

First half year 2017 results

LeasePlan posts strong H1 with underlying net result up over 18%

AMSTERDAM, the Netherlands, 31 August 2017 – LeasePlan Corporation N.V. (LeasePlan; the “Company”), a global leader in fleet management and driver mobility, today reports its quarterly and half year (6M) 2017 results¹.

H1 2017 highlights²

- Underlying net result³ up 18.2% to EUR 291.7 million and underlying return on equity⁴ up 2.1 percentage points to 18.5%.
- Fleet growth of 5.7% compared to end-of June 2016, reaching 1.71 million vehicles under management. Fleet growth was fuelled by continued fast growth of our SME business, several new international clients and smaller corporate client wins.
- Underlying gross profit increased by 4.3% to EUR 799.7 million, on the back of fleet growth and higher contributions from all core lease related income streams, partially offset by anticipated lower vehicle sales results.
- Underlying overhead costs decreased by 5.6% to EUR 419.1 million as a result of the early benefits of the Power of One LeasePlan, a global programme of operational improvements across all functions and geographies.
- LeasePlan maintained a solid capital position and well diversified funding mix, contributing to its strong resilience and improved capital efficiency.

Key numbers

	Q2 2017	Q2 2016	6M 2017	6M 2016
Profitability				
Underlying net result (EUR million) ³	145.9	125.9	291.7	246.9
Underlying return on equity ⁴	18.5%	17.0%	18.5%	16.4%
			30 June 2017	30 June 2016
Volume				
Number of vehicles (millions)			1.713	1.621

Tex Gunning, CEO of LeasePlan:

“LeasePlan delivered yet another strong set of results in the first half of 2017, highlighting again the strong growth, cash flow generation and resilient nature of our business. We have more cars on the road than ever before and, at the same time, our underlying net result and return on equity continued to increase. These strong results further demonstrate the positive impact of our “Power of One LeasePlan” operational excellence initiative, which was successfully rolled out during the first half of 2017. This initiative enables us to leverage the strength of our organisation across all LeasePlan countries, the value chain and our functional competencies - enabling us to quickly unlock significant additional value for our customers and investors.”

¹ The information in this press release has neither been audited nor reviewed. The condensed interim financial statements for the period ending 30 June 2017 have been reviewed.

² % refer to year-on-year growth unless otherwise mentioned.

³ Underlying net result consists of net result adjusted for unrealised result on financial instruments, one-time items related to sale of subsidiaries, the Power of One LeasePlan initiative and the tax effect thereof. For the reconciliation between the underlying net result and the reported IFRS net result, reference is made to the table on page 2 of this press release.

⁴ Underlying return of equity is calculated as underlying net result (annualised) divided by the average (tangible and intangible) equity over the related period



Financial performance

LeasePlan recorded strong financial results in the second quarter and first half year of 2017, reflecting the strength and resilience of our business and diversified income streams.

Underlying income statement

<i>in millions of euros</i>	Q2 2017	Q2 2016	6M 2017	6M 2016
Lease revenues	1,600.4	1,525.3	3,208.3	3,018.2
Vehicles sales revenues	714.5	761.7	1,480.3	1,517.3
Total underlying revenues	2,314.9	2,287.0	4,688.6	4,535.5
Total underlying cost of revenues	1,914.4	1,900.0	3,888.9	3,768.5
Fees and interest margin	164.4	155.3	327.8	316.6
Lease services	127.3	126.0	255.5	243.2
Insurance	63.1	46.9	119.9	94.9
Vehicle sales	45.8	58.8	96.5	112.3
Underlying gross profit	400.6	387.0	799.7	767.0
Underlying overheads	210.8	227.1	419.1	443.9
Underlying operating profit	189.8	159.9	380.6	323.1
Share of profit of associates and jointly controlled entities	0.8	1.6	1.9	3.0
Underlying profit before tax	190.6	161.5	382.5	326.1
Tax	44.7	35.6	90.8	79.2
Underlying net result	145.9	125.9	291.7	246.9
Underlying adjustments	- 11.4	- 4.3	- 16.9	- 7.9
Reported net result	134.5	121.6	274.8	239.0

We continued to grow and improve profitability in the first half year by leveraging our scale and shifting from a multi local organisation to a fully integrated organisation. The increase in **total underlying revenues** was driven by the increase in lease revenues by 6.3% to EUR 3,208 million, which in its turn was largely due to the 5.7% higher number of vehicles under management. **Underlying gross profit** grew by 4.3% or EUR 32.7 million to EUR 799.7 million with higher profit contributions from our core income streams of fees and interest margin, lease services and especially insurance, partly offset, as anticipated, by a lower contribution from vehicles sales. The latter was negatively impacted by the termination of a large contract with one specific customer which had an over indexation of smaller vehicles in their fleet, which inherently have lower list prices and therefore sales proceeds.

Of particular note, **insurance** gross profit increased by EUR 25 million compared to H1 2016 to EUR 119.9 million (+26.3%). This was driven by a combination of increased insurance services penetration (insured fleet increased to 686,150 units, +8.5%), operational improvements (insourced claim handling, damage repair steering) and various general market-driven factors (premium levels, accident frequency).

Underlying overheads decreased by 5.6% to EUR 419.1 million due to the early benefits of the Power of One LeasePlan, the Company's ongoing operational efficiency improvement programme. The number of employees at end-June 2017 is 8.4% lower than a year ago.

As a consequence, the **underlying net result** grew by 18.2% (or EUR 44.8 million) to EUR 291.7 million. The **reported net result** increased by 15% to EUR 274.8 million, which includes one-off items and normalisations amounting to EUR 16.9 million⁵ after tax (EUR 22.6 million before tax). These items consist of restructuring charges relating to the Power of One LeasePlan initiative of EUR 34.7 million, which were partly offset by unrealised gains of EUR 12.1 million on derivative financial instruments.

Business and operational highlights

LeasePlan's fleet grew organically by 5.7% between end-June 2016 and end-June 2017 to 1.71 million vehicles under management. In line with our strategy, LeasePlan is focused on profitable growth rather than pure fleet growth. In the second quarter, we continued to work on a number of initiatives that are enabling us to leverage our scale, while improving and growing our commercial and business offering. Growth was achieved across all regions and segments. Particularly strong contributions came from major Western European countries including the Netherlands, Germany, Italy and Portugal, partly on the back of several new international client wins, a clearer proposition for smaller corporates and strong growth in SME and Private Lease. In addition, the Eastern European region strongly contributed to fleet growth.

In the second quarter, demand from international customers for consultancy services increased, covering areas such as cost optimisation and fleet policy. To better facilitate this, we are creating a single go-to-market model tailored to international companies' specific fleet management needs. We also saw continued interest from a wide range of corporate customers in sustainable lease solutions and our low-emission value propositions, which are supported by our new Electric Vehicle Centre of Expertise. For our private customers, we launched a new proposition in France called "Privilease", a digital-enabled product, which includes maintenance, roadside assistance and insurance, targeting employees of corporate clients (with at least 50 staff), without any additional costs for the client.

Within lease services, we have selected independent service providers (ISPs) for Repair, Maintenance & Tires (RMT) at global and local levels to drive procurement savings. Additionally, in the second quarter of 2017, we concluded several new standard Management Level Agreements with these ISPs, which provide for better control of customer requirements and quality of service in RMT. Furthermore, our new Driver Service Centre (DSC) concept has become operational in many countries and is being further rolled out across the group. This new concept gives drivers an easy-access and single point of contact to book repairs and manage insurance claims.

⁵ Comparable H1 2016 period: in underlying adjustments no one-time items were recorded. Normalisations related to an unrealised loss of EUR 79 million net (EUR 10.1 million before tax) on derivative financial instruments.

Within vehicle sales, we have further shaped our omni-channel approach and are launching an improved car remarketing value proposition, specifically targeting used car buyers in the B2C segment. In the first half of 2017, LeasePlan sold approximately 168,000 high-quality second-hand cars, increasingly via digital platforms, but also directly to consumers via our own physical outlets. In the first half year, we opened two new LeasePlan car remarketing stores in Poland and the Netherlands, bringing the group total to eleven.

The Power of One LeasePlan

Half year into the Power of One LeasePlan, which we have described in detail in our 2016 annual report, the transformation has reached full execution mode across all value drivers. The first wave of transformation initiatives has been deployed successfully across Europe and we are already seeing the benefits in our results. Despite the fleet growing by 5.7%, underlying overheads decreased by 5.6% which is indicative of the leap in operational efficiency.

LeasePlan Digital and appointment of new Chief Digital Officer

To further accelerate the development of new digital propositions in all areas of our business, we were delighted to launch our LeasePlan Digital hub in Amsterdam in July. Going forward, our growing digital capabilities will enable us to further drive operational excellence across the group and capture additional sustainable growth opportunities in our markets. Our new LeasePlan Digital organisation will be led by Michel Alsemgeest, who will join the Company as our Chief Digital Officer on 1 October 2017.

Funding and capital position

In the first half of 2017, LeasePlan continued to benefit from its diversified funding platform. LeasePlan successfully issued GBP 425 million of securitised notes, conducted various private placements for a total amount of EUR 747 million and successfully placed an unsecured public debt issuance of EUR 500 million.

In addition, LeasePlan saw an increase in LeasePlan Bank retail deposits by EUR 436 million to EUR 5.8 billion. LeasePlan's capital position remains solid, with a CET 1 capital ratio of 18.8%, compared to 18.1% at the end of June 2016.

Exploration of strategic alternatives

The current shareholders of LeasePlan have, together with LeasePlan, recently commenced a review of various strategic alternatives, including a potential Initial Public Offering (IPO). The review is still in a preliminary stage. Further updates will be provided when appropriate.

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About LeasePlan

LeasePlan is one of the world's leading fleet management and driver mobility companies, with 1.7 million vehicles under management in over 30 countries. Our core business involves managing the entire vehicle life-cycle for our clients, taking care of everything from purchasing, insurance and maintenance to car re-marketing. With over 50 years' experience, we are a trusted partner for our private, SME, corporate and mobility service clients. Our mission is to provide innovative, sustainable vehicle leasing solutions wherever you are and wherever you need to be - so you can focus on what's next. Find out more at www.leaseplan.com.

Disclaimer

Financial and other information in this document may contain certain forward-looking statements (all statements other than those made solely with respect to historical facts) based upon beliefs and data currently available to management. These statements are based on a variety of assumptions that may not be realised and are subject to significant business, economic, legal and competitive risks and uncertainties. Our actual operations, financial conditions, cash flows and operating results may differ materially from those expressed or implied by any such forward-looking statements and we expressly disclaim any obligation or undertaking to publicly update or revise any forward-looking statement. This document does not constitute an offer to sell, or a solicitation of an offer to buy any securities.



Consolidated financial statements

Condensed consolidated income statement

for the period ended 30 June

<i>In thousands of euros</i>	Note	Q2 2017	Q2 2016 ¹	6M 2017	6M 2016 ¹
Revenues (lease income and vehicles sales)	2	2,125,122	2,097,129	4,309,871	4,157,335
Cost of revenues	2	1,837,756	1,814,942	3,732,994	3,604,643
Gross profit (net lease and vehicles sales income)		287,366	282,187	576,877	552,692
Interest and similar income		193,953	193,347	388,683	385,385
Interest expenses and similar charges		76,670	85,062	155,950	163,840
Net interest income		117,283	108,285	232,733	221,545
Impairment charges on loans and receivables		4,152	3,473	9,954	7,237
Unrealised gains/losses on financial instruments	6	6,249	- 5,483	12,121	- 10,125
Net finance income		119,380	99,329	234,900	204,183
Total operating income		406,746	381,516	811,777	756,875
Staff expenses		140,447	139,877	276,282	277,373
General and administrative expenses		80,285	73,605	154,257	139,355
Depreciation and amortisation		11,475	13,611	23,238	27,157
Total operating expenses		232,237	227,093	453,777	443,885
Share of profit of investments accounted for using the equity method		783	1,570	1,872	2,959
Profit before tax		175,292	155,993	359,872	315,949
Income tax expenses		40,827	34,436	85,090	76,959
Net result attributable to owners of the parent		134,465	121,557	274,782	238,990

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

¹ Prior year figures have been adjusted for comparison purposes. Please refer to the Group's financial statements 2016 (Basis of preparation) for further details.

Condensed consolidated statement of comprehensive income

for the period ended 30 June

<i>In thousands of euros</i>	Note	Q2 2017	Q2 2016	6M 2017	6M 2016
Net result		134,465	121,557	274,782	238,990
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of post-employment benefit reserve, before tax		8	11	- 4	30
Income tax on post-employment benefit reserve		- 2	- 4	2	- 10
Subtotal changes post-employment benefit reserve, net of income tax		6	7	- 2	20
<i>Items that may be subsequently reclassified to profit or loss</i>					
Changes in cash flow hedges, before tax		4,058	2,391	7,851	2,617
Cash flow hedges recycled from equity to profit and loss, before tax		- 2,212	- 1,946	- 3,929	- 3,572
Income tax on cash flow hedges		- 462	- 111	- 981	239
Subtotal changes in cash flow hedges, net of income tax		1,384	334	2,941	- 716
Exchange rate differences	3	- 30,192	- 5,422	- 23,773	- 26,771
Other comprehensive income, net of income tax		- 28,802	- 5,081	- 20,834	- 27,467
Changes in post-employment plans in associates		-	-	-	398
Total comprehensive income for the year attributable to owners of the parent		105,663	116,476	253,948	211,921

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Condensed consolidated balance sheet

<i>In thousands of euros</i>	Note	30 June 2017	31 December 2016
Assets			
Cash and balances at central banks		2,165,517	1,857,144
Receivables from financial institutions	5	580,388	490,448
Derivative financial instruments	6	94,112	224,898
Other receivables and prepayments	7	952,006	980,292
Inventories		240,683	280,519
Loans to investments accounted for using the equity method		131,250	125,275
Corporate income tax receivable		35,331	57,906
Lease receivables from clients	8	3,253,725	3,425,539
Property and equipment under operating lease and rental fleet	9	16,290,792	15,919,429
Other property and equipment		92,358	91,806
Investments accounted for using the equity method		25,564	27,394
Intangible assets		170,874	174,179
Deferred tax assets		110,234	118,178
		24,142,834	23,773,007
Assets classified as held-for-sale	10	23,795	13,763
Total assets		24,166,629	23,786,770

See continuation of this table on the next page.

Condensed consolidated balance sheet - *continued*

<i>In thousands of euros</i>	Note	30 June 2017	31 December 2016
Liabilities			
Funds entrusted	11	5,923,257	5,480,777
Derivative financial instruments	6	72,490	77,584
Trade and other payables and deferred income	12	2,164,396	2,320,288
Corporate income tax payable		43,333	40,454
Borrowings from financial institutions	13	3,617,534	3,259,384
Debt securities issued	14	8,424,476	8,805,351
Provisions	15	428,089	454,507
Deferred tax liabilities		275,404	272,723
Total liabilities		20,948,979	20,711,068
Equity			
Share capital		71,586	71,586
Share premium		506,398	506,398
Other reserves	3	- 30,559	- 9,725
Retained earnings		2,670,225	2,507,443
Total equity		3,217,650	3,075,702
Total equity and liabilities		24,166,629	23,786,770

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Condensed consolidated statement of changes in equity

In thousands of euros

	Attributable to the owners of the parent				Total equity
	Share capital	Share premium	Other reserves	Retained earnings	
Balance as at 1 January 2016	71,586	506,398	3,101	2,490,379	3,071,464
Net result	-	-	-	238,990	238,990
Other comprehensive income	-	-	- 27,467	-	- 27,467
Post employment plans in associates	-	-	-	398	398
Total comprehensive income	-	-	- 27,467	239,388	211,921
Dividend relating to 2015	-	-	-	- 265,500	- 265,500
Total transactions with owners of the parent	-	-	-	- 265,500	- 265,500
Balance as at 30 June 2016	71,586	506,398	- 24,366	2,464,267	3,017,885
Net result	-	-	-	186,476	186,476
Other comprehensive income	-	-	14,641	-	14,641
Total comprehensive income	-	-	14,641	186,476	201,117
Dividend relating to 2016	-	-	-	- 143,300	- 143,300
Total transactions with owners of the parent	-	-	-	- 143,300	- 143,300
Balance as at 1 January 2017	71,586	506,398	- 9,725	2,507,443	3,075,702
Net result	-	-	-	274,782	274,782
Other comprehensive income	-	-	- 20,834	-	- 20,834
Total comprehensive income	-	-	- 20,834	274,782	253,948
Dividend relating to 2016	-	-	-	- 112,000	- 112,000
Total transactions with owners of the parent	-	-	-	- 112,000	- 112,000
Balance as at 30 June 2017	71,586	506,398	- 30,559	2,670,225	3,217,650

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Condensed consolidated statement of cash flows

for the six months period ended 30 June

<i>In thousands of euros</i>	Note	2017	2016 ¹
Operating activities			
Net result		274,782	238,990
Adjustments			
Interest income		- 388,683	- 379,766
Interest expense		155,950	163,840
Impairment on receivables		9,954	7,237
Valuation allowance on inventory		-	- 1,264
Depreciation operating lease portfolio and rental fleet	9	1,576,446	1,502,353
Depreciation other property and equipment		11,652	12,475
Amortisation and impairment intangible assets		11,181	14,682
Share of profit of investments accounted for using the equity method		- 1,872	- 2,959
Financial instruments at fair value through profit and loss		- 12,121	10,125
Income tax expense		85,090	76,959
Changes in			
Provisions		- 17,791	11,790
Derivative financial instruments		140,756	- 140,967
Trade and other payables and other receivables		- 100,974	- 111,768
Inventories		214,424	192,194
Amounts received for disposal of vehicles under operating lease	9	1,015,078	1,008,556
Amounts paid for acquisition of vehicles under operating lease	9	- 3,273,109	- 3,491,921
Acquired new finance leases and other increases of receivables from clients		- 458,372	- 681,808
Repayment finance leases		610,890	596,101
Cash generated from operating activities		- 146,719	- 975,151
Interest paid		- 192,133	- 165,465
Interest received		388,627	379,745
Income taxes paid		- 52,748	- 61,583
Income taxes received		12,474	6,476
Net cash flows from operating activities		9,501	- 815,978

¹ Prior year figures have been adjusted for comparison purposes. Please refer to the Group's financial statements 2016 (Basis of preparation) for further details.

Condensed consolidated statement of cash flows - continued

for the six months period ended 30 June

<i>In thousands of euros</i>	Note	2017	2016 ¹
Investing activities			
Proceeds from sale of other property and equipment		16,315	8,634
Purchases of other property and equipment		- 25,967	- 21,949
Purchases of intangible assets		- 9,860	- 6,734
Divestments of intangible assets		572	- 35
Loans provided to investments accounted for using the equity method		- 34,500	- 35,200
Redemption on loans to investments accounted for using the equity method		28,525	23,250
Dividend received from investments accounted for using the equity method		2,625	720
Changes in held-for-sale investments		- 10,032	- 12,452
Net cash flows from investing activities		- 32,322	- 43,766
Financing activities			
Receipt of receivables from financial institutions		192,214	1,587,676
Balances deposited to financial institutions		- 271,014	- 1,765,218
Receipt of borrowings from financial institutions		2,012,862	1,182,070
Repayment of borrowings from financial institutions		- 1,525,024	- 1,067,753
Receipt of funds entrusted		489,713	1,327,657
Repayment of funds entrusted		- 47,233	- 806,590
Receipt of debt securities		1,554,237	2,499,545
Repayment of debt securities		- 1,935,112	- 959,686
Dividends paid to Company's shareholders		- 112,000	- 265,500
Net cash flows from financing activities		358,643	1,732,201
Cash and cash equivalents as at 1 January		1,739,066	1,583,374
Net movement in cash and balances with banks		335,822	872,457
Exchange gains/losses on cash and balances with banks		2,015	2,149
Cash and cash equivalents as at 30 June	4	2,076,903	2,457,980

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

¹ Prior year figures have been adjusted for comparison purposes. Please refer to the Group's financial statements 2016 (Basis of preparation) for further details.



General notes

General information

LeasePlan Corporation N.V.

LeasePlan Corporation N.V. (the "Company") is a company domiciled in and operating from Amsterdam, the Netherlands and having its statutory seat in Amsterdam, the Netherlands. The address of its registered office is Gustav Mahlerlaan 360, 1082 ME Amsterdam. The condensed consolidated interim financial statements of the Company as at 30 June 2017 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in investments accounted for using the equity method. The Group consists of a growing international network of companies engaged in fleet management and mobility services, mainly through operating leasing. At 30 June 2017, the Group employed over 6,800 people worldwide and had offices in 32 countries. There were no major changes in the Groups' composition during the reporting period.

The Company holds a 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 exposures. The condensed consolidated interim financial statements have been reviewed, not audited.

Ownership of the Company

LP Group B.V. holds 100% of the Company's shares. LP Group B.V. represents a group of long-term responsible investors. None of these investors has a(n indirect) controlling interest in the Company:

- **ADIA:** Since 1976, the Abu Dhabi Investment Authority (ADIA) has been prudently investing funds on behalf of the Government of Abu Dhabi, with a focus on long-term value creation. ADIA manages a global investment portfolio that is diversified across more than two dozen asset classes and sub categories, including quoted equities, fixed income, real estate, private equity, alternatives and infrastructure.
- **ATP:** ATP was established in 1964 and is Denmark's largest pension fund and one of Europe's largest pension funds.
- **Broad Street Investments:** A Singapore based Holding company.
- **GIC:** GIC is a leading global investment firm with well over US\$100 billion in assets under management. Established in 1981, the firm manages Singapore's foreign reserves and is positioned for long-term and flexible investments across a wide range of asset classes, including public equities, fixed income, real estate, and private equity. In private equity, GIC invests through funds as well as directly in companies, partnering with fund managers and management teams to help businesses achieve their objectives. GIC employs more than 1,300 people.
- **PGGM:** PGGM is a cooperative Dutch pension fund service provider. Institutional clients are offered: asset management, pension fund management, policy advice and management support. Either alone or together with strategic partners, PGGM develops innovative future provisions by linking together pension, care, housing and work.
- **TDR Capital:** TDR Capital LLP is a highly selective private equity firm with a track record of investing in businesses. TDR Capital LLP was founded in 2002 and currently manages funds totalling over EUR 5.0 billion on behalf of a range of sophisticated investors.

Basis of preparation

The condensed consolidated interim financial statements for the period ended 30 June 2017 have been prepared in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union. The condensed consolidated interim financial statements have been prepared on the same basis as, and should be read in conjunction with, the annual consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS and its interpretations as adopted by the European Union. These condensed consolidated interim financial statements do not include Company financial statements. Annual Company financial statements are included in the Group's Annual report for the year ended 31 December 2016.

The presentation of the Consolidated income statement, the operating segments as well as various profit streams changed per December 2016. Consequently the comparative figures in these condensed consolidated interim financial statements have been adjusted for comparison purposes. For further details refer to note 2 "Basis of preparation" of the Group's financial statements for the year ended 31 December 2016.

Accounting policies

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

New and amended standards and interpretations need to be adopted in the first (interim) financial statements issued after their effective date (or date of early adoption). There are no new or amended IFRSs or IFRICs that are effective for the first time for this interim period that would be expected to have a material impact on the Group.

The following new standards are not yet effective and have not been early adopted:

- IFRS 9 “Financial instruments” addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. There is a new expected credit losses model that replaces the incurred impairment model of IAS 39. The Group plans to adopt IFRS 9 by the required effective date of 1 January 2018 with no early adoption and no restatement of comparative information as permitted by the standard. Furthermore, it is expected that the Group will apply the accounting policy choice to defer the application of the new general hedging model and continue to apply the hedge accounting requirements of IAS 39 in their entirety until the standard resulting from the IASB’s separate project on macro hedge accounting is effective.
At initial application of IFRS 9, the impact of IFRS 9 will arise from the introduction of the new impairment model which results in a decrease in equity, although this is not expected to be significant. No changes are expected in the measurement of the Group’s financial assets and liabilities. Post initial application, expected credit losses due to the adoption of the new impairment model will lead to earlier recognition of credit losses.
- IFRS 15 ‘Revenue from contracts with customers’ deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s control of a good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. During the course of 2017, the Group has been assessing the impact of IFRS 15 and based on the analysis done to date, the Group does not expect a significant impact on the current accounting for recognition of revenues. The Group plans to adopt IFRS 15 by the required effective date of 1 January 2018 with no early adoption and using the cumulative effect approach. This means that comparative figures will not be restated but will be presented in accordance with current accounting standards.
- IFRS 16 ‘Leases’, issued in January 2016, includes a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The model reflects that, at the start of a lease, the lessee obtains a right to use the underlying asset for a period of time, and the lessor has provided or delivered that right. Both the asset and the liability are initially measured at the present value of lease payments. The approach in IFRS 16 for lessor accounting remains substantially unchanged compared to IAS 17. Lessors continue to classify leases as operating or finance leases. IFRS 16 is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 Revenue from contracts with customers has also been applied. The Group is currently assessing the full impact of IFRS 16. Furthermore, the Group is investigating how it can support its lessees in calculating the right of use asset and corresponding liability.

Use of judgements and estimates

The preparation of the condensed consolidated interim 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. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2016.

Seasonality and cyclicality

As the Group leases assets to its clients for durations that normally range between 3-4 years, the impact of seasonality and cyclicality is relatively limited.



Financial risk management

All amounts are in thousands of euros, unless stated otherwise

Introduction

The Group's activities expose it to a variety of financial risks: credit risk, asset risk, motor insurance risk and treasury risk (including liquidity risk, interest rate risk and currency risk). The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required for the annual financial statements; these disclosures should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2016.

There have been no material changes to the financial risk profile of the Group since year-end 2016. Credit risk, asset risk and liquidity risk are further described below as these are considered to be the primary risk management areas.

A. Credit risk

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 and the retail lease portfolio of the United Kingdom and the Netherlands. For the other portfolios the standardized approach is applied. The Group uses this measurement system to be able to report on such credit risk to external regulators.

B. Asset risk

Asset risk is analysed throughout the term of the lease contracts: starting at lease inception, following it through its term up to the lease termination. 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. The positive termination results in first half year of 2017 continued to benefit from prudent setting of residual values in the past, continued focus on risk mitigating measures during the lifetime of the lease contracts and favourable market conditions. The exposure to residual values as at the end of June 2017 amounted to EUR 11.1 billion² (year-end 2016: EUR 10.7 billion).

C. Liquidity risk

Liquidity risk is managed by pursuing a diversified funding strategy, seeking to conclude funding that matches the estimated run-off profile of the leased assets and maintaining an adequate liquidity buffer. The matched funding principle is applied both at a consolidated group and at subsidiary level taking into account specific mismatch tolerance levels. The Group maintains a liquidity buffer that includes cash balances and committed (standby) credit facilities to safeguard its ability to continue to write new business also when under stress temporarily no new funding could be obtained from the financial markets. The overall liquidity buffer is intended to be sufficient to make sure that under stress at least 9 months can be survived.

² In addition to this amount the Group has also provided off-balance residual value commitments for non-funded vehicles up to an amount of EUR 365 million (year-end 2016: EUR 363 million).

D. Fair value of financial instruments

The next table 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 30 June 2017 and 31 December 2016.

<i>as at 30 June 2017</i>	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivatives financial instruments in hedge	57,344	-	57,344	-	57,344
Derivatives financial instruments not in hedge	36,768	-	36,768	-	36,768
Financial assets not measured at fair value					
Cash and balances at central banks	2,165,517	2,165,517	-	-	2,165,517
Receivables from financial institutions	580,388	-	580,388	-	580,388
Lease receivables from clients	3,253,725	-	-	3,301,390	3,301,390
Loans to investments using the equity method	131,250	-	134,541	-	134,541
Other receivables and prepayments ¹	317,339	-	318,323	-	318,323
Assets held-for-sale	23,795	-	-	24,288	24,288
Total financial assets	6,566,126	2,165,517	1,127,364	3,325,678	6,618,559
Financial liabilities measured at fair value					
Derivatives financial instruments in hedge	21,470	-	21,470	-	21,470
Derivatives financial instruments not in hedge	51,020	-	51,020	-	51,020
Financial liabilities not measured at fair value					
Funds entrusted	5,923,257	-	5,977,832	-	5,977,832
Trade and other payables and deferred income ²	807,534	-	807,534	-	807,534
Borrowings from financial institutions	3,617,534	-	3,703,851	-	3,703,851
Debt securities issued	8,424,476	-	8,540,264	-	8,540,264
Total financial liabilities	18,845,291	-	19,101,971	-	19,101,971

¹ Other receivables that are not financial assets are not included.

² Other payables that are not financial liabilities are not included.

<i>as at 31 December 2016</i>	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivatives financial instruments in hedge	78,336	-	78,336	-	78,336
Derivatives financial instruments not in hedge	146,562	-	146,562	-	146,562
Financial assets not measured at fair value					
Cash and balances at central banks	1,857,144	1,857,144	-	-	1,857,144
Receivables from financial institutions	490,448	-	490,452	-	490,452
Lease receivables from clients	3,425,539	-	-	3,472,005	3,472,005
Loans to investments using the equity method	125,275	-	128,452	-	128,452
Receivables and prepayments ¹	344,063	-	344,921	-	344,921
Assets held-for-sale	13,763	-	-	14,003	14,003
Total financial assets	6,481,130	1,857,144	1,188,723	3,486,008	6,531,927
Financial liabilities measured at fair value					
Derivatives financial instruments in hedge	18,750	-	18,750	-	18,750
Derivatives financial instruments not in hedge	58,834	-	58,834	-	58,834
Financial liabilities not measured at fair value					
Funds entrusted	5,480,777	-	5,556,367	-	5,556,367
Trade and other payables and deferred income ²	890,502	-	890,502	-	890,502
Borrowings from financial institutions	3,259,384	-	3,314,513	-	3,314,513
Debt securities issued	8,805,351	-	8,870,422	-	8,870,422
Total financial liabilities	18,513,598	-	18,709,388	-	18,709,388

¹ Other receivables that are not financial assets are not included.

² Other payables that are not financial liabilities are not included.

During the reporting period there were no changes in valuation techniques or transfers between levels 1, 2 and 3.

Financial instruments in level 1

The fair value of financial instruments that are traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Cash and balances with central banks are the only financial instruments held that are included in level 1.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of the interest rate swaps and cross currency swaps calculated as the present value of the estimated future cash flows based on observable yield curves at commonly quoted intervals, while taking into account the current creditworthiness of the counterparties.
- The yield curve for all collateralised derivatives is based on the overnight index swap (OIS) rate (the vast majority of the Group's derivatives is collateralised).
- The valuation methodology of the cross currency swaps includes a liquidity premium (which swaps less liquid currencies into those that are considered more liquid in the market and vice versa).
- The counterparty's probability of default is estimated using market credit default swap ('CDS') spreads resulting in credit valuation adjustments.
- The Group's own creditworthiness and probability of default is estimated using input such as secondary spreads and cost of funding curve as well as information from counterparties resulting in a debit valuation adjustment.
- Other techniques such as discounted cash flow analysis based on observable yield curves at commonly quoted intervals, are used to determine the fair value for the remaining financial instruments.
- For certain other receivables (Rebates and bonuses and commissions receivable, Reclaimable damages and Interest to be received) and payables (Trade payables and Interest payable) with a remaining term well below one year, the carrying value is deemed to reflect the fair value.

The derivative financial instruments not in hedge are derivatives that mitigate interest rate risk and currency risk from an economic perspective but do not qualify for hedge accounting from an accounting perspective. The Group is not involved in trading of derivatives.

Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the financial instrument is included in level 3. Receivables from clients are included in level 3 as well as the finance leases included in Assets classified as held-for-sale as the pricing is not based on observable market data. The fair value of the receivables from clients and the finance leases included in Assets classified as held-for-sale are calculated as the present value of the (estimated) future cash flows based on yield curves that next to observable market data also include client specific pricing considerations, while also taking into account the current creditworthiness of the client.



Specific notes

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). The Group's key management 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, insurance, maintenance and remarketing of vehicles. The Group offers a mono-line product through all of its LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. In the course of 2016 the operating segments as provided for internal reporting to the Group's key management have been revised. The segmentation is presented based upon the revised operating segments as also included in the 2016 consolidated financial statements:

- Europe
Geographies in this segment are all European countries where the Group operates including Turkey, Russia and United Arab Emirates.
- Rest of the World
Geographies in this segment are Australia, Brazil, India, Mexico, New Zealand and the United States.

The segment reporting of the first six months of 2016 has been adjusted accordingly.

Group activities

These activities provide services in the area of treasury, insurance, procurement and infrastructure to support the leasing activities. Companies included are: LeasePlan Supply Services, LeasePlan Information Services, LeasePlan International, LeasePlan 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 this 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, cost of revenues, gross profit and underlying profit before tax include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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.

<i>In millions of euros</i>	Leasing activities							
	Europe		Rest of World		Group activities		Total	
	6M 2017	6M 2016	6M 2017	6M 2016	6M 2017	6M 2016	6M 2017	6M 2016
Total revenues	4,159.8	4,045.4	513.5	462.6	15.3	27.5	4,688.6	4,535.5
Total cost of revenues	3,461.5	3,374.7	411.3	358.1	16.1	35.7	3,888.9	3,768.5
Gross profit	698.3	670.7	102.2	104.5	- 0.8	- 8.2	799.7	767.0
Underlying profit before tax	391.4	335.1	26.1	15.4	- 35.0	- 24.4	382.5	326.1
Interest income	304.2	310.8	83.4	73.3	1.1	1.3	388.7	385.4
Interest expense	108.3	118.5	51.2	41.8	- 3.5	3.5	156.0	163.8
Other depreciation and amortisation	12.5	13.5	4.1	8.7	6.6	4.9	23.2	27.1
Impairment charges	21.2	20.3	2.2	1.4	-	-	23.4	21.7
Reversal of impairment	- 12.0	- 13.5	- 1.4	- 0.9	-	-	- 13.4	- 14.4
Income tax expenses	90.3	91.3	9.7	7.0	- 9.2	- 19.1	90.8	79.2
Period ended 30 June								
Segment assets	18,070.5	16,983.5	3,235.8	3,054.6	2,860.4	3,319.2	24,166.7	23,357.3
Segment liabilities	5,440.7	5,354.4	854.5	899.6	14,653.7	14,085.5	20,948.9	20,339.5

The table below presents the reconciliation of the key line-items from the Underlying income statement and consolidated income statement over the six months period ended 30 June 2017, including comparatives.

<i>In millions of euros</i>	Total underlying results		Underlying adjustments		Finance income		Reported results	
	6M 2017	6M 2016	6M 2017	6M 2016	6M 2017	6M 2016	6M 2017	6M 2016
Revenues (lease income and vehicles sales)							4,309.9	4,157.3
Revenues	4,688.6	4,535.5	-	-	- 378.7	- 378.2		
Cost of revenues							3,733.0	3,604.6
Cost of revenues	3,888.9	3,768.5	-	-	- 155.9	- 163.9		
Gross profit (net lease income and vehicles sales income)							576.9	552.7
Gross profit	799.7	767.0	-	-	- 222.8	- 214.3	576.9	
Net finance income	-	-	12.1	- 10.1	222.8	214.3	234.9	204.2
Overheads (operating expenses)	419.1	443.9	34.7	-	-	-	453.8	443.9
Operating profit	380.6	323.1	- 22.6	- 10.1	0.0	0.0	358.0	313.0
Share of profit of joint ventures and associates	1.9	3.0	-	-	-	-	1.9	3.0
Profit before tax	382.5	326.1	- 22.6	- 10.1	0.0	0.0	359.9	316.0
Tax	90.8	79.2	- 5.7	- 2.2	-	-	85.1	77.0
Net result	291.7	246.9	- 16.9	- 7.9	0.0	0.0	274.8	239.0

<i>In millions of euros</i>	Unrealised results on financial instruments		Overheads		Tax	
	6M 2017	6M 2016	6M 2017	6M 2016	6M 2017	6M 2016
Underlying performance			419.1	443.9	90.8	79.4
Unrealised results on financial instruments	12.1	- 10.1	-	-	3.0	- 2.4
Normalisations	12.1	- 10.1	-	-	3.0	- 2.4
Power of One LeasePlan			34.7		- 8.7	
One-time items	-	-	34.7	-	- 8.7	-
Reported per consolidated income statement	12.1	- 10.1	453.8	443.9	85.1	77.0

One-time items are unique events that are outside the normal course of business of the Group. Power of One LeasePlan includes restructuring expenses related to shifting the Group from a multi-local organisation to become a fully integrated organisation. These expenses include mainly general and administrative expenses (EUR 35 million), relating to professional services.

The reported net result over the second quarter in 2017 at EUR 134.5 million, including one-time items of on balance EUR 11.4 million after tax (EUR 15.2 million before tax). These items consist of restructuring charges relating to the Power of One LeasePlan of EUR 21.4 million which were partly offset by unrealised gains of EUR 6.2 million on derivative financial instruments.

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 and in the United Kingdom. The Netherlands is also the domicile country of the Group.

Country of activity	FTEs		Underlying revenues		Lease contracts	
	2017	2016	2017	2016	2017	2016
Netherlands	611	639	750	793	2,141	2,033
United Kingdom	497	600	570	576	2,378	2,518
Other	5,404	5,938	3,369	3,167	14,475	13,184
Total as at 30 June	6,512	7,177	4,689	4,536	18,994	17,735

Note 2 - Revenues and cost of revenues

(i) Revenues (lease income and vehicle sales)

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.

	Q2 2017	Q2 2016	6M 2017	6M 2016
Fees	62,582	61,117	126,027	122,284
Lease revenues	1,178,788	1,121,164	2,366,072	2,215,338
Insurance income	169,220	153,134	337,468	302,381
Vehicles sales revenues	714,532	761,714	1,480,304	1,517,332
Total	2,125,122	2,097,129	4,309,871	4,157,335

Insurance income includes EUR 51.1 million (6M 2016: EUR 48.1 million) for third party liability risk retained by LeasePlan Insurances, the Group's captive internal insurance company.

(ii) Cost of revenues

Cost of revenues comprises the cost associated with providing the above-mentioned service components of the lease instalment.

	Q2 2017	Q2 2016	6M 2017	6M 2016
Fees	15,541	14,062	31,012	27,211
Lease service expenses	1,047,386	991,689	2,100,635	1,964,930
Insurance expenses	106,069	106,257	217,529	207,487
Cost of vehicles sold	668,760	702,934	1,383,818	1,405,015
Total	1,837,756	1,814,942	3,732,994	3,604,643

(iii) Gross profit (net lease income and vehicles sales income)

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

	Q2 2017	Q2 2016	6M 2017	6M 2016
Fees	47,041	47,055	95,015	95,073
Lease services	131,402	129,475	265,437	250,408
Insurance	63,151	46,877	119,939	94,894
Vehicle sales	45,772	58,780	96,486	112,317
Total	287,366	282,187	576,877	552,692

Note 3 - Other reserves

The other reserves comprise of the translation reserve, post-employment benefit reserve and the hedging reserve.

The translation reserve comprises of exchange rate differences arising from the translation of the assets, liabilities, income and expenses of subsidiaries with other functional currencies than the group presentation currency. The significant movement in relation to exchange rate differences in other comprehensive income in the first six months of 2017 is mainly caused by decrease of the British pound sterling and US dollar against the Euro.

Note 4 - Cashflow statement - cash and cash equivalents

	Note	30 June 2017	30 June 2016
Cash and balances at central banks		2,165,517	2,501,175
Call money, cash at banks	5	76,368	105,966
Call money and bank overdrafts	13	- 164,982	- 149,161
Balance as at 30 June for the purposes of the statement of cash flows		2,076,903	2,457,980

All cash and balances at (central) banks are available at call except for the mandatory reserve deposits at the Dutch Central Bank. The mandatory reserve deposits amounting to EUR 57.8 million (30 June 2016: EUR 50.4 million) are not used in the Group's day-to-day operations and form part of the 'Cash and balances at central banks'.

Note 5 - 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	30 June 2017	31 December 2016
Deposits with banks		237,855	206,542
Call money, cash at banks	4	76,368	66,998
Cash collateral deposited for securitisation transactions		223,789	185,753
Cash collateral deposited for derivative financial instruments		23,900	16,300
Other cash collateral deposited		18,476	14,855
Total		580,388	490,448

The cash collateral deposited for securitisation transactions relates to the Bumper securitisation transactions. Reference is made to note 14.

The cash collateral deposited for derivative financial instruments originates from Credit Support Annexes (CSAs) to International Swaps and Derivatives Association (ISDA) master agreements.

The maturity analysis is as follows:

	30 June 2017	31 December 2016
Three months or less	345,590	292,393
Longer than three months, less than a year	67,227	58,264
Longer than a year, less than five years	166,822	139,136
Longer than five years	749	655
Total	580,388	490,448

Note 6 - Derivative financial instruments

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

	30 June 2017			31 December 2016		
	Notional amounts	Fair value		Notional amounts	Fair value	
		Assets	Liabilities		Assets	Liabilities
Fair value hedge						
Interest rate swaps	4,780,361	55,564	15,086	4,923,053	78,131	10,981
Currency swaps	366,544	470	2,932	44,297	-	337
Cash flow hedge						
Interest rate swaps	1,755,000	1,310	3,452	1,595,000	205	7,432
Total derivatives in hedge	6,901,905	57,344	21,470	6,562,350	78,336	18,750
Interest rate swaps	15,202,900	14,430	25,728	13,781,558	14,529	35,147
Currency swaps/currency forwards	3,016,450	22,338	25,292	4,050,937	132,033	23,687
Total derivatives not in hedge	18,219,350	36,768	51,020	17,832,495	146,562	58,834
Total	25,121,255	94,112	72,490	24,394,845	224,898	77,584

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 are as follows:

	Q2 2017	Q2 2016	6M 2017	6M 2016
Derivatives not in hedges	7,288	- 8,021	14,938	- 15,962
Hedge ineffectiveness cash flow hedges	- 8	30	- 15	26
Derivatives fair value hedging instruments	- 5,962	15,585	- 18,619	51,552
Financial liabilities fair value hedged items	4,931	- 13,077	15,817	- 45,741
Hedge ineffectiveness fair value hedges	- 1,031	2,508	- 2,802	5,811
Unrealised gains/losses on derivative financial instruments	6,249	- 5,483	12,121	- 10,125

A number of fixed rate bonds are included in fair value hedges whereby the bonds (the hedged items) are measured at amortised cost and are constantly being adjusted for gains/losses attributable to the risk being hedged. This adjustment is recognised in the income statement, where it offsets the re-measurement of the fair value of the hedging instruments that is also recognised in the income statement.

Certain derivative contracts are used by the Group as part of its Interest and Liquidity Risk Management Strategy. These economic hedges do not qualify for hedge accounting under the Group's accounting policy which is driven by the requirements as set under IAS39. These derivatives are therefore deemed not in hedge.

Note 7 - 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 amounts that are not classified under any other asset. The majority of the other receivables and prepayments has a remaining maturity of less than one year and consists of prepaid lease related expenses and rebates and bonuses receivable.

Note 8 - Lease receivables from clients

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

	30 June 2017	31 December 2016
Amounts receivable under finance lease contracts	2,680,117	2,832,636
Trade receivables	613,028	632,936
Impairment	- 39,420	- 40,033
Total	3,253,725	3,425,539

The maturity analysis is as follows:

	30 June 2017	31 December 2016
Three months or less	767,502	581,074
Longer than three months, less than a year	332,744	396,515
Longer than a year, less than five years	2,083,397	2,357,649
Longer than five years	109,502	130,334
Impairment	- 39,420	- 40,033
Total	3,253,725	3,425,539

A part of the amounts receivable under finance lease contracts is encumbered 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 57.5 million (year-end 2016: EUR 56.3 million). The increase in these securitised finance lease contracts relates to the new Bumper 8 transaction.

Note 9 - Property and equipment under operating lease and rental fleet³

	Note	Operating lease	Rental fleet	Total
Cost		19,673,152	106,389	19,779,541
Accumulated depreciation and impairment		- 5,502,639	- 15,385	- 5,518,024
Carrying amount as at 1 January 2016		14,170,513	91,004	14,261,517
Carrying amount as at 1 January 2016		14,170,513	91,004	14,261,517
Purchases		3,459,315	32,606	3,491,921
Transfer from inventories		35,485	-	35,485
Transfer to inventories		- 199,971	-	- 199,971
Disposals		- 976,607	- 31,949	- 1,008,556
Depreciation		- 1,494,598	- 7,755	- 1,502,353
Exchange rate differences		- 244,401	-259	- 244,660
Carrying amount as at 30 June 2016		14,749,736	83,647	14,833,383
Cost		20,158,081	98,296	20,256,377
Accumulated depreciation and impairment		- 5,408,345	- 14,649	- 5,422,994
Carrying amount as at 30 June 2016		14,749,736	83,647	14,833,383
Purchases		3,752,181	31,667	3,783,848
Transfer to inventories		- 45,929	-	- 45,929
Disposals		- 1,202,496	- 15,375	- 1,217,871
Depreciation		- 1,588,532	- 7,230	- 1,595,762
Exchange rate differences		5,280	4	5,284
Reclassification ³		156,476	-	156,476
Carrying amount as at 31 December 2016		15,826,716	92,713	15,919,429
Cost		21,343,482	108,897	21,452,379
Accumulated depreciation and impairment		- 5,516,766	- 16,184	- 5,532,950
Carrying amount as at 31 December 2016		15,826,716	92,713	15,919,429
Purchases		3,226,272	46,650	3,272,922
Transfer from inventories		34,619	-	34,619
Transfer to inventories		- 209,208	-	- 209,208
Disposals		- 990,588	- 24,490	- 1,015,078
Depreciation		- 1,564,610	- 11,836	- 1,576,446
Exchange rate differences		- 135,904	458	- 135,446
Carrying amount as at 30 June 2017		16,187,297	103,495	16,290,792
Cost		21,755,379	124,095	21,879,474
Accumulated depreciation and impairment		- 5,568,082	- 20,600	- 5,588,682
Carrying amount as at 30 June 2017		16,187,297	103,495	16,290,792

³ Certain comparative amounts in the Consolidated balance sheet have been adjusted as per December 2016, as a result of a revised interpretation of lease contract classification for a small part of the lease portfolio. Please refer to the Group's financial statements 2016 (Basis of preparation) for further details.

The Group concluded a number of asset backed securitisation transactions under the names of Bumper France (2013 repaid 20 June 2017), Bumper 6 (2014), Bumper NL (2014), Bumper 7 (2016) and Bumper 8 (2017). These transactions involve the sale of future lease instalment receivables and related residual value receivables originated by various LeasePlan subsidiaries to special purpose companies (which are included in the consolidated financial statements of the Company). As a result of this sale this caption includes encumbered (securitised) operating lease assets amounting to EUR 2.1 billion (year-end 2016: EUR 2.3 billion).

Note 10 - Assets classified as held-for-sale

Assets held-for-sale include parts of the business expected to be sold within a year whose carrying amount will be recovered principally through a sale transaction rather than through continuing operations.

This category includes finance leases that the Group entered into in the United States with the aim to sell onward to debt investors.

Note 11 - Funds entrusted

This item includes all deposits.

The maturity analysis of these deposits is as follows:

	30 June 2017	31 December 2016
Three months or less	3,574,081	3,809,864
Longer than three months, less than a year	1,743,343	1,125,902
Longer than a year, less than five years	605,675	544,858
Longer than five years	158	153
Total	5,923,257	5,480,777

This caption includes savings deposits raised by LeasePlan Bank amounting to EUR 5.822 billion (year-end 2016: EUR 5.386 billion) of which 47.0% (year-end 2016:48.8%) is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a banking licence in the Netherlands. LeasePlan Bank is also operating on the German banking market with a cross border offering from the Amsterdam office.

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

	30 June 2017	31 December 2016
Three months or less	0.58%	0.75%
Longer than three months, less than a year	0.84%	1.10%
Longer than a year, less than five years	1.62%	2.00%
Longer than five years	n/a	n/a

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

Note 12 - Trade and other payables and deferred income

The majority of the trade and other payables and deferred income consist of trade payables, deferred leasing income, lease related accruals, other accruals and other deferred amounts owed.

Note 13 - Borrowings from financial institutions

This item includes amounts owed to banks under government supervision.

The maturity analysis of these loans is as follows:

	Note	30 June 2017	31 December 2016
On demand	4	164,982	185,076
Three months or less		420,852	368,545
Longer than three months, less than a year		889,884	727,810
Longer than a year, less than five years		2,134,743	1,965,909
Longer than five years		7,073	12,044
Total		3,617,534	3,259,384

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 1.2 billion (year-end 2016: EUR 1.3 billion) which is non-euro currency denominated. The remainder of the borrowings from financial institutions is denominated in euro.

In May 2016 the Company concluded a term loan with three banks amounting to EUR 1,050 million. As of 30 June 2017 this term loan was fully drawn.

In December 2014 Bumper NL concluded an asset backed securitisation warehousing facility of EUR 250 million with a bank. In December 2016, the revolving period of this committed facility has been extended until December 2017 and increased to EUR 400 million. At 30 June 2017 this was fully drawn (year end 2016: EUR 250 million).

In June 2015 the Company renewed a committed revolving credit facility with a consortium of 12 banks (EUR 1.25 billion) maturing in December 2018. Following the completion of the change in ownership on 21 March 2016, the Company acceded to a second committed revolving credit facility with a consortium of 12 banks (EUR 1.25 billion) also maturing in December 2018. The 12 banks in this consortium largely consist of the banks that also participate in the committed revolving credit facility concluded in June 2015. During 2016 and the first six months of 2017 no amounts were drawn under these facilities.

In addition to centrally arranged credit facilities at a Group level, the Group also has credit facilities in place at the level of some of its subsidiaries.

Note 14 - Debt securities issued

This item includes negotiable, interest bearing securities.

	30 June 2017	31 December 2016
Bonds and notes - originated from securitisation transactions	1,150,277	1,435,997
Bonds and notes - other	7,240,573	7,319,911
Bonds and notes - fair value adjustment on hedged risk	33,626	49,443
Total	8,424,476	8,805,351

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

The average interest rate applicable to the outstanding bonds and notes is 1.5% as of 30 June 2017 (year-end 2016: 1.5%).

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

	30 June 2017	31 December 2016
Three months or less	281,981	316,053
Longer than three months, less than a year	1,804,186	2,045,359
Longer than a year, less than five years	6,042,999	6,141,912
Longer than five years	295,310	302,027
Total	8,424,476	8,805,351

The caption 'Bonds and notes – originated from securitisation transactions' include notes from Bumper 6 (the Netherlands), Bumper 7 (Germany) and Bumper 8 (United Kingdom) securitisation transactions.

Note 15 - Provisions

This item includes the damage risk retention provision, provision for post-employment benefits and other provisions. The majority of provisions are expected to be recovered or settled after more than 12 months.

Note 16 - 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 1.9 billion as at the balance sheet date (year-end 2016: EUR 1.9 billion). These commitments are entered into in the ordinary course of business and the majority is back-to-back matched with lease contracts entered into with customers.

Furthermore, the Group has entered into commitments in connection with long-term rental and lease contracts of which the future aggregate minimum lease payments amount to EUR 184 million (year-end 2016: EUR 200 million).

For a number of clients, residual value guarantees have been given for a total of EUR 365 million (year-end 2016: EUR 363 million).

Note 17 - Related parties

Identity of related parties

Related parties and enterprises, as defined by IAS 24, are parties and enterprises which can be influenced by the Company or which can influence the Company.

LP Group B.V. is the shareholder of the Company. LP Group B.V. represents a group of long-term responsible investors and includes ADIA, ATP, Broad Street Investments, GIC, PGGM and TDR Capital. None of these investors has a(n indirect) controlling interest in the Company. The business relations between the Company, LP Group B.V. and their indirect shareholders are handled on normal market terms.

Transactions between the Company and its subsidiaries mainly comprise of long-term funding and cost allocation of group activities as described in Note 1. All business relations with its subsidiaries are in the ordinary course of business and at arm's length.

All business relations with investments accounted for using the equity method are in the ordinary course of business and handled on normal market terms. As of 30 June 2017 an amount of EUR 131 million (year-end 2016: EUR 133 million) is provided as loans to investments accounted for using the equity method.

Note 18 - Contingent assets and liabilities

As at 30 June 2017, guarantees had been provided on behalf of the consolidated subsidiaries in respect of commitments entered into by those companies with an equivalent value of EUR 1.8 billion (year-end 2016: EUR 1.8 billion). The Company charges a guarantee fee to the respective subsidiaries based on normal market terms.

On 1 August 2016 the Group entered into a share purchase agreement ('SPA') with FleetCor Technologies Inc. and sold its subsidiary Travelcard Nederland B.V. As part of this SPA the Group has a contingent liability for a specifically agreed period. Based on current knowledge the Group assesses the probability of any economic outflow to be limited.

Note 19 - Events occurring after balance sheet date

LeasePlan achieved an agreement subject to formal approvals for the sale of its 24% interest in Terberg Leasing B.V. with the (single) other shareholder in that company on August 29, 2017. It is expected that the transaction will be completed in September 2017, that the consideration received is well above book value and will not have a significant impact on Net result on group level.

No other material events occurred after 30 June 2017, that require disclosure in accordance with IFRS, nor events affecting the financial position of the Group as at 30 June 2017 or the result for the period ended 30 June 2017.



Responsibility statement

Managing Board responsibility for 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.

Each member of the Managing Board hereby confirms that to the best of his knowledge:

The Company's 30 June 2017 condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 Interim Financial Reporting, give a true and fair view of the assets, liabilities, financial position and results of the Company and the subsidiaries included in the consolidation as a whole.

Amsterdam, 31 August 2017

Tex Gunning - Chairman of the Managing Board and CEO

Guus Stoelinga - CFRO

Marco van Kalleveen - COO

Yolanda Paulissen - CSFIRO



Independent auditor's report



Review report

To: the Managing Board and the Supervisory Board of LeasePlan Corporation N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements as at 30 June 2017 of LeasePlan Corporation N.V. (the Company), Amsterdam, which comprises the condensed consolidated balance sheet as at 30 June 2017, the condensed consolidated income statement and condensed consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2017, the condensed consolidated statements of changes in equity, and cash flows for the six-month period ended 30 June 2017, and the notes to the interim financial statements. The Managing Board of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2017 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 31 August 2017

KPMG Accountants N.V.

D. Korf RA