	3,170,689	3,059,430
To associates and jointly controlled entities	(ii)	223,689	192,588	232,394	198,176
Rebates and bonuses and commissions receivable	(iii)	197,286	191,882	197,286	191,882
Reclaimable damages	(iii)	24,882	29,641	24,882	29,641
Interest to be received	(iii)	2,941	4,087	2,941	4,087
Total		**5,932,456**	**5,558,031**	**6,019,016**	**5,656,515**
FINANCIAL LIABILITIES					
Derivative financial instruments in hedge	(i)	67,997	65,422	67,997	65,422
Financial liabilities at fair value through the income statement					
Derivative financial instruments not in hedge	(i)	158,215	192,794	158,215	192,794
Other liabilities measured at amortised cost					
Borrowings from financial institutions	(ii)	1,776,693	1,535,899	1,812,505	1,539,710
Funds entrusted	(ii)	4,111,419	2,985,400	4,219,440	3,016,943
Debt securities issued	(ii)	8,523,227	9,535,928	8,737,910	9,715,950
Trade payables	(iii)	565,008	666,110	565,008	666,110
Interest payable	(iii)	169,873	155,525	169,873	155,525
Total		**15,372,432**	**15,137,078**	**15,730,948**	**15,352,454**

(i) Derivative financial instruments

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

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

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

(iii) Other

For other receivables and other payables with a remaining term of less than one year the notional amount is deemed to reflect the fair value.

- Level 1

The fair value of financial instruments which are traded in active markets is based on quoted market prices at the balance sheet date (level 1). A market is regarded as active if quoted prices are readily and regularly available from a stock exchange, dealer, broker, industry, group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Group has no financial instruments that qualify for level 1.

- Level 2

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

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

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

The table below summarises the Group's financial assets and financial liabilities which are measured at fair value on the balance sheet as per the balance sheet date.

	Level 2	
	2012	**2011**
FINANCIAL ASSETS		
Derivative financial instruments in hedge	100,922	149,523
Derivative financial instruments not in hedge	87,998	94,235
Total	**188,920**	**243,758**
FINANCIAL LIABILITIES		
Derivative financial instruments in hedge	67,997	65,422
Derivative financial instruments not in hedge	158,215	192,794
Total	**226,212**	**258,216**

SPECIFIC NOTES

1 Segment information
2 Revenues and cost of revenues
3 Interest and similar income
4 Interest expenses and similar charges
5 Other financial gains/(losses)
6 Impairment charges on loans and receivables
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EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in thousands of euros, unless stated otherwise

NOTE 1 - SEGMENT INFORMATION

Operating segments are reported in accordance with the internal reporting provided to the Group's key management (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. Segment information is presented in the consolidated financial statements in respect of the Group's leasing activities (LeasePlan) and Group activities, which are the basis of segment reporting.

Leasing activities

Leasing activities comprise the main activity of the Group which is providing fleet management services including the purchase, financing, maintenance and remarketing of vehicles. The Group offers a mono-line product through all of its 31 LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. As a result the subsidiaries are grouped in categories based on maturity of the market and to a lesser extent maturity of the subsidiary. Segmentation is presented as follows:

- Mature

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

- Developing

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

- Emerging

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

Group activities

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

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

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

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

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

The segment information is presented in the table below as at 31 December.

Segment	**LeasePlan**									
In millions of euros	**Mature**		**Developing**		**Emerging**		**Group activities**		**Total**	
	2012	**2011**	2012	**2011**	2012	**2011**	2012	**2011**	2012	**2011**
VOLUME										
Lease contracts	11,308	11,171	3,126	2,951	503	463	-	-	**14,937**	**14,585**
PROFITABILITY										
Revenues	5,923	5,710	1,450	1,362	288	273	23	53	**7,684**	**7,398**
Cost of revenues	5,401	5,200	1,298	1,227	258	256	7	34	**6,964**	**6,717**
Gross profit	**522**	**510**	**152**	**135**	**30**	**17**	**16**	**19**	**720**	**681**
Net finance income	**226**	**216**	**48**	**42**	**14**	**10**	**36**	**57**	**324**	**325**
Total operating and net finance income	**748**	**726**	**200**	**177**	**44**	**27**	**52**	**76**	**1,044**	**1,006**
Total operating expenses	**539**	**522**	**122**	**112**	**33**	**34**	**49**	**61**	**743**	**729**
Share of profit of associates	-	1	-	-	10	2	2	1	**12**	**4**
Profit before tax	**209**	**205**	**78**	**65**	**21**	**- 5**	**5**	**16**	**313**	**281**
Income tax expenses	59	57	18	15	2	- 2	- 7	- 13	**72**	**57**
Profit for the year from continuing operations	**150**	**148**	**60**	**50**	**19**	**- 3**	**12**	**29**	**241**	**224**
Profit for the year from discontinued operations	-	-	-	-	-	-	-	2	**-**	**2**
Profit for the year	**150**	**148**	**60**	**50**	**19**	**- 3**	**12**	**31**	**241**	**226**
NET FINANCE INCOME DETAILS										
Interest income	703	700	167	155	53	50	21	28	**944**	**933**
Interest expenses	455	467	119	112	38	39	- 29	- 49	**583**	**569**
Net interest income	**248**	**233**	**48**	**43**	**15**	**11**	**50**	**77**	**361**	**364**
Impairment charges	40	36	3	2	2	1	-	1	**45**	**40**
Reversal of impairment	- 18	- 19	- 3	- 1	- 1	-	-	-	**- 22**	**- 20**
Net interest income after impairment charges	**226**	**216**	**48**	**42**	**14**	**10**	**50**	**76**	**338**	**344**
Unrealised gains/(losses) on financial instruments	-	-	-	-	-	-	- 4	- 19	**- 4**	**- 19**
Other financial gains/(losses)	-	-	-	-	-	-	- 10	-	**- 10**	**-**
Net finance income	**226**	**216**	**48**	**42**	**14**	**10**	**36**	**57**	**324**	**325**

Revenues and other key figures of the subsidiaries are distributed relatively evenly over the segments and in principle there are no individual subsidiaries that contribute more than 10% to the overall revenues except for LeasePlan in the Netherlands. The Netherlands is also the domicile country of the Group. Key figures for the Netherlands are: Revenues EUR 983 million (2011: EUR 966 million) and Lease contracts EUR 1.9 billion (2011: EUR 1.8 billion).

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

The geographical information is presented in the following table:

In millions of euros	Revenues		Lease contracts	
	2012	2011	2012	2011
Europe (euro)	4,765	4,729	8,411	8,389
Europe (non-euro)	1,795	1,717	3,989	3,810
Rest of the world	1,124	952	2,537	2,386
Total	**7,684**	**7,398**	**14,937**	**14,585**

NOTE 2 - REVENUES AND COST OF REVENUES

Revenues and cost of revenues comprise the various service components as included in the lease instalment, such as repair, maintenance and tyres, damage risk retention and depreciation, as well as the proceeds and costs of the sale of vehicles sold.

(i) Revenues

	2012	2011
Depreciation	2,807,342	2,711,803
Lease services	952,477	920,877
Damage risk retention	525,708	468,359
Rental	232,469	246,566
Management fees	196,152	190,760
Proceeds of cars and trucks sold	2,593,402	2,566,458
Other	376,619	293,231
Total	**7,684,169**	**7,398,054**

Damage risk retention includes EUR 86.4 million (2011: EUR 80.4 million) for Third Party Liability risk retained by Euro Insurances, the Group's own internal insurance company.
The caption 'Other' mainly includes bonuses earned in connection with costs recharged to clients and income related to various non-leasing activities. In 2011 the caption 'Other' furthermore includes a gain of EUR 30 million as a result of a positive settlement on a case relating to prior years regarding indirect taxes (VAT) with tax authorities in the United Kingdom. In the segment reporting (note 1) this item is included in the mature operating segment.

(ii) Cost of revenues

	2012	2011
Depreciation	2,759,928	2,625,173
Lease services	794,916	770,014
Damage risk retention	346,034	294,913
Rental	209,099	225,674
Cost of cars and trucks sold	2,565,931	2,590,841
Other	287,693	210,557
Total	**6,963,601**	**6,717,172**

The Group reviews whether as a result of changes in the estimated residual value and/or the useful life of the property and equipment under operating lease prospective adjustments to the depreciation charges are required. For 2012 this did not result in additional depreciation charges (2011: nil). Reference is made to note 18 and the financial risk section (Asset risk).

(iii) Gross profit

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

	2012	2011
Depreciation	47,414	86,630
Lease services	157,561	150,863
Damage risk retention	179,674	173,446
Rental	23,370	20,892
Management fees	196,152	190,760
Results of vehicles sold (results terminated contracts)	27,471	- 24,383
Other	88,926	82,674
Total	**720,568**	**680,882**

NOTE 3 - INTEREST AND SIMILAR INCOME

This caption mainly includes interest income from operating and finance leases, and to a lesser extent also interest income on deposits placed by the Group's central Treasury with financial institutions amounting to EUR 17.1 million (2011: EUR 25.6 million).

NOTE 4 - INTEREST EXPENSES AND SIMILAR CHARGES

	2012	2011
Interest expense on debt securities issued	359,511	349,608
Interest expense on funds entrusted	128,519	64,101
Interest expense on subordinated loans	-	10,599
Other	94,889	144,834
Total	**582,919**	**569,142**

The caption 'Other' mainly includes interest expense on 'Borrowings from financial institutions'.

NOTE 5 - OTHER FINANCIAL GAINS/(LOSSES)

In December 2012 the Company repurchased above par part (EUR 500 million notional) of a bond raised under the Credit Guarantee Scheme of the State of the Netherlands (maturity date May 2014, total issued notional amount EUR 1.5 billion) resulting in a loss of EUR 10.1 million.

NOTE 6 - IMPAIRMENT CHARGES ON LOANS AND RECEIVABLES

The net impairment charges can be detailed as follows:

	Note	2012	2011
Trade receivables			
Impairment		44,924	40,211
Reversal of impairment		- 22,150	- 20,729
	14	**22,774**	**19,482**
Other			
Reclaimable damages		398	33
Rebates and bonuses		- 15	224
Total		**23,157**	**19,739**

NOTE 7 - STAFF EXPENSES

	2012	2011
Wages and salaries	347,010	317,957
Social security charges	52,102	47,603
Defined contribution pension costs	23,844	30,837
Defined benefit post-employment costs	3,886	12,707
Other staff costs	28,323	35,674
Total	**455,165**	**444,778**

The average number of staff employed (including temporary staff) by the Group during the year was 6,041 (2011: 5,969), of whom 860 (2011: 860) were employed in the Netherlands. At year-end the nominal number of staff employed by the Group was 6,296 (2011: 6,257).

The breakdown of post-employment costs is as follows:

	Note	2012	2011
Current service costs	28 (ii)	2,202	2,171
Interest costs	28 (ii)	1,984	3,065
Expected return on plan assets	28 (ii)	- 1,388	- 2,535
Curtailments and settlements	28 (ii)	- 13	8,065
Amortisation of actuarial (gains)/losses	28 (ii)	532	812
Past service costs	28 (ii)	-	7
Exchange rate differences		-	47
Other		569	1,075
Defined benefit post-employment costs		**3,886**	**12,707**
Defined contribution pension costs		23,844	30,837
Total post-employment costs		**27,730**	**43,544**

NOTE 8 - GENERAL AND ADMINISTRATIVE EXPENSES

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

NOTE 9 - DEPRECIATION AND AMORTISATION

	Note	2012	2011
Depreciation other property and equipment	19	23,583	23,929
Amortisation intangible fixed assets	21	22,122	19,188
Total		**45,705**	**43,117**

NOTE 10 - INCOME TAX EXPENSES

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

	Note	2012	2011
Current tax			
Current tax on profits for the year		48,990	36,088
Adjustments in respect of prior years		- 7,721	- 8,645
Total current tax		**41,269**	**27,443**
Deferred tax			
Origination and reversal of temporary differences		34,041	33,064
Changes in tax rates		- 4,919	- 1,176
Adjustments in respect of prior years		1,420	- 1,935
Total deferred tax	20	**30,542**	**29,953**
Total		**71,811**	**57,396**

The current tax adjustments in respect of prior years mainly include withholding tax credits for an amount of EUR 5.3 million (2011: EUR 8.1 million).
The deferred tax adjustments in respect of prior years mainly include: (i) valuation allowances on deferred tax assets in relation to tax losses and tax credits amounting to EUR 2.3 million (2011: EUR 3.7 million) as the Group considers it not probable that future taxable profits will be available, also taken into account the limitations for loss compensation, against which these tax losses and tax credits can be utilised; and (ii) a release of EUR 1.0 million for anticipated adjustments of prior years' tax returns (2011: release EUR 2.6 million).

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

Effective tax rate reconciliation
The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic nominal tax rate of the domicile country (25%) of the parent and is as follows:

		2012		2011
Profit before tax		313,111		280,221
Tax calculated at domicile country nominal tax rate	25.0%	78,278	25.0%	70,055
Effect of different tax rates in foreign countries		3,784		- 2,638
Weighted average taxation	**26.2%**	**82,062**	**24.1%**	**67,417**
Income not subject to tax		- 3,915		- 1,082
Expenses not deductible for tax purposes		4,884		2,817
Changes in tax rates		- 4,919		- 1,176
Adjustments in respect to prior years				
Current tax		- 7,721		- 8,645
Deferred tax		1,420		- 1,935
Total effective taxation	**22.9%**	**71,811**	**20.5%**	**57,396**

The weighted average of the local tax rates applicable to the Group for 2012 is 26.2% (2011: 24.1%) which is higher than the domicile country nominal tax rate of 25.0% predominantly as a result of the fact that the Group realises on average, relatively more profits in jurisdictions with a tax rate higher than 25.0%. The increase of the weighted average of the local tax rates in 2012 is a result of both lower profits in jurisdictions with a tax rate below the average and lower losses and higher profits in jurisdictions with a tax rate above the average.
The effective tax rate in 2012 of 22.9% is higher than 2011 (20.5%), which is partly caused by the higher weighted average tax rate and partly as a result of the difference in the adjustments in respect to prior years.

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

			2012			2011
	Before tax	**Tax (charge)/ credit**	**After tax**	**Before tax**	**Tax (charge)/ credit**	**After tax**
Cash flow hedges	- 4,919	1,223	- 3,696	- 11,006	2,730	- 8,276
Exchange rate differences	9,851	-	9,851	5,915	-	5,915
Total	**4,932**	**1,223**	**6,155**	**- 5,091**	**2,730**	**- 2,361**

NOTE 11 - CASH AND BALANCES WITH BANKS

	Note	2012	2011
Cash and balances with banks			
Cash and balances at central banks		1,015,429	61,946
Call money, cash at banks included in Receivables from financial institutions	13	348,115	943,052
Call money and bank overdrafts included in Borrowings from financial institutions	24	- 180,308	- 144,518
Balance as at 31 December for the purposes of the statement of cash flows		**1,183,236**	**860,480**

All cash and balances at (central) banks are available at call except for the mandatory reserve deposits at the Dutch Central Bank. These mandatory reserve deposits amounting to EUR 47.7 million (2011: EUR 59.1 million) are not available for use in the Group's day-to-day operations. The mandatory reserve deposits form part of the 'Cash and balances at central banks'. The increase in balances at central banks is a consequence of the decision to maintain more of the Group's cash balances at central banks.

NOTE 12 - DERIVATIVE FINANCIAL INSTRUMENTS

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

	2012			2011		
	Notional amounts	Fair value Assets	Fair value Liabilities	Notional amounts	Fair value Assets	Fair value Liabilities
Fair value hedge						
Interest rate swaps/ forward rate agreements	2,959,446	100,704	473	5,367,907	141,627	1,065
Currency swaps	120,905	218	4,021	65,957	7,343	34
Cash flow hedge						
Interest rate swaps/ forward rate agreements	2,315,993	-	63,503	2,576,465	553	64,323
Total derivatives in hedge	**5,396,344**	**100,922**	**67,997**	**8,010,329**	**149,523**	**65,422**
Interest rate swaps/ forward rate agreements	13,430,819	66,897	123,531	11,733,122	55,755	117,168
Currency swaps/ currency forwards	4,126,184	21,101	34,684	3,350,881	38,480	75,626
Total derivatives not in hedge	**17,557,003**	**87,998**	**158,215**	**15,084,003**	**94,235**	**192,794**
Total	**22,953,347**	**188,920**	**226,212**	**23,094,332**	**243,758**	**258,216**

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

	2012	2011
Fair value cash flow hedges – assets	-	553
Fair value cash flow hedges – liabilities	- 63,503	- 64,323
Less: accrued interest on cash flow hedges	14,636	19,825
Total net position cash flow hedges	**- 48,867**	**- 43,945**
Less: cumulative fair value gains/(losses) through income statement (hedge imperfectness)	- 27	- 12
Tax on cash flow hedges	12,224	10,990
Hedging reserve	**- 36,670**	**- 32,967**
Movement hedging reserve 2012	**- 3,703**	

The unrealised gains/(losses) on financial instruments recognised in the income statement break down as follows:

	2012	2011
Derivatives not designated as hedges	- 5,278	- 20,216
Derivatives at fair value hedges	5,203	12,025
Derivatives at cash flow hedges (imperfectness)	6	- 175
	- 69	**- 8,366**
Bond and notes used in fair value hedges	- 3,797	- 10,869
Unrealised gains/(losses) on financial instruments	**- 3,866**	**- 19,235**

A fixed rate bond (reference is made to note 26) is included in a fair value hedge whereby the bond (hedged item) is measured at amortised cost and is constantly being adjusted for gains/losses attributable to the risk being hedged. This adjustment is recognised in the income statement, where it offsets (to a large extent) the remeasurement of the fair value of the hedging instrument that is also recognised in the income statement.

NOTE 13 - RECEIVABLES FROM FINANCIAL INSTITUTIONS

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

	Note	2012	2011
Amounts receivable from banks		511,649	660,463
Call money, cash at banks	11	348,115	943,052
Cash collateral deposited for securitisation transactions		250,460	203,524
Cash collateral deposited for derivative financial instruments		74,080	63,030
Other cash collateral deposited		1,792	-
Balance as at 31 December		**1,186,096**	**1,870,069**

The cash collateral deposited for securitisation transactions relates to the Bumper securitisation transactions, reference is made to the financial risk section (Liquidity risk) and to note 4 of the Company financial statements.
The cash collateral deposited for derivative financial instruments originates from Credit Support Annexes (CSAs) to International Swaps and Derivatives Association (ISDA) master agreements and reference is made to the financial risk section (Strategy in using financial instruments).

The maturity analysis is as follows:

	2012	2011
Three months or less	859,790	1,569,019
Longer than three months, less than a year	-	4,492
Longer than a year, less than five years	326,306	296,558
Balance as at 31 December	**1,186,096**	**1,870,069**

NOTE 14 - RECEIVABLES FROM CLIENTS

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

	2012	2011
Amounts receivable under finance lease contracts	2,517,711	2,390,532
Trade receivables	575,502	573,528
Balance as at 31 December	**3,093,213**	**2,964,060**

The maturity analysis is as follows:

	2012	2011
Three months or less	786,605	760,887
Longer than three months, less than a year	569,272	447,416
Longer than a year, less than five years	1,658,466	1,648,249
Longer than five years	78,870	107,508
Balance as at 31 December	**3,093,213**	**2,964,060**

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	2012	2011
Balance as at 1 January		**75,687**	**79,097**
Net impairment charges	6	22,774	19,482
Receivables written off during the year as uncollectable		- 18,754	- 23,008
Exchange rate differences		152	116
Balance as at 31 December		**79,859**	**75,687**

For a description of the criteria used to determine whether receivables to clients are impaired reference is made to the financial risk section (Credit risk). The impairment policy is aligned with Basel II and the Group recognises, next to specific impairment allowances of EUR 73.4 million (2011: EUR 69.0 million), an expected loss provision of EUR 6.5 million (2011: EUR 6.7 million) based on the probability of default (PD) and the loss given default (LGD) as determined under the Basel II regime.

(ii) Finance lease contracts

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

	2012	2011
Not longer than a year	870,270	711,050
Longer than a year, less than five years	1,763,758	1,760,576
Longer than five years	90,370	123,482
	2,724,398	**2,595,108**
Unearned finance income on finance leases	206,687	204,576
Net investment in finance leases	**2,517,711**	**2,390,532**

Net investment in finance leases, with remaining maturities.

	2012	2011
Not longer than a year	786,086	637,568
Longer than a year, less than five years	1,651,836	1,645,456
Longer than five years	79,789	107,508
Balance as at 31 December	**2,517,711**	**2,390,532**

The accumulated allowance for uncollectable minimum lease payments receivable amount to EUR 7.0 million (2011: EUR 10.1 million).

A part of the financial leased assets is encumbered (securitised) as a result of the asset backed securitisation transactions concluded by the Group. The total value of the securitised financial leased assets amounts to EUR 248.1 million (2011: EUR 110.1 million). For further details on the transactions reference is made to the financial risk section (Treasury risk), note 18 of the consolidated financial statements and note 4 of the Company financial statements.

NOTE 15 - INVENTORIES

	Note	2012	2011
Cars and trucks from terminated lease contracts	18	192,744	227,935
Valuation allowance	2	- 11,800	- 21,500
Carrying amount cars and trucks from terminated lease contracts		**180,944**	**206,435**
New cars and trucks in stock	18	20,504	19,025
Balance as at 31 December		**201,448**	**225,460**

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

NOTE 16 - OTHER RECEIVABLES AND PREPAYMENTS

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

	2012	2011
Rebates and bonuses and commissions receivable	197,286	191,882
Prepaid motor vehicle tax and insurance premiums	147,953	131,266
VAT and other taxes	26,927	64,114
Reclaimable damages	24,882	29,641
Other prepayments and accrued income	47,101	50,727
Interest to be received	2,941	4,087
Reinsurance assets	23,555	20,779
Other	166,314	153,200
Balance as at 31 December	**636,959**	**645,696**

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

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

NOTE 17 - INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

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

Jointly controlled entities
LeasePlan Emirates Fleet Management – LeasePlan Emirates LLC, United Arab Emirates (49%)
LPD Holding A.Ş, Turkey (51%)
Excelease N.V., Belgium (51%)
Overlease S.r.L., Italy (51%)
Please S.C.S., France (99.3%)
E Lease S.A.S., France (5%)
Flottenmanagement GmbH, Austria (49%)

Associates
Terberg Leasing B.V., the Netherlands (24%)

The equity method is based on whether the Group has significant influence or joint control. In the situations where the Group has a majority shareholding in the companies listed above these companies still qualify as jointly controlled entities as the Group has contractually agreed to sharing of control whereby the strategic and operating decisions relating to the company require the unanimous consent of the parties sharing control. The accounting period of the principal associates and jointly controlled entities aligns with the accounting period of the Group.

In June 2009 the Group together with the other shareholder of Overlease decided to enter into a liquidation scenario for this company. As a result loans provided by the Group to Overlease were impaired for an amount of EUR 7.3 million at year-end 2012 (2011 EUR 7.1 million).

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

	2012	2011
Balance as at 1 January	**37,760**	**35,754**
Share of results	11,792	3,629
Capital increase	754	-
Dividend received	- 1,371	- 1,623
Balance as at 31 December	**48,935**	**37,760**

The loans to associates and joint ventures are accounted for at amortised cost and the maturity analysis is as follows:

	2012	2011
Three months or less	30,517	21,974
Longer than three months, less than a year	49,022	65,880
Longer than a year, less than five years	144,150	104,734
Balance as at 31 December	**223,689**	**192,588**

There are no material contingent liabilities of the associates and jointly controlled entities other than loan commitments (reference is made to note 31).

The summarised financial information for the material interests in associates and jointly controlled entities can be shown as follows:

	2012	2011
Assets	401,306	392,527
Liabilities	364,779	366,902
Total income	63,213	62,558
Net income	11,792	3,629
Dividend paid	1,371	1,623

NOTE 18 - PROPERTY AND EQUIPMENT UNDER OPERATIONAL LEASE AND RENTAL FLEET

	Note	Operating lease	Rental fleet	Total
Carrying amount as at 1 January 2011		**11,383,512**	**49,168**	**11,432,680**
Purchases		5,485,787	45,803	5,531,590
Transfer from inventories	15	9,519	-	9,519
Acquisition of subsidiary	23	126,199	-	126,199
Transfer to inventories	15	- 227,935	-	- 227,935
Disposals		- 2,060,384	- 14,583	- 2,074,967
Depreciation		- 2,625,173	- 14,633	- 2,639,806
Exchange rate differences		37,750	- 202	37,548
Carrying amount as at 31 December 2011		**12,129,275**	**65,553**	**12,194,828**
Cost		17,349,878	80,997	17,430,875
Accumulated depreciation and impairment		- 5,220,603	- 15,444	- 5,236,047
Carrying amount as at 31 December 2011		**12,129,275**	**65,553**	**12,194,828**
Purchases		5,008,809	50,213	5,059,022
Transfer from inventories	15	19,025	-	19,025
Transfer to inventories	15	- 192,744	-	- 192,744
Disposals		- 1,950,465	- 39,441	- 1,989,906
Depreciation		- 2,759,928	- 14,307	- 2,774,235
Exchange rate differences		103,552	92	103,644
Carrying amount as at 31 December 2012		**12,357,524**	**62,110**	**12,419,634**
Cost		17,607,859	77,163	17,685,022
Accumulated depreciation and impairment		- 5,250,335	- 15,053	- 5,265,388
Carrying amount as at 31 December 2012		**12,357,524**	**62,110**	**12,419,634**

The Group concluded four securitisation transactions under the names of Bumper 2 (2008/2011), Bumper 3 (2009), Bumper 4 (2011) and Bumper 5 (2012). These transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies (which are included in the consolidated financial statements of the Company). As a result of this sale this caption includes encumbered (securitised) operating lease assets for an amount of EUR 2.4 billion (2011: EUR 2.1 billion), which can be detailed as follows:

	2012	2011
Bumper 2	822,045	832,673
Bumper 3	-	275,399
Bumper 4	762,774	1,019,681
Bumper 5	833,589	-
Total	**2,418,408**	**2,127,753**

For further details on the transactions reference is made to the financial risk section (Treasury risk) and note 4 of the Company financial statements.

The Group reviews whether as a result of changes in the estimated residual value and/or the useful life of the property and equipment under operating lease prospective adjustments to the depreciation charges are required. For 2012 this did not result in additional depreciation charges (2011: nil). Reference is made to note 2 and the financial risk section (Asset risk).
In 2012 and 2011 there were no impairments on leased assets.

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

	Nominal value	
	2012	2011
Not longer than a year	3,112,634	2,786,572
Longer than a year, less than five years	4,747,933	4,514,151
Longer than five years	53,876	48,978
Total	**7,914,443**	**7,349,701**

NOTE 19 - OTHER PROPERTY AND EQUIPMENT

	Note	Property	Equipment	Total
Carrying amount as at 1 January 2011		**11,271**	**70,585**	**81,856**
Purchases		4,966	36,092	41,058
Acquisition of subsidiary	23	30	20	50
Disposals		- 196	- 18,118	- 18,314
Depreciation	9	- 1,244	- 22,685	- 23,929
Exchange rate differences		81	73	154
Carrying amount as at 31 December 2011		**14,908**	**65,967**	**80,875**
Cost		37,319	215,802	253,121
Accumulated depreciation and impairment		- 22,411	- 149,835	- 172,246
Carrying amount as at 31 December 2011		**14,908**	**65,967**	**80,875**
Purchases		1,485	41,684	43,169
Disposals		- 42	- 13,146	- 13,188
Depreciation	9	- 1,201	- 22,382	- 23,583
Exchange rate differences		- 52	106	54
Carrying amount as at 31 December 2012		**15,098**	**72,229**	**87,327**
Cost		38,468	193,404	231,872
Accumulated depreciation and impairment		- 23,370	- 121,175	- 144,545
Carrying amount as at 31 December 2012		**15,098**	**72,229**	**87,327**

There are no bank borrowings secured against land and buildings.

NOTE 20 - DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

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

	Deferred tax asset		Deferred tax liability	
	2012	2011	2012	2011
Goodwill	12,168	14,049	-	-
Property and equipment under operating lease	15,621	42,664	283,127	269,729
Other property and equipment	4,201	4,035	1,589	1,139
Provisions	14,100	13,677	10	-
Deferred leasing income	38,571	49,651	11,021	18,726
Tax value of losses carried forward recognised	147,467	134,401	-	-
Tax credits and prepayments	34,225	20,256	-	-
Other receivables	53,804	42,363	24,193	31,870
Other payables	26,553	30,485	68,508	39,449
Tax (assets)/liabilities	**346,710**	**351,581**	**388,448**	**360,913**
Offset of deferred tax assets and liabilities	- 176,575	- 206,149	- 176,575	- 206,149
Balance as at 31 December	**170,135**	**145,432**	**211,873**	**154,764**
Net tax position			**41,738**	**9,332**
Movement net tax position 2012	**- 32,406**			

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

	Note	2012	2011
Balance as at 1 January		**- 9,332**	**16,260**
Acquisition of subsidiary	23	-	2,930
Income statement (charge)/credit	10	- 30,542	- 29,953
Tax (charge)/credit relating to components of other comprehensive income	10	1,223	2,730
Exchange rate differences		- 3,087	- 1,299
Balance as at 31 December		**- 41,738**	**- 9,332**

The income statement (charge)/credit can be broken down as follows::

	Note	Deferred tax asset		Deferred tax liability	
		2012	2011	2012	2011
Goodwill		- 1,803	- 267	-	-
Property and equipment under operating lease		- 27,063	- 10,998	10,074	24,656
Other property and equipment		227	370	443	- 611
Provisions		454	46	10	- 80
Deferred leasing income		- 11,021	1,135	- 7,681	- 3,753
Tax value of losses carried forward recognised		12,995	- 12,674	-	-
Tax credits and prepayments		14,049	2,959	-	- 1,606
Other receivables		10,474	7,539	- 7,845	- 523
Other payables		- 4,108	- 4,738	29,745	- 4,758
Movement in deferred tax		**- 5,796**	**- 16,628**	**24,746**	**13,325**
Offsetting movement in deferred tax liability		-24,746	- 13,325		
Income statement (charge)/credit	10	**-30,542**	**- 29,953**		

The Group has not recognised identifiable tax losses for an amount of EUR 89.6 million (2011: EUR 92.1 million) and has not recognised tax credits for an amount of EUR 10.6 million (2011: EUR 7.6 million) as the Group considers it not probable that future taxable profits will be available (also taking into account expiry dates when applicable) against which these tax losses and tax credits can be utilised.

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

	2012	2011
Expire within a year	-	-
Expire after a year, less than five years	43,505	35,863
Expire after five years	138,299	92,375
No expiry date	316,152	315,883
Total	**497,956**	**444,121**
Tax value	147,467	134,401

The total tax value of losses carried forward is presented before offsetting the corresponding deferred tax liabilities (which are reflected in the offset of deferred tax assets and liabilities as shown in the disclosure of tax assets and liabilities).
The deferred tax liability relating to property and equipment under operating leases reverses over the remaining term of the operating lease contracts which ranges from three to four years.

NOTE 21 - INTANGIBLE ASSETS

	Note	Capitalised software	Purchased software	Customer relationship	Customer contract	Goodwill	Total
Carrying amount as at 1 January 2011		**50,652**	**7,506**	**6,407**	**-**	**86,171**	**150,736**
Purchases		9,341	8,606				17,947
Acquisition of subsidiary	23			3,034	4,808	12,433	20,275
Divestments		- 96	- 2,221				- 2,317
Amortisation	9	- 11,853	- 5,196	- 1,510	- 629		- 19,188
Exchange rate differences		1,588	39				1,627
Carrying amount as at 31 December 2011		**49,632**	**8,734**	**7,931**	**4,179**	**98,604**	**169,080**
Cost		113,695	49,197	25,200	4,808	98,604	291,504
Accumulated amortisation and impairment		- 64,063	- 40,463	- 17,269	- 629		- 122,424
Carrying amount as at 31 December 2011		**49,632**	**8,734**	**7,931**	**4,179**	**98,604**	**169,080**
Purchases		13,469	4,903				18,372
Divestments		- 118	- 2,089				- 2,207
Amortisation	9	- 14,581	- 4,388	- 1,663	- 1,490		- 22,122
Exchange rate differences		288	12				300
Carrying amount as at 31 December 2012		**48,690**	**7,172**	**6,268**	**2,689**	**98,604**	**163,423**
Cost		113,414	51,632	25,494	4,808	98,604	293,952
Accumulated amortisation and impairment		- 64,724	- 44,460	- 19,226	- 2,119		- 130,529
Carrying amount as at 31 December 2012		**48,690**	**7,172**	**6,268**	**2,689**	**98,604**	**163,423**

The remaining amortisation period for the majority of the intangible assets with a finite life is approximately four years. In 2012 and 2011 no indications for impairment or reversal of impairment on intangibles with a finite life were identified and consequently no impairment charge was recognised or reversed.

The goodwill relates to the acquisition in 2005 of three companies of Europcar Fleet Services in Italy, Spain and Portugal, to the acquisition in 2008 of Daimler Chrysler Fleet Management France S.A.S., which operates under the brand name DCS fleet and to the acquisition in 2011 of Multirent - Aluguer e Comércio de Automóveis, S.A., which operates under the name of Santander Consumer Multirent (Multirent). All acquired companies were engaged in providing leasing services. Goodwill is allocated to the Group's cash generating units which have incorporated the above mentioned acquisitions and can be presented as follows:

Cash generating unit	Acquisition	Year	Discount rate	Goodwill
LeasePlan Italy	Europcar	2005	11.60%	46,646
LeasePlan Spain	Europcar	2005	12.45%	14,413
LeasePlan Portugal	Europcar	2005	13.70%	14,799
LeasePlan France	DCS	2008	10.45%	10,313
LeasePlan Portugal	Multirent	2011	12.85%	12,433
Total				**98,604**

Annually, or more frequently if events or changes in circumstances indicate a potential impairment, goodwill is reviewed for impairment. There was no impairment recognised in 2012 (2011: nil). The impairment test is identical for all cash generating units and based on value in use. The value in use was determined by discounting future cash flows generated from the continuing use of the cash generating units in which the acquired operating companies were incorporated. Cash flows were projected on actual financial results and the five-year business plans. The growth rates included in the business plans exceed the long-term average growth rate for this business as a reflection of the relative growth potential of the markets and to allow for an improvement in market position. In order to align the planned growth rate to the long-term growth rate, the cash flows were extrapolated for a further 11 years based on a gradually declining growth rate. A discount rate was applied which is built up of (i) a risk free rate (2%), (ii) a market premium (6.5%) multiplied by a market specific ß (1.3) and (iii) a country specific risk premium (ranging between 0% and 3.25%).
There is one cash generating unit with relatively little headroom between the carrying amount and the value in use which is LeasePlan Italy. This is mainly a reflection of relatively high goodwill in relation to the business volume. A further increase of the discount rate by more than 30 basis points or an adverse change in the projected discounted cash flows of more than 2% would remove the remaining headroom (approximately EUR 3 million).

NOTE 22 - ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

This caption relates to the MOX group.
In 2012 the Group finalised its sales and phasing out efforts in respect of the MOX group that leases small, mostly electric vehicles. The MOX group is measured at the lower of its carrying amount and the fair value less costs to sell, which resulted in a value adjustment amounting to EUR 17.0 million at year-end 2007. In the course of the years 2008 through 2011 operational losses of the MOX group were written off against this value adjustment resulting in a nil balance of this value adjustment at year-end 2011. In 2012 there is no result from discontinued operations (2011: EUR 1.9 million).

Effect of classification as assets held-for-sale

For the years ended 31 December 2012 and 31 December 2011, the MOX group had no significant cash inflows from operating activities, cash outflows from investing activities and cash flows from financing activities.

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

	2012	2011
Cash	-	1,276
Receivables from customers	-	1,349
Impairment receivables from customers	-	- 909
Inventories	-	370
Other receivables and prepayments	-	- 10
Property and equipment under operating lease and rental fleet	-	122
Deferred corporate income tax receivable	-	2,934
Total assets held-for-sale and discontinued operations	**-**	**5,132**
Cash equivalent included in Borrowings from financial institutions	-	70
Trade and other payables and deferred income	-	174
Total liabilities classified as held-for-sale and discontinued operations	**-**	**244**

NOTE 23 - EFFECT OF ACQUISITIONS

In July 2011 the Group acquired from Santander Consumer Iber-Rent, SL, 100% of the shares in Multirent - Aluguer e Comércio de Automóveis, S.A., a company which operates under the name of Santander Consumer Multirent (Multirent) in Portugal. The acquisition complements the Group's multi-brand approach and provides further support of the Group's long-term strategy to deliver sustainable growth with a focus on profitability.

The goodwill of EUR 12.4 million arising from the acquisition is attributable to the acquired customer base, which is an inseparable part of the entity, and economies of scale expected from combining the operations of the Group and Multirent. None of the goodwill recognised is expected to be tax deductible for income tax purposes. The following table summarises the consideration paid for Multirent and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Consideration at 5 July 2011	Note	
Cash		22,000
Total consideration		**22,000**
Acquisition related expenses (included in the general and administrative expenses in the consolidated income statement for the year ended 31 December 2011)		215
Recognised amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		
Receivables from clients		3,089
Corporate income tax receivable		753
Inventories		8,850
Other receivables and prepayments		2,799
Property and equipment under operating lease and rental fleet	18	126,199
Other property and equipment	19	50
Deferred tax asset	20	4,890
Customer relationship (included in intangible assets)	21	3,034
Customer contract (included in intangible assets)	21	4,808
Corporate income tax payable		- 56
Borrowings from financial institutions		- 129,579
Trade and other payables and deferred income		- 13,310
Deferred tax liabilities	20	- 1,960
Total identifiable net assets		**9,567**
Goodwill	21	12,433
Total		**22,000**

The fair value of acquired receivables from clients amounts to EUR 3.1 million. The gross contractual amount for receivables from clients due is EUR 10.0 million, of which EUR 6.9 million is expected to be uncollectible. Since 5 July 2011 Multirent contributed EUR 36.6 million to the 2011 revenues included in the consolidated income statement. Multirent also contributed net profit of EUR 1.9 million over the same period.

NOTE 24 - BORROWINGS FROM FINANCIAL INSTITUTIONS

This item includes amounts owed to banks under government supervision.

The maturity analysis of these loans is as follows:

	Note	2012	2011
On demand	11	180,308	144,518
Three months or less		283,153	146,692
Longer than three months, less than a year		298,583	318,927
Longer than a year, less than five years		1,014,649	925,762
Balance as at 31 December		**1,776,693**	**1,535,899**

On demand amounts owed to financial institutions relating to call money and bank overdraft balances form part of the cash and balances with banks in the cash flow statement.
Borrowings from financial institutions include an outstanding balance of EUR 1,195 million (2011: EUR 890 million) which is non-euro currency denominated as at 31 December 2012. The remainder of the borrowings from financial institutions is denominated in euro. Reference is made to the financial risk section (Currency risk).

In December 2012 a three year committed revolving credit facility was renewed with a consortium of 13 banks (EUR 1.25 billion) maturing in December 2015. During 2012 and 2011 no amounts were drawn under this facility.
In December 2012 Bumper Cars NL B.V. concluded an asset backed securitisation warehousing facility of EUR 500 million with two banks. This facility is part of the Bumper Cars transaction and is committed for two years, thereafter the facility will be repaid in line with the amortisation of the securitised assets. As from closing of the transaction up to and including 31 December 2012 no future discounted cash flows of lease receivables and residual values have been transferred by the originator (LeasePlan Nederland N.V.) to the special purpose company Bumper Cars NL B.V. and the facility of EUR 500 million is

therefore undrawn. For further details on the Bumper Cars transaction reference is made to note 4 of the Company financial statements.

NOTE 25 - FUNDS ENTRUSTED

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

The maturity analysis of these loans is as follows:

	2012	2011
Three months or less	2,303,455	1,479,464
Longer than three months, less than a year	1,263,981	1,154,591
Longer than a year, less than five years	537,464	338,818
Longer than five years	6,519	12,527
Balance as at 31 December	**4,111,419**	**2,985,400**

This caption includes savings deposits raised by LeasePlan Bank amounting to EUR 3.949 billion (2011: EUR 2.794 billion) of which 68.7% (2011: 56.1%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a universal banking licence in the Netherlands.

The average interest rates on the outstanding balances of the savings deposits in original maturity terms are as follows:

	2012	2011
On demand	2.31%	3.26%
A year or less	3.35%	3.56%
Longer than a year, less than or equal to two years	3.24%	3.28%
Longer than two years	3.82%	3.94%

The interest rate of the on demand accounts is set on a monthly basis.

The funds entrusted include an outstanding balance of EUR 1.5 million (2011: EUR 1.1 million) which is non-euro currency denominated as at 31 December 2012. The remainder of the funds entrusted is denominated in Euros. Reference is made to the financial risk section (Currency risk).

NOTE 26 - DEBT SECURITIES ISSUED

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

	2012	2011
Bonds and notes – originated from securitisation transactions	1,894,864	1,397,357
Bonds and notes – other	6,421,619	7,922,011
Bonds and notes – fair value adjustment on hedged risk	74,488	86,870
Commercial paper	77,599	54,913
Certificates of deposit	54,657	74,777
Balance as at 31 December	**8,523,227**	**9,535,928**

There is no pledge of security for these debt securities except for the bonds and notes which are originated from asset backed securitisation transactions.

The debt securities issued include an outstanding balance of EUR 2.5 billion (2011: EUR 2.8 billion) which is non-Euro currency denominated as at 31 December 2012. The remainder of the debt securities is denominated in Euros. The fair value adjustment is attributable to the hedged risk on bonds and notes in fair value hedges. This fair value hedging policy is commented on in the financial risk section (Strategy in using financial instruments).

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

	2012	2011
Bonds and notes	2.8%	3.1%
Commercial paper	2.0%	2.4%
Certificates of deposit	1.1%	1.8%
Average interest rate	**2.8%**	**3.1%**

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

	2012	2011
Three months or less	943,282	1,896,897
Longer than three months, less than a year	2,120,769	2,439,467
Longer than a year, less than five years	5,321,413	5,031,308
Longer than five years	137,763	168,256
Balance as at 31 December	**8,523,227**	**9,535,928**

At year-end 2012 the caption 'Bonds and notes – originated from securitisation transactions' can be detailed as follows:

	2012	2011
Bumper 2	649,056	601,370
Bumper 3	-	70,685
Bumper 4	486,525	725,302
Bumper 5	759,283	-
Total	**1,894,864**	**1,397,357**

Further reference is made to the financial risk section (Treasury risk) and note 4 of the Company financial statements.

At year-end 2012 the caption 'Bonds and notes – other' includes the following bonds raised under the Credit Guarantee Scheme of the State of the Netherlands. The 2012 annual fee payable to the State of the Netherlands amounted to EUR 25.4 million (2011: EUR 46.6 million) and is included in 'Interest expenses and similar charges' (note 4).

Term	Rate option	Interest rate	Maturity date	Currency	Notional amount
Five year	Fixed	3.250%	May 2014	EUR	1,000,020
Five year	Floating 3m libor	+ 1.125%	June 2014	USD	500,000

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

At year-end 2012 the caption 'Bonds and notes – other' includes an outstanding balance of EUR 194 million (2011: EUR 352 million) of floating rate notes with step-up spread and embedded put option whereby the note-holder has the right to put the notes back to the issuer at the end of each interest period. In the maturity analysis these notes are assumed to mature at the next interest date.

NOTE 27 - TRADE AND OTHER PAYABLES AND DEFERRED INCOME

	2012	2011
Trade payables	565,008	666,110
Deferred leasing income	546,104	498,085
Other accruals and other deferred income	198,680	216,825
Other amounts owed	215,988	212,110
Interest payable	169,873	155,525
Advance lease instalments received	93,404	86,281
Accruals for contract settlements	74,339	80,449
VAT and other taxes	24,679	12,464
Balance as at 31 December	**1,888,075**	**1,927,849**

The majority of the trade and other payables and deferred income has, except for deferred leasing income, a remaining maturity less than one year. Deferred leasing income relates to amounts received in advance, as part of the monthly lease instalments, to cover lease expenses in a subsequent period.

NOTE 28 - PROVISIONS

		2012	2011
Damage risk retention provision	(i)	264,489	221,112
Post-employment benefits	(ii)	15,993	16,086
Other provisions	(iii)	30,504	30,129
Balance as at 31 December		**310,986**	**267,327**

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

(i) Damage risk retention provision

	2012	2011
Provision for Third Party Liability (TPL)	159,592	104,481
Provision for damage claims	18,990	15,965
Incurred but not reported (IBNR)	85,907	100,666
Balance as at 31 December	**264,489**	**221,112**

The damage risk retention provision breaks down as follows:

			2012			2011
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Damages reported	178,582	- 14,198	164,384	120,446	- 14,301	106,145
Damages IBNR	85,907	- 9,357	76,550	100,666	- 6,478	94,188
Total damage risk provisions	**264,489**	**- 23,555**	**240,934**	**221,112**	**- 20,779**	**200,333**
Current	38,829	-	38,829	41,936	-	41,936
Non-current	225,660	- 23,555	202,105	179,176	- 20,779	158,397
Total damage risk provisions	**264,489**	**- 23,555**	**240,934**	**221,112**	**- 20,779**	**200,333**

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

Accident year	< 2007	2007	2008	2009	2010	2011	2012	Total
At end of accident year	278,925	53,116	57,619	49,325	48,974	65,565	95,931	
One year later	255,747	49,873	48,282	45,177	41,801	57,864		
Two years later	247,033	46,649	51,016	43,162	39,226			
Three years later	240,590	42,687	46,087	40,839				
Four years later	239,813	45,773	42,312					
Five years later	235,216	43,827						
More than five years later	230,624							
Estimate of cumulative claims	230,624	43,827	42,312	40,839	39,226	57,864	95,931	
Cumulative payments to date	- 194,245	- 35,384	- 32,489	- 27,017	- 24,576	- 18,223		
Gross outstanding damage liabilities	**36,379**	**8,443**	**9,823**	**13,822**	**14,650**	**39,641**	**95,931**	**218,689**
Less: IBNR	3,774	2,116	2,622	4,118	5,084	14,626	26,757	59,097
Total provision for TPL, excluding IBNR	**32,605**	**6,327**	**7,201**	**9,704**	**9,566**	**25,015**	**69,174**	**159,592**

The total provision for TPL, excluding IBNR for the years prior to 2007 can be detailed as follows:

	Gross outstanding damage liabilities	Less: IBNR	Total provision for TPL, excluding IBNR
2006	5,190	900	4,290
2005	13,792	1,771	12,021
2004	7,602	560	7,042
2003	2,353	293	2,060
2002	5,838	145	5,693
< 2001	1,604	105	1,499
Total	**36,379**	**3,774**	**32,605**

(ii) Provision for post-employment benefits

The provision for post-employment benefits comprises both defined benefit pension plans and other post-employment benefits. The Group operates a number of pension plans around the world. Most of these pension plans are defined contribution plans. In five countries, the Group has defined benefit pension plans, which for the majority are not open to new participants. The total number of participants of these pension plans is 431 (2011: 413). In addition, the Group operates other post-employment benefit plans in five countries which relate to legally required termination indemnities, which are payable at either the retirement date or the date the employees leave the Group. The total number of participants of these other post-employment benefit plans is 1,098 (2011: 1,152).

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

	Note	2012	2011
Balance as at 1 January		**52,552**	**70,543**
Movements in projected benefit obligations			
Current service costs	7	2,202	2,171
Interest costs	7	1,984	3,065
Employer's contributions/(refunds)		240	215
Actuarial (gains)/losses		6,477	3,522
Benefits paid		- 1,762	- 1,590
Curtailments	7	- 13	31
Past service costs	7	-	7
Settlements		- 54	- 25,802
Exchange rate differences		84	390
Balance as at 31 December: benefit obligations		**61,710**	**52,552**
Balance as at 1 January		**31,240**	**49,952**
Movements in plan assets			
Expected return on plan assets	7	1,388	2,535
Actuarial gains/(losses) on plan assets		53	- 1,947
Employer's contribution		2,506	14,017
Employee contribution		626	215
Benefits paid		- 1,361	- 1,221
Settlements		-	- 32,505
Exchange rate differences		79	194
Balance as at 31 December: plan assets		**34,531**	**31,240**
Funded status: surplus/(deficit) as at 1 January		**- 21,312**	**- 20,591**
Funded status: surplus/(deficit) as at 31 December		**- 27,179**	**- 21,312**
Unrecognised actuarial (gains)/losses		11,190	5,280
Prepaid pension cost (included in other assets)		- 4	- 54
Prepaid/(accrued) benefit cost as at 31 December		**- 15,993**	**- 16,086**
Unrecognised actuarial (gains)/losses as at 1 January		**5,280**	**6,748**
Actuarial (gains)/losses on pension obligation		6,477	3,522
Actuarial (gains)/losses on plan assets		- 53	1,947
Amortisation of actuarial gains/(losses)	7	- 532	- 812
Settlements		-	- 6,274
Exchange rate differences		18	149
Unrecognised actuarial (gains)/losses as at 31 December		**11,190**	**5,280**

In the course of 2011 the defined benefit pension plan in the United Kingdom was settled by means of a transfer of all obligations and plan assets to an insurance company. The balance sheet impact of this settlement is included in the table above and the impact on the income statement is reconciled in the table below.

	Note	2011
Settlements		
Defined benefit obligations		- 25,802
Plan assets		32,505
Actuarial (gains)/losses		6,274
Curtailments		31
		13,008
Effect of paragraph 58(b) limit (recognised in 2010)		- 4,943
Curtailments and settlements	7	**8,065**

Reference is made to note 7 for the details on the amounts recognised in the income statement in respect of the Group's post-employment defined benefit plans. Expected contributions to post-employment defined benefit plans are EUR 1.8 million for the year ending 31 December 2013.

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

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

	2012	2011
Discount rate	2.6%	3.9%
Inflation rate	2.3%	1.7%
Expected increment in salaries	2.3%	2.4%
Future pension increases	0.0%	0.6%
Expected return on plan assets	3.4%	4.7%

The rates used for interest discount factors, inflation, salary developments and future pension increases reflect country specific conditions.
The expected return on plan assets is determined by considering the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk free premium associated with the respective asset classes and the expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets. The expected returns of the individual plans have been weighted on the basis of the fair value of the assets of the plans in order to determine the average expected return on plan assets. All other assumptions are weighted on the basis of the post-employment benefit obligations.

The actual return on plan assets amounted to EUR 1.4 million (2011: EUR 0.6 million).

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

	2012	2011
Male	19.8	20.1
Female	22.7	23.0

The plan assets comprise the following:

	2012	2011
Equity instruments	15%	22%
Debt instruments	48%	57%
Other assets	37%	21%
Total	**100%**	**100%**

The experience adjustments on plan assets and plan liabilities are as follows:

	2012	2011	2010	2009	2008
Present value of defined benefit obligations	61,710	52,552	70,543	61,752	50,913
Fair value of plan assets	34,531	31,240	49,952	43,917	35,840
Deficit/(surplus) in the plans	**27,179**	**21,312**	**20,591**	**17,835**	**15,073**
Experience adjustments on plan liabilities	95	- 609	- 413	455	2,199
Experience adjustments on plan assets	222	- 1,588	- 1,039	2,346	- 6,761

(iii) Other provisions

	Other long-term employee benefits	Termination benefits	Litigation	Miscellaneous	Total
Balance as at 1 January	**7,370**	**3,068**	**6,433**	**13,258**	**30,129**
Charge/(credit) to the income statement					
Additional provisions	2,600	1,183	1,091	10,157	15,031
Unused amounts reversal	- 247	- 1,217	- 794	- 1,496	- 3,754
Usage during the year	- 910	- 1,570	- 985	- 10,362	- 13,827
Transfer	3,022	-	220	- 371	2,871
Exchange rate differences	45	27	- 190	172	54
Balance as at 31 December	**11,880**	**1,491**	**5,775**	**11,358**	**30,504**

The transferred amount in the movement schedule above reflects a few balance sheet reclassifications. The major part of the amounts are reclassified from 'Trade and other payables and deferred income'.

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

(b) Termination benefits
The provision for termination benefits relates to expected payments in order to terminate the employment of an employee or group of employees before the normal termination date. The balance relates to a small number of employee related litigations and obligations of relatively small size and are expected to be settled in the short-term.

(c) Litigation
Litigation provisions have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. These provisions are not employee related and have a long-term nature.

(d) Miscellaneous
Miscellaneous provisions include items which cannot be classified under one of the other captions. The nature of the items is diverse and long-term and includes provisions for guarantee payments and onerous contracts.

NOTE 29 - SHARE CAPITAL AND PREMIUM

At 31 December 2012, the authorised capital amounted to EUR 250 million (2011: 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.
The share premium reserve is a reserve in which the amount paid in excess of the nominal value is included.

NOTE 30 - OTHER RESERVES

Translation reserve
The translation reserve comprises all exchange rate differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company. In 2012 no translation differences related to discontinued operations were recycled to the income statement (2011: nil).

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 2012 a dividend of EUR 5.5 million (2011: EUR 4.9 million) was paid.

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

NOTE 31 - COMMITMENTS

The Group has entered into commitments in connection with the forward purchase of property and equipment under operating lease and rental fleet amounting to EUR 1.1 billion (2011: EUR 1.4 billion) as at the balance sheet date. These commitments are entered into in the ordinary course of business and are back-to-back matched with lease contracts entered into with customers. Furthermore, the Group has entered into commitments in connection with long-term rental and lease contracts. The future aggregate minimum lease payments under these contracts are as follows:

	2012	2011
Not longer than a year	31,841	32,673
Longer than a year, less than five years	87,098	87,869
Longer than five years	60,503	59,698
Total	**179,442**	**180,240**

For a number of clients, residual value guarantees have been given to a total of EUR 274 million (2011: EUR 304 million).

Credit facilities have been concluded with associates and jointly controlled entities amounting to EUR 272 million (2011: EUR 332 million) of which EUR 231 million (2011: EUR 200 million) is drawn. Reference is made to note 17.

NOTE 32 - RELATED PARTIES

Identity of related parties

Related parties and enterprises, as defined by IAS 24, are parties and enterprises which can be influenced by the Company or which can influence the Company. Global Mobility Holding B.V. is shareholder of the Company. The business relations between the two companies and its indirect shareholders are handled on normal market terms. No transactions occurred in 2012 and 2011.

In December 2012 the Company renewed a EUR 1.25 billion credit facility from Volkswagen A.G. through its subsidiary Volkswagen International Payment Services N.V. for a period of 3 years ending December 2015. No amounts were drawn under this facility in 2012 and 2011.

All business relations with associates and jointly controlled entities are in the ordinary course of business and handled on normal market terms. An amount of EUR 224 million (2011: EUR 193 million) is provided as loans to associates and jointly controlled entities (reference is made to note 17).

Transactions with key management personnel

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

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

The key management personnel compensations are as follows:

	2012	2011
Salaries and other short-term employee benefits	5,940	5,157
Post-employment benefits	1,033	860
Other long-term benefits	1,305	1,308
Total	**8,278**	**7,325**

In both 2012 and 2011 there were no termination benefits.

The compensations are distributed as follows:

	2012	2011
Managing Board	2,361	1,825
Senior Vice-Presidents	5,917	5,500
Total	**8,278**	**7,325**

The total remuneration is included in the caption 'Staff expenses' (reference is made to note 7).

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

Ada van der Veer - Vergeer is the only Supervisory Board member compensated by LeasePlan for the tasks and responsibilities as a member of the Supervisory Board. The total expenses for the group amounted to EUR 55,000 for 2012. Neither the company nor any of its group companies has granted any loans, guarantees or advances to the members of the Supervisory Board.

NOTE 33 - CONTINGENT ASSETS AND LIABILITIES

As at year-end 2012, 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 2.6 billion (2011: EUR 2.4 billion). The company charges a guarantee fee to the respective subsidiaries based on normal market terms.

The probability of any inflow of economic benefits arising from the contingent assets is difficult to estimate and remote. Accordingly no asset is recognised in the balance sheet.

NOTE 34 - EVENTS OCCURRING AFTER THE REPORTING DATE

On 13 December 2012 the Group signed an agreement to acquire the Italian fleet and vehicle leasing activities of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA). The total BBVA lease portfolio currently consists of approximately 20,000 vehicles and the acquisition allows the Group to further expand into the Italian fleet and leasing market. The acquisition further supports the Group's selective growth strategy. The transaction was completed on 27 February 2013 and on that date the Group acquired the entire share capital of two Italian entities, BBVA Renting S.p.A. and BBVA Autorenting S.p.A. and the Group has refinanced the entire business with its own funding.

COMPANY FINANCIAL STATEMENTS

BALANCE SHEET OF THE COMPANY

for the year ended 31 December (before profit appropriation)

In thousands of euros	Note	2012	2011
ASSETS			
Cash and balances with central banks	2	1,015,392	61,906
Amounts due from banks	3	698,928	1,435,105
Debt securities	4	483,029	289,900
Loans to group companies	5	8,692,749	9,376,455
Loans to jointly controlled entities	6	205,011	167,159
Investments in group companies	5	2,184,295	2,018,739
Investments in jointly controlled entities	6	27,296	14,740
Other assets	7	303,083	266,213
Intangible assets	8	348	670
Total assets		**13,610,131**	**13,630,887**
LIABILITIES			
Amounts due to banks	9	132,709	117,196
Funds entrusted	10	3,952,420	2,807,412
Debt securities issued	11	5,766,727	7,031,382
Other liabilities	12	1,362,436	1,521,013
Total liabilities		**11,214,292**	**11,477,003**
EQUITY			
Share capital		71,586	71,586
Share premium		506,398	506,398
Hedging reserve		- 36,670	- 32,967
Legal reserves		424,518	370,327
Translation reserve		31,839	21,988
Other reserves		1,156,868	992,265
Profit for the year		241,300	224,287
Shareholders' equity	13	**2,395,839**	**2,153,884**
Total equity and liabilities		**13,610,131**	**13,630,887**

INCOME STATEMENT OF THE COMPANY

In thousands of euros	Note	2012	2011
Result from subsidiaries after taxation	5	245,990	244,448
Other results after taxation		- 4,690	- 20,161
Profit for the year		**241,300**	**224,287**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

All amounts are in thousands of euros, unless stated otherwise

NOTE 1 - GENERAL

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

The Company's financial statements are prepared pursuant to the provisions in Part 9, Book 2, of the Dutch Civil Code, by applying the accounting policies used in the consolidated financial statements under IFRSs pursuant to the provisions of Article 362 sub 8, Part 9, Book 2, of the Dutch Civil Code.

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 Dutch Civil Code.

Under reference to Article 362 sub 8, Part 9, Book 2 of the Dutch 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.

The accounting policies set out before in preparing the consolidated financial statements for the year ended 31 December 2012 and the consolidated financial statements for the year ended 31 December 2011 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.
When the Group's share of losses exceeds its interest in a subsidiary, jointly controlled entity or associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations, which are expected to result in an outflow of resources, or made payments on behalf of the subsidiary, jointly controlled entity or associate.

NOTE 2 - CASH AND BALANCES WITH CENTRAL BANKS

The majority of this amount is cash deposited at the Dutch Central Bank of which a part is the mandatory reserve deposit that amount to EUR 47.7 million (2011: EUR 59.1 million) which is not available for use in the Group's day-to-day operations.

NOTE 3 - AMOUNTS DUE FROM BANKS

A break down of this caption is as follows:

	2012	2011
Call money and cash at banks	260,777	873,930
Cash collateral Bumper transactions	6,591	7,075
Cash collateral derivative financial instruments	46,860	11,100
Deposits with banks	384,700	543,000
Balance as at 31 December	**698,928**	**1,435,105**

NOTE 4 - DEBT SECURITIES

This caption includes investments in bonds resulting from securitisation programmes concluded by the Company. The following debt securities are issued:

Programme	Originator	Special purpose company	Currency	Transaction value*
Bumper 2	LeasePlan Deutschland GmbH	Bumper 2 S.A.	EUR	875,600
Bumper 3	LeasePlan UK Ltd.	Bumper 3 Finance Plc	GBP	887,137
Bumper 4	LeasePlan Nederland N.V.	Bumper 4 (NL) Finance B.V.	EUR	1,019,681
Bumper 5	LeasePlan UK Ltd.	Bumper 5 Finance Plc	GBP	837,714

**Transaction value at issue date. The transaction value of Bumper 2 is at re-issue date in 2011.*

These transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies. Debt securities were issued by these special purpose companies to finance these transactions. The special purpose companies are responsible for making interest and principal payments to the note-holders. The note-holders do not have recourse on the Company or other Group companies in case of non-performance or default by the special purpose companies. The Group has deposited cash collateral for these securitisation transactions, reference is made to note 13 of the consolidated financial statements of the Company. The higher rated notes are sold to external investors and the other notes are bought by the company.

The Bumper notes bought by the Company are as follows:

	2012	2011
Bumper 2	225,900	273,200
Bumper 4	-	16,700
Bumper 5	257,129	-
Total	**483,029**	**289,900**

The Company provided in 2011 a subordinated loan to Bumper 4 (NL) Finance B.V. for an amount of EUR 275.5 million, which is included in note 5.

The maturity of the Bumper notes bought by the Company is as follows:

	2012	2011
Longer than a year, less than five years	480,393	276,059
Longer than five years	2,636	13,841
Balance as at 31 December	**483,029**	**289,900**

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

In 2008 Bumper 2 S.A. issued under this securitisation transaction debt securities with a final legal term of 15 years and a revolving period of five years, after which redemption takes place. Bumper 2 S.A. and Bumper Car Sales GmbH are special purpose companies, but are included in the consolidated financial statements of the Company. The debt securities issued in March 2008 were divided into A-notes (EUR 663.3 million), B-notes (EUR 74.4 million) and C-notes (EUR 137.9 million). The notes were listed on the Irish Stock Exchange. The transaction was assessed by Standard & Poor's resulting in an AAA-rating for the A-notes and an A-rating for the B-notes.

In 2011 a new ECB rule became effective which requires that all notes (including existing notes) which are used for collateral purposes with the ECB need to be assessed by at least two rating agencies. In 2011 the Company restructured the Bumper 2 transaction in order to have the notes rated by two rating agencies. In March 2011 Bumper 2 S.A. bought back all Bumper 2 notes issued in 2008 and issued new notes. The debt securities issued in March 2011 are divided into A-notes (EUR 602.4 million), B-notes (EUR 47.9 million) and C-notes (EUR 225.9 million) which are listed on the Irish Stock Exchange. The transaction was assessed by Standard & Poor's and Fitch Ratings, resulting in an AAA-rating for the A-notes and AA-rating for the B-notes. The final legal term and the revolving period, after which redemptions take place are unchanged. During and after the restructuring process the Company successfully sold the A-notes and B-notes to external investors, the C-notes are held by the Company. The interest payable on the notes on a monthly basis is equal to one-month Euribor plus a mark-up. The C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.

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

The notes issued under this securitisation transaction have a final legal term of 13 years and a revolving period of one year. Bumper 3 Finance Plc is a limited liability company, but is included in the consolidated financial statements of the Company. The debt securities issued in April 2009 are divided into A-notes (EUR 733.8 million), B-notes (GBP 79.9 million) and C-notes (GBP 142.0 million). The notes are listed on the Irish Stock Exchange. The transaction was assessed by Fitch Ratings resulting in an AAA-rating for the A-notes and an A-rating for the B-notes. As from June 2011 Fitch Ratings upgraded the B-notes to an AA-rating.

The A-notes were sold to external investors, the B and C-notes are held by LeasePlan Finance N.V. The interest payable on the notes on a quarterly basis is equal to three-month Euribor plus a mark-up for the EUR notes and three-month Libor plus a mark-up for the GBP notes. The C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.

As per September 2012 the transaction has been unwound and replaced by a new asset backed securitisation transaction named Bumper 5 which was completed in April 2012.

Bumper 4
The Bumper 4 transaction was completed in April 2011 whereby EUR 1,019.6 million of future lease instalment receivables and associated residual value receivables originated by LeasePlan Nederland N.V. (the "originator") were sold to Bumper 4 (NL) Finance B.V., a special purpose company specially incorporated for the purpose of securitisation transactions under the laws of the Netherlands. Debt securities were issued by Bumper 4 (NL) Finance B.V. and a subordinated loan received from the Company are used to finance this transaction. The title to the underlying objects is retained by the originator.

The notes issued under this securitisation transaction have a final legal term of 15 years and a revolving period of one year. During this revolving period Bumper 4 (NL) Finance B.V. can use available funds to purchase new receivables. Bumper 4 (NL) Finance B.V. is a limited liability company, but is included in the consolidated financial statements of the Company.

The debt securities issued in April 2011 are divided into A-notes (EUR 703.5 million), B-notes (EUR 40.7 million) and a subordinated loan of (EUR 275.5 million). The notes are listed on the Irish Stock Exchange. The transaction is assessed by Fitch Ratings and Moody's, resulting in an AAA-rating (Fitch) and an Aaa-rating (Moody's) for the A-notes. The class B-notes are rated AAA by Fitch Ratings and Aa2 by Moody's.

The A-notes and B-notes are sold to external investors. The interest payable on the notes on a monthly basis is equal to one-month Euribor plus a mark-up. The B-notes are subordinate to the A-notes. The loan (EUR 275.5 million) provided by the Company to Bumper 4 (NL) Finance B.V. is subordinate to the A-notes and the B-notes.

Bumper 5
The Bumper 5 transaction was completed in April 2012 whereby GBP 837.7 million of future lease instalment receivables and associated residual value receivables originated by LeasePlan UK Ltd. (the "originator") were sold to Bumper 5 Finance Plc, a limited liability company specially incorporated for the purpose of a securitisation transaction under the laws of England and Wales. Debt securities were issued by Bumper 5 Finance Plc in EUR and GBP to finance this transaction. To hedge the currency risk arising from purchasing GBP receivables and issuing EUR A1-notes Bumper 5 Finance Plc concluded a currency swap. The title to the underlying objects is retained by the originator (except for vehicles under an Employee Car Ownership Scheme).

The notes issued under this securitisation transaction have a final legal term of ten years and a revolving period of nine months. Bumper 5 Finance Plc is a limited liability company, but is included in the consolidated financial statements of the Company. The debt securities issued in April 2012 are divided into A1-notes (EUR 445.8 million), A2-notes (GBP 212.1 million), B-notes (GBP 46.1 million) and C-notes (GBP 209.5 million). The notes are listed on the Irish Stock Exchange. The transaction was assessed by Standard & Poor's and Fitch Ratings resulting in an AAA-rating for the A-notes and an AA-rating for the B-notes.

The A-notes and B-notes were sold to external investors, the C-notes are held by the Company. The interest payable on the notes on a monthly basis is equal to one month Euribor plus a mark-up for the EUR notes and one month Libor plus a mark-up for the GBP notes. The C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.

Bumper Cars NL
The Bumper Cars transaction is a private transaction with two banks and uses a securitisation structure under Dutch law common for operating lease securitisations and closed on 6 December 2012. Bumper Cars NL B.V. entered into a master hire purchase agreement with LeasePlan Nederland N.V. (the "originator"). Based on this agreement Bumper Cars NL B.V. can buy future discounted cash flows of lease receivables and residual values from the originator. As per 31 December 2012 no future discounted cash flows were transferred from the originator to Bumper Cars NL B.V. With this transaction Bumper Cars NL B.V. concluded an asset backed securitisation warehousing facility with two banks. The volume of this facility is EUR 500 million and is undrawn as per 31 December 2012. The committed facility is rated AAA by DBRS. Bumper Cars NL B.V. is a limited liability company incorporated under Dutch law and is a special purpose company incorporated for this transaction. Bumper Cars NL B.V. is included in the consolidated financial statements of the Company.

NOTE 5 - INVESTMENTS IN AND LOANS TO GROUP COMPANIES

Movements in investments in group companies are as follows:

	2012	2011
Balance as at 1 January	**2,018,739**	**1,684,776**
Purchase of and increase in subsidiaries	9,702	175,002
Reductions in subsidiaries	- 102,861	- 107,787
Result of subsidiaries	245,990	244,448
Direct changes in equity	2,875	16,386
Exchange rate differences	9,850	5,914
Balance as at 31 December	**2,184,295**	**2,018,739**

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

The maturity analysis on the loans is as follows:

	2012	2011
Three months or less	1,283,659	3,641,283
Longer than three months, less than a year	1,842,988	1,440,370
Longer than a year, less than five years	5,288,875	4,017,639
Longer than five years	277,227	277,163
Balance as at 31 December	**8,692,749**	**9,376,455**

NOTE 6 - INVESTMENTS IN AND LOANS TO JOINTLY CONTROLLED ENTITIES

The investment relates to jointly controlled entities in Turkey and the United Arab Emirates.
Movements in jointly controlled entities are as follows:

	2012	2011
Balance as at 1 January	**14,740**	**12,904**
Share of results	9,974	1,836
Investments	2,582	-
Balance as at 31 December	**27,296**	**14,740**

The investment in 2012 relates to the transfer of the shares of the jointly controlled entity in the United Arab Emirates from a subsidiary to the Company.

The loans relate to jointly controlled entities in France, Turkey and the United Arab Emirates.

The maturity analysis on the loans is as follows:

	2012	2011
Three months or less	24,500	16,200
Longer than three months, less than a year	42,277	56,257
Longer than a year, less than five years	138,234	94,702
Balance as at 31 December	**205,011**	**167,159**

The company has entered into loan commitments of EUR 240 million (2011: EUR 211 million) of which EUR 205 million has been drawn at year-end 2012 (2011: EUR 167 million). There are no other material contingent liabilities of the jointly controlled entities.

NOTE 7 - OTHER ASSETS

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

	2012	2011
Derivative financial instruments	225,462	216,955
Tax receivables	29,588	22,872
Other	48,033	26,386
Balance as at 31 December	**303,083**	**266,213**

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

			2012			2011
	Notional amounts	**Fair value**		**Notional amounts**	**Fair value**	
		Assets	**Liabilities**		**Assets**	**Liabilities**
Fair value hedge						
Interest rate swaps/ forward rate agreements	2,850,881	94,707	473	5,241,102	125,892	919
Currency swaps	102,280	218	3,686	47,332	5,182	34
Cash flow hedge						
Interest rate swaps/ forward rate agreements	2,030,993	-	58,513	1,836,465	340	50,278
Total derivatives in hedge	**4,984,154**	**94,925**	**62,672**	**7,124,899**	**131,414**	**51,231**
Interest rate swaps/ forward rate agreements	15,335,359	114,607	114,827	8,536,879	47,263	79,237
Currency swaps/ currency forwards	3,484,220	15,930	24,749	1,987,434	38,278	41,266
Total derivatives not in hedge	**18,819,579**	**130,537**	**139,576**	**10,524,313**	**85,541**	**120,503**
Total	**23,803,733**	**225,462**	**202,248**	**17,649,212**	**216,955**	**171,734**

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

The unrealised gains/(losses) on financial instruments recognised in the income statement breaks down as follows:

	2012	2011
Derivatives not designated as hedges	18,404	- 19,718
Derivatives at fair value hedges	15,038	10,472
Derivatives at cash flow hedges (imperfectness)	- 5	14
	33,437	**- 9,232**
Financial liabilities used in fair value hedges	- 13,826	- 9,352
Unrealised gains/(losses) on financial instruments	**19,611**	**- 18,584**

NOTE 8 - INTANGIBLE ASSETS

	Purchased software	
	2012	2011
Carrying amount as at 1 January	**670**	**1,371**
Purchases	312	152
Depreciation	- 634	- 853
Carrying amount as at 31 December	**348**	**670**
Cost	2,632	2,320
Accumulated depreciation and impairment	- 2,284	- 1,650
Carrying amount as at 31 December	**348**	**670**

The purchased software relates to a banking system for LeasePlan Bank.

NOTE 9 - AMOUNTS DUE TO BANKS

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

The maturity of these loans is as follows:

	2012	2011
Three months or less	48,096	33,446
Longer than three months, less than a year	24,063	41,157
Longer than a year, less than five years	60,550	42,593
Balance as at 31 December	**132,709**	**117,196**

Amounts due to banks include an outstanding balance of EUR 2.4 million (2011: EUR 2.7 million) which is non-euro currency denominated as at 31 December 2012. The remainder of the amounts due to banks is denominated in euro.

NOTE 10 - FUNDS ENTRUSTED

The maturity analysis of funds entrusted is as follows:

	2012	2011
Three months or less	2,288,143	1,461,837
Longer than three months, less than a year	1,226,788	1,112,998
Longer than a year, less than five years	437,489	230,577
Longer than five years	-	2,000
Balance as at 31 December	**3,952,420**	**2,807,412**

This caption mainly includes savings deposits raised by LeasePlan Bank amounting to EUR 3.949 billion (2011: EUR 2.794 billion) of which 68.7 % (2011: 56.1%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a universal banking licence in the Netherlands.

The average interest rates on the outstanding balances of the savings deposits in original maturity terms are as follows:

	2012	2011
On demand	2.31%	3.26%
A year or less	3.35%	3.56%
Longer than a year, less than or equal to two years	3.24%	3.28%
Longer than two years	3.82%	3.94%

The interest rate of the on demand accounts is set on a monthly basis.

The funds entrusted are fully denominated in euro as at 31 December 2012 and 2011.

NOTE 11 - DEBT SECURITIES ISSUED

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

	2012	2011
Bonds and notes	5,656,440	6,909,548
Commercial Paper	54,657	47,057
Certificates of Deposit	55,630	74,777
Balance as at 31 December	**5,766,727**	**7,031,382**

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

	2012	2011
Bonds and notes	3.1%	3.2%
Commercial Paper	1.2%	1.9%
Certificates of Deposit	1.1%	1.8%
Average interest rate	**3.1%**	**3.1%**

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

	2012	2011
Three months or less	201,333	1,644,504
Longer than three months, less than a year	1,335,260	2,037,456
Longer than a year, less than five years	4,092,371	3,269,948
Longer than five years	137,763	79,474
Balance as at 31 December	**5,766,727**	**7,031,382**

The debt securities include an outstanding balance of EUR 1.5 billion (2011: EUR 2.5 billion) which is non-Euro currency denominated as at 31 December 2012. The remainder of the debt securities is denominated in Euros.

NOTE 12 - OTHER LIABILITIES

	2012	2011
Loans from Group companies	966,340	1,183,428
Amounts payable to Group companies	26,438	15,492
Derivative financial instruments	202,248	171,734
Other accruals and other deferred income	152,928	138,141
Corporate income tax payable	14,482	12,218
Balance as at 31 December	**1,362,436**	**1,521,013**

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

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

	2012	2011
Three months or less	143,566	101,228
Longer than three months, less than a year	60,000	2,519
Longer than a year, less than five years	487,293	804,200
Longer than five years	275,481	275,481
Balance as at 31 December	**966,340**	**1,183,428**

NOTE 13 - SHAREHOLDERS' EQUITY

Share capital

As at 31 December 2012, the authorised capital amounted to EUR 250 million (2011: 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 2012 and 2011.

The movement in shareholders' equity is as follows:

	Share capital	Share premium	Reserves				Result for the year	Share-holders' equity
			Legal reserves	Hedging reserve	Other reserves	Translation reserve		
Balance as at 1 January 2011	**71,586**	**506,398**	**287,470**	**- 24,691**	**880,934**	**16,073**	**199,088**	**1,936,858**
Changes in cash flow hedges				- 8,276				- 8,276
Exchange rate differences						5,915		5,915
Net income/(expenses) recognised directly in equity	**-**	**-**	**-**	**- 8,276**	**-**	**5,915**	**-**	**- 2,361**
Profit for the year							224,287	224,287
Total recognised income/(expenses) for the year	**-**	**-**	**-**	**- 8,276**	**-**	**5,915**	**224,287**	**221,926**
Transfer from/to			82,856		- 82,856			
Appropriation of result					199,088		- 199,088	
Dividend					- 4,900			- 4,900
Balance as at 31 December 2011	**71,586**	**506,398**	**370,326**	**- 32,967**	**992,266**	**21,988**	**224,287**	**2,153,884**
Changes in cash flow hedges				- 3,696				- 3,696
Exchange rate differences						9,851		9,851
Transfer from/to				- 7	7			
Net income/(expenses) recognised directly in equity	**-**	**-**	**-**	**- 3,703**	**7**	**9,851**	**-**	**6,155**
Profit for the year							241,300	241,300
Total recognised income /(expenses) for the year	**-**	**-**	**-**	**- 3,703**	**7**	**9,851**	**241,300**	**247,455**
Transfer from/to			54,191		- 54,191			
Appropriation of result					224,287		- 224,287	
Dividend					- 5,500			- 5,500
Balance as at 31 December 2012	**71,586**	**506,398**	**424,517**	**- 36,670**	**1,156,869**	**31,839**	**241,300**	**2,389,839**

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 exchange rate differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company as of 1 January 2004. No translation differences related to discontinued operations are recycled to the income statement (2011: nil).

Legal reserves are non-distributable reserves relating to requirements to establish reserves for specific purposes either by the Articles of Association of the Company, Part 9, Book 2, of the Dutch Civil Code and/or by local law.
The legal reserves relate to minimum reserves to be maintained for the non-distributable share in cumulated profits of subsidiaries and associates and jointly controlled entities.

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

The legal reserves, translation reserves and hedging reserves are non-distributable reserves of the Company pursuant to the provisions of Part 9, Book 2, of the Dutch Civil Code.

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

NOTE 14 - STAFF

The Company does not directly employ any staff.

NOTE 15 - MANAGING BOARD REMUNERATION

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

	2012	2011
Salaries and other short-term employee benefits	1,974	1,566
Post-employment benefits	387	259
Total	**2,361**	**1,825**

In both 2012 and 2011 there were no termination benefits.
The Dutch crisis levy ('crisisheffing') in relation to the Managing Board remuneration amounted to EUR 211 thousand in 2012 and is not included in the table above.
The Group has not granted any loans, guarantees or advances to members of the Managing Board.

Remuneration of the members of the Supervisory Board

Ada van der Veer - Vergeer is the only Supervisory Board member compensated by LeasePlan for the tasks and responsibilities as a member of the Supervisory Board. The total expenses for the group amounted to EUR 55,000 for 2012. Neither the company nor any of its group companies has granted any loans, guarantees or advances to the members of the Supervisory Board.

NOTE 16 - AUDIT FEES

The caption 'General and administrative expenses' in the consolidated financial statements includes an amount of EUR 5.2 million (2011: EUR 4.4 million) of audit fees for services provided by PricewaterhouseCoopers Accountants N.V. and its network.

			2012	2011
	PwC Accountants N.V.	Other PwC network	Total PwC network	Total PwC network
Audit services	809	2,999	3,808	3,272
Audit related services	702	473	1,175	647
Tax advice	-	97	97	122
Other (non-audit) services	-	124	124	347
Total services	**1,511**	**3,693**	**5,204**	**4,388**

NOTE 17 - COMMITMENTS

Credit facilities have been concluded with associates and jointly controlled entities amounting to EUR 240 million (2011: EUR 211 million) of which EUR 205 million (2011: EUR 167 million) is drawn (reference is made to note 6).

NOTE 18 - CONTINGENT LIABILITIES

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Dutch 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 2012, 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 2.6 billion (2011: EUR 2.4 billion).

Almere, the Netherlands, 13 March 2013

Supervisory Board

Frank Witter, Chairman
Michael Klaus, Deputy Chairman
Albrecht Möhle
Christian Schlögell
Ada van der Veer - Vergeer

Managing Board

Vahid Daemi, Chairman and CEO
Guus Stoelinga, CFO
Sven-Torsten Huster, COO

LIST OF PRINCIPAL CONSOLIDATED PARTICIPATING INTERESTS

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

Principal subsidiaries, which are fully included in the consolidated financial statements, are:
LeasePlan Australia Limited, Australia
LeasePlan Brasil Ltda., Brazil
LeasePlan Česká republika s.r.o., Czech Republic
LeasePlan Danmark A/S, Denmark
LeasePlan Deutschland GmbH, Germany
LeasePlan Finland Oy, Finland
LeasePlan Fleet Management N.V., Belgium
LeasePlan Fleet Management (Polská) Sp. z.o.o., Poland
LeasePlan Fleet Management Services Ireland Limited, Ireland
LeasePlan France S.A.S., France
LeasePlan Hellas S.A., Greece
LeasePlan Hungária Gépjármü Kezelö és Finanszírozó Részvénytá, Hungary
LeasePlan India Private Limited, India
LeasePlan Italia S.p.A., Italy
LeasePlan Luxembourg S.A., Luxembourg
LeasePlan Mexico S.A. de C.V., Mexico
LeasePlan Nederland N.V., the Netherlands
LeasePlan New Zealand Limited, New Zealand
LeasePlan Norge A/S, Norway
LeasePlan Österreich Fuhrparkmanagement GmbH, Austria
LeasePlan Portugal Comércio e Aluguer de Automóveis e Equipamentos Unipessoal Lda., Portugal
LeasePlan Romania SRL, Romania
LeasePlan Rus LLC, Russia
LeasePlan (Schweiz) AG, Switzerland
LeasePlan Servicios S.A., Spain
LeasePlan Slovakia s.r.o., Slovakia
LeasePlan Sverige AB, Sweden
LeasePlan UK Limited, United Kingdom
LeasePlan USA, Inc., USA

Euro Insurances Limited, Ireland
Globalines Reinsurance Limited, United Kingdom
LeasePlan Finance N.V., the Netherlands
LeasePlan Information Services Limited., Ireland
LeasePlan International B.V., the Netherlands
LeasePlan Supply Services AG, Switzerland
Mobility Mixx B.V., the Netherlands
Travelcard Nederland B.V., the Netherlands

All holdings are in the ordinary share capital of the undertaking concerned and are unchanged from 2011.

Special purpose companies with no shareholding by the Group are:
Bumper 2 S.A., Luxembourg
Bumper Car Sales GmbH, Germany
Bumper 3 Finance Plc, United Kingdom
Bumper 4 (NL) Finance B.V., the Netherlands
Bumper 5 Finance Plc, United Kingdom
Bumper Cars NL B.V., the Netherlands

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

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

The net equity accounting treatment is based on whether the company has significant influence or joint control. In the situations where the Group has a majority shareholding in the companies listed above these companies still qualify as jointly controlled entities as the Group has contractually agreed to sharing of control whereby the strategic and operating decisions relating to the company require the unanimous consent of the parties sharing control.

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Dutch Civil Code, a declaration of joint and several liability with respect to the financial obligations of the majority of the participating interests in the Netherlands is filed. Such declaration is filed for the following participating interests.

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

OTHER INFORMATION

OTHER INFORMATION

PROVISIONS OF THE ARTICLES OF ASSOCIATION ON PROFIT APPROPRIATION

Article 25

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 General Meeting.
2. With due observance of paragraph 1 of this article, the distributable profits shall be at the disposal of the General Meeting for distribution of dividend or 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 General Meeting may resolve to distribute one (1) or more interim dividends and/or other interim distributions, provided that the requirement laid down in paragraph 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) of the Dutch Civil Code.
6. Dividends shall be payable immediately after they have been declared, unless the General Meeting provides otherwise.
7. The claim for payment of dividends shall lapse on the expiry of a period of five (5) years.

Proposed profit appropriation

A dividend of EUR 5.5 million was paid out in December 2012. A final dividend of EUR 94.5 million, bringing the total dividend for the year to EUR 100 million, is proposed to the general meeting of shareholders for decision during the meeting on 13 March 2013. The remainder of the financial net profit amounting to EUR 141.3 million will be added to the general reserve (Other reserves).

Events after balance sheet date

On 13 December 2012 the Group signed an agreement to acquire the Italian fleet and vehicle leasing activities of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA). The total BBVA lease portfolio currently consists of approximately 20,000 vehicles and the acquisition allows the Group to further expand into the Italian fleet and leasing market. The acquisition further supports the Group's selective growth strategy. The transaction was completed on 27 February 2013 and on that date the Group acquired the entire share capital of two Italian entities, BBVA Renting S.p.A. and BBVA Autorenting S.p.A. and the Group has refinanced the entire business with its own funding.

INDEPENDENT AUDITOR'S REPORT

TO THE GENERAL MEETING OF SHAREHOLDERS OF LEASEPLAN CORPORATION N.V.

Report on the financial statements
We have audited the accompanying financial statements 2012 of LeasePlan Corporation N.V., Amsterdam as set out on pages 67 to 147. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2012, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2012, the company income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Managing Board's responsibility
The Managing Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Managing Board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Managing Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 2012, 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 Dutch 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 2012, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements
Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Managing Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Managing Board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, the Netherlands, 13 March 2013
PricewaterhouseCoopers Accountants N.V.

Originally signed by drs. E. Hartkamp RA

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Listed in the Trade Registry of the Gooi-, Eem- and Flevoland
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Written and published by:
LeasePlan Corporation N.V.
Corporate Communications, Almere

Layout and production by:
Ambitions, 's-Hertogenbosch

Printed by:
Dekkers van Gerwen, Dordrecht

Photography of leadership team and Supervisory Board:
Sjaak Ramakers, Utrecht (Photos 1 and 3 on page 54)
Miguel Méndez, Madrid (Photos 2, 4 and 5 on page 54)
Simone van Es, Amsterdam (Photos page 11, 14 and 15)

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