First quarter 2017 results

Underlying net result up 21 %

Almere, the Netherlands, 18 May 2017 – LeasePlan Corporation N.V.; (LeasePlan; the "Company"), a global leader in fleet management and driver mobility, publishes its first quarter 2017 results today.

Highlights Q1

- Gross profit increased by 5% to EUR 399 million on the back of 6% fleet growth and continued resilient income streams.
- Underlying net result grew by 21% to EUR 146 million, mainly driven by operational excellence improvements.
- Underlying return on equity was up 2.8 percentage points to 18.6%, mainly due to the higher underlying net result.

Key Numbers*

	Q1 2017	Q1 2016
Profitability		
Underlying net result (EUR million)**	145.9	120.8
Underlying return on equity***	18.6%	15.8%
Volume		
	31 March 2017	**31 March 2016**
Number of vehicles (thousands)	1,681	1,582

* Key numbers have neither been audited nor reviewed.
** Underlying net result: Net result excluding restructuring related expenses, gains/losses on acquisitions and disposals of subsidiaries and unrealised gains/losses on derivatives.
*** Underlying return on equity: underlying net result divided by the weighted average IFRS equity.

Tex Gunning, CEO of LeasePlan:

"LeasePlan has delivered yet another strong set of results in Q1 2017, highlighting again the strong and resilient nature of our business. In addition, in Q1, we were delighted to launch a pan-European partnership with Uber, underlining our increasing presence and expertise in the fast-growing 'mobility as a service' segment. From an operational perspective, we also successfully rolled out the "Power of One LeasePlan" initiative within the company in Q1. Going forward, this will enable 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."

Operational progress

LeasePlan's fleet grew from 1.6 million vehicles at the end of first quarter of 2016 to 1.7 million vehicles at the end of the first quarter of 2017. Growth continued in all segments and in all major markets with relatively strong contributions from Germany, the Netherlands and Italy.

In addition, a further roll out of fleet insurance products and services across our group resulted in a growth of the insured fleet by 54,000 vehicles during the past 12 months. In several European countries, the improvement of the insurance market led to a reversal of the downward pressure on premiums.

We also saw a continued increase in demand from international customers for consultancy, covering areas including cost optimisation and fleet policy. Sustainability was also a growth area, with a strong interest among our corporate customers for low-emission value propositions. We will support this increasing demand via our new Electric Vehicle Centre of Expertise, which we launched in Q1.

Finally, in Q1, we also took steps to capitalize on additional growth opportunities in the 'mobility as a service' segment, including the launching of a pan-European partnership with Uber. The partnership, which builds on existing local initiatives, will enable us to bring the benefits of a full operational lease to Uber's growing fleet of partner-drivers.

LeasePlan will relocate its head office from Almere to Amsterdam. As of 6 June 2017, LeasePlan Corporation will be located in the UN Studio building, (Gustav Mahlerlaan) in the Zuidas business district. LeasePlan Bank will also move into the same building. LeasePlan Netherlands' office remains in Almere.

Financial review

LeasePlan recorded strong financial results in Q1 2017, with our performance reflecting the strength and resilience of our business and diversified income streams.

Underlying income statement*

in millions of euros	**Q1 2017**	**Q1 2016**
Lease revenues	1,607.9	1,492.9
Vehicles sales revenues	765.8	755.6
Total revenues	**2,373.7**	**2,248.5**
Total cost of revenues	**1,974.5**	**1,868.5**
Fees and interest margin	163.4	161.3
Lease services	128.3	117.2
Insurance	56.8	48.0
Vehicles sales	50.7	53.5
Gross profit	**399.2**	**380.0**
Overheads (underlying)	208.3	216.8
Underlying operating profit	**190.9**	**163.2**
Share of profit of associates and jointly controlled entities	1.1	1.4
Underlying profit before tax	**192.0**	**164.6**
Tax	46.1	43.8
Underlying net result	**145.9**	**120.8**
Underlying adjustments	- 5.6	- 3.4
Reported net result	**140.3**	**117.4**

*For a reconciliation between the underlying and reported figures reference is made to Note 1 of the condensed consolidated interim financial statements.

Total revenues
In Q1 2017, total underlying revenues increased by 6% to EUR 2.4 billion compared to Q1 2016. Lease revenues increased by EUR 115 million, largely driven by the increase in the number of vehicles under management (6%). The increase in vehicle sales revenues of 1% is mainly driven by the increase in the number of vehicles sold.

Gross profit
Underlying gross profit grew by 5% to EUR 399 million compared to the first quarter of last year with higher profit contributions from fees and interest margin, lease services and insurance, partially off-set by a slightly lower contribution from vehicles sales.

Overheads
Underlying overheads decreased by 4% to EUR 208 million compared to Q1 2016, mainly due to lower staff expenses, resulting from the restructuring of the Group to a fully integrated organisation which took place in the last quarter of 2016. The number of employees is almost 7% lower than a year ago. Underlying overhead per vehicle decreased by 10%, reflecting increased group operating efficiencies and cost savings.

Net result
Underlying net result for Q1 2017 grew by 21% to EUR 146 million compared to Q1 2016, driven mainly by fleet growth, improved lease margins, higher insurance income and realised operating efficiencies and cost savings.

Our reported net result, which includes one-time items and normalisations, amounted to EUR 140 million. One-time items of EUR 10 million after tax (EUR 13 million before tax) representing a restructuring charge relating to the Power of One LeasePlan, are partly offset by an unrealised gain of EUR 4 million net (EUR 6 million before tax) on derivative financial instruments. In the comparable first quarter 2016, no one-time items are included, so underlying adjustments represents normalisations relating to an unrealised loss of EUR 3 million net (EUR 5 million before tax) on derivative financial instruments (see also Note 1 on page 21 of the consolidated interim financial statements.)

Funding and capital position
LeasePlan's diversified funding platform remained stable and continued to deliver the required funding in Q1 2017 with various private placements, an increase in LeasePlan Bank retail deposits by EUR 447 million to EUR 5.8 billion and a successful issuance of GBP 425 million of securitised notes (Bumper 8). LeasePlan's capital position also remains solid, with a CET 1 capital ratio of 18.6%, compared to 18.3% at the end of Q1 2016.

Outlook
LeasePlan foresees substantial potential for further improving the Group's operational excellence and for sustainable growth in corporate, small and medium enterprises and private lease markets, as well as in the 'mobility as a service' market segment.

** Underlying overhead per vehicle: operating expenses excluding restructuring related expenses, divided by the average total fleet.

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About LeasePlan
LeasePlan is one of the world's leading vehicle leasing companies, with approximately 1.7 million vehicles under our care 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 whoever 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 undertake no obligation to update or revise them.

Consolidated financial statements

Condensed consolidated interim financial statements

for the three months period ended 31 March

In thousands of euros	Note	Q1 2017	Q1 2016[1]
Revenues (lease income and vehicles sales)	2	2,184,749	2,060,206
Cost of revenues	2	1,895,238	1,789,701
Gross profit (net lease and vehicles sales income)		**289,511**	**270,505**
Interest and similar income		194,730	192,038
Interest expenses and similar charges		79,280	78,778
Net interest income		**115,450**	**113,260**
Impairment charges on loans and receivables		5,802	3,764
Unrealised gains/losses on financial instruments	6	5,872	- 4,642
Net finance income		**115,520**	**104,854**
Total operating income		**405,031**	**375,359**
Staff expenses		135,805	137,496
General and administrative expenses		73,972	65,750
Depreciation and amortisation		11,763	13,546
Total operating expenses		**221,540**	**216,792**
Share of profit of investments accounted for using the equity method		1,089	1,389
Profit before tax		**184,580**	**159,956**
Income tax expenses		44,263	42,523
Net result		**140,317**	**117,433**
Net result attributable to			
Owners of the parent		140,317	117,433

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 three months period ended 31 March

In thousands of euros	Note	Q1 2017	Q1 2016
Net result		**140,317**	**117,433**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit reserve, before tax		- 12	19
Income tax on post-employment benefit reserve		4	- 6
Subtotal changes post-employment benefit reserve, net of income tax		**- 8**	**13**
Items that may be subsequently reclassified to profit or loss			
Changes in cash flow hedges, before tax		3,793	226
Cash flow hedges recycled from equity to profit and loss, before tax		- 1,717	- 1,626
Income tax on cash flow hedges		- 519	350
Subtotal changes in cash flow hedges, net of income tax		**1,557**	**- 1,050**
Exchange rate differences	3	6,419	- 21,349
Other comprehensive income, net of income tax		**7,968**	**- 22,386**
Changes in post-employement plans in associates			396
Total comprehensive income for the year		**148,285**	**95,443**
Comprehensive income attributable to			
Owners of the parent		148,285	95,443

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

Condensed consolidated balance sheet

In thousands of euros	Note	31 March 2017	31 december 2016
Assets			
Cash and balances at central banks		2,883,864	1,857,144
Receivables from financial institutions	5	599,003	490,448
Derivative financial instruments	6	170,553	224,898
Other receivables and prepayments	7	1,060,900	980,292
Inventories		240,708	280,519
Loans to investments accounted for using the equity method		125,525	125,275
Corporate income tax receivable		49,504	57,906
Lease receivables from clients	8	3,380,805	3,425,539
Property and equipment under operating lease and rental fleet	9	16,183,106	15,919,429
Other property and equipment		89,958	91,806
Investments accounted for using the equity method		28,298	27,394
Intangible assets		171,199	174,179
Deferred tax assets		114,951	118,178
		25,098,374	**23,773,007**
Assets classified as held-for-sale	10	18,647	13,763
Total assets		**25,117,021**	**23,786,770**

See continuation of this table on the next page.

Condensed consolidated balance sheet - *continued*

as at 31 March

In thousands of euros	Note	31 March 2017	31 december 2016
Liabilities			
Funds entrusted	11	5,930,056	5,480,777
Derivative financial instruments	6	97,653	77,584
Trade and other payables and deferred income	12	2,279,782	2,320,288
Corporate income tax payable		36,586	40,454
Borrowings from financial institutions	13	3,664,696	3,259,384
Debt securities issued	14	9,277,315	8,805,351
Provisions	15	435,674	454,507
Deferred tax liabilities		283,272	272,723
Total liabilities		**22,005,034**	**20,711,068**
Equity			
Share capital		71,586	71,586
Share premium		506,398	506,398
Other reserves	3	- 1,757	- 9,725
Retained earnings		2,535,760	2,507,443
Total equity		**3,111,987**	**3,075,702**
Total equity and liabilities		**25,117,021**	**23,786,770**

The notes to the condensed consolidated 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				
	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2016	**71,586**	**506,398**	**3,101**	**2,490,379**	**3,071,464**
Net result				117,433	117,433
Other comprehensive income			- 22,386		- 22,386
Post employment plans in associates				396	396
Total comprehensive income			**- 22,386**	**117,829**	**95,443**
Dividend relating to 2015				- 265,500	- 265,500
Total transactions with owners of the parent				**- 265,500**	**- 265,500**
Balance as at 31 March 2016	**71,586**	**506,398**	**- 19,285**	**2,342,708**	**2,901,407**
Net result				308,033	308,033
Other comprehensive income			9,560		9,560
Post employment plans in associates				2	2
Total comprehensive income			**9,560**	**308,035**	**317,595**
Dividend relating to 2016				- 143,300	- 143,300
Total transactions with owners of the parent				**- 143,300**	**- 143,300**
Balance as at 31 December 2016	**71,586**	**506,398**	**- 9,725**	**2,507,443**	**3,075,702**
Net result				140,317	140,317
Other comprehensive income			7,968		7,968
Total comprehensive income			**7,968**	**140,317**	**148,285**
Dividend relating to 2016				- 112,000	- 112,000
Total transactions with owners of the parent				**- 112,000**	**- 112,000**
Balance as at 31 March 2017	**71,586**	**506,398**	**- 1,757**	**2,535,760**	**3,111,987**

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

Condensed consolidated statement of cash flows

for the three months period ended 31 March

In thousands of euros	Note	Q1 2017	Q1 2016[1]
Operating activities			
Net result		140,317	117,433
Adjustments			
Interest income		- 194,730	- 189,153
Interest expense		79,280	78,778
Impairment on receivables		5,802	3,764
Valuation allowance on inventory		-	- 1,264
Depreciation operating lease portfolio and rental fleet	9	800,051	746,231
Depreciation other property and equipment		6,146	6,192
Amortisation and impairment intangible assets		5,616	7,354
Share of profit of investments accounted for using the equity method		- 1,089	- 1,389
Financial instruments at fair value through profit and loss		- 5,872	4,642
Income tax expense		44,263	42,523
Changes in			
Provisions		- 18,833	5,794
Derivative financial instruments		81,844	- 2,037
Trade and other payables and other receivables		- 123,524	- 105,421
Inventories		218,180	194,421
Amounts received for disposal of vehicles under operating lease	9	397,895	403,779
Amounts paid for acquisition of vehicles under operating lease	9	- 1,614,810	- 1,600,494
Acquired new finance leases and other increases of receivables from clients		- 233,513	- 264,830
Repayment finance leases		281,781	303,040
Cash generated from operating activities		**- 131,196**	**- 250,637**
Interest paid		- 89,287	- 85,441
Interest received		194,614	189,163
Income taxes paid		- 36,280	- 28,850
Income taxes received		12,841	426
Net cash flows from operating activities		**- 49,308**	**- 175,339**

See continuation of this table on the next page.

[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 three months period ended 31 March

In thousands of euros	Note	Q1 2017	Q1 2016[1]
Investing activities			
Proceeds from sale of other property and equipment		6,658	5,087
Purchases of other property and equipment		- 10,660	- 12,364
Purchases of intangible assets		- 2,947	- 3,710
Divestments of intangible assets		199	- 102
Loans provided to investments accounted for using the equity method		- 250	- 17,500
Redemption on loans to investments accounted for using the equity method		-	10,500
Dividend received from investments accounted for using the equity method		-	720
Changes in held-for-sale investments		- 4,884	- 13,023
Net cash flows from investing activities		**- 11,884**	**- 30,392**
Financing activities			
Receipt of receivables from financial institutions		38,834	390,984
Balances deposited to financial institutions		- 118,208	- 528,251
Receipt of borrowings from financial institutions		1,249,418	737,315
Repayment of borrowings from financial institutions		- 802,521	- 438,883
Receipt of funds entrusted		909,308	651,927
Repayment of funds entrusted		- 460,030	- 508,520
Receipt of debt securities		939,722	201,103
Repayment of debt securities		- 467,757	- 249,768
Dividends paid to Company's shareholders		- 112,000	-
Net cash flows from financing activities		**1,176,766**	**255,907**
Cash and cash equivalents as at 1 January		**1,739,066**	**1,583,373**
Net movement in cash and balances with banks		1,115,574	50,176
Exchange gains/losses on cash and balances with banks		400	1,034
Cash and cash equivalents as at 31 March	**4**	**2,855,040**	**1,634,583**

The notes to the condensed consolidated 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 Almere, the Netherlands and having its statutory seat in Amsterdam, the Netherlands. The address of its registered office is P.J. Oudweg 41, 1314 CJ Almere. The condensed consolidated interim financial statements of the Company as at 31 March 2017 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in investments accounted for using the equity method. The Group consists of a growing international network of companies engaged in fleet management and mobility services, mainly through operating leasing. At 31 March 2017, the Group employed over 6,900 people worldwide and had offices in 32 countries.

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 three month period ended 31 March 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 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 financial statements 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 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, it is expected that an impact of IFRS 9 will arise from the introduction of the new expected credit loss model which will result in a decrease in shareholder's equity. No changes are expected in the measurement of the Group's financial assets and liabilities. Post initial application, expected credit losses will lead to earlier recognition of credit losses. The Group expects to provide more information about the quantitative impact of the application of IFRS 9 in the 2017 interim financial statements for the period ending 30 June 2017.
- IIFRS 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. The effective date of the standard is 1 January 2018, whereby earlier adoption is still permitted. The Group plans to adopt IFRS 15 in its Consolidated financial statements for the year ending 31 December 2018 and will assess the impact of IFRS 15 in the course of 2017.
- IIFRS 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. 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 has yet to assess 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 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 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 the first quarter of 2017 continued to benefit from prudent setting of residual values in the past, continued focus on risk mitigating measures during the lifetimes of the lease contracts and favourable market conditions. The exposure to residual values as at the end of March 2017 amounted to EUR 10.8 billion[2] (year-end 2016: 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.

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[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 362 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 31 March 2017 and 31 December 2016.

as at 31 March 2017	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivatives financial instruments in hedge	68,718		68,718		68,718
Derivatives financial instruments not in hedge	101,835		101,835		101,835
Financial assets not measured at fair value					-
Cash and balances at central banks	2,883,864	2,883,864			2,883,864
Receivables from financial institutions	599,003		599,000		599,000
Lease receivables from clients	3,380,805			3,427,057	3,427,057
Loans to investments using the equity method	125,525		128,724		128,724
Receivables and prepayments[1]	360,782		361,813		361,813
Assets held-for-sale	18,647			19,153	19,153
Total financial assets	**7,539,179**	**2,883,864**	**1,260,090**	**3,446,210**	**7,590,164**
Financial liabilities measured at fair value					
Derivatives financial instruments in hedge	22,284		22,284		22,284
Derivatives financial instruments not in hedge	75,369		75,369		75,369
Financial liabilities not measured at fair value					
Funds entrusted	5,930,056		5,984,419		5,984,419
Trade and other payables and deferred income[2]	842,538		842,538		842,538
Borrowings from financial institutions	3,664,696		3,668,773		3,668,773
Debt securities issued	9,277,315		9,354,831		9,354,831
Total financial liabilities	**19,812,258**		**19,948,214**		**19,948,214**

1 Other receivables that are not financial assets are not included.
2 Other payables that are not financial liabilities are not included.

as at 31 December 2016	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			3,471,791	3,471,791
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			14,269	14,269
Total financial assets	**6,481,130**	**1,857,144**	**1,188,723**	**3,486,060**	**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 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 active 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 to 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 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 quarter 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.

In millions of euros	Leasing activities							
	Europe		Rest of World		Group activities		Total	
	Q1 2017	**Q1 2016**	**Q1 2017**	**Q1 2016**	**Q1 2017**	**Q1 2016**	**Q1 2017**	**Q1 2016**
Total revenues	2,109.7	2,047.0	254.9	200.6	9.1	0.9	2,373.7	2,248.5
Total cost of revenues	1,763.1	1,733.1	201.3	154.7	10.1	- 19.3	1,974.5	1,868.5
Gross profit	**346.6**	**313.9**	**53.6**	**45.9**	**- 1.0**	**20.2**	**399.2**	**380.0**
Underlying profit before tax	**193.8**	**146.3**	**14.1**	**-**	**- 15.9**	**18.3**	**192.0**	**164.6**
Interest income	151.7	155.8	42.4	35.5	0.6	0.7	194.7	192.0
Interest expense	54.1	72.7	25.5	23.0	- 0.3	- 16.9	79.3	78.8
Other depreciation and amortisation	6.4	6.7	2.1	4.4	3.2	2.5	11.7	13.6
Impairment charges	10.6	10.3	1.6	1.2	0.2	-	12.4	11.5
Reversal of impairment	- 5.1	- 7.1	- 1.2	- 0.5	-	-	- 6.3	- 7.6
Income tax expenses	44.5	40.6	5.6	1.0	- 4.0	2.2	46.1	43.8
Period ended 31 March								
Segment assets	18,111.6	16,514.4	3,411.7	2,892.1	3,593.7	2,264.8	25,117.0	21,671.3
Segment liabilities	8,498.5	7,505.3	1,274.1	1,170.5	15,344.4	12,995.5	25,117.0	21,671.3

The effective tax rate on underlying profit before tax decreased compared to the first quarter of 2016, primarily due to positive effects related to newly introduced tax legislation for company car depreciation and change of nominal tax rates in certain countries.

In millions of euros	**Total underlying results**		**Underlying adjustments**		**Finance income**		**Reported results**	
	Q1 2017	**Q1 2016**	**Q1 2017**	**Q1 2016**	**Q1 2017**	**Q1 2016**	**Q1 2017**	**Q1 2016**
Revenues (lease income and vehicles sales)							2,184.7	2,060.2
Revenues	**2,373.7**	**2,248.5**	**-**	**-**	**- 189.0**	**- 188.3**		
Cost of revenues							1,895.2	1,789.7
Cost of revenues	**1,974.5**	**1,868.5**	**-**	**-**	**- 79.3**	**- 78.8**		
Gross profit (net lease income and vehicles sales income)							289.5	270.5
Gross profit	**399.2**	**380.0**	**-**	**-**	**- 109.7**	**- 109.5**		
Net finance income	-	-	5.8	-4.6	109.7	109.5	115.5	104.9
Other income	-	-	-	-	-	-	-	-
Overheads (operating expenses)	208.3	216.8	13.2	-	-	-	221.5	216.8
Operating profit	**190.9**	**163.2**	**-7.4**	**-4.6**	**-0.0**	**0.0**	**183.5**	**158.6**
Share of profit of joint ventures and associates	1.1	1.4	-	-	-	-	1.1	1.4
Profit before tax	**192.0**	**164.6**	**-7.4**	**-4.6**	**-0.0**	**0.0**	**184.6**	**160.0**
Tax	46.1	43.8	-1.8	-1.2	-	-	44.3	42.6
Net result	**145.9**	**120.8**	**-5.6**	**-3.4**	**-0.0**	**0.0**	**140.3**	**117.4**

In millions of euros	Unrealised results on financial instruments		Other income		Overheads		Tax	
	Q1 2017	**Q1 2016**	**Q1 2017**	**Q1 2016**	**Q1 2017**	**Q1 2016**	**Q1 2017**	**Q1 2016**
Underlying performance					**208.3**	**216.8**	**46.1**	**43.8**
Unrealised results on financial instruments	5.8	-4.6	-	-	-	-	1.4	-1.2
Normalisations	**5.8**	**-4.6**	**-**	**-**	**-**	**-**	**1.4**	**-1.2**
Gains/losses on the sale of subsidiaries	-	-	-	-	-	-	-	-
Power of OneLeasePlan	-	-	-	-	13.2	-	-3.2	-
One-time items	**-**	**-**	**-**	**-**	**13.2**	**-**	**-3.2**	**-**
Reported per consolidated income statement	**5.8**	**-4.6**	**-**	**-**	**221.5**	**216.8**	**44.3**	**42.6**

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 13 million), relating to professional services.

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.

	FTEs (average)		Underlying revenues		Lease contracts	
Country of activity	**Q1 2017**	**Q1 2016**	**Q1 2017**	**Q1 2016**	**Q1 2017**	**Q1 2016**
Netherlands	584	633	378	387	2,125	2,026
United Kingdom	524	593	290	281	2,474	2,485
Other	5,400	5,864	1,706	1,581	14,387	12,661
Total as at 31 March	**6,508**	**7,090**	**2,374**	**2,249**	**18,986**	**17,172**

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.

	Q1 2017	Q1 2016
Fees	63,445	61,167
Lease revenues	1,187,284	1,094,174
Insurance income	168,248	149,247
Vehicles sales revenues	765,772	755,618
Total	**2,184,749**	**2,060,206**

Insurance income includes EUR 25.4 million (Q1 2016: EUR 34.0 million) for third party liability risk retained by LeasePlan Insurances, the Group's own 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

	Note	Q1 2017	Q1 2016
Fees		15,471	13,149
Lease service expenses		1,053,249	973,241
Insurance expenses		111,460	101,230
Cost of vehicles sold		715,058	702,081
Total		**1,895,238**	**1,789,701**

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

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

	Q1 2017	Q1 2016
Fees	47,974	48,018
Lease services	134,035	120,933
Insurance	56,788	48,017
Vehicle sales	50,714	53,537
Total	**289,511**	**270,505**

Note 3 - Translation 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 quarter of 2016 is mainly caused by decrease of the British pound sterling against the Euro.

Note 4 - Cashflow statement - cash and cash equivalents

	Note	31 March 2017	31 March 2016
Cash and balances at central banks		2,883,864	1,618,056
Call money, cash at banks	5	95,511	126,695
Call money and bank overdrafts	13	- 124,335	- 110,168
Balance as at 31 March for the purposes of the statement of cash flows		**2,855,040**	**1,634,583**

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 55.9 million (31 March 2016: EUR 49.5 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	31 March 2017	31 December 2016
Deposits with banks		238,392	206,542
Call money, cash at banks	4	95,511	66,998
Cash collateral deposited for securitisation transactions		239,520	185,753
Cash collateral deposited for derivative financial instruments		10,400	16,300
Other cash collateral deposited		15,180	14,855
Total		**599,003**	**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:

	31 March 2017	31 December 2016
Three months or less	362,031	292,393
Longer than three months, less than a year	65,488	58,264
Longer than a year, less than five years	170,808	139,136
Longer than five years	676	655
Total	**599,003**	**490,448**

Note 6 - Derivative financial instruments

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

	31 March 2017			31 December 2016		
		Fair value			Fair value	
	Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
Fair value hedge						
Interest rate swaps	4,838,975	68,074	14,815	4,923,053	78,131	10,981
Currency swaps	191,161	-	1,857	44,297	-	337
Cash flow hedge						
Interest rate swaps	1,635,000	644	5,612	1,595,000	205	7,432
Total derivatives in hedge	**6,665,136**	**68,718**	**22,284**	**6,562,350**	**78,336**	**18,750**
Interest rate swaps	16,496,247	14,776	32,384	13,781,558	14,529	35,147
Currency swaps/ currency forwards	3,684,349	87,059	42,985	4,050,937	132,033	23,687
Total derivatives not in hedge	**20,180,596**	**101,835**	**75,369**	**17,832,495**	**146,562**	**58,834**
Total	**26,845,732**	**170,553**	**97,653**	**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 break down as follows:

	Q1 2017	Q1 2016
Derivatives not in hedges	7,650	- 7,941
Hedge ineffectiveness cash flow hedges	- 7	- 4
Derivatives fair value hedging instruments	- 12,657	35,967
Financial liabilities fair value hedged items	10,886	- 32,664
Hedge ineffectiveness fair value hedges	**- 1,771**	**3,303**
Unrealised gains/losses on derivative financial instruments	**5,872**	**- 4,642**

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 strict requirements as set under IAS39. These derivatives are therefore deemed as 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, where necessary.

	31 March 2017	31 December 2016
Amounts receivable under finance lease contracts	2,784,368	2,832,636
Trade receivables	637,467	632,936
Impairment	- 41,030	- 40,033
Total	**3,380,805**	**3,425,539**

The maturity analysis is as follows:

	31 March 2017	31 December 2016
Three months or less	798,303	581,074
Longer than three months, less than a year	335,702	396,515
Longer than a year, less than five years	2,174,010	2,357,649
Longer than five years	113,820	130,334
Impairment	- 41,0310	- 40,033
Total	**3,380,805**	**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 62.3 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 fleet

	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		1,585,619	14,875	1,600,494
Transfer from inventories		35,485	-	35,485
Transfer to inventories		- 185,896	-	- 185,896
Disposals		- 381,846	- 21,933	- 403,779
Depreciation		- 742,423	- 3,808	- 746,231
Exchange rate differences		- 165,890	38	- 165,852
Carrying amount as at 31 March 2016		**14,315,562**	**80,176**	**14,395,738**
Cost		19,744,634	94,059	19,838,693
Accumulated depreciation and impairment		- 5,429,072	- 13,883	- 5,442,955
Carrying amount as at 31 March 2016		**14,315,562**	**80,176**	**14,395,738**
Purchases		5,625,877	49,398	5,675,275
Transfer to inventories		- 60,004	-	- 60,004
Disposals		- 1,797,257	- 25,391	- 1,822,648
Depreciation		- 2,340,707	- 11,177	- 2,351,884
Exchange rate differences		- 73,231	- 293	- 73,524
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		1,589,865	24,945	1,614,810
Transfer from inventories		34,619	-	34,619
Transfer to inventories		- 212,988	-	- 212,988
Disposals		- 382,798	- 15,097	- 397,895
Depreciation		- 792,993	- 7,058	- 800,051
Exchange rate differences		24,749	433	25,182
Carrying amount as at 31 March 2017		**16,087,170**	**95,936**	**16,183,106**
Cost		21,612,629	115,119	21,727,748
Accumulated depreciation and impairment		- 5,525,459	- 19,183	- 5,544,642
Carrying amount as at 31 March 2017		**16,087,170**	**95,936**	**16,183,106**

[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 extended to June 2016), 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 3.1 billion (year-end 2016: EUR 2.3 billion).

Note 10 - Assets classified as held-for-sale

Assets and liabilities 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 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:

	31 March 2017	31 December 2016
Three months or less	3,689,609	3,809,864
Longer than three months, less than a year	1,619,121	1,125,902
Longer than a year, less than five years	621,140	544,858
Longer than five years	186	153
Total	**5,930,056**	**5,480,777**

This caption includes savings deposits raised by LeasePlan Bank amounting to EUR 5.833 billion (year-end 2016: EUR 5.386 billion) of which 49.2% (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 Almere office.

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

	31 March 2017	31 December 2016
Three months or less	0.76%	0.75%
Longer than three months, less than a year	0.92%	1.10%
Longer than a year, less than five years	1.78%	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	31 March 2017	31 December 2016
On demand	4	124,335	185,076
Three months or less		498,613	368,545
Longer than three months, less than a year		779,159	727,810
Longer than a year, less than five years		2,241,518	1,965,909
Longer than five years		21,071	12,044
Total		**3,664,696**	**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 1.3 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. At 31 March 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 31 March 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 three 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.

	31 March 2017	31 December 2016
Bonds and notes - originated from securitisation transactions	1,864,721	1,435,997
Bonds and notes - other	7,374,036	7,319,911
Bonds and notes - fair value adjustment on hedged risk	38,558	49,443
Total	**9,277,315**	**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 1.4% (year-end 2016: 1.5%).

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

	31 March 2017	31 December 2016
Three months or less	964,670	316,053
Longer than three months, less than a year	1,400,737	2,045,359
Longer than a year, less than five years	6,612,563	6,141,912
Longer than five years	299,345	302,027
Total	**9,277,315**	**8,805,351**

The caption 'Bonds and notes – originated from securitisation transactions' include notes from Bumper 6 (the Netherlands), Bumper France (France), 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 (year-end 2016: EUR 1.9 billion) as at the balance sheet date. 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 193 million (year-end 2016: EUR 200 million).

For a number of clients, residual value guarantees have been given for a total of EUR 362 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. An amount of EUR 133 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 31 March 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.

As of July 2015 the Italian competition authority (ICA) started an investigation into a possible infringement of EU competition law by all members (including LeasePlan Italy (LPIT)) of the Italian car leasing association ANIASA. On 13 April 2017 LPIT received confirmation from ICA that following it's in-depth investigation the ICA has found no evidence of infringement of competition law by LPIT or any other member of the relevant trade association. This case is therefore considered closed and no longer a contingent liability.

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

No material events occurred after 31 March 2017, that require disclosure in accordance with IFRS, nor events affecting the financial position of the Group as at 31 March 2017 or the result for the three month period ended 31 March 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 31 March 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 profit and loss of the Company and the subsidiaries included in the consolidation as a whole.

Almere, 18 May 2017

Tex Gunning - Chairman of the Managing Board and CEO
Guus Stoelinga - CFRO
Marco van Kalleveen - COO
Danielle Pos
Yolanda Paulissen

Independent auditor’s report

Review report

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements as at 31 March 2017 of LeasePlan Corporation N.V., Almere, as set out on pages 6 to 32, which comprise the condensed consolidated balance sheet as at 31 March 2017, the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the three month period ended 31 March 2017, the condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows for the three month period ended 31 March 2017, and the notes to the condensed consolidated interim financial statements. The Managing Board of the Company is responsible for the preparation and presentation of this 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 31 March 2017 are not prepared, in all material respects, in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union.

Amstelveen, 18 May 2017

KPMG Accountants N.V.

D. Korf RA