Annual Report 2017

financial solutions partner

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Our vendor finance value proposition enables us to provide the solutions that our vendor partners need to support and boost their business.

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Management **Report**

Chairman's **foreword**

2017 was another positive year in the long and proud history of DLL. We once again delivered a healthy financial performance to our parent, Rabobank, and we continued to introduce new products and services to our vendor partners. This was all made possible by an engaged and talented workforce committed to delivering a first-class experience to our customers, and supported by innovative technologies that improve the ease, speed and flexibility of doing business with DLL. Most rewarding is the fact that we accomplished these objectives while making meaningful contributions to the communities within which we operate in more than 30 countries around the world.

The year was not without change. Most significant, was the strategic decision to transfer our domestic Dutch leasing and consumer finance portfolio to Rabobank in April 2017. Consistent with our strategic plan (entitled 'Focus and Accelerate'), we took this decision in order to further sharpen our focus and accelerate our award-winning vendor finance business. Moving our non-vendor finance activities was intended to bring these products closer to the bank and deliver more value for local Dutch customers. We also announced plans to form a strategic alliance with Erste Group Bank AG to extend our vendor finance capabilities to 10 countries across Central and Eastern Europe. The planned Strategic Alliance Agreement will expand our ability to provide solutions to our vendor partners in more than 40 countries worldwide.

On the commercial front, 2017 was a very strong year as we financed more than EUR 24.6 billion in new business volume, an increase of 14%, and experienced growth across all of our global business units. At the same time, our portfolio grew to EUR 30.8 billion, despite the transfer of the Financial Solutions business in the Netherlands (approximately EUR 4.4 billion) and currency effects which negatively impacted our portfolio balance by EUR 2.0 billion. I am very pleased that DLL continues to have a strong foundation on which to build for the future and achieve sustainable commercial growth and profit generation.

Our financial performance was further validated by the overwhelmingly positive feedback of our primary customers – the manufacturers, dealers and distributors who partner with DLL. Their satisfaction with our company is reflected in our Global Net Promoter Score (NPS®)[1] of +38, which was a marked improvement from the +34 recorded in 2016 and far surpassed comparable industry benchmarks. Further, the vast majority of surveyed customers indicated that they were 'satisfied' or 'very satisfied' with DLL's products and services.

We also continued to receive praise from the industry for our leading role in the global vendor finance marketplace. In November 2017, DLL received the Digital Innovation award from Leasing Life, one of the top leasing industry journals in Europe, as selected by a jury of independent experts. In the United States, DLL was named the #1 vendor finance company for the ninth consecutive year by Monitor, a leading industry publication considered the independent voice of the North American equipment finance and leasing market.

Perhaps even more important than the industry recognition was the positive feedback we received from our workforce (who we refer to as 'members'). In 2017, we conducted a Global Engagement Survey

1 Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

with our more than 4,500 members worldwide. This survey told us that 82% of our members recommend DLL as a top place to work. It also indicated that overall satisfaction and engagement is what drives our members to start each day committed to delivering a first-class experience to our customers.

To ensure that our members remain a key differentiator, we continue to make a number of investments toward their personal and professional development. We also continue to focus on workplace diversity efforts to attract and retain a talent pool that brings a variety of skillsets, perspectives and approaches to our business. Finally, we are focused on designing our workplace for the future and developing our members to be 'change capable' as we implement the right structures and systems to support the next generation of business.

Thinking about the next generation of business, I am reminded that in May 2019, DLL will celebrate its 50th anniversary. It is hard to believe that what started in 1969 as a small local leasing company in the south of the Netherlands has become the global leader in vendor finance, with offices in over 30 countries and a portfolio of more than EUR 30 billion. This milestone is a true testament to the company's strong foundation, the efforts of our members and the value we continue to deliver to our customers.

But how do we ensure that DLL continues to be a recognized global leader for another 50 years?

First and foremost, we will continue to focus on innovation. Traditional business models are being challenged, and the vendor finance industry is not immune. In order to maintain our market-leading position, we need to challenge ourselves, our business model and our traditional ways of thinking. Every member of our workforce has a role to play in driving innovation and disrupting the status quo. I have encouraged all DLL members to think differently, ask 'why' and propose alternatives.

To support this evolution, we intend to grow our investments in technology and innovation significantly in 2018. We are opening innovation hubs in select markets throughout our network and partnering with industry-leading technology firms to develop entirely new business models. It is only through such reinvention that we can future-proof DLL's business for continued success. Further, we will remain steadfast in our commitment to delivering the latest in digital technologies to our vendor partners. By putting innovative tools in their hands, we make it easier for them to do business with DLL and enable them to deliver economical solutions to their customers that reduce the total cost of usage.

By innovating together, I am confident that DLL will continue to exceed the expectations of our customers and remain the industry leader for another 50 years.

Bill Stephenson

CEO and Chairman of the Executive Board

Grow stronger partnerships in agriculture

Agriculture and DLL

The growing world population means that current consumption patterns will be impossible to maintain without better use of resources and more sustainable solutions. We offer a wide range of flexible financing solutions for manufacturers and dealers of food, agriculture, golf, and turf equipment. From tractors to advanced precision farming solutions, we help create value and manage risk so that the food and agriculture industry can do what it needs to do, namely feed the world.

Who we are

DLL is a global vendor finance company operating in more than 30 countries. In the Netherlands, we have a banking license, which is passported to several other EU countries and are under regulatory supervision by the Dutch Central Bank and European Central Bank. Founded in 1969 and headquartered in Eindhoven, the Netherlands, DLL provides specialized asset-based financial solutions in eight distinct equipment markets:

- Agriculture
- Food
- Healthcare
- Clean technology
- Construction
- Transportation
- Industrial equipment
- Office technology

In each of these markets, we work closely with manufacturers as well as their distribution partners, whether authorized distributors, independent dealers or resellers (collectively referred to as our 'vendor partners') providing financial solutions that help them achieve their goals and ambitions. We consider our vendor partners to be our primary customer.

Assets refer to the products supplied by our vendor partners to their customers (the end-users), whether digitally connected copiers and document management systems, diagnostic imaging equipment such as ultra-sound and MRI scanners or tractors and cranes. We view the end-users of the equipment as our secondary customer.

DLL delivers specialized knowledge and expertise to each of these eight markets through our Global Business Units (or GBUs) that set the commercial strategy with our vendor partners and handle all aspects of relationship and program management on a global scale. In addition to GBUs that focus on each major industry sector, we also consider our long-standing joint venture with AGCO Corporation (AGCO Finance) as a GBU. This designation is based on the overall size and scope of the relationship, which dates back to 1990, has a portfolio exceeding EUR 7.5 billion and is active in more than 20 countries.

DLL also manages its commercial (inventory) finance activities as a GBU, given its strategic importance and the integral role it plays in the distribution channels of our various vendor partners. In total, this means that we have six defined GBUs within DLL:

- Construction, Transportation and Industrial (CT&I)
- Food and Agriculture (F&A)
- Healthcare and Clean Technology (HC-CT)
- Office Technology (OT)
- AGCO Finance (AGCO)
- Commercial Finance (CF)

Our team combines customer focus with deep industry knowledge to deliver sustainable solutions for the complete asset life cycle, including the previously noted commercial (inventory) finance, as well as retail finance and used equipment finance. We believe that DLL is one of the few companies capable of providing true 'end-to-end' support for a vendor partner, helping them closely manage their installed base of assets, retain customers and identify upgrade and trade-in opportunities.

Finally, our global network is monitored and managed via the following regions:

- North America
- Latin America
- Europe
- Asia Pacific (AsiaPac)

Mission

We enable businesses to use the assets they need to contribute meaningfully to the world, both economically and socially. We create success for our partners, their customers and ourselves by seeing what really counts.

Our vision

At DLL, we believe in a genuine partnership with our customers, the kind built on personal trust, not just numbers. By combining our customer focus with deep industry knowledge, we look beyond quick fixes to deliver sustainable solutions. We are more than a provider of capital. We are a true strategic and collaborative partner.

To us, leasing is more than just lending money. We are committed to providing comprehensive solutions that help our vendor partners successfully navigate their challenging markets. To do this, it is important for us to monitor and understand current and future global trends. Currently, there are three trends we believe will likely alter the way our vendor partners do business and change the expectations they have of their financial solutions provider. In response to these trends, we continuous adapting our business to meet the evolving needs of our customers.

Usage and service based business models

Customers' needs are evolving away from the traditional concept of equipment ownership toward a more fluid model where they have 'just-in-time' access to equipment when it is needed. Consequently, we have seen a rise of usage and service based business models that are unlocking new opportunities for our partners. DLL strives to support our partners in building new customer propositions by offering financial solutions that enable end-users to pay for equipment as they use it, while the manufacturer remains responsible for ongoing services and maintenance. This transition is called 'servitization'. Customers take full advantage of the benefits associated with using equipment, without the obligations and costs of ownership.

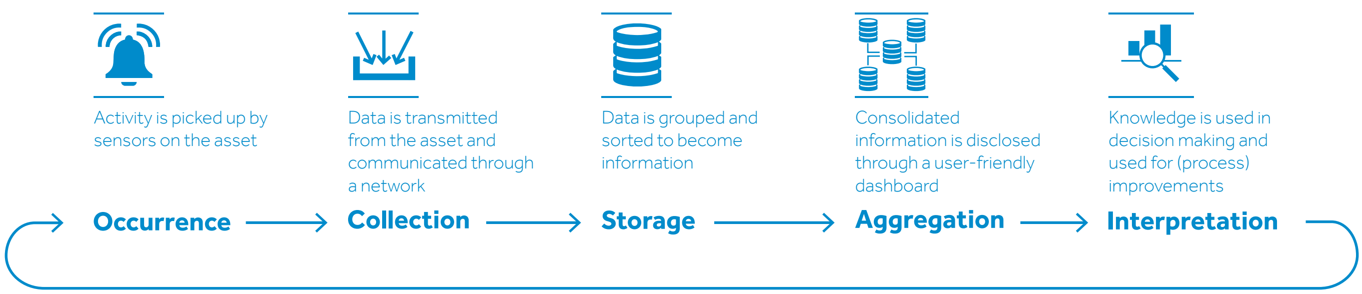
Internet of Things

Seamless interconnectivity between equipment and devices is the great promise of the Internet of Things (IoT). IoT facilitates the real-time collection of thousands of data points on when and how equipment is used. For manufacturers and dealers, the infinite data generated by IoT about how customers are using their assets creates possibilities for greater efficiencies and enhanced customer services. DLL believes that IoT can benefit all stakeholders. IoT helps manufacturers and distributors better understand when equipment should be serviced and the right time to offer technology upgrades or new products that will benefit their end-user customers.

Whether it's pinpointing the right time to service a tractor or suggesting an upgrade that will meet the customer's needs more cost-effectively, DLL will research IoT and work with manufacturers and dealers to better understand the potential advantages it can bring.

Circular Economy

The earth's resources are finite and a growing world population will put continued pressure on these resources. Many companies today are finding new ways to do business that delivers profits and innovation while also using these resources more carefully. The circular economy is one model which can move industries away from the old linear 'take, make and waste' model towards a more regenerative and sustainable one. By designing products to be recycled, reused or remanufactured at the end of their first life cycle, manufacturers can help reduce pressure on the planet's resources. The concept of a circular economy prefers usage over ownership. In usage-based models, manufacturers can maintain control of their equipment throughout its technical life and ensure that the equipment or materials are re-used rather than sitting idle or being relegated to a landfill.



The five stages of an IoT solution. Each stage describes what is necessary to eventually use IoT for, automated or manual fact based decision making.

New service-based financial solutions such as pay–per-use programs can help unlock these circular and usage based models, and DLL is committed to further enabling this transition. Through our Life Cycle Asset Management (LCAM) program, we provide end-to-end financial solutions for the complete asset life cycle, ensuring sustainable reuse of equipment and creating second and third life revenue streams. For example, from inventory finance to used equipment finance, all these solutions can be tailored to customers' sales objectives, processes, and distribution channels. One of our goals is to make used equipment finance 20 percent of our business by 2020.

Looking forward, DLL sees the convergence of servitization, the Internet of Things and the circular economy as the basis for strong and sustainable economic growth. By understanding and introducing new financial solutions models that support these trends, we can continuously adapt our business to meet the evolving needs of our customers.

Our Executive Board

The DLL Executive Board continues to have joint responsibility for delivering sound and balanced long-term and short-term strategies, meeting the needs of all DLL stakeholders, including customers, shareholders, employees, regulators and the communities in which the company operates.

On 1 January 2018, Carlo van Kemenade, Chief Operating Officer (COO) of DLL, left the organization to become CEO of Obvion, a Rabobank subsidiary operating on the Dutch mortgage market. DLL is currently in the process of finding a new COO.

William F. Stephenson

Chief Executive Officer (CEO) and Chairman of the Executive Board

Bill Stephenson was appointed Chief Executive Officer and Chairman of the Executive Board of DLL in June 2014. He is responsible for implementing the company's strategic plans, which enable DLL to deliver integrated financial solutions to manufacturers and distribution partners in more than 30 countries around the world. Under Stephenson's leadership, DLL has sharpened its focus on its core vendor finance business in eight key industry sectors: Food, Agriculture, Office Technology, Construction, Transportation, Industrial, Healthcare and Clean Technology.

Since joining DLL in 1987, Stephenson has held several leadership positions and played an integral role in the emergence of DLL as a global market leader within the vendor finance and equipment leasing industry. Prior to his appointment as CEO, Stephenson served as Chief Commercial Officer and a member of the Executive Board, responsible for the commercial strategy across all business lines.

Throughout his career, Stephenson has been an active participant in several committees of the Equipment Leasing and Finance Association (ELFA) and served as Chairman of the Board of Directors of ELFA in 2016. He is also a former member of the Equipment Leasing & Finance Foundation's Board of Trustees. Stephenson is a recipient of the 'Lifetime Achievement Award' from Leasing Life magazine and was included in the Leasing Life 'Power 50' list, which details the most influential people in the European leasing and asset finance market.

With 30 years of vendor finance experience, Stephenson is a recognized industry expert. He is a strong advocate for corporate social responsibility and a frequent speaker at industry assemblies throughout the world.

Stephenson obtained a Bachelor of Science degree in Business from Florida State University and is a graduate of Harvard Business School's Advanced Management Program.

In 2016, he was inducted into the Florida State University College of Business Hall of Fame.

In 2017, Stephenson was also presented with the Associated Equipment Distributors (AED) Chairman's Award for going 'above and beyond', giving longstanding commitment to the construction industry and for the company's unwavering focus on supporting the association.

In addition to his role as Chairman of the Executive Board, Stephenson has the following portfolio of responsibilities:
- Communications
- Human Resources
- Corporate Governance
- Internal Audit
- Innovation

Stephenson is currently also Chairman of the AGCO Finance Global Board.

As of 1 January 2018, Stephenson is acting COO, overseeing operations with dedication of North and Latin America until a new COO is appointed.

Tom Meredith
Chief Commercial Officer (CCO)

Tom Meredith was appointed Chief Commercial Officer and a member of the Executive Board of DLL in January 2017. He is responsible for the company's commercial strategy and global business activities in our eight key equipment markets.

Meredith joined DLL in 2010 as President of the Food and Agriculture Global Business Unit. Under his leadership, this unit has achieved year-on-year strong performances, expanded its footprint in Europe and entered the Asian market.

With more than 35 years of experience in equipment finance, Meredith has held leadership positions with several of the industry's top lenders. In 2002, he was named Executive Vice President and General Manager of Citi Capital's Construction Equipment Finance business. When the company was acquired by GE Capital in 2008, Meredith continued to manage the Construction Equipment business and was instrumental in developing and executing a commercial strategy that aligned the strengths and philosophies of the two companies. He previously held senior management positions with Deutsche Financial Services and Chase Manhattan Leasing.

Meredith graduated from the University of Michigan with a Bachelor of Science degree in Business Administration.

Meredith has the following portfolio of responsibilities within DLL:
- Management of Global Business Units (GBUs)
- Strategic Marketing
- Sustainability
- Insurance
- Asset Management & Remarketing

Currently he is also Chairman of the Managing Board of Mahindra Finance USA LLC (USA).

And as from 1 January 2018, Meredith is overseeing the AsiaPac region until a new COO has been appointed.

Marc Dierckx

Chief Financial Officer (CFO)

As Chief Financial Officer (CFO) and member of the Executive Board, appointed in January 2017, Dierckx is responsible for the company's financial, treasury and performance management functions.

He joined DLL in 2004 and has held several leadership positions across the organization. As President of the Office Technology Global Business Unit, he successfully led the vendor finance business through the challenging economic climate in 2008–2009. He most recently served as Deputy CFO and was responsible for spearheading the company's sale of Athlon Car Lease International B.V. and its subsidiaries to Mercedes-Benz Financial Services Nederland B.V., part of Daimler (Mercedes-Benz) group in 2016.

Dierckx plays an instrumental role in talent development within DLL as a founder and mentor of True Business (DLL's in-house MBA program in cooperation with the TiasNimbas Institute in Tilburg) and as founder of the Finance Business Partner program.

Dierckx earned his MBA at the EHSAL Management School in Brussels, Belgium, in 1992 and furthered his education at Vlerick Management School in Ghent, Belgium, in 1999.

Dierckx has the following portfolio of responsibilities within DLL:

- Finance
- Procurement
- Treasury
- Tax

Currently Dierckx is also Chairman of the Supervisory Board of Cargobull Finance Holding B.V. (the Netherlands, as from 1 January 2018) and a Member of the AGCO Finance Global Board.

And as from 1 January 2018, Dierckx is overseeing the European operations until a new COO has been appointed.

Ab Gillhaus

Chief Risk Officer (CRO)

Ab Gillhaus was appointed Chief Risk Officer (CRO) and member of the Executive Board of DLL as from January 2017. His appointment marked Gillhaus' return to DLL, having previously served as president of the company's European vendor finance business and a member of the Executive Board from 2000 through 2003. He most recently served as Chief Credit Officer at DLL's parent company, Rabobank. In this capacity, Gillhaus was responsible for chairing Rabobank's Central Credit Committees and managing the credit policies, monitoring and group-level reporting during a time of unprecedented market challenges.

An international finance industry veteran, Gillhaus amassed more than 30 years of experience in both the risk and commercial domains at Rabobank and DLL. He has been a member of many supervisory boards throughout his career, often serving as chairman.

Currently his external positions in this area are: Member of the Board of the East African food service company JGALT/Brioche Ltd (Rwanda/Uganda/Kenya) and Member of the Advisory Board of Tilburg University's School of Economics and Management (the Netherlands).

Gillhaus graduated cum laude with a Master's degree in Business Economics from Tilburg University. He is now based in the Netherlands, but has spent many years working and living abroad in Brazil, the UK and Australia.

Gillhaus has the following portfolio of responsibilities within DLL:
- Risk
- Compliance
- Legal
- IT (as from 1 January 2018, expected to transfer back to the new to be appointed COO in 2019)

From left to right
Ab Gillhaus
Marc Dierckx
Bill Stephenson
Tom Meredith

Net profit
in millions of euros

606

Profit from continuing operations
in millions of euros

588

Lease and **loan portfolio***

+8%

* excluding Athlon, FS, and FX impacts

New business **Volume***

+14%

* excluding Athlon, FS, and FX impacts

DLL's
Global presence

>30
countries

Net Promoter Score
(NPS recommendations)

+38

Facts & figures
2017

2017 CO_2 reduction
(per FTE) compared to 2013

-32%

Employees

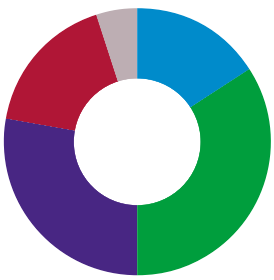
4,636

♂ 55% ♀ 45%

Nationalities

>40

Age diversity
in %



Key figures

In millions of euros	2017	2016
Financial position and solvency at 31 December		
Total assets/liabilities	34,543	39,313
Total equity	3,642	4,378
Total non-controlling interest	470	517
Common Equity Tier 1 Capital (CET1)	2,436	2,945
Risk weighted assets	18,041	20,142
CET1 ratio	13.50%	14.62%
Profit and loss account		
Total net income continued operations	1,383	1,329
Total operating expenses continued operations	(761)	(728)
Credit losses continued operations	(105)	(97)
Income tax continued operations	71	(136)
Net result continued operations	588	368
Net result discontinued operations	18	407
Total net result	606	775
Portfolio		
Portfolio continued operations	30,200	30,491
Portfolio discontinued operations	644	4,424
Total portfolio	30,844	34,915
Employee data		
Number of employees (FTEs) average	4,577	5,847
Number of employees (FTEs) end of year	4,636	4,674

Volunteering

33%

Unique member participation rate
(= 1,531 unique members)

11,990 hours
Time investment

182 projects
(= 370 activities)

Partnering for a brighter future in clean technology

Clean technology and DLL

Energy represents 30% of the costs in a typical office building. In other settings, such as manufacturing and healthcare facilities, energy costs can be even higher. We actively finance projects that promote energy efficiency, alternative energy use, smaller carbon footprints, and sustainability. Our programs are designed to improve our partners' profit and performance while reducing their costs, energy use, waste, or pollution. Because going green is more than just good for the environment – it's good for business.

What we do

Vendor finance has been DLL's core business for almost five decades and the foundation on which the company was built. Vendor finance is a highly specialized business model that delivers significant value to our vendor partners in manufacturing, their distribution agents, whether dealer, distributor or reseller, and of course, their customers, the ultimate end-users of the equipment.

DLL delivers a strong and unique service to our vendor partners, which enables them to offer highly specialized and smart financing solutions to their customers. This facilitates the sales of the equipment, and other ancillary products and services, and helps them grow their market share and margins, whilst developing new business models.

Our products become an integral part of the overall sales process and operation with our vendor partners. Such integration requires a true partnership focus, that in many instances results in DLL not only being entrusted with our vendor partner's business and their customers, but also with their name and brand identity. In that respect, DLL offers a variety of private label programs and co-branded programs, that allow our vendor partners to offer their customers a seamless one-stop shopping experience for equipment, maintenance, parts service and finance, all leveraging the value of their brand.

Vendor finance

Vendor finance provides asset-based financing programs to manufacturers, distributors, dealers and resellers at their respective points of sale. Our vendor partners are constantly working to develop the most competitive and impactful propositions for their customers. To help them achieve their goals, we offer end-to-end financial solutions covering the full technical life cycle of their equipment. Our solutions are applicable to both new and pre-owned assets. These can be customized to better conform with and support the vendor partner's sales objectives, processes and distribution channels.

When it comes to developing equipment finance options for their end-user customers, manufacturers have several options. Some large manufacturers decide to establish their own finance capability in-house, so that they can integrate their financial products with their sales delivery. Although there can be benefits to this type of approach (traditionally known as a 'captive finance' program), it is not without its challenges. Firstly, it requires the manufacturer to make significant investments to build the required infrastructure. Secondly, because it is not typically a core competency of the manufacturer, they must also hire additional resources and subject matter experts. In many cases, they must also leverage their own balance sheet to finance their portfolio of leased equipment assets.

As a result, many manufacturers choose an alternative route of seeking out a partner, who can provide 'captive-like' financial solutions on a third-party basis. This type of business is typically referred to as vendor finance, and is at the heart of DLL's successful business model. The form of cooperation between the vendor partner and DLL can range from formal joint ventures, where a separate legal entity is established to provide finance programs with both the manufacturer and DLL holding an ownership stake, to 'private label' equipment finance programs offered by DLL using the name of the manufacturer towards end-users.

Another variation is 'quasi private-label' or 'co-branded' programs which leverage the name and brand of the manufacturer, but make clear that the finance program is being offered and administered through a third-party company such as DLL.

By partnering with DLL, our vendor partners, whether manufacturers, dealers, distributors or resellers, can focus on their core business of producing and/or selling, and servicing their products and leave the administration of the financing programs to an expert. They can put all their effort into optimizing sales of their equipment and driving customer adoption of related services and further enhancing the relationship that the vendor partner will have with their customer.

Examples of such services are maintenance, parts and supplies, insurance and warranty. We can help our vendor partners by bundling these services in the related financing packages. We can also provide financing for software licenses and other technology solutions. Through this, the end-user customer gets access to a wider variety of value added services and options, as well as gaining a clearer understanding of the total cost of use for the equipment. Through our multi-year lease and finance agreements, our vendor partners can engage with their customers for longer periods, locking out the competition and increasing customer retention.

There is more to vendor finance solutions than simply providing capital and financial terms to customers seeking equipment from our vendor partners. We go beyond the commoditized administrative services of credit underwriting, billing and collection to create long-term, sustainable, mutually beneficial engagement with all the manufacturers, dealers, distributors and resellers that we support. We seek to become an integral part of the vendor partner's overall business strategy and financial plans. It is not about simply supporting the first sale, but about managing a multi-year relationship and developing a strategy that will help the vendor partner achieve their goals over the long-term, in an efficient and sustainable way.

As a result, some of our most successful relationships have rich histories, many lasting more than 30 years. These long-term success stories are the best testament to the true value of vendor finance.

There are many benefits available to our vendor partners and their end-user customers:

Value of vendor finance

For the vendor partner

- **Lead generation**: attract and close sales with new prospects and retain existing customers with targeted promotions, repeat business and special financing offers.
- **Sell more**: low cost monthly or quarterly payment quotations can minimize focus on upfront sales value and encourage customers to also acquire additional options and services.
- **Preserve margins**: by focusing on affordable monthly or quarterly payments for end-users, rather than the upfront sales value of the equipment, minimize negotiations and price cutting.
- **Balance sheet management / capital conservation**: by using inventory finance and floor-planning solutions from DLL, manufacturers can place more units into dealer inventory (without carrying the credit risk themselves). And dealers can secure products without having to tie up their own critical cash and bank lines.
- **Increase overall lifetime value**: most maintenance and service plans are sold on an annual basis and require both effort and cost to renew each year. By bundling these plans in a multi-year leasing offer, they can be locked in for the full duration of a lease or finance contract (on average 3 to 5 years or longer).
- **Customer retention**: multi-year lease agreements lock-in customers for longer periods. At or near the end of the initial lease term, and with help from DLL, the vendor partner can offer its customers attractive lease upgrade options, raising the potential to sell the next generation of technology to their customer.
- **Installed base management**: better understand how the equipment is being used and identify the optimal moments for preventive maintenance and when to proactively offer the customer new technology that will raise productivity and/or limit costs.
- **Secondary market control**: off-lease equipment can be targeted for remanufacturing or refurbishment, so that it can be sold again, extending the life of the product and building new revenue streams.

For end-user customers

- **Capital conservation**: by using leasing/financing solutions, customers can preserve their working capital for more profitable deployment in other parts of their business.
- **Little impact to bank / credit lines**: by leasing through a third-party program, the customer can normally avoid tying up valuable, and sometimes limited, bank lines.
- **Easy to budget**: leasing and financing programs are typically offered on a fixed rate basis and deliver predictable, periodic payments that a customer can easily budget for, and increase overall visibility toward usage costs.
- **Reduce the risk of obsolescence**: by leasing equipment, rather than buying outright, the customer can always guard against the equipment becoming outdated and exercise options to upgrade to the newest technologies.
- **Equipment disposal**: retiring old equipment can be a costly and difficult process for customers, particularly when environmental rules and other regulations come into play. With many leasing programs, the customer normally has the option to return the equipment at the end of the contract period, leaving proper disposal or recycling in the hands of the vendor partner and/or financing company.
- **Little impact on ratios**: since some of our products enable off balance sheet financing, financial ratios of our end-users are not impacted.

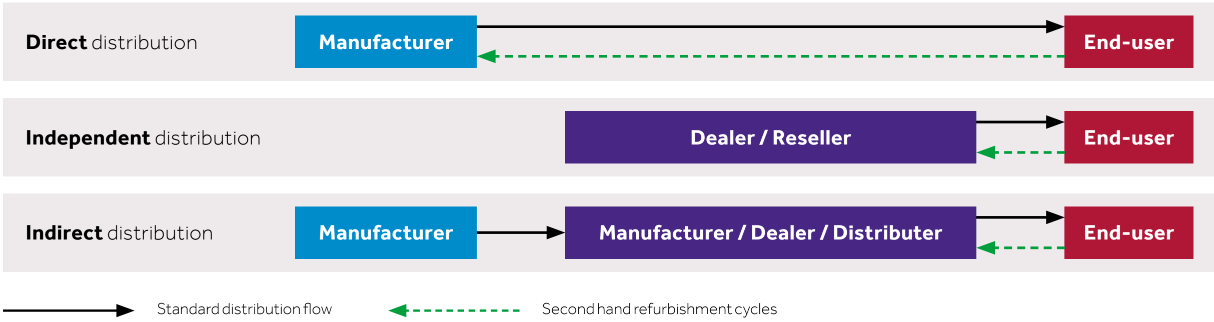
Distribution channels

We offer multiple products and services to give our vendor partners the necessary solutions for each segment of their distribution channels and facilitate their sales to their end-user customers. Vendor finance serves the following distribution channels:

- **Direct distribution**: the manufacturer sells directly through its own sales force to an end-user.
- **Indirect distribution**: the manufacturer accesses a network of authorized dealers and distributors to sell its products to the end-users.
- **Independent distribution**: dealers act as stand-alone entities offering (in many cases) multiple brands of products and services, and requiring financial solutions to support sales to the end-user customers.

Whatever approach our vendor partners choose, DLL is capable of supporting a variety of different distribution models aimed at making our vendor partners more competitive and effective in their markets.

Vendor finance distribution channels



We are one of the few companies able to provide true 'end-to-end' support for a vendor partner, across their entire value chain, starting with our commercial (inventory) finance products that help manufacturers get more units of equipment out of the production factory and into the sales inventory, lots and showrooms of their distribution partners.

Once an asset is available for sale, DLL provides a full array of Retail Finance solutions that help the vendor partner get the equipment into the hands of their end-user customers as quickly and efficiently as possible. The product support that DLL provides to its vendor partners does not end there. We continue to provide the vendor partner with reports and tools that enhance their visibility and understanding of their entire installed base of leased assets. We also give them consultative support at the right time for upgrades and trade-ins and so on. Upon end of lease, customers will have various options, which include extending, acquiring or returning the asset. When a product does come off-lease and is returned, DLL will work with the vendor to develop refurbishing and remarketing programs, used equipment sales programs or other disposition methods.

Using this approach, we have developed a powerful business model whereby DLL not only supports the strategic objectives of its vendor partners, but also has the potential to generate income on a single asset at three distinct points in its life cycle; inventory finance, retail finance and used equipment sale or finance. This is a significant contributor to our financial performance and success.

Primary solutions

To service the full distribution channel(s) of our vendor partners, DLL provides solutions that create value and support their growth ambitions. Our solutions include:

- **Commercial finance**: comprises a suite of asset-based financing solutions that support both manufacturers and their distribution partners. Our commercial finance products enable dealers and resellers to maintain healthy inventory levels without tying up critical cash and bank lines. This, in turn, helps manufacturers place more units into dealer inventory with the bonus of not having to carry the credit risk on their balance sheets.

- **Retail finance**: spans a variety of products including loans, financial leases, fair market value leases, and pay-per-use agreements. All of these products are designed for use at the point of sale, enhancing our partners' ability to place equipment with their end-user customers. In turn, these products allow end-user customers to easily acquire and use the equipment they need to operate their businesses. The prevalence of one financial product type over another can vary across the industries and geographies within which DLL operates, depending on the established local practices and preferences of the end-user customers. Retail finance represents the majority of DLL's portfolio.

- **Used equipment finance**: DLL offers the same financial products for used, refurbished, and remanufactured assets as we do for new equipment. By providing financing for equipment that is returned when lease contracts expire, we can support manufacturers and dealers wishing to remarket their used equipment to end-users. This ensures the sustainable reuse of equipment and creates second and third life revenue streams. We anticipate our used equipment portfolio will grow to 20% of our total business by 2020.

These financing models enable us to construct unique, highly relevant and added value propositions for our vendor partners and their end-user customers. They also address the increasing market demands for convenience, flexibility and one-stop-shopping. As such, we expect a positive long-term outlook in the vendor finance market and have confidence in its ability to generate sustainable growth and long-term profitability.

Our value **proposition**

DLL's vendor finance value proposition consists of five key elements: partnership, industry specialization, asset and risk management expertise, global capabilities and footprint and people and culture. These enable DLL to provide the solutions that our vendor partners need to support and boost their business. We will continue to build our business and strategy on this strong foundation.

Our partnership focus

We only enter into partnerships when we know that we can offer sustainable win-win solutions for both our vendor partner and DLL. Overall, success for us is linked to our ability to build long-term relationships with our vendor partners based on shared goals. We support our vendor partners through the normal peaks and troughs of economic cycles, as well as other issues and events that influence their specific equipment markets.

We seek to become an integral part of our vendor partner's overall business strategy and financial plans. It is not about simply supporting the first sale, but managing a long-term relationship and developing a strategy that will help the vendor partner grow their market share and profitability in an efficient and sustainable way.

As part of our value proposition, we provide a variety of services and programs to support our vendor partners, from prospecting and targeting the right customers to time and territory management for their sales teams, so they can improve their sales effectiveness. We even help them develop tactics for retaining and developing their top performers. These consultative services help make DLL indispensable to the vendor partner's long-term success, and act as a key differentiating factor that protects our relationships from competitive overtures.

Our unwavering focus on the success of our partners was further validated by the overwhelmingly positive feedback we received in our annual Global Partner Loyalty Survey. This past year, our Global Net Promoter Score (NPS®)[1] grew to +38, which was a marked improvement from the +34 recorded in 2016. Moreover, the vast majority of our surveyed partners indicated that they were 'satisfied' or 'very satisfied' with DLL's products and services.

1 Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

Our industry specialization

We are very proud of the in-depth knowledge we have acquired in each of our equipment markets. Built on decades of accumulated experience, we truly have a keen awareness of the markets in which our vendor partners operate. Only when you truly understand your partners and their markets, it is possible to optimize sales and create differentiated solutions. We are a dedicated vendor finance company with a clear focus on a select number of industries: Agriculture, Food, Healthcare, Clean technology, Construction, Industrial equipment, Transportation, and Office technology. So, whether our vendor partners are manufacturing and selling milking robots for a dairy farm, or MRI scanners for deployment at a diagnostic imaging center, we speak a language they understand.

Over the years, we have sought to develop a high degree of expertise in these markets, acquiring an understanding of the distribution process, the sales process and the equipment itself. In many cases, we have recruited sales people from the 'hardware side' who had successful careers selling the equipment or managing a team of sales people for a vendor partner. This gives them instant credibility with DLL's clients and allows them to 'talk shop', framing our financial offerings in the right business context in a way that the vendor partner can easily understand.

When successfully implemented, this integrated selling approach creates significant value for both the vendor partner and DLL. It truly is win-win. The vendor partner has a team of well-trained, highly effective sales people, who generate more revenue and profits by offering leasing and other financial products.

Our asset and risk management expertise

With our focus on the business of asset based financial solutions, we have the knowledge and experience to create new value for our vendor partners and can turn potential risks into healthy sustainable rewards. We use our asset management expertise and understanding of the assets to take advanced risk decisions, generating a higher level of added value for our vendor partners and their customers.

Our efforts to understand the equipment we finance, to understand the application of the equipment in a normal business or production environment and finally to understand the secondary markets for that equipment, have played a significant role in differentiating DLL from many of our competitors. It also allows us to create a higher level of added value and successfully generate returns out of credit risks, future asset (residual) values, commercial (inventory) finance offerings, asset insurance products and more.

Our credit underwriting capabilities provide a great example of this. Unlike many other leasing companies, we do not rely completely on a basic review of the end-user customer's balance sheet and income statement. Rather, we have expanded our capabilities to include behavioral underwriting, looking deeper into elements such as asset utilization and essential use, truly understanding whether a piece of equipment is mission critical to keeping an end-user customer and their business afloat.

We believe this layered and nuanced approach has allowed us to sometimes go deeper into the market and support our vendor partners (and their customers) when other sources would not provide capital. By understanding these risks and having the capability to manage them effectively, we can deliver true added value to our vendor partners, helping them sell more and achieve the goals of both their business and DLL.

Our global capabilities and footprint

DLL has been recognized by our vendors as a global vendor finance company with capabilities of delivering a consistent service and experience in over 30 countries across the globe. By combining our global footprint with experienced local teams, we provide a consistent service across the globe.

We support our core vendor partners in both their mature markets, as well as their emerging growth markets. Our ability to deliver global solutions has helped us successfully establish new partnerships with leading manufacturers, expand our business into new markets like Central Eastern Europe and shield our existing partnerships from competitive overtures. Going forward, we continue to evaluate the mid-term needs of our vendor partners as a significant factor when considering expansion into new markets.

Our Global Account Management approach provides our vendor partners with a single point of contact, who helps manage their portfolio and global business activity. We follow this up with regular business reviews and strategic planning sessions to ensure that we are steering the business in a responsible and sustainable way. Our vendor partners have consistently told us that they regard this as a strength. It makes them feel they are dealing with 'one company', even though they may be working with DLL in multiple countries.

Although we strive for standardization where possible, we also subscribe to the view of 'think global, act local', ensuring that the standard principles of the program are delivered to each country, but providing ample scope for adjustments to accommodate local market practices and culture.

We have a healthy spread of markets across several regions, countries and industrial sectors that provide an additional layer of resilience to our business model. This has played a significant role in how DLL has performed over the past decade.

Our people

Our members continue to be our most important assets and one of the unique elements that sets DLL apart from our competition. We have a high quality and engaged member base, which consistently delivers our value proposition to our vendor partners and their end customers. This is a message that we consistently hear in the surveys and focus groups that we conduct with our vendor partners and their end-user customers.

Our relationship model depends on our people making this connection. DLL members show great passion and commitment to the goal of serving our vendor partners and their end-user customers. A strong entrepreneurial spirit that allows us to create solutions to help our vendor partners win in changing markets compliments this. In that respect, we continue to make investments toward the personal and professional development of our members, so that DLL continues to be viewed as an employer of choice in the many countries in which we operate.

For years, DLL has successfully strengthened its culture through internal training programs such as 'True You', 'True Team', 'True Leader' and 'True Business' (DLL's own internal MBA program for high potentials). In 2015-2016, it was concluded that the cultural journey of DLL needed to enter a next phase and should focus more on helping members take the right decisions in their daily jobs, serving commercial interests of DLL whilst fully adhering to DLL's ethical standards towards end-users, vendors, dealers, society, members and other stakeholders.

In this light, a DLL Values Dialogue session was developed to engage members in the intentions of the Code of Conduct and DLL's values and brand promise towards customers. The Values Dialogue supported members to take the step from knowing to acting by discussing a selection of 52 actual cases and realistic dilemmas within the business. Leaders and specially trained internal facilitators organized the dialogues. Members were asked to come up with recommendations on how DLL could further improve the integrity of our operations. In 2017, all member recommendations were analyzed and presented to the Executive Board. This data will be used as input for future programs and e-learnings, depending on the target audience.

DLL's eNPS

In order to measure and act upon employee loyalty, DLL started to measure and report upon an Employee Net Promoter Score (or eNPS®)[1]. In October 2017, DLL conducted a global survey to measure the eNPS metric across our entire network, and also explore the level of engagement among our members. The engagement score was the average percentage of members that corresponded with the following statements:

1. I would recommend DLL as a good place to work.
2. I feel proud to work for DLL.
3. DLL motivates me to contribute more than required.
4. I feel motivated to go beyond my formal job responsibilities.

We were very pleased and proud with the results, which showed eNPS at an impressive +43 and our Engagement level at 82%. In both cases, these metrics were very strong and generally out-performed when compared to benchmarks and other High Performing Organizations.

DLL believes that its culture programs positively contribute to member loyalty. Moreover, the culture programs introduced a consistent set of values to our members and helped shape our future leadership profiles.

With regard to the professional development of our members, DLL has provided several learning opportunities throughout the years. We have invested significantly in the development of a DLL Commercial Academy which began with a focus on commercial members to instill a unique culture which sets DLL apart in the marketplace. Workshops are now offered for all members and provide practice in developing, among others, six critical skills for building long-term relationships such as presence, relating, questioning, listening, positioning and checking. Workshops are facilitated by DLL commercial members trained as facilitators and coaches.

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Group Finance, together with Global Learning, designed the Finance Business Partner program in 2016 for members to become an advisor, partner and facilitator in conversations with stakeholders. During the program, they develop soft skills, knowledge and expertise in strategy, DLL's value chain, program management and financially related subjects. The 4th edition will start in June 2018 and as a result we will have more than a 100 graduated Financial Business Partners within DLL.

To meet the development needs of members and leaders, we have built a pool of highly skilled internal coaches who provide coaching to everyone at DLL. All coaches in this pool attended the Coaching Master Program where they were accredited by an external body (ILM) following the ethical practice of professional coaching laid down by the International Federation of Coaches (ICF). In addition to the Coaching Master Program, we have designed and are running global coaching leadership programs. Coaching is an important part of the leadership profile and will result in better direction, motivation and reward of member behavior.

Further, several change management programs have been developed to help our members and leaders proactively and positively deal with changes in the rapidly evolving work environment. Lastly, we are currently driving the development and deployment of regulatory compliance training through live and digital platforms.
It is our ambition to have members who are customer centric, innovative, and collaborative and who are real change enablers. To achieve this ambition, we need leaders who are authentic, inspiring, change agents, accountable and who can act as coaches and mentors for our members.

Our new HR Strategy consists of 3 important priorities:
- Diversity
- Design – Workforce and workplace of the future
- Innovation – Unleash the change capability of the organization

We will start working with the new strategy as from 2018, using the key learnings to bring our ambition to life.

Build lasting solutions in construction

Construction and DLL
The global construction industry is in constant flux, so it requires customized, flexible financial solutions to help it grow. From loans to leases, inventory finance to Life Cycle Asset Management, we offer financial solutions for manufacturers, dealers, distributors, rental companies, and users of construction equipment. Our goal is to help our partners build sustainably, but also profitably.

Financial performance & **strategic outlook**

Financial performance

Commercially, 2017 was a very successful year as we financed EUR 24.6 billion (2016: EUR 21.9 billion) of assets, including EUR 9.9 billion (2016: EUR 8.8 billion) of short term commercial finance but excludes Financial Solutions. Adjusted for currency, our financed volumes increased by 13.6 percent (2016: 5.8 percent). All business units achieved a significant growth during the year.

Our net profit for 2017 amounted to EUR 606 million (2016: EUR 775 million), but also included the first quarter results of our domestic Dutch non-vendor finance business that was transferred to Rabobank on 1 April 2017. Therefore, our net profit from continuing operations was EUR 588 million (2016: EUR 368 million). The Return on Assets (ROA) amounted to 1.8 percent (2016: 2.0 percent).

There have been two events which have had a significant impact on our results. First, the reform of the US federal tax law required an adjustment in the deferred tax liability DLL has in the US. This adjustment has resulted in a gain of EUR 204 million that is recognized in the income taxes line in our statement of profit or loss. Second, DLL has decided to stop accepting new business in China during 2018 and evaluate options to sell DLL's operations in this market to prospective third party buyers. In light of this decision, an impairment of EUR 40 million was recognized to account for the loss related to these intended changes and the planned disposition of these operations.

When compared to 2016, our profit from continuing operations increased by 60 percent. Excluding the one off events on US tax reform and the impairment related to the discontinuation of operations in China, our net profit increased by 18 percent compared to last year. DLL recognized an income of EUR 49 million (2016: EUR 9 million) relative to the fair value movements of our derivatives. During the year, DLL implemented a macro fair value hedge accounting model, which reduces the volatility in our income caused by movements in the fair value of derivatives.

The most important source of income is our lease and loan portfolio, which increased by 1 percent (2016: 8 percent) to EUR 30.8 billion (excluding Financial Solutions). Since DLL has a significant part of its portfolio in countries that have a different currency than euro, movements in the FX rates can have a significant impact on our portfolio. Our autonomous portfolio growth, without currency movements, was 8 percent (2016: 6 percent). This growth is a reflection of the growth of the business of our vendors, who benefit from the current economic environment.

DLL's net income is directly linked to this portfolio. Net interest income and income from operating leases (excluding Financial Solutions) increased by 5 percent, adjusted for movements in FX rates. Due to the continuing excess liquidity in our primary markets, we saw continued downward pressure on our pricing and margins, which meant our income growth did not keep pace with our rate of portfolio growth.

Our operating costs increased by 5 percent, mainly caused by the impairment taken for our decision to cease operations in China. Adjusted for this impairment and movements in FX rates, operating costs growth was below portfolio growth, indicating that we benefited from both cost saving programs as well as economies of scale.

Credit impairments were again relatively low at only EUR 105 million (2016: EUR 97 million). These credit risk costs are a reflection of the favorable economic environment and stringent credit risk management. From a regional perspective, credit risk costs were especially low in Europe, while our results in the US market suffered from the severe hurricane season that impacted a large part of the country and resulted in a number of damaged and destroyed assets financed by DLL.

Our funding policy is such that we have very limited appetite related to foreign currency, liquidity or interest rate risks, all defined in our Risk Appetite Statement. Interest rate and foreign currency derivatives are used to mitigate these risks. Most of our portfolio is funded via funding obtained from our shareholder Rabobank. In locations where it is more efficient to obtain funding locally, we engage in funding partnerships with high profile local banks. Following the execution of our Mid-Term Plan, we are working on diversifying our funding sources to obtain secured funding. In November we executed our first US F&A securitization, with a total size of USD 501 million. We will continue to expand our funding program, also to other countries in 2018. However Rabobank will remain our main source of funding in the coming years.

During the course of 2017, our equity decreased by EUR 736 million. Of our net profit of EUR 606 million (2016: EUR 775 million), EUR 54 million (2016: EUR 64 million) is attributable to the partners in our joint ventures. The remaining EUR 552 million was added to our retained earnings. In June 2017, we paid a dividend of EUR 1.2 billion to our shareholder Rabobank, thereby causing a decrease in our equity. Our common Equity Tier I ratio as of year-end came in at 13.5 percent (2016: 14.6 percent), which is above our internal target of 13 percent.

As of year-end, we employed 4,636 FTE (2016: 4,674 FTE), including both internal members and contracts. The decrease compared to last year is due to the transfer of Financial Solutions to Rabobank, offset by a growing member base that is needed to serve our vendor finance business. DLL has 129 FTE working in the operations that are classified as held for sale.

Strategic outlook

The world around us is constantly changing. For that reason, we closely monitor various emerging global trends that are likely to alter the way our vendor partners and their end-user customers will do business and thus change their expectations of their financial solutions providers. In response to these trends, we continuously adapt our business to meet the evolving needs of our vendor partners and their end-user customers.

Our Mid-Term Plan (MTP), entitled 'Focus and Accelerate', charts our future direction and growth between now and 2020. By providing new and innovative digital tools, like apps and digital portals, to our vendor partners and their end-user customers, and a superior customer experience, all delivered by an empowered and engaged workforce, we will continue to differentiate ourselves in a growing and highly competitive marketplace.

During 2017, we already made good progress in the execution and realization of the goals defined in our MTP. We finalized the transfer of Financial Solutions to Rabobank, in order to focus just on Vendor Finance. We are also in the process of implementing a Strategic Alliance Agreement (SAA) with Erste Group Bank AG that will open multiple new countries in Central Eastern Europe.

To diversify our funding sources, a first material US securitization of USD 501 million was executed in November 2017. This transaction was very well received by investors, as both demand and pricing was very good for an inaugural transaction. For the coming year, we expect to further leverage on this success by coming to the ABS market more frequently.

Mid-term plan

Product development

To meet the changing needs of our vendor partners and their end-user customers, we will focus on growing customer value. To achieve this, we will focus on increasing the penetration of our existing products and services in our current vendor partners. We will also seek to develop new added value propositions together with our vendor partners in order to meet their evolving needs as well as the changing requirements of their end-user customers.

Highlight 2017

We continued to be a pioneer in our industry, leading the charge to expand our product capabilities in areas such as Life Cycle Asset Management (LCAM), Fleet Management Solutions (FMS) and Managed Equipment Services (MES). Our customers tell us that they value our thought leadership in these areas and the delivery of solutions that allow them to keep pace in a fast changing market.

Digital transformation

To increase the speed and ease of doing business, DLL will focus and accelerate its digital enablement. We will continue to digitize our delivery to both vendor partners and their end-user customers through mobile applications, self-service portals, partner integration and an improved Customer Experience platform. Next we will continue to digitize our internal processes through workflow, digital documents and e-signatures.

Highlight 2017

We continued to broaden the deployment of our mobile applications and other technology solutions to a wider number of countries, markets and partners. Our efforts in this area were acknowledged, as DLL received the 'Digital Innovation' award from Leasing Life, one of the top leasing industry journals in Europe, as selected by a jury of independent experts.

Delivery optimization

To improve the efficiency and effectiveness of our organization, ongoing attention will be placed on streamlining our processes and structures. This will involve streamlining our international support functions and taking transformational steps in our back office service delivery. Furthermore, additional focus will be placed on improving salesforce effectiveness and evaluating the potential to create more flexibility in our value chain delivery.

Highlight 2017

Our adjusted operating costs grew at a slower rate than our portfolio growth, despite increasing our investments in a number of areas such as technology. This shows that we are benefiting from process improvements and cost saving programs. We also continue to seek out new and cost-efficient ways to expand our geographic reach without the need to make significant direct investments. Our announced plans to form a Strategic Alliance Agreement (SAA) with Erste Group Bank AG provide a good example, as this will extend our vendor finance capabilities to 10 countries across Central and Eastern Europe.

Organizational growth

Members continue to be our most important assets and among others a unique element that sets DLL apart from competition. As such, DLL will devote ongoing attention towards developing our members. To achieve this, we will focus on leveraging the investments already made in training and engagement programs, and focus on further embedding these programs in the organization. In addition, we will focus on fine-tuning the member composition to increase diversity and ensure we attract and retain the key capabilities to support our long-term goals. Finally, we will focus on leadership engagement and inspiration to ensure that all members continue to understand the overall direction of DLL and feel inspired and motivated to bring their best to DLL every day.

Highlight 2017

Besides various new training, culture/values and leadership programs, we deployed a global survey to measure the Employee Net Promoter Score (eNPS) metric across our entire network, and also explore the level of engagement our members in their jobs. The results showed eNPS at an impressive +43 and our Engagement level at 82%. In both cases, these metrics were very strong and generally out-performed when compared to benchmarks from other High Performing Organizations.

Regulatory compliance

To ensure that DLL continues to do the right thing and meets changing regulatory requirements, we will focus on completing running programs geared towards implementing our compliance roadmap and our Data Management and Business Intelligence plan. Further, we will reassess our European banking license structure to streamline our banking licenses and reconsider the legal and funding structures necessary to improve DLL's future strategic flexibility.

Highlight 2017

During the year, we initiated and executed multiple projects aimed at meeting new legal and/or regulatory requirements. These include the adoption of IFRS 9, which is applicable as of 1 January 2018 and creating the infrastructure for Anacredit reporting, also due early 2018.

Strategic flexibility

DLL should not only continue its strong financial performance but also develop further as an organization to become less dependent on our shareholder, for instance on funding. To better position the company for future growth, we will seek to optimize our legal and license structure, establish our financial posture and diversify our funding channels. Further, we will explore different options to optimize capital structures and reduce Risk Weighted Assets that require capital.

Highlight 2017

We continued to diversify our funding sources to obtaining secured funding. In November 2017, we successfully placed our first US F&A securitization, totaling USD 501 million. This transaction was well received in the market and over-subscribed with demand from investors exceeding the available notes. Looking ahead, we will continue to expand our funding program in other select countries across the DLL network.

Sustainability

DLL wants to be a true financial solutions partner. We go the extra mile to provide added value to our partners beyond pure finance. By creating sustainable solutions for the full technical life cycle of assets. By delivering profit and being mindful of the world around us. We consider sustainability essential to our and our partner long-term success. Because it creates business, and delivers important social and environmental benefits.

We want to support the efficient use of natural resources, reduce our impact on the environment and close raw materials cycles in order to create a circular economy, and create business value at the same time. We also promote development opportunities for people, respecting their rights and encouraging people to pro-actively create innovative solutions. We therefore focus in our 3 pillar sustainability approach on

a) offering sustainable business solutions,
b) having a meaningful societal impact, and
c) assuring customers they can count on us having responsible business operations.

Put simply… we try to offer sustainable financial solutions in the most responsible way while maximizing our positive impact on society.

Sustainable business solutions

DLL wants to be a leading partner in sustainable asset based finance solutions/usage for our customers, which create value during the full life cycle of the asset. Together with our customers, we create new opportunities for diversification and growth and customer full service.

Life Cycle Asset Management: helping drive the transition to a circular economy
The traditional linear economy model is based on a take, make, dispose system where raw materials are extracted from the earth, assets are made, sold, and eventually discarded by the user to potentially end up in landfill or incineration. In the economy of tomorrow, scarcity of raw materials will become a problem, because we are eating into the finite supply of resources. The circular economy model instead aims at keeping raw materials in closed loops. This model relies on usage rather than ownership of assets. It enables manufacturers to keep more control on their assets throughout the technical cycle and makes services around the product become a potentially increasingly important profit center for manufacturers.

Life Cycle Asset Management at DLL is the economical management of assets throughout their entire technical life. This is accomplished by providing tailored financial services (like operational lease, swapping of assets, extended usage, redeployment, 2nd life finance etc.), thus proactively using the repair and maintenance, refurbishment and remanufacturing skills of our manufacturing partners.

Our used equipment finance (or UEF) capabilities include lease solutions to the end-user customer as well as inventory finance to dealers and resellers. In 2017, the year ended with very strong results in Used Equipment Finance (Retail). Over the full year 2017, UEF Retail NBV increased by more than 24% from EUR 457 million in 2016 to EUR 567 million in 2017. Commercial Finance for used equipment is projected to grow from EUR 36 million in 2016 to EUR 47 million in 2017. UEF penetration is stabilizing just above 10%, coming from 7.8% in 2016. There will be a continued focus on used equipment financing solution in around 15 DLL countries globally. DLL continues to be recognized as the preferred financial solutions partner for second life business. Our aspiration is to have UEF comprise up to 20 percent of our total sales by 2020.

Clean Technology: Financing energy efficiency and alternative energy use

We aim to become the world's preferred provider of clean technology finance. We work with leading renewable energy manufacturers, so that we can support the sustainability efforts of our partners with energy-efficient solutions including solar and wind, eco-efficient lighting, and energy efficiency equipment. The Clean Tech portfolio finished 2017 at EUR 400 million, growing by 33% compared to 2016. The growth was concentrated in solar and energy efficiency. Due to changes in the US tax laws, the solar portfolio growth will slow down. There remains a continued commitment to Clean Tech and efforts are being made in water and other asset classes to continue the growth trajectory in this area.

Partners' Sustainability Engagement Tool

To help our vendor partners raise their sustainability ambitions, we have developed and implemented a Partners' Sustainability Engagement Tool to learn of their ambitions and identify opportunities to collaborate around sustainable solutions. This assesses our vendor partner's performance in terms of sustainability and provides them with leading-edge sustainability expertise. In Q4, the sustainability assessments of an additional 5 global vendor partners were completed to meet the goal of 20 for the year 2017 and 40 assessments total. In 2018, the Sustainability Assessment will be integrated as part of annual vendor program review.

Sustainable Innovations: learning about innovations, seeking opportunities

We are working constantly to stay abreast of sustainable innovations and business opportunities. In the F&A area, for example, DLL continued to improve agricultural value chains and water conservation through our relationship with Netafim, the world leading company in drip irrigation systems and agricultural projects. We are also financing a greenhouse in Minnesota that produces leafy greens, embedding a high level of sustainability by reclaiming rainwater, re-using the water with micronutrients.

In 2017, we developed several research initiatives and whitepapers to build and share knowledge and thought leadership on innovative circular business models. Over the year, specific events were used to further share our knowledge, such as the Journée Technique Nationale by FEDEREC, the federation of recycling companies in Paris, France, where DLL Fleet Solutions shared our experience about financing recycling equipment including refurbishment projects and Life Cycle Asset Management that prove recycling and sustainability are viable business models.

Meaningful social impact

DLL maximizes its positive impact on local communities in which we operate by offering financial services, expertise & manpower, and financial & in-kind contributions.

Charitable donations and volunteering
DLL's members are encourage to spend 2 days voluntary work a year during working hours, investing their time and expertise to good causes in society, like packing and distributing food at local FoodBanks, sorting children's clothes and school materials through Cradles to Crayons, or helping out during Special Olympics events etc. But also more expertise-related volunteering, like in teaching about financial literacy, being pro-bono advisors in several areas like communications or business planning, or by being community coaches to management of non-profit organizations. With our corporate volunteering program, DLL focuses on current local social issues in the industries we work in, and all the locations in which we operate. These issues include environmental protection and food supply, economic vitality and entrepreneurship, ensuring quality in healthcare and care for people, and youth empowerment and financial literacy, in line with our industry focuses. An inspiring community volunteering program featuring active member engagement also improves our ability to attract, retain and develop our talent whilst making a meaningful contribution to society.

Based on HR end of year member numbers, DLL achieved a 33% unique member participation rate in volunteering in 2017. This was a good result which exceeded the target. Concretely, 182 projects, totaling 370 activities were implemented, with a time investment of 11,990 hours. This was achieved by 2,899 members, 1,531 of whom were unique members (33% unique members participation rate). Additionally, we supported good causes in our surroundings with EUR 0.6 million charitable donations, granted to initiatives like T-Huis in Eindhoven and the Ronald McDonald House in the USA.

Micro-leasing
In emerging countries, DLL helps to develop and improve access to local financial infrastructures for small and medium entrepreneurs by offering our micro-leasing advisory services. Concretely, DLL partnered with the Rabobank Foundation to provide expertise and training to local microfinance institutions (MFIs) about asset based financing and leasing. The objective is to support these MFIs to develop an alternative microfinance product that increase financial inclusion of small and micro entrepreneurs and support their business success. In 2017, the program has focused on Rwanda, Kenya and explored the potential for micro-leasing in Zambia.

Related to the micro-leasing program, DLL started a cooperation in an innovative pilot-project: the Hello tractor (HT) initiative. HT is an award winning ag-tech company focused on improving food and income security throughout sub-Saharan Africa. HT's technology empowers its ambitious vision to be the Uber for tractors in Africa by building networks of 'Smart Tractor' owners; enabling small-scale farmers to request and pay for tractor services via SMS and mobile money, as a just-in-time service. In June 2017, DLL partnered with HT and AGCO to test a Pay-as-you-go financial and technical product where 'Smart Tractor' owners can provide enough local farmers with hired tractor services to support the commercial financing of the asset.

Responsible business operations

DLL is a responsible financial partner, pro-actively managing ESG (Environmental, Social and Governance) risks in our business and striving to improve our impact on the environment through resource optimization, behavioral change and technological innovation. The DLL ESG Risk policy provides a global framework and principles to identify, manage and monitor ESG risk related to Business relations of DLL, respecting the local norms and values of the countries in which DLL operates.

Environmental, Social and Governance risk
We uphold high internal and external standards of ethical behavior in the way we do business. We actively support the transition towards sustainable sectors in which we are active, whilst achieving commercial success by including sustainability criteria in our sectoral programs, asset and customer assessments and dialogue. We increase transparency on our financial products and services.

In 2017, the ESG risk assessment on all global vendors and strategic suppliers was again conducted, based on the related risk rating, in partnership with Corporate Compliance. In addition, Sustainability and Compliance embarked on the expansion of the ESG Risk/Business Partner Due Diligence assessment to the UK and Benelux region. In these countries, an analysis was made of the business partners and related processes for screening and will be further implemented in 2018.

The ESG risk framework covers the following topics:
- Controversial weapons: DLL refrains from facilitating the armaments industry except where the company in question is only involved in the supply of non-controversial weapons or armaments-related products to noncontroversial regimes.
- Human and Labor Rights: DLL respects human rights and does not wish to be involved in matters that fringe upon human dignity. These rights comprise both universal human rights as defined in international treaties and labor rights, the latter of which relate to human rights regarding work, the workplace and labor relationships.
- Environmental and animal welfare: DLL recognizes that the economic activities of business relations can have environmental impacts that may threaten people and the environment at the local, regional, and global levels. The environmental issues can be grouped in pollution, climate change, biodiversity and ecosystem impacts and animal welfare.

Business Principle Committee
In 2017, DLL's Business Principle Committee (BPC) started to function effectively. The BPC advises the Executive Board on DLL's ethical and identity course. The Committee meets quarterly to stimulate this from a moral and ethical perspective ensuring that the interests of DLL's internal and external stakeholders are optimally balanced with DLL's own business interest. Furthermore, the BPC reviews proposals, dilemmas, and actual cases that are brought to the attention of the committee in order to recommend changes to policy and practices and deal with actions and (sub) projects within the realm of business ethics and integrity.

Carbon footprint
DLL is committed to reduce its environmental footprint, and measure DLL's impact on the environment and climate change. DLL strives to reduce carbon emissions per FTE per year by 2020 by 10% from 2013. This should be realized through a combination of resource optimization, energy-efficiency, behavioral change, technological innovation and procurement policies and DLL's new way of working. On a quarterly basis, DLL measures its CO_2 footprint globally. Looking at the global CO_2 reduction target (10% CO_2 reduction per FTE by 2020 compared to 2013) DLL is on track to realize this target. Based on the official Rabobank Annual Report calculation, a reduction of 32% (CO_2 per FTE) has thus far been achieved.

Bring more to the table in food production

Food and DLL

Growing populations, resource scarcity and food safety and quality – these are the major challenges and opportunities facing the global food sector today. Our role is to make it easier for our customers to feed the world. From inventory and retail finance to leasing, asset management and asset protection, we use our market knowledge and expertise to help food processing and packaging companies maximize their potential.

Risk management and Compliance

Taking risks is an inherent part of DLL's business model. Risk management is therefore performed on a number of levels within DLL. At the highest level, the Executive Board determines the risk strategy, risk appetite and risk policies under the supervision of the Supervisory Board. In respect of risk management, the Executive Board is advised by the Global Risk Committee and the Asset and Liability Committee. The risk management framework is designed to mitigate the risks we are facing in our day-to-day business.

At group level and local country level risk officers are active in managing the risks that DLL is taking on a day to day basis applying the three lines of defense and as third line being the internal audit department. The management of risks is governed by the Global Risk Committee and the Local Risk Committee. Within DLL it is believed that everyone is responsible for managing risks following the risk identification, risks assessment, risk response, monitoring and reporting. When new opportunities arises, risks are assessed and included in the decision making.

Development of risk management

In 2017, DLL further strengthened its risk management framework. For all the key risk areas charters and terms of reference have been refined and implemented. Furthermore, DLL has enhanced the standardized Global Risk Control Framework (RCF) during the year having a uniform framework covering all key risks and safeguarding proper controls. The RCF includes all material financial and non-financial risk and control principles. These control principles are designed to ensure that risks remain within DLL's risk appetite and to ensure reliable financial reporting. These global risks and controls were rolled out to all DLL entities (including subsidiaries, joint ventures and branches) ensuring a uniform methodology. For each control a control self-assessment using standardized scaling, test of design and test of effectiveness is completed. The control is executed by the first line of defense function and reviewed by an independent test team within the local entity. Group Control and Integrated Risk Management (second line of defense functions) collate the results of the testing and perform a quality review of a sample of results to ensure that the methodology is being applied correctly and consistently throughout DLL. In 2018, we will follow up on deficiencies noted during the 2017 control testing.

Furthermore, DLL has invested significant amount of time in developing IFRS 9 compliant risk models. These models are needed to estimate 12 month and lifetime expected loss for all contracts. The financial statements include a more detailed assessment on the financial impact of IFRS 9 implementation.

Continued education on risk developments are done to enhance risk awareness in the organization by implementing an all member training program and besides that have specific risk session for a targeted audience.

Risk management and our vendor finance focus

There are several risk elements that are of considerable importance to DLL's ability to serve its customers in a high quality manner, meet business objectives and achieve strategic goals. Based upon customer feedback, these elements serve to differentiate DLL from its competitors in many markets.

Underpinning DLL's risk and commercial activities across the organization is a strong focus on industry specialization; having a deep, dynamic understanding of the markets in which DLL operates. From a risk management viewpoint this includes understanding the assets and services sold by vendor partners, understanding this sales process and the risks associated with the industry in general and with the customers that purchase those products and services. This knowledge, combined with monitoring of market trends and changes, provides DLL with an advantage in credit underwriting, setting appropriate asset residual positions on leases and managing risks through operating cycles. Regular industry related training to embed knowledge broadly in the organization is a risk management and business unit priority.

Much of DLL's business credit application activity is small-ticket, generally defined as individual applications of EUR 500,000 or less. In order to process this business in an expeditious, efficient and risk appropriate manner small ticket applications are run through proprietary scorecard models which are built by DLL's Analytics team based upon a very large pool of risk data aggregated over many years. Today, DLL operates over forty (40) scorecard models around the globe. During the year, these models auto-decisioned based on several input parameters well over half of the applications received during the year. The models are reviewed regularly by a Model Rating Committee to validate each model's ability to rank order risk to prescribed levels.

Significant time is also spent by dedicated risk personnel on scorecard optimization, which is focused on achieving high levels of credit auto-decisioning and results that match risk cost expectations. High levels of automation with low or no touch is a goal continuously pursued by risk teams across all countries.

Lastly, an important vendor finance risk expertise area is asset management knowledge and capabilities. We finance a wide variety of equipment globally including, for example, state-of-the-art copy/printing machines, solar panel arrays, large-capacity cranes, agricultural tractors/combines, magnetic resonance imaging devices (MRIs), technology infrastructure equipment and personal electronic devices used for business activities. We maintain expertise in equipment valuation and service offerings across all market segments in which we operate. This allows us to professionally manage residual and collateral risks throughout the global portfolio to the benefit of; (i) DLL through income generation from off lease equipment and minimizing losses on repossessed assets, and (ii) vendors and their customers by providing flexibility in financing terms and products to meet their demands. DLL's asset management expertise also provides opportunities to lead and collaborate with vendor partners in innovative new ways to meet their customer's future expected needs such as; life cycle asset management and financing pre-owned equipment, financing combined sales of equipment and services, and assisting sales of pre-owned equipment through DLL's asset trading capabilities.

Assessment of significant risks

Risk management activities are supporting the realization of the strategy and objectives of DLL. Internal and external developments are closely monitored to identify risks that may impact the realization of our strategic objectives. As such, DLL prepares an annual integrated risk assessment of the residual risks faced by the organization that are not yet managed properly by the existing policies and controls. This assessment is based on the input from DLL senior management and local management team, historical loss data, scenario analysis, and external risk reports. The progress on mitigation for these risks are periodically monitored.

The following developments and associated risks were identified:

- **Regulatory business impact**: DLL operates in various countries that are highly regulated. This might affect our commercial proposition, resulting in the inability to achieve DLL's objectives. In our MTP DLL has defined actions to monitor and mitigate this risk;
- **IT infrastructure and systems**: DLL's business model is highly dependent on a complex IT landscape. By relying on outdated and/or unsupported software, DLL could be faced with increased costs, protection against vulnerabilities and potential service disruptions. Several concrete actions have been initiated to address this risk;
- **Security and cyber risk**: the increasing use of applications that are connected to the outside world, as well as the shift in focus to digital crime could result in unauthorized access to DLL systems, data leakage, service disruptions and business continuity and/or compliance issues. To address this risk, DLL has implemented organizational measures and has also upgraded its security framework;
- **Regulatory requirements**: DLL is supervised directly, based on its own banking license, as well as via Rabobank. New regulations are being published continuously and there could be a risk that DLL is not able to meet (existing and new) regulations in time. To mitigate this risk, DLL has made compliance one of the core focus areas in the MTP. Several projects have been initiated, which are monitored by Group Risk, Legal, Compliance and the Regulatory Oversight Committee; and
- **Competition**: although DLL operates as a global company, many of DLL's competitors are local companies, often local banks. These banks have access to local retail deposits, with corresponding low interest rates creating a competitive disadvantage for DLL. In the MTP the pillar strategic flexibility includes initiatives to set up secured funding platforms that would enable DLL to attract funding in local currency, thereby reducing part of the disadvantage.

Besides the above mentioned risks, DLL faces the following main risks:

- Credit risk
- Operational risk (including, Compliance, Integrity, IT risk, Information Security, Business Continuity, HR, Legal)
- Asset risk
- Interest risk
- Liquidity risk
- FX risk

For these risks specific limits have been set in the Risk Appetite Statement, which is also cascaded down into the local entities via Local Risk Appetite Statements. To safeguard that these risks remain within appetite underlying policies, standards and procedures have been developed, which are monitored via periodic reporting and as mentioned earlier via the Local Risk Committee and Global Risk Committee.

Risk governance framework

The 'Three Lines of Defense' model forms the foundation for our risk management framework. The framework is set on the premise that risk is the responsibility of all members of DLL. The model defines responsibility and accountability for risk activities within the organization at three levels, which are organizationally independent of one another but which work collaboratively in support of each other. The following illustration provides an overview of the model within DLL:

Defense line	Committee oversight
First line Comprises business and operating management primarily operating at a country level. The first line is mainly responsible for identifying risks and managing them by implementing adequate internal controls to ensure compliance with global policies and local laws and regulations. Additionally the first line monitors external developments and risks at industry and country levels, which could affect DLL's ability to achieve its objectives and reacts and communicates within the organization as appropriate.	**Local Credit Committee** transactional overview of country credit applications. **Local Risk Committee** overview of all-risks within a country.
Second line Encompasses group (corporate) management functions (risk, finance & control, compliance, IT, legal, human resources) and committees established to provide an overview of the effectiveness of operations and the adequacy of the internal control framework. These functions and groups have policy and guidance setting and monitoring stewardship of the risk control framework and business environment. Furthermore, they provide support for and an overview of risk assessment, risk appetite and strategy, risk reporting and adequacy of risk mitigation plans. Group functions also monitor external developments that may pose a risk to DLL's business in the short or long-term and react as deemed appropriate.	**Global Credit Committee** highest credit decision-making body within DLL. **Global Risk Committee** oversees the risk profile and governance of DLL across all risk types. Also approves risk authority delegations. GRC has multiple sub committees including: Model Risk Committee, Global Asset Management Committee, IT Risk Committee and Insurance/Reinsurance risk committees.
Third line Includes our Internal Audit department and an audit committee, which are responsible for the review of and assurance on the effectiveness of process design and execution of the first and second lines of defense. Internal Audit also serves as an in-house consultant in proposing solutions for improving the organization's governance, risk management and control structure.	**Audit and Compliance Committee** responsible for reviewing internal audit results, audit plans and resolution of audit findings.

The risk management framework covers the main risk types leasing companies are faced with: credit (including counterparty and country) risk, operational (including compliance, legal, IT, Information Security, Business Continuity, Outsourcing, Legal, HR and tax) risk, market (including interest, FX and liquidity) risk, asset risk and business risk. Each of the significant risks identified above is captured in one of these risk types. This type of risk classification provide clear definitions and promotes a common understanding of risk management throughout DLL.

Within DLL 'risk is everybody's business' and DLL expects all employees to be risk aware, vocal if warranted, and focus on what is in the best interest of our customers. The risk culture is institutionalized in our Code of Conduct and other policies including: information security, fraud awareness, and enterprise risk management. Those subjects are re-enforced regularly through mandatory trainings for all employees. DLL's Business Principles Committee is engaged in reviewing and providing guidance on business activities so as to protect against reputational risk.

DLL has a product approval and review policy in place to set the standards for delivering high quality, transparent and relevant products to our vendor partners and their end-user customers, taking into account the interests of our clients as well as the regulatory requirements for offering such products. This applies to any new product and related service, any material change to an existing product and/or related service; and any new product-market combination. As part of a defined review process and calendar, existing products are periodically reviewed to assess whether they still meet the needs of our vendor partners and their end-user customers, contribute to DLL's strategy and comply with regulatory requirements. The Product Approval and Review Committee, which includes Executive Board representation, is a product governance committee in adherence to the Treating Customers Fairly framework (TCF) applicable for all entities within DLL. The global TCF framework contains three principles on products governance:

– DLL has in place a standard governing the development and periodical review of its products and services.
– DLL strives to develop a range of products and services that is useful and comprehensible to the intended target market.
– DLL seeks to provide products and services that are well designed, suitable/appropriate, useful, fairly priced and fit for the intended target market.

Risk strategy

The risk strategy supports DLL's business strategy by defining boundaries within which management must operate to achieve the objectives of DLL. Risk strategy focuses on realizing the following goals:

- Protect profit and profit growth

Maintaining a robust and growing profit level is an important source of capital. To continue to service customers and vendors in the long-term run, profitability must be predictable, consistent and sufficient to maintain a strong capital base and reputation. Such a level of profitability implies that all payments on capital (dividend) and debt instruments (interest on funding) can be made from income. Therefore, for credit risks the focus is on risk and reward and for operational risk is complying with laws and regulations and managing operational risks weighing controls against risks from an operational excellence perspective.

- Maintain a solid balance sheet

Solid balance sheet ratios are essential for continuity in customer service and growth objectives. This means a stable funding base, diversity in portfolio, products and a geographical spread of exposure. DLL should have adequate capital ratios and sufficient funding and liquidity available to meet its objectives. DLL applies a matched funding perspective to manage the liquidity and interest rate risks.

- **Protect identity and reputation**

DLL wants to protect the fundamental trust that its stakeholders have in DLL. To that end, the company seeks to avoid losses and negative press regarding its core values that could jeopardize this trust in DLL.

- **Deliver excellent and appropriate customer focus**

DLL provides excellent customer focus and conduct its business nearby its clients meeting with high quality standards and minimal process and system errors. DLL ensures to objectively assess the integrity of our clients and business and do not engage in business activities that are non-sustainable.

- **Healthy risk-return decisions**

DLL wants to make transparent choices related to where capital and resources can be used most efficiently or appropriately with respect to sectors or concentrations.

These five pillars are closely interrelated and fully dependent on maintaining sound governance and a strong risk culture throughout the organization. DLL can only deliver long-term, optimal customer value if it has a solid balance sheet. This results in low funding costs and supports the bank's profitability and reputation. In turn, maintaining a solid balance sheet requires healthy profitability and a sound reputation. Finally, reputation plays an important role in achieving sustainable profit levels.

Risk appetite

Risk appetite defines the levels and types of risk that DLL is willing to accept in its business relative to achieving its business objectives. DLL aims for a risk profile that strikes an optimal balance between risk and reward and matches the objective of delivering consistently predictable profits.

The budget, long-term strategic planning, capital planning and similar processes contribute to setting risk appetite. Risk appetite is defined in our Risk Appetite Statement (RAS), which is developed annually in a bottom up and top down manner. The RAS defines the levels and types of risk that DLL is willing to accept at a consolidated level and also at a country level. Key risk indicators (KRI) and measurements are defined, monitored and reported regularly and any limit breaches require approval and mitigating actions to be taken. For each KRI an early warning limit and appetite is defined. A breach of a limit triggers an early warning signal and may require increased monitoring and possibly mitigating actions to be taken. Breaches of risk appetite always require mitigating actions.

DLL considers several primary risk types relative to its business model, with each risk type directly linked to the risk strategy:

- **Integrated risk**

Risk taking is an inherent part of doing business as a financial institution. There are several main types of risk in DLL's business model that are actively identified, assessed, mitigated, and monitored. Nevertheless, there is always the risk of unforeseen developments that could impede the overall business plan.

In order to safeguard the minimum level of positive results and capital ratios, DLL has set limits in its appetite for losses due to single stress events. These limits are reflected by the following indicators and set based on gross figures.

Integrated Risk | Indicator	Limit	Appetite
Core Equity Tier I ratio (%)	≤ 13.2	≤ 11.7
Return on Invested Capital (%)	≤ 9.6	-

Flexibility of the balance sheet is essential to manage expected regulatory requirements. Therefore, proper capital management within the Group is implemented and monitored. CET1 capital is defined as core capital, consisting primarily of common stock and disclosed reserves and retained earnings.

The Total Return on Invested Capital (ROIC) ratio compares the total result, including some corrections, with invested capital and is used for Group and Business Unit steering and performance measurement.

- **Credit risk**

DLL will maintain a credit portfolio with a manageable risk profile in order to limit the impact of bad debt costs on the profitability and reputation of the company.

In 2017, DLL managed credit risk on well over 1 million contracts. Credit risk management focuses on making balanced decisions on credit applications based on careful assessments to ensure that credit losses from the resulting portfolio are within agreed boundaries. DLL seeks to control credit risk by building a diversified portfolio from a market segment and geographical perspective, and closely monitoring payment performance. Furthermore, country risks are taken account leading to limits on portfolio per country. Given the fact that DLL is working with vendors that provide potential risks, these risks are managed and limits have been defined to manage these concentration risks on vendors. DLL does not want to be significantly exposed to a concentration of credit in a country, industry, single end-user or vendor where a default could have a material adverse effect on our results. Therefore, limits have been set for credit and concentration risk:

Credit Risk | Indicator	Limit	Appetite
Loan impairment charges (EUR million)	140	-
Max % days past due > 30 days (in % of portfolio)	≤ 3	≤ 4

Concentration Risk | Indicator	Limit	Appetite
Corporate exposure limit of EUR 200 million (# obligors)	≤ 4	≤ 8
Exposure top-10 Corporates (% of portfolio)	≤ 8	≤ 10
Gross business vendor limit of EUR 400 million (#)	≤ 2	≤ 4

- Balance sheet risk

Balance sheet risk management focuses on liquidity, interest rate and foreign currency translation risks. We set risk limits for each of those areas to protect profitability and keep a solid balance sheet. Our strategy is to be match funded and to economically hedge foreign currency exposures. Therefore, limits have been set for liquidity risk, balance sheet risk and interest rate risk:

Liquidity Risk | Indicator	Limit	Appetite
DLL liquidity position (in % of portfolio)	≤ 7.5	≤ 10

Balance sheet Risk | Indicator	Limit	Appetite
Total unhedged currency exposure from FNI (EUR million)	≤ 30	≤ 40
Portfolio asset size (EUR billion)	≤ 34.4	≤ 36.1

Interest rate Risk | Indicator	Limit	Appetite
Earnings at risk (EUR million)	≤ 9	≤ 10

- Asset risk

As part of our business model we assume a residual value position for certain leased assets. We want to minimize residual value impairments (asset value is below DLL's booked residual value) on our portfolio of leased assets. To manage risks we seek to build a diverse portfolio across asset classes and markets. We set limits including concentration limits by asset type and limits on declines in residual value realizations over prior periods as reflected in the Asset Management and Remarketing policy.

Asset Risk | Indicator	Limit	Appetite
Booked Residual Value (BRV) per Master Asset Type (in %)	≤ 45 of BRV	≤ 50 of BRV
Decrease in delta Residual Value result (in %)	≤ 25	≤ 50

- **Non-financial risks**

The category of non-financial risks covers losses resulting from inadequate or failed internal processes, people, systems or external events and could impact the customer delivery as well as reputation of DLL. DLL does not consciously take on these types of risks but only tolerates these risks as an inherent part of executing our business activities. Limits set include non-financial risks related losses incurred over certain periods of time or in a single event.

Non-financial Risk | Indicator	Limit	Appetite
NFR amount year to date (EUR million)	≤ 35	≤ 45
Number of process execution failures with loss > EUR 10,000	≤ 25	≤ 35
Impact of a likely single scenario in 10 years (EUR million)	≤ 45	-
Impact of single event loss reported (EUR million)	≤ 10	-

Furthermore, DLL has defined KRIs on IT Risk & information security, outsourcing, Business Continuity Management, Model risk, HR, control deficiency follow up, compliance and legal.

Regular monitoring and reporting of the key risk indicators is essential to measure and manage the DLL risk profile against the risk appetite limit. Group Risk is responsible for quarterly performance monitoring against the RAS risk indicators. Reporting on risk indicators is submitted to and discussed in the Group Risk Committee.

As of year-end, there are no significant breaches of the risk indicators.

Compliance

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or loss to reputation DLL may suffer as a result of its failure to comply with applicable laws, rules or regulations, related self-regulatory codes, and codes of conduct applicable to the activities of DLL. The definition of compliance risk for DLL's compliance function is linked to DLL's main compliance themes, which currently are:

- **Conduct of business and members:**
  - Market abuse;
  - Conflicts of interest;
  - Customer care;
  - Data protection;
  - Global code of conduct.
- **Financial economic crime:**
  - Customer due diligence;
  - Anti-money laundering;
  - Sanctions;
  - Anti-corruption;
  - Fraud.
- **Compliance governance:**
  - Disclosure & transparency;
  - Compliance framework.

Reputation risk is the risk of damage to the way DLL is perceived by public opinion or other interested party, such as members, customers, vendors, suppliers, community, investors, regulators and NGOs. The first line of defense within DLL manages DLL's reputation risk and includes DLL's compliance function if and when necessary.

Compliance function

As part of the second line of defense, DLL has an independent compliance function in place, which safeguards that all company policies are compliant to applicable laws and regulations. The mission of DLL's compliance function is to contribute to the trust that stakeholders and society in general have in DLL by promoting the integrity of all aspects of DLL and its members, especially through embedding good conduct, acting as a second line of defense and partnering with the business.

Independence

The compliance function consists of the Group Chief Compliance Officer, Corporate Compliance staff, Regional Chief Compliance Officers, Country Compliance Officers and staff reporting to them. The Group Chief Compliance Officer reports to DLL's Chief Risk Officer, who is a member of the Executive Board, and has an escalation reporting line to DLL's Chief Executive Officer and to the Chairman of the Supervisory Board. The Group Chief Compliance Officer attends all Supervisory Board meetings.

In order to safeguard the independent position of the compliance function, the Regional Chief Compliance Officers have a dual reporting line to the Regional Managers and the Group Chief Compliance Officer. The Country Compliance Officers have a dual reporting line to the Country Managers and the Regional Chief Compliance Officers.

The Executive Board of DLL is responsible for the appointment, suspension and dismissal of the Group Chief Compliance Officer. In view of the independence of the function, such decision is subject to the approval of DLL's Supervisory Board and the Chief Compliance Officer of DLL's sole shareholder Rabobank.

Compliance reporting
Based on DLL's mid-term an annual plan and a compliance risk analysis, an annual compliance plan is prepared. This plan is approved by the DLL Executive Board and presented to the Audit & Compliance Committee. On a quarterly basis Group Compliance updates the Executive and Supervisory and Audit & Compliance Committee on the progress made on execution of the annual plan as well as other relevant matters.

In case of matters of high importance, such as major compliance related incidents, the Group Chief Compliance Officer will ensure that the Executive Board (and through the CEO the chairman of the Supervisory Board) is informed immediately. If appropriate also the applicable involved regulator will be informed immediately.

Global Code of Conduct
DLL is firmly committed to conducting business with integrity and in compliance with the letter and the spirit of the law and other generally accepted rules and standards of business conduct of the countries and communities in which we operate. These rules and standards are reflected in DLL's Global Code of Conduct and related group policies. DLL's employees are continuously trained on the Global Code of Conduct.

DLL strives for an open and encouraging culture, where employees are able to report alleged violations of the Global Code of Conduct or suspicions regarding incidents affecting the integrity of DLL. Furthermore, DLL has implemented a whistle blowing mechanism. This provides employees the possibility to use an alternative channel (next to their standard hierarchical reporting line) for reporting suspected irregularities.

Policies
Global compliance policies have been drafted and implemented within DLL. DLL's compliance function is responsible for implementation of the policies and monitoring of adherence to the policies. Main policies are implemented in the field of Financial and Economic Crime, in order to provide global principles to ensure that DLL engages in relationships with reputable business partners and customers, mitigates potential corruption, anti-money laundering and fraud risk and to ensure compliance with sanctions regulations. Related to Conduct, policies have been implemented to ensure that DLL and its members avoid conflicts of interest, treat customers, customer information and other (personal) data confidential and with due care, set guidelines for disclosure and transparency, prevention of insider trading activities by DLL members and offer DLL members (external) channels to report suspected irregularities.

Internal Audit

DLL has an internal audit department which, as a third line of defense, holds an independent position in the organization. Internal Audit provides independent assurance, advice and insights to the Executive Board, the Supervisory Board, and other senior management of DLL on the quality and effectiveness of the group's internal control, risk management and governance systems and processes, thereby helping the boards and management protect the organization and its reputation.

Scope of audit activities
From a general point of view, the scope of Internal Audit is to determine whether DLL's set up of governance, risk management and control processes as designed and implemented by management is adequate and operating effectively. This includes an examination and evaluation of the soundness of the internal control environment and of the manner in which assigned roles and responsibilities are fulfilled. In many respects, this involves an annual rolling risk-based analysis of DLL's internal control environment. Specifically, Internal Audit will evaluate:
- Effectiveness and efficiency of operations;
- Continuity and reliability of the electronic information systems and their data;
- Reliability (including integrity, accuracy and comprehensiveness) and timeliness of financial and management information;
- Compliance with applicable external regulatory requirements as well as adherence to internal policies, procedures, the risk appetite statement and risk controls (both quantifiable and non-quantifiable). Significant legislative or regulatory changes impacting the organization are recognized timely and addressed properly;
- Adequacy of the organization's risk management, governance and fraud frameworks, and investigation that risks are properly identified and managed;
- Safeguarding of assets against loss and theft.

Independent Internal Audit function
Internal Audit must be able to perform its responsibilities without undue influence and based on its own initiative and professional judgment. This applies to audit work in all departments, countries and functions of DLL. This also extends to third parties where DLL has a contractual right of audit inspection. It must be free to report its findings and assessments and to disclose them internally. The principle of independence entails that Internal Audit operates under the direct control of the Chief Executive Officer but has no responsibility or accountability for the business operations of the organization.

The Chief Audit Executive (CAE) has access to all documents presented to the Executive Board meetings and Supervisory Board meetings. Furthermore the CAE has the right to attend all or part of the Executive Board Meetings, Supervisory Board Meetings and any other key management decision making meetings. The CAE reports directly to the Audit & Compliance Committee and Supervisory Board but administratively to the Chief Executive Officer who has responsibility for CAE performance assessment and compensation adjustment.

Risk Focus and Audit Plan
Based on a risk assessment, Internal Audit prepares an annual risk based audit plan which it executes during the year. The Audit Plan will be approved by the DLL Audit & Compliance Committee and Supervisory Board taking into account the recommendations of Internal Audit and Audit Rabobank. Internal Audit will implement this annual Audit Plan, as approved. Significant changes to the Audit Plan presented during the year must be reported to and approved by the Audit & Compliance Committee and the Supervisory Board.

Reporting
Internal Audit discusses observations with management responsible for the activities audited (i.e., the auditee) upon completion of the audit. Internal Audit will prepare a written report on each audit assignment shortly after its completion. Wherever appropriate, audit reports will contain recommendations to reduce the risks, strengthen the internal controls and to enhance the economic and (where possible) efficient use of resources. The report is submitted to the auditee for a written management response. The final report, containing at a minimum, the purpose and scope of the audit, observations, an overall rating, recommendations and the management responses, will be distributed to the auditee, the Audit & Compliance Committee, the Supervisory Board (if specifically requested), and to other staff members as approved by the Audit & Compliance Committee.

Financing a better future in healthcare

Healthcare and DLL

The need for healthcare is rising as the world's population continues to age and expand so much so that funding is often unable to keep pace. That's where we come in. From pediatrics to oncology, dialysis to dental, our flexible financing solutions help make advanced medical equipment and technology more affordable. So our partners can focus on what they do best – improving the standard of care for patients around the world.

Remuneration

Within DLL, we seek to hire the best talent in each local market and aim to provide a remuneration package that is market competitive and in line with responsibilities and performance. The remuneration policy is aimed not only at encouraging a long term sustainable business model, but also to drive company culture with high value.

Our Human Resource vision is committed to a high performing network organization that values partnership, customer focus and respect. It should also emphasize our core values and leadership behaviors in an inspiring working environment. We aim at maximizing the engagement level of members, which is a key prerequisite for maintaining and further developing our excellent commercial and financial results and position as a leading global vendor finance provider.

Remuneration policy

Within the framework of our parent's vision on remuneration and Rabobank Group Remuneration Policy, we have our own remuneration policy. While the Global Remuneration Policy (GRP) applies to all DLL entities worldwide, minor differences may apply per country. This relates to the application of local legislation, national collective labor agreements or local labor market practices. Furthermore, the salary and incentive levels are country specific, aligned with local labor markets. There is a separate remuneration package policy in place for the Executive Board and other Executives in both the Netherlands and the US.

In the Netherlands, we implemented a remuneration package that consists of fixed and variable remuneration components and various fringe benefits, including a pension scheme. The variable remuneration is capped for all roles in all countries and the remuneration policy does not include guaranteed variable remuneration. The annual performance appraisal and remuneration cycle supports acting in the interest of our long-term continuity and financial strength.

The remuneration policy's basic principles are laid out in our Global Remuneration Policy, which is designed to promote fair and consistent employee compensation, based on an effective job classification system.

We have taken further steps in managing and monitoring of the terms of employment worldwide. A worldwide Compensation & Benefits monitoring plan has been established on the basis of which the application of the remuneration policy is monitored systematically.

Rabobank Group Remuneration Policy

The principles and guidelines of Rabobank's vision on remuneration are detailed in the Rabobank Group Remuneration Policy. The requirements under external legislation and regulations are also enshrined in this policy, including the Dutch Financial Undertakings Remuneration Policy Act (*Wbfo*), the Regulations on Restrained Remuneration Policies, the Capital Requirements Directive IV (CRD IV) and the Dutch Banking Code.

The Rabobank Group Remuneration Policy applies to the Rabobank Group as a whole, including DLL. It is in line with the Rabobank Group's business strategy, core values and desired risk profile. It supports solid and effective risk management processes and discourages employees from taking undesirable risks. At the same time, it enables Rabobank to hire and retain appropriately qualified employees. It also encourages employees to aim for lasting results in line with the long-term interests of both Rabobank Group and its clients.

Variable remuneration

In 2017, EUR 55 million of the total remuneration was variable for all DLL entities. The risk-controlling measures below apply to employees with variable remuneration.

Cap on variable remuneration

Wherever variable remuneration applies, a maximum is imposed. In the Netherlands, on average, any variable remuneration is maximized to 20 percent of an employee's fixed income. Outside of the Netherlands, the remuneration package with regard to the level of the fixed income, the variable pay and the benefits is based on the local market of the respective country.

Balanced mix of performance targets

DLL's performance objectives are focused on achieving results, bringing our core values into practice and the personal development of employees. DLL's objectives do not contain any targets that encourage behavior that is not in the best interest of our vendor partners and/or their end-user customers.

Ex-ante test

On an annual basis, the Executive Board of DLL and in its turn the Executive Board of Rabobank verifies whether payment of the proposed variable remuneration is responsible, based on Rabobank Group's qualifying capital and solvency ratio. This 'ex-ante' test therefore centers on the question of whether Rabobank is able to make the payments without any resulting financial problems. Subsequently, the test is submitted for approval to the Supervisory Board of the Rabobank Group.

Claw back

In exceptional circumstances, the Executive Board of Rabobank can withdraw an awarded sum with retroactive effect. This is referred to as 'claw back'. Rabobank Group is authorized to reclaim all or a portion of variable remuneration from both employees and former employees in any of the cases as laid down in the Rabobank Group Remuneration Policy.

In addition to the measures mentioned above, the following general prohibitions also apply:
- It is not possible to award guaranteed variable remuneration to employees.
- Personal hedging strategies are not permitted, under any circumstances whatsoever.
- A severance payment must reflect the quality of an employee's performance. We do not reward employees for failure or misconduct.
- In the event that the termination of the employment relationship is the initiative of the employee, no severance pay will be awarded, unless this termination is the result of serious imputable acts or culpable omissions committed by the employer.

Identified Staff
Employees who can have a significant impact on DLL's risk profile are designated as 'Identified Staff'. 42 employees within DLL are considered to be Identified Staff. Most of these members are not eligible for variable remuneration. In cases where they are eligible, their incentive is governed by the principles laid down in the Rabobank Remuneration Policy. The most important of these risk-mitigating measures are discussed below.

As is the case for all other employees, Identified Staff must meet a proper balance of performance objectives. Variable remuneration is typically awarded based on a balanced mix of qualitative and quantitative objectives and the adherence to our core values is taken into account as well. Identified Staff are specifically subject to performance measurements at Group, business unit and individual levels.

Deferred variable remuneration and use of financial instrument
A minimum of 40 percent of the variable remuneration for eligible Identified Staff is awarded conditionally and is paid on a deferred basis after a period of at least three years. Half of the variable remuneration is awarded in the form of Deferred Remuneration Notes (DRNs), which is linked directly to the price of Rabobank Certificates. A retention period of one year applies to DRNs awarded unconditionally. This means that payments are made on DRNs one year after they have vested. Based on the applicable legislation and regulations, the Executive Board of Rabobank, insofar as relevant after approval by the Supervisory Board of Rabobank, can withdraw or reclaim this variable remuneration.

Supervisory Board

Fee structure
Supervisory Board members are not employed by DLL and only the external Supervisory Board member receives a predetermined fee. The external Supervisory Board member resigned on 31 March 2017 and was replaced by a Supervisory Board member who, like the other two Supervisory Board members, is employed by Rabobank where the fee of the Supervisory Board activities is included in the remuneration that they receive from Rabobank in their capacity as Rabobank employee. The total amount of remuneration for the external Supervisory Board member in 2017 was EUR 7.5 thousand (2016: EUR 30 thousand). The 2017 figure is just for 3 months.

Executive Board

Remuneration package
The primary remuneration package for the members of the Executive Board consists of fixed pay and pension entitlements. Additionally, Executive Board members receive a package of fringe benefits in line with market standards. Executive Board members were no longer eligible for variable remuneration as from 2016.

Pension
In the Netherlands, the Rabobank pension scheme applies to members of the Executive Board and qualifies as a collective defined contribution scheme. As of 1 January 2017, the maximum income on which the Executive Board may accrue pension amounts to EUR 97,736. Any income exceeding this amount is not pensionable. The members of the Executive Board therefore receive an individual pension contribution in compensation.

In the US, the members of the Executive Board receive an individual pension contribution called Supplemental Executive Retirement Plan.

Fringe benefits
Members of the Executive Board are eligible for a package of fringe benefits in line with market standards.

Severance payments
DLL complies with all existing laws and regulations concerning severance payment levels, meaning that Executive Board members would receive a maximum of one year's salary. No Executive Board member received a severance payment in either 2016 or 2017.

Executive Board remuneration
In 2017, the remuneration of members of the Executive Board totaled EUR 3,857 thousand (2016: 2,816 thousand). One member of the Executive Board received total remuneration above EUR 1 million (2016: one member).

Since the variable remuneration for members of the Executive Board was discontinued in 2016, the number of DRNs granted to members of the Executive Board was 0 (zero) for the performance year 2017. In total, there were 25,194 DRNs outstanding with the members of the Executive Board at year-end 2017 (2016: 29,399 DRNs).

Create a positive impact with industrial equipment finance

Industrial and DLL

There is no one-size-fits-all solution for the broad industrial industry. This is why we offer customized and flexible financial solutions for the industry's various players: manufacturers, dealers, distributors, rental companies, and users of materials handling and industrial equipment. Our in-depth understanding of asset life and utilization, inventory finance, rental fleet management, and vendor finance means that we can help our partners innovate their businesses and processes in ways that are both sustainable and profitable.

Corporate **governance**

DLL meets the criteria of a large company to which the large company structure regime is applicable, as defined in Book 2 of the Dutch Civil Code[1]. However, DLL is exempted from this regime since it is a subsidiary of Rabobank, which is itself subject to the large company rules. As a result, pursuant to the Dutch Civil Code, DLL is not obliged to have a supervisory board in place. As DLL holds a Dutch banking license, however, we do have a supervisory board in place as required by the Dutch Financial Supervision Act.

Shareholder Rabobank

DLL is a wholly owned subsidiary of Coöperatieve Rabobank U.A. (Rabobank), a Dutch bank, headquartered in Utrecht. Rabobank has issued a so called 403-declaration in respect of DLL and certain of its Dutch subsidiaries, assuming liability for the debts arising from legal transactions of these entities. DLL's financial information is fully consolidated into Rabobank's consolidated financial statements. Certain key decisions and decisions not in the ordinary course of business are subject to the approval of Rabobank in its position as shareholder.

DLL's holding company De Lage Landen International B.V. participates in Rabobank's cross guarantee system, an intra-group liability system through which the participating entities are jointly and severally liable. Up until the first quarter of 2017, several DLL subsidiaries in the Netherlands, which were part of Financial Solutions, were also part of the cross guarantee system. On 1 April 2017, those entities were transferred to Rabobank. Being part of Rabobank, these entities are still currently participating in the cross-guarantee system.

Corporate structure

DLL

DLL is structured as a matrix organization, consisting of global business units and country organizations executing on the partnerships with our vendor partners. The majority of DLL's Group functions are located at our headquarters in Eindhoven, the Netherlands, which provides coordination and support to the country organizations and business units. Furthermore Group Functions are responsible for DLL's global strategic development and setting and monitoring DLL's risk control framework.

The foundation of our organizational group structure is captured in our corporate governance framework which supports DLL in achieving its business and strategic objectives. De Lage Landen International B.V. is DLL's holding company, and has a banking license, established under the laws of the Netherlands, located and with its statutory seat in Eindhoven. DLL has subsidiaries and branch offices in more than 30 countries over all continents.

1 Due to the fact that (i) the sum of DLL's issued share capital and reserves is at least EUR 16,000,000, (ii) it has established a mandatory works council, and (iii) DLL employs in aggregate at least 100 employees in the Netherlands.

Management structure

DLL has a two-tier board structure consisting of an Executive Board and a Supervisory Board. Several DLL subsidiaries have supervisory boards in place, in which case amongst others DLL's executive or senior management functionaries are members of those boards.

Executive Board
Through the governance framework and group management structure of DLL, the Executive Board oversees the strategic and other important decisions and actions to be taken throughout DLL globally.

The Executive Board of DLL is responsible for strategy setting, managing and steering DLL, in line with DLL's articles of association and the Executive Board Charter. The Executive Board consists of five members, who are appointed and dismissed by DLL's general meeting of shareholders. As a collective board, the Executive Board is responsible for creating and maintaining a sound balance of the long and short term interests of all stakeholders in the company including customers, shareholder, employees, regulators and the communities in which DLL operates. Certain strategic and key actions or decisions to be taken throughout DLL require formal approval of the Executive Board of DLL. For more information on the Executive Board members, see Chapter 1 of this Management Board Report.

Supervisory Board
DLL's Supervisory Board oversees the management by the Executive Board and the general conduct of business of DLL. The Supervisory Board also monitors on compliance with the law, the articles of association of DLL and other relevant rules and regulations. Key decisions of the Executive Board, including decisions on the strategy, annual plan and budgets are subject to the approval of the Supervisory Board.

DLL's Supervisory Board currently consists of three members, who are appointed and dismissed by DLL's general meeting of shareholders. The composition of the Supervisory Board reflects the fact that DLL is a subsidiary of Rabobank. Until 31 March 2017, the Supervisory Board consisted of two members of Rabobank's Executive Board and an external member (not working within Rabobank group). As of 31 March 2017, the term of the external Supervisory Board member, Frans Eelkman Rooda ended. On an ad-interim basis, a third member of Rabobank's Executive Board was appointed as Supervisory Board member to replace the external Board member. In the first quarter of 2018, two new Supervisory Board members were appointed. One new board member is also member of the Rabobank Executive Board, while the other board member is not employed by Rabobank. DLL is currently looking for an additional external member, after which the Supervisory Board will consist of four members.

The roles and responsibilities of the Supervisory Board are set out in DLL's Supervisory Board Charter. The Supervisory Board report includes more information on the (members of the) Supervisory Board and its supervisory tasks during 2017.

Global committees
DLL has global committees in place, in which DLL's executive and/or senior management functionaries take part. The committees are mandated by the Executive Board to perform its responsibilities and are mostly chaired by an Executive Board Member. A description of the global committees with the function that is chairperson between brackets:

- **Global Risk Committee (CRO)**

The GRC is the risk management committee that establishes and amends the risk management framework and the risk management policies and risk limits for DLL within its authority. It oversees the implementation of the risk management framework and is the ultimate arbiter on the assessment of risks and acts as the guardian of the risks taken by DLL. Furthermore, it conducts or authorizes any investigations into any matter within its scope of responsibilities.

- Product Approval & Review Committee (CRO)

The PARC is a product governance committee with responsibility to:

- ensure group wide quality standards for our products, including new business;
- ensure that the interests, objectives and characteristics of customers are taken into account;
- avoid potential customer detriment;
- manage conflicts of interest;
- set up a framework for an integral balanced consideration of multiple interests, and
- align and standardize the ways of working between DLL entities.

Customer groups and employees should be able to rely on the correctness and appropriateness/ suitability of the DLL products.

- Regulatory Oversight Committee (CRO)

The ROC is a committee to monitor and oversee changes of the global regulatory environment affecting DLL. The committee is responsible for the regulatory tracking, the internal allocation, the high level monitoring of the implementation and embedding of these changes.

- Global Credit Committee (CRO)

The GCC is the highest credit authority within DLL for credit requests subject to the credit application process. For requests exceeding DLL's maximum approval authority, the GCC will formulate a positive recommendation for approval to its shareholder Rabobank. The GCC decides on all credit elements presented and may give instructions in the context of credit risk management, strategic direction in the client relationship development as far as this relates to the credit appetite and pricing (risk/reward).

- Asset Liability Committee (CFO)

The ALCO is a risk management committee and has the responsibility to support the Executive Board in optimizing Asset and Liability Management (ALM) risks within the risk appetite statement set by the GRC and in line with DLL's strategic direction and is the forum for group wide ALM issues. Furthermore, it is accountable for active optimization of funding and liquidity risks, interest rate risks, translation risk and treasury investments; it reviews the balance sheet in order to balance risk and returns tradeoffs and it is the accountable body for evaluation of all systems for ALM and Funds Transfer Pricing mechanism within DLL. It evaluates other potential drivers of earnings volatility and for agreeing on optimization and hedging strategies against those risks.

- Audit & Compliance Committee (CEO)

The Audit & Compliance Committee assists the Executive Board in the oversight of integrity of the company's financial and in-control statements; the effectiveness of governance, risk management and control processes; DLL's compliance with legal and regulatory requirements and the Global Code of Conduct; the performance of DLL's internal audit function and the optimization of collaboration between internal audit and external audit with the aim to provide assurance at optimal costs.

- **Business Principles Committee (CRO)**
The Business Principles Committee functions as DLL's ethics committee and advises the Executive Board on 'what DLL stands for'. It acts as a sounding board to test company policies and decisions against internal and external standards of (business) behavior. The committee advises on business matters in relation to our corporate social responsibility policy.

- **Data Governance Board (CFO)**
The Data Governance Board exercises DLL's group-wide authority and control over the management of data, with the following goals:
  - To define, approve and communicate data strategies, data policies, data standards, data architecture, procedures and metrics.
  - To track and enforce regulatory compliance and conformance to data policies, standards, architecture and procedures.
  - To initiate, track and oversee the delivery of data management projects and services
  - To manage the resolution of data related issues.
  - To understand and promote the value of data assets.

- **Finance Governance Committee (CFO)**
The Finance Governance Meeting has the responsibility to set and approve polices and instructions for Accounting, Reporting, Financial Control, Tax and Treasury related matters; review and approve matters within DLL for which the Executive Board needs to provide approval and to review and approve independent external audit related matters.

- **Leadership Development Committee (CEO)**
The LDC has the responsibility to nominate candidates for executive and senior management positions within DLL and advise on and approve their appointment. Furthermore, it reviews and approves requests for international assignments of DLL employees.

- **Monitoring Committee (Head of HR)**
The Monitoring Committee is responsible for setting and implementing the remuneration policy applicable to DLL and review and approve any permissible deviations thereon.

- **Pricing Review Committee (CFO)**
The PRC ensures that DLL's Global Pricing Guidelines and Procedures are fully adhered to within DLL and it agrees upon ongoing refinements and improvements thereto. It focuses on the pricing of large ticket deals (i.e. those over EUR 1 million) and provide governance mechanisms for in particular those deals that are below agreed profitability hurdle rates. Furthermore, it ensures that pricing for commercial finance programs is done in accordance with the guidance of the PRC.

- **Project Governance Committee (CFO)**
The primary objective of the PGC is to make decisions which ensure that investments in DLL's business project portfolio are in alignment with DLL's strategic objectives and ensure appropriate resource planning related to these projects.

- **Whistleblower Committee (Head of Compliance)**
The objective of the Whistleblower Policy is to facilitate and create the possibility for DLL members to report anonymously suspicions of violations of DLL's Code of Conduct, non-compliance with DLL policies or behaviors affecting the integrity of DLL. Such suspicions can be reported through the Global Trusted Network. The Whistleblower Policy and the procedures for execution are intended as an additional mechanism for members to report suspected irregularities through a dedicated channel.

Conduct and integrity

Good corporate governance is more than our solid corporate governance framework in respect of the organizational structure and being in control through a well-structured risk and control framework, for example. Good governance should also be reflected in soft elements, which can be found in DLL's values and culture, and the integrity, conduct and tone of voice of members throughout the company, starting from the top. Wherever in the world we are doing business, our members speak with the same tone of voice and conduct themselves in the same way when doing business. This is a result of DLL being a truly global network organization. Throughout our functional domains and business units as well as the country organizations, our members are closely connected, working with the same mindset and according to the same DLL values.

Regulatory framework and supervision

De Lage Landen International B.V., DLL's holding company, holds a Dutch banking license pursuant to the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and is supervised by the European Central Bank, the Dutch Central Bank and the Dutch Authority for the Financial Markets. We use our banking license for pass porting to branches in Germany, Italy, Spain and Portugal, where a license is required to offer certain leasing and/or loan products. These branches fall under the supervision of both the Dutch Central Bank as well as the respective local supervisory authority. Furthermore, several entities within DLL have local licenses that may be required for the offering of financial products in their respective countries. Depending on the type of license required, the relevant local supervisory authorities supervise these entities.

As a Dutch bank, we are subject to the European (e.g. Capital Requirements Regulation and Directive) and Dutch regulatory framework that is applicable to credit institutions. The Dutch Financial Supervision Act and the Decree on Prudential Rules for Financial Undertakings (*Besluit prudentiële regels Wft*) which stipulates the provisions of Part 3 (Prudential supervision of financial undertakings) of the Financial Supervision Act, define the (regulatory) basis for DLL in operating as a Dutch bank. Furthermore, the Guidelines on internal governance of the European Banking Authority (EBA) are incorporated in DLL's governance framework.

Banker's oath

The Dutch banking community, including DLL, considers it important that all those who work in the Dutch Banking Sector perform their work carefully and with integrity. The banker's oath is a promise to do so in relation to customers, society and other stakeholders. In the banker's oath, our Supervisory Board, Executive Board and employees declare, amongst other things, that they are aware of their role in society and that they put the interests of the client first when performing their assigned work.

By taking the banker's oath, all DLL members working in the Netherlands confirm that they uphold the Code of Conduct for the banking sector. The banker's oath is not without consequences: to promote the adherence of rules, disciplinary law is applicable to certain employees. By taking the banker's oath, an employee submits himself to this disciplinary law.

As a Dutch bank being part of Rabobank, we adhere to the Dutch Banking Code on major parts and take the respective areas into account in our governance framework. In view of the fact that we are fully owned by Rabobank and incorporated into the Rabobank Group management structure, we do not need to comply on an individual basis with the Dutch Banking Code.

Furthermore, since DLL's shares are not traded on a public (regulated) market or similar system, we are not required to comply with the Dutch Corporate Governance Code 2016. However, we do take the principles of this code into account in DLL's governance framework.

Diversity

The DLL employee community is diverse in terms of nationality, culture, age, and gender. At the end of 2017, our employee community consisted of 45 percent female and 55 percent male employees with over 40 nationalities and we have a diverse community in terms of age[1]. Females are still underrepresented in leadership positions, although members and DLL Senior Leadership recognize the importance of a diverse member base as well as the benefits brought by diversity.

DLL has defined plans to build the pipeline of women in leadership. Recent progress includes:
- DLL's diversity ambition was approved by the Executive Board in November 2017 and declares goals to increase female representation in so-called leadership feeder roles (defined as roles in salary scale BIV to CIV) from 31% to 50% and increase female representation in leadership (defined as roles in salary scales D+) from 11% to 30%.
- We have recently hired a new VP of Talent Management to put more structure and process to our diversity initiatives.
- Effective as of 1 January 2018, we enhanced our maternity leave benefits in the US to make DLL more attractive to working mothers.

1 Until 30 years old: 16 percent, 31-40 years old: 34 percent, 41-50 years old: 28 percent, 51-60 years old: 17 percent, above 61 years old: 5 percent.

Commitments throughout 2018 are as follows:
- Training: create Diversity Awareness program, and explain the many dimensions of diversity, and equip ourselves with methods to combat unconscious bias.
- Recruitment: always present a diverse shortlist for all positions, with extra effort for positions in salary scale BIV and above. (e.g. at least one candidate interviewed by the hiring manager should be a female and/or a minority).
- Selection: always ensure diversity in interview panels. Ensure that members of the hiring team differ in age, gender, personality and cultural backgrounds. Conduct outreach efforts to source women.
- Monitoring: track and report on diversity and inclusion KPIs to senior management, including promotion rates of women and minorities, number of diverse applicants that apply to external jobs, and mentoring of women and minorities.
- Process & Structure: launch global Diversity Champion group to promote diversity efforts across DLL.
- Awareness: recognize progress we have made by celebrating key events like International Women's Day and Diversity Day.

Executive and Supervisory Board
As per 1 January 2017, our Executive Board consists of five male members of three different nationalities. Due to its specialized vendor finance business, we need experienced industry professionals in our Executive Board. Board members are selected according to their qualifications to be the best fit for the role, taking into account the collective nature of the board, amongst others. The Executive Board benefits from a balanced composition in terms of nationality with the representation of two Dutch members, two American members and one Belgian member. In the overall succession planning of DLL, it has been recognized to identify and develop high potential women for Executive Board positions.

During 2017, DLL's Supervisory Board consisted of three male members. In the first quarter of 2018, two new female external Supervisory Board members were appointed. With the appointment of these new members, DLL's Supervisory Board is balanced in terms of gender diversity according to the Dutch Civil Code.

Executive Board **responsibility statement**

The Executive Board of De Lage Landen International B.V. (DLL) hereby declares that:
- the financial statements give a true and fair view of the assets, liabilities, financial position and profit of DLL, and the companies included in the consolidation;
- the management report gives a true and fair view of the state of affairs as at the reporting date, and of the course of affairs during the financial year at DLL and its affiliated entities whose information is included in its financial statements;
- the management report describes the principal risks that DLL faces.

W.F. Stephenson, *Chairman*
M.M.A. Dierckx, *CFO*
A.J. Gillhaus, *CRO*
T.L. Meredith, *CCO*

Eindhoven, 17 April 2018

Report of the **Supervisory Board**

2017 marked the start of a new phase in the history of DLL. The divestment of Athlon Car Lease International B.V. was finalized on 1 December 2016. The activities of DLL's business unit Financial Solutions, mainly focused on the local Rabobanks in the Netherlands, were transferred to Rabobank on 1 April 2017. This allows DLL to move forward as the leading Global Vendor Finance company it has become in recent decades. Guiding DLL's transformation with the related organizational changes whilst keeping employees motivated and customers satisfied was one of the main themes in 2017.

The Supervisory Board monitors, challenges and advises the Executive Board on the company's general direction and a broad variety of financial, risk, regulatory, compliance, IT and HR topics. This review highlights the most important elements of the supervisory role.

Composition and members of the Supervisory Board

With a view to the specialized business model of the company, its strong international presence and the growing requirements in the areas of risk management, compliance, internal control and governance, two new members reinforced the Supervisory Board, as of March 2018. These members – one of whom was externally recruited - possess specific knowledge and have the (international) experience that will support DLL in achieving its ambitious goals for the future and add to the diversity on Board level.

The members of the Supervisory Board are:
- Berry Marttin, chairman (member of the Rabobank Managing Board)
- Petra van Hoeken, appointed as per 29 March 2018 (member of the Rabobank Managing Board)
- Annelies Bouma, appointed as per 29 March 2018 (external Supervisory Board member).

Frans Eelkman Rooda who served as a Supervisory Board member for many years stepped down on 31 March 2017. Rien Nagel and Ralf Dekker stepped down from the Supervisory Board on 29 March 2018. The Supervisory Board thanks them for their valuable contributions to the Board and to DLL in general.

The Supervisory Board does not have sub-committees. The full Board performs the roles and responsibilities that a Risk, Audit, Nomination and Remuneration Committee has according to applicable governance regulations. The roles and responsibilities of the Supervisory Board in this respect are described in DLL's Supervisory Board charter.

Supervisory Board meetings

The Supervisory Board holds at least four regular meetings a year, attended by the members of the Executive Board. In 2017, the Supervisory Board met five times. One extra meeting was specifically dedicated to the Independent Auditor's Report on financial reporting 2016 and DLL's Annual Report 2016.

At the regular meetings of the Supervisory Board, the commercial and financial performance of DLL against budget and organizational and IT developments were discussed as well as the level of customer and employee satisfaction. Discussions were based on in depth quarterly reports prepared by the Executive Board. Developments in Risk, Compliance and Audit were specifically addressed with DLL's Heads of Compliance and Audit present.

Compliance developments that were discussed related to the upgrade of DLL's compliance function. An annual Systematic Integrity Risk Assessment on inherent and residual compliance risks has been performed across 12 countries. The results thereof have been discussed with the Supervisory Board, as well as mitigating controls and considerations in this respect. A limited number of risk scenarios that were found to be outside of risk tolerance had already been identified at an earlier stage and were included in improvement programs. The improvement programs will help to reduce the residual risk further.

Furthermore, updates have been provided in respect of anti-money laundering and customer due diligence as well as progress on implementation of the General Data Privacy Regulation. The Supervisory Board has approved (updates on) all compliance policies. At the end of 2017 a new Head of Group Compliance has been appointed, which has been approved by the Supervisory Board.

In respect of Risk quarterly updates have been given on DLL's risk indicators. Furthermore, new regulatory requirements impacting DLL's risk position, DLL's large credit exposures and the implementation of specific IFRS standards are discussed with the Supervisory Board. The Supervisory Board is regularly informed on DLL's position in respect of credit impairments. The Supervisory Board took note of the Top Risk Report 2017, prepared by Group Risk as a part of the annual Risk Control Self-Assessment Cycle. This report addresses the main risks DLL is facing in realizing its strategic objectives. Progress of mitigating actions is being monitored on a quarterly basis by the Global Risk Committee. The Supervisory Board is updated through the Risk section of the quarterly Executive Board Report.

Developments within DLL's Internal audit function and relevant results of performed audits, have been provided to the Supervisory Board, as well as actions to identify root causes out of identified issues and remediation actions to resolve certain issues.

Major projects are monitored on the basis of quarterly project updates. These projects included the organizational changes following the sale and transfer of activities referred to above and further proposals to organizational changes in order to optimize Return on Invested Capital and Risk Weighted Assets in line with the MTP. This includes the cooperation with Erste Group Bank AG, to achieve a strategic alliance in Central Eastern Europe. Furthermore, the diversification of funding sources through securitization programs has been discussed with the Supervisory Board. The Supervisory Board monitored the development of DLL's portfolio and capital against the requirements of DLL's Medium Term Plan and DLL's shareholder. The Supervisory Board monitored the strategy in respect of DLL's relationship and structures with its most important vendor partners.

The Supervisory Board has been provided with updates on DLL's remuneration policy and reviewed the variable payout to DLL employees.

The Supervisory Board approved DLL's Annual Plan and related budget for 2018, the Annual Compliance Plan and the Annual Audit Plan.

The Supervisory Board reviewed the division of the portfolios of the Executive Board members. This led to the decision to place Legal under the management of the CRO to bring the closely related group functions Risk, Legal and Compliance under the same leadership. In view of the importance of integrating Sustainability in the business, this function was moved to the CCO-domain, reporting to the CCO.

The financial statements 2017 were discussed and approved at the Supervisory Board meeting of 17 April 2018.

External independent auditor
The Supervisory Board approved PwC's engagement for the year 2017, discussed the resulting Audit Plan 2017 with the PwC team and approved this Plan. The Independent Auditor's Report on financial reporting 2016 to the Supervisory Board and the Executive Board was extensively discussed with a focus on key audit observations, the control environment and areas for further improvement of the internal control framework. The Supervisory Board has one-on-one meetings with DLL's external independent auditor PwC.

Risk Appetite Statement
The Risk Appetite Statement defines the level of risk, both financial and non-financial, that DLL is willing to accept in its business relative to achieving its objectives. The Supervisory Board approved a revised DLL Risk Appetite Statement for 2018. This Statement translates into Risk Appetite Statements for DLL's country organizations with portfolios exceeding a threshold of EUR 150 million.

The Supervisory Board specifically monitored DLL's top risks on a quarterly basis. The top risks are identified annually as a part of a Risk Control Self-Assessment. Refer to the Risk management section.

Performance and development
The Chairman of the Supervisory Board has primary responsibility for the Supervisory Board's learning program. The aim of the program is to maintain and, where necessary, improve the required expertise of the Supervisory Board members. This includes being aware of the social role of financial institutions and of the interests of various stakeholders. The learning program aims to cover relevant developments in the company, corporate governance in general and the financial sector in particular, the duty of care towards the client, integrity, risk management, financial reporting and audits. In 2017, specific attention was paid to product development in relation to the servitization trend in DLL's markets, to cyber security and changes in main IFRS standards that could have an impact on DLL's profitability or product offering.

Self-assessment
In 2017, the Supervisory Board performed a repeat assessment of its composition, performance and effectiveness. The interaction between the Executive Board and the Supervisory Board is a key theme. Members of the Executive Board and DLL's Heads of Risk, Compliance and Internal Audit also participated and used a similar assessment approach. The Supervisory Board discussed the outcome of the assessment and defined the areas for improvement in order to continually improve the performance of the Supervisory Board as a whole.

Proposal to the general meeting of shareholders and conclusion
In accordance with the relevant provisions of the DLL's Articles of Association, the Supervisory Board reviewed the Annual Report 2017 and the financial statements of DLL as well as other relevant associated information. The Supervisory Board discussed these documents with the Executive Board and the external independent auditor PwC and took note of the unqualified opinion expressed in the independent auditor's report issued by PwC on the 2017 financial statements.

The Supervisory Board would like to ask the general meeting of shareholders of DLL to adopt the financial statements 2017.

B.J. Marttin, *Chairman*
P.C. van Hoeken
A.E. Bouma

Utrecht, 17 April 2018

Financial statements 2017

Consolidated financial statements

Contents

Primary financial statements

Consolidated statement of **financial position**

in millions of euros	Notes	2017	2016
Assets			
Cash and cash equivalents	3.6	362	836
Accounts receivable and other short- term assets	4.3	569	424
Derivatives	3.4	62	65
Due from banks	3.5	1,805	2,107
Due from customers	1.1	28,019	28,404
Fixed assets under operating lease	1.2	2,461	2,208
Goodwill and other intangible assets	4.1	99	115
Current tax receivables	2.6	101	152
Deferred tax assets	2.6	174	187
Other assets	4.3	189	242
Assets in disposal group held for distribution or sale	4.2	702	4,573
Total assets		**34,543**	**39,313**
Liabilities			
Short-term loans and overdrafts	3.2	4,439	4,796
Accounts payable and other short-term liabilities	4.4	912	965
Issued debt securities	3.3	588	302
Provisions	4.5	90	106
Derivatives	3.4	71	192
Long-term borrowings	3.2	23,918	27,542
Current tax payables	2.6	17	32
Deferred tax liabilities	2.6	347	575
Other liabilities	4.4	147	112
Liabilities in disposal group held for distribution or sale	4.2	372	313
Total liabilities		**30,901**	**34,935**
Equity			
Share capital and share premium	3.1	1,233	1,233
Retained earnings	3.1	1,831	2,481
Foreign Currency Translation Reserve (FCTR)	3.1	108	147
Total equity attributable to equity holders of the parent		**3,172**	**3,861**
Non-controlling interest		470	517
Total equity		**3,642**	**4,378**
Total liabilities and equity		**34,543**	**39,313**

Consolidated statement of **profit or loss**

for the year ended 31 December

in millions of euros	Notes	2017	2016
Interest revenue		1,486	1,447
Interest expense		(485)	(506)
Net interest income	2.1	**1,001**	**941**
Revenue from operating leases		636	404
Depreciation and other operating lease expenses		(511)	(277)
Net operating lease income		**125**	**127**
Gains/(losses) from financial instruments	2.2	49	9
Fee and other income	2.3	243	279
Fee expenses		(35)	(27)
Total net income		**1,383**	**1,329**
Staff expenses	2.4	(477)	(469)
Other operating expenses	2.5	(284)	(259)
Total operating expenses		(761)	(728)
Credit losses	1.3, 3.1	(105)	(97)
Profit before tax from continuing operations		**517**	**504**
Income tax credit/(expense) on continuing operations	2.6	71	(136)
Profit for the year from continuing operations		**588**	**368**
Profit after tax for the year from discontinued operations	4.2	18	407
Profit for the year		**606**	**775**
Profit for the year attributable to:			
Shareholders of the parent		552	711
Continuing operations		534	305
Discontinued operations		18	406
Non-controlling Interest		54	64
Continuing operations		54	63
Discontinued operations		-	1

Consolidated statement of **other comprehensive income**

for the year ended 31 December

in millions of euros	Notes	2017	2016
Profit for the year		606	775
Other comprehensive income/(expense)			
Other comprehensive income/ (expense) not to be reclassified to profit or loss in subsequent periods:			
Employee benefit:			
Remeasurement of post-employment benefit reserve, before tax		(2)	(5)
Income tax effect	2.6	-	1
		(2)	(4)
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserves (FCTR)			
Gains/(losses) during the year		(69)	79
Recycling to profit or loss		-	-
		(69)	79
Other comprehensive income/(expense) for the year, net of tax		(71)	75
Total comprehensive income for the year, net of tax		**535**	**850**
Total comprehensive income attributable to:			
Shareholders of the parent		511	766
Non-controlling interest		24	84

Consolidated statement of **changes in equity**

in millions of euros	Note	Attributable to equity holders of the parent: Share capital and share premium*	Retained earnings*	FCTR*	Total	Non-controlling interest	Total equity
Balance at 1 January 2016		**1,233**	**2,885**	**89**	**4,207**	**484**	**4,691**
Profit for the year		-	711	-	711	64	775
Other comprehensive income		-	(4)	59	55	20	75
Remeasurement of post-employment benefit reserve, net of tax		-	(4)	-	(4)	-	(4)
Exchange differences on translation of foreign operations		-	-	59	59	20	79
Total comprehensive income		**-**	**707**	**59**	**766**	**84**	**850**
Disposal of subsidiary	4.2	-	-	-	-	(12)	(12)
Equity contributions**		-	-	-	-	11	11
Dividends	3.1	-	(1,100)	-	(1,100)	(55)	(1,155)
Other movements		-	(11)	(1)	(12)	5	(7)
Balance at 31 December 2016		**1,233**	**2,481**	**147**	**3,861**	**517**	**4,378**
Profit for the year		-	552	-	552	54	606
Other comprehensive expense		-	(2)	(39)	(41)	(30)	(71)
Remeasurement of post-employment benefit reserve, net of tax		-	(2)	-	(2)	-	(2)
Fair value changes of derivatives designated for net investment hedging, net of tax		-	-	188	188	-	188
Exchange differences on translation of foreign operations		-	-	(227)	(227)	(30)	(257)
Total comprehensive income		**-**	**550**	**(39)**	**511**	**24**	**535**
Equity contributions**		-	-	-	-	7	7
Dividends	3.1	-	(1,200)	-	(1,200)	(78)	(1,278)
Balance at 31 December 2017		**1,233**	**1,831**	**108**	**3,172**	**470**	**3,642**

* Refer to note 3.1

** Pro-rata contributions in capital of subsidiaries from respective holders of non-controlling interest (no change in ownership).

Consolidated statement of **cash flows**

for the year ended 31 December

in millions of euros	Notes	2017	2016
Cash flows from operating activities			
Profit before tax from continuing operations	2.6	517	485
Profit before tax from discontinued operations	4.2	23	477
Profit before tax		**540**	**962**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of fixed assets under operating lease	1.2	511	993
Gain on disposal of fixed assets under operating lease		(1)	(68)
Depreciation of fixed assets for own use	4.3	13	13
Amortization and impairment of intangible assets	4.1	18	19
Impairment disposal group held for sale	4.2	40	-
Net foreign exchange differences	2.2	(17)	31
Unrealized gains and losses from derivatives		(118)	(78)
Movements in provisions	4.5	8	15
Credit losses: charges & recoveries	1.3	95	84
Interest income	2.1, 4.2	(1,526)	(1,542)
Interest expenses	2.1, 4.2	485	508
Gain on disposal of subsidiaries	4.2	-	(251)
		48	686
Net change in operating assets and liabilities:			
Due from customers		(2,287)	(1,713)
Purchase of fixed assets under operating lease	1.2	(1,150)	(2,040)
Proceeds from sale of fixed assets under operating lease		197	565
Due from banks		293	(369)
Short term loans from banks and overdrafts		(248)	3,780
Other assets		(156)	6
Other liabilities		(97)	105
		(3,400)	1,020
Interest received		1,477	1,509
Interest paid		(485)	(510)
Income tax paid		(69)	(87)
Other		(15)	(11)
Net cash flows from operating activities		**(2,492)**	**1,921**
Cash flows from investing activities			
Net cash flow from disposal of subsidiary		18	959
Proceeds from disposal of subsidiary	4.2	-	1,100
Cash disposed as part of sale of subsidiary	4.2	18	(141)
Purchase of fixed assets for own use	4.3	(12)	(6)
Proceeds from sale of fixed assets for own use		3	(1)
Purchase of intangible assets	4.1	(5)	(5)
Net cash flows from investing activities		**4**	**947**
Cash flows from financing activities			
Repayments of long-term Rabobank borrowings		(10,226)	(11,140)
Drawdowns of long-term Rabobank borrowings		8,833	9,612
Drawdowns of other long-term borrowings		4,241	274
Issue of debt securities	3.3	418	-
Repayments of debt securities	3.3	(87)	-
Repayment of debt securities in issue		-	(56)
Equity contributions received*		7	11
Dividends paid		(1,278)	(1,155)
Net cash flows from financing activities		**1,908**	**(2,454)**
Net increase/(decrease) in cash and cash equivalents		(580)	414
Net exchange differences		-	2
Cash and cash equivalents at 1 January		957	541
Cash and cash equivalents at 31 December	3.6	**377**	**957**

* Pro-rata contributions in capital of subsidiaries from respective holders of non-controling interest (no change in ownership).

Notes to the consolidated financial statements

Introduction

i. Corporate information

These consolidated financial statements of De Lage Landen International B.V. (the Company) and its subsidiaries (collectively, DLL or the Group) for the year ended 31 December 2017 were authorized for issue in accordance with a resolution of the Executive Board (EB) on 17 April 2018.

DLL is a privately held limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated and domiciled in Eindhoven, The Netherlands (Chamber of Commerce number 17056223). The registered office is located at Vestdijk 51, 5611 CA, Eindhoven. DLL is a wholly owned subsidiary of Coöperatieve Rabobank U.A. (Rabobank), a Dutch cooperative bank based in Amsterdam, The Netherlands. Rabobank is the immediate parent and the ultimate controlling party of DLL. Information on other related party relationships is provided in note 4.6.

The Group offers customers various financial solution products including leasing and lending with presence in over 30 countries all across the world.

DLL has a banking license in The Netherlands since 1988 and is regulated by the European Central Bank and the Dutch Central Bank (De Nederlandsche Bank or DNB). This license is passported to four European countries; Germany, Italy, Spain and Portugal.

Under the Dutch Financial Supervision Act (Wet op het financieel toezicht), Section 3:111, various legal entities owned by Rabobank, including DLL and three of its former subsidiaries, are jointly and severally liable under an internal intra-group mutual keep well arrangement, this arrangement requires the participating entities to provide the funds necessary should any participant not have sufficient funds to settle its debts. The system is a remnant of Rabobank's previous cooperative structure that was in effect until 31 December 2015, when the Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and the local member banks merged into a single legal entity: Coöperatieve Rabobank U.A. Therefore, it is intended that the system will be terminated in the course of 2018.

As at 31 December 2017, the participants are:
- Coöperatieve Rabobank U.A., Amsterdam
- Rabohypotheekbank N.V., Amsterdam
- Raiffeisenhypotheekbank N.V., Amsterdam
- De Lage Landen International B.V., Eindhoven
- Rabo Direct Financiering B.V. (previously named De Lage Landen Financiering B.V.), Eindhoven*
- Rabobank Factoring B.V. (previously named De Lage Landen Trade Finance B.V.), Eindhoven*
- Rabo Lease B.V. (previously named De Lage Landen Financial Services B.V.), Eindhoven*

In addition to that pursuant to Section 403 of Book 2 of the Dutch Civil Code, Coöperatieve Rabobank U.A. has assumed liability for the debts arising from the legal transactions of DLL and several of its subsidiaries:
- De Lage Landen America Holdings B.V.
- De Lage Landen Corporate Finance B.V.
- De Lage Landen Facilities B.V.
- De Lage Landen International B.V.
- De Lage Landen Vendorlease B.V.

* these entities were transferred to the parent Coöperatie Rabobank U.A. during 2017 as part of the sale of Financial Solutions. Refer to note 4.2.

ii. Basis of preparation

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

These consolidated financial statements have been prepared on a historical cost basis, except for financial assets and liabilities which are measured at fair value (including derivatives and available-for-sale financial assets) and defined benefit pension plans where the plan assets are measured at fair value. All figures are presented in euros with values rounded to the nearest million, except when otherwise indicated.

The consolidated financial statements provide comparative information for the year ended 31 December 2016 as required for financial statements prepared in full accordance with IFRS. As of 1 January 2017, amendments of IAS 7 and IAS 12 have become effective. The amendment to IAS 7 Statement of Cash Flows clarifies IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The amendments of IAS 12 Income Taxes clarify how to account for deferred tax assets related to debt instruments measured at fair value. Both amendments have no impact on measurement and/or presentation.

Basis of preparation cash flow statement
Cash and cash equivalents include cash resources, cash in transit and deposits at central banks. The cash flow statement is prepared using the indirect method and provides details of the source of the cash and cash equivalents that became available during the year as well as their application during the year. The net pre-tax cash flow from operating activities is adjusted for non-cash items in the statement of income and for non-cash changes in items in the statement of financial position. The consolidated statement of cash flows presents separately the cash flows from operating, investing and financing activities. Cash flows from operating activities include net changes in loans and receivables. Investment activities include acquisitions and disposals of subsidiaries, investments in property and equipment. Financing activities include drawdowns and repayments of funding through Rabobank and other banks, debt securities and dividends paid. The difference between the net change presented in the statement of cash flows and the change in cash and cash equivalents included in the statement of financial position is due to exchange differences.

Refer to 4.11 for standards that have been issued but which DLL will not be reporting on. Of these IFRS 9 will have the most significant impact on profit or equity.

The policies adopted are the same as previous financial year with exception of the policies stated above.

IFRS 9 Financial Instruments
In July 2014, the IASB published IFRS 9 Financial Instruments as the replacement for IAS 39 Financial Instruments: Recognition and Measurement. The new standard became effective on 1 January 2018 and was endorsed by the EU in 2016. DLL applies the classification, measurement and impairment requirements retrospectively by adjusting the opening balance sheet and opening retained earnings as per 1 January 2018, with no restatement of comparative periods. IFRS 9, in particular the impairment requirements, will lead to changes in the accounting for financial instruments.

Classification and measurement
Classification and measurement of financial assets are dependent of two criteria:
1. Business model assessment; Assessment how the business is managed and how the business is seen from a strategic point of view. Also the frequency and size of the sales are taken into account. This assessment results in a classification 'Hold to collect and sell' or 'Hold to collect' or 'Other'.
2. Type of contractual cash flows; Assessment of the financial assets whether the cash flows are solely payment of principal and interest.

Both criteria are used to determine whether the financial assets are accounted for at amortised cost, at fair value with adjustments recognised in other comprehensive income (FVOCI), or through profit or loss (FVTPL). The combination of these two criteria (business model assessment and contractual cash flow characteristics) did not result in any differences in the composition of financial assets measured at amortised cost as compared to IAS 39.

Classification & measurement - expected impact
The classification and measurement of financial assets and liabilities under IFRS 9 remains the same as under IAS 39.

Hedge accounting - Requirements
Hedge accounting is an option IFRS offers to mitigate profit or loss volatility caused by measurement and classification differences between granted finance receivables and issued debt measured at amortised cost, assets measured at fair value through OCI (hedged items) and related hedging derivatives measured at fair value through profit or loss (hedging derivatives). The assets and liabilities measured at amortised cost are revalued for the fair value changes due to the hedged risk. For debt instruments measured at fair value through OCI the fair value changes due to the hedged risk on the assets recognised in OCI are reclassified to profit or loss. In a cash flow hedge the fair value changes of the derivative are recognised in the cash flow hedge reserve (effective part only).

One of the main differences between IAS 39 and IFRS 9 for non-portfolio hedge accounting is that IFRS 9 requires that there is an economic relationship between the hedged item and the hedging instrument. IFRS 9 replaces some of the arbitrary rules (such as 80%-125% effectiveness testing) with more principle based requirements. Additionally IAS 39 lacks a specific accounting solution for hedge accounting with cross-currency swaps (currency basis) when used as hedging instruments, while IFRS 9 provides specific guidance. Under IFRS 9 the currency basis spreads may be considered as costs of hedging and fair value changes caused by currency basis spread may be recognised in OCI.

IFRS 9 does not offer a solution for fair value hedge accounting for a portfolio hedge of interest rate risk portfolio so the Group will use the accounting policy choice IFRS 9 provides to continue to apply the IAS 39 EU carve-out for such portfolio hedge accounting. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group's financial statements.

Hedge accounting – Expected impact
Because the Group will apply the IAS 39 EU carve out option for portfolio hedge accounting and determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. As a result IFRS 9 will have no impact for hedge accounting as applied by the Group.

Impairments - Requirements

The rules governing impairments apply to financial assets at amortised cost and financial assets at fair value through OCI, as well as to lease receivables, certain loan commitments and financial guarantees. At initial recognition, an allowance is formed for the amount of the expected credit losses from possible defaults in the coming 12 months ('12-months expected credit loss' (ECL)). If credit risk increased significantly since origination (but remains non-credit-impaired), an allowance will be required for the amount that equals the expected credit losses stemming from possible defaults during the expected lifetime of the financial asset ('Lifetime ECL'). If the financial instrument becomes credit-impaired the allowance will remain at the Lifetime ECL. However, for these instruments the interest income will be recognised by applying the effective interest rate on the net carrying amount (including the allowance). Financial instruments become credit-impaired when one or more events have occurred that had a detrimental impact on estimated future cash flows.

The ECLs on an instrument should be based on an unbiased probability-weighted amount that is determined by evaluating a range of possible and reasonable outcome and should reflect information available on current conditions and forecasts of future economic conditions, such as e.g. gross domestic product growth, unemployment rates, and interest rates.

Impairments – Differences with current IAS 39 methodology

The IAS 39 impairment methodology is based on an 'incurred loss' model, meaning that an allowance is determined when an instrument is credit-impaired, that is, when a loss event has occurred that had a detrimental impact on estimated future cash flows. This will generally align with the Lifetime ECL – Credit-Impaired category of IFRS 9. However, within the expected credit loss framework of IFRS 9 the entire portfolio of financial instruments is awarded allowance through the additions of the 12-month ECL category and the Lifetime ECL category – Non-Credit-Impaired categories, generally leading to increases in overall allowances.

Impairments – Key concepts and their implementation at DLL

Two fundamental drivers of the IFRS 9 impairments requirements are a) the methodology for the measurement of 12-Month and Lifetime Expected Credit Losses and b) the criteria used to determine whether a 12-month ECL, Lifetime ECL non-credit-impaired, or Lifetime ECL credit-impaired should be applied (also referred to as stage determination criteria).

a) Methodology to determine expected credit losses

In order to determine ECLs the Group utilizes Probability of Default (PD) x Loss Given Default (LGD) x Exposure at Default (EAD) models for the majority of the portfolio in scope. The credit risk models in place for regulatory purposes, Advanced Internal Rating Based Approach (A-IRB) models, function as a basis for these ECL. However, as these models contain prudential elements, such as conservatism, downturn elements and through the cycle estimates an IFRS 9-overlay is constructed on top of these A-IRB models. The IFRS-9 models are multi-year forward looking.

b) Stage determination criteria

In order to allocate financial instruments in scope between the categories 12-month ECL (stage 1), Lifetime ECL Non-Credit-Impaired (stage 2) and Lifetime ECL Credit-Impaired (stage 3) a framework of qualitative and quantitative factors has been developed. In order to allocate financial instruments between stages 1 and 2, we use criteria that are currently applied in the credit process, such as days past due status and special asset management status. Also, the quantitative criteria used are related to the probability of default (PD), where a financial instrument is allocated to stage 2 when an increase in the weighted average PD since origination exceeds a predefined threshold.

Impairments – Expected impact

With the introduction of IFRS 9 allowance levels increase mainly due to the fact that not only incurred losses are now reported but also expected losses (Stage 1 one year and Stage 2 lifetime). This subsequently also leads to a decrease in equity (net of tax). The estimate of the increase in ECL has a net negative effect on equity of EUR 9 million as of 1 January 2018.

Expected impact on CET1 ratio

The total decrease in equity due to the introduction of IFRS 9 is approximately EUR 9 million and is the basis for defining the impact on CET1 ratio. The impact on equity due to impairments is compensated by the existing IRB-shortfall. The total impact on CET1 ratio is expected to be limited.

In order to reduce the potential impact of IFRS 9 expected credit losses on capital and leverage ratios during the transition period (i.e. 1 January 2018 until 31 December 2022), the EU adopted on 12 December 2017, Article 473a CRR. This article provides the Group with the option not to apply the transitional arrangement. The Group assessed the advantage to apply the transition arrangement and concluded that it has no significant benefits and that market participants will look through these transition measures. Therefore it has chosen not to apply for the transitional arrangement.

Application

The rules governing classification, measurement and impairments will be applied retrospectively by amending the opening balance sheet on 1 January 2018. There is no obligation to amend the comparative figures.

iii. Basis of consolidation

These consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017. The Group structure at 31 December 2017 is presented in note 4.8.

Subsidiaries are entities under control of the Group. Control is achieved when, and only when, the Group has:
- power over the subsidiary (an ability to direct the activities of the subsidiary that significantly affect its returns);
- exposure, or rights, to variable returns from its involvement with the subsidiary; and
- the ability to use its power over the subsidiary to affect its returns.

The acquisition method of accounting (recognizing net identifiable assets and goodwill) is used by the Group to account for business combinations.

The Group consolidates a subsidiary from the date it obtains control. The Group reassesses whether or not it controls an investee if there are changes to one or more of the three elements of control.

Non-controlling interests in the results or equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Profit or loss and total comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

Investments in associates represent interests held in various entities where DLL exhibits significant influence. This is generally the case where the group holds between 20% to 50% of the voting rights. Share of profit from associates are included in fee and other income within the statement of profit or loss. Investments in associates are accounted for using the equity method of accounting.

When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

From the date the Group loses control over a subsidiary, the Group ceases to consolidate it. If the Group loses control over a subsidiary, it:

Derecognizes
- assets (including goodwill) and liabilities of the subsidiary
- carrying amount of any non-controlling interest
- cumulative translation differences recorded in equity; and

Recognizes
- fair value of the consideration received
- fair value of any investment retained
- any surplus or deficit in profit or loss
- parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

iv. Prior year adjustments

In the consolidated statement of financial position of 31 December 2016 the due from customers and long term borrowings have been overstated by EUR 121 million as no netting was applied, where this was required. This adjustment has no impact on income or equity. Furthermore during the year of 2017, DLL concluded that a portfolio of finance leases in the US pass title on day 1 of the contract and would considered to be loans under IFRS and not finance leases. Therefore in note 1.1 the finance lease receivable were overstated by EUR 3,180 million, while the loans to customers were understated by the opposite amount.
This adjustment has no impact on the income or equity.
In 2017 the method used to present for extension income changed. In prior years the extension income was reported net in fee and other income while as from 2017 the income is presented gross split into revenue from operating leases and depreciation from operating leases. The 2016 figures were adjusted accordingly, leading to an increase of revenue from operating leases of EUR 59 million, an increase of operating lease depreciation of EUR 27 million, an increase of finance lease interest income of EUR 11 million and an offsetting decrease of fee and other income.

All adjustments have been processed in the consolidated statement of financial position, consolidated statement of profit or loss and notes to these statements.

v. Key judgments and estimates

The tables below summarizes the key judgments made and key estimates used in the preparation of these consolidated financial statements.

Key judgments	Note
Classification of a finance lease	1.1
Consolidation of special purpose vehicles	3.3
Hedge accounting effectiveness	3.4

Key estimates	Note
Residual value reassessment	1.2
Allowance for impairment	1.3
Fair value of derivatives	3.4
Expected impact IFRS 9	ii

vi. Events occurring after reported period

Events after the reporting date that relate to conditions that existed at the end of the reporting period have been reflected in these financial statements. As of year-end 2017, DLL operations in China have been classified as disposal groups held for sale. Recent information, obtained in March 2018, has however led to the conclusion that a sale is no longer highly probable. Refer to note 4.2.

Portfolio

1.1 Due from customers

DLL's portfolio comprises of asset-based financing, which includes finance leases and loans. The table below shows the composition of DLL's portfolio:

in millions of euros	2017*	2016*
Finance lease receivables***	14,623	14,766
Loans to customers***	13,643	13,902
	28,266	**28,668**
Allowance for impairment finance lease receivables**/***	(104)	(118)
Allowance for impairment loans to customers**/***	(143)	(146)
	(247)	**(264)**
Total due from customers	**28,019**	**28,404**

* As at 31 December
** Refer to note 1.3
*** Refer to note iv. Prior year adjustments

The below table displays an analysis of due from customers by underlying asset type.

in millions of euros	2017*	2016*
Office equipment	5,550	6,135
Construction, transportation and industrial equipment	6,474	6,342
Food and agricultural equipment	11,582	11,403
Health care and clean tech	3,038	3,067
Other	1,375	1,457
Total due from customers	**28,019**	**28,404**

* As at 31 December

Fair value of amounts due from customers

At 31 December 2017 the fair value of amounts due from customers was EUR 27,946 million (2016: EUR 28,445 million). The fair value was estimated using a discounted cash flow model where the discount rate is determined by credit risk spread over cost of funds and the relevant market interest rate extrapolated from a market yield curve. Since the inputs for this model are observable market inputs that are adjusted as necessary, these fair value measurements are fully classified as Level 2 within the fair value hierarchy as described in note 4.10.

Fair value changes of finance receivable portfolios hedged

In the course of 2017 DLL implemented macro fair value hedge accounting for the interest risk on the fixed rate EUR and USD finance receivables portfolios. The difference between amortized cost and fair value (basis adjustment) for assets that have been designated for macro fair value hedge accounting are included in due from customers and amounted to negative EUR (9) million as at 31 December 2017.

Amounts due from customers pledged

DLL enters into securitization transactions in the ordinary course of its business. As part of those transactions finance lease, operating lease, and loan receivables were pledged as collateral for notes issued by the Group (asset-backed securities). As at 31 December 2017, DLL had pledged EUR 236 million (2016: EUR 278 million) of finance lease receivables as collateral for structured financing in the US. Refer to note 3.2. In addition, EUR 117 million (2016: EUR 140 million) of finance lease receivables were pledged under a securitization transaction in Australia (LEAP); and EUR 62 million (2016: EUR 140 million) in finance receivables were pledged under US public finance securitization. Refer to note 3.3. Furthermore, EUR 100 million (2016: 67 million) of finance lease receivables were pledged under other term financing received from banks in Germany. In 2017, DLL entered into a securitization transaction in the US. In total EUR 379 million of finance receivables and loans were pledged in transaction called DLL 2017A. Refer to note 3.3.

Unguaranteed residual value

The value of unguaranteed residual values included in the carrying amount at 31 December 2017 was EUR 1,973 million (2016: EUR 2,006 million).

Residual value reassessment

Residual values in finance lease contracts are included in the carrying amount of the finance lease receivable. Unguaranteed residual values are influenced by asset market prices and are therefore subject to management estimation, requiring assumptions to be made. They are reassessed regularly in line with the methodology applied to operating leases as described in note 1.2.

Investment in finance leases

The below summarizes outstanding gross investment in finance lease receivables as well unearned finance income, all net of impairment:

in millions of euros	2017*	2016*/**
Less than 1 year	5,670	5,623
More than 1, less than 5 years	9,600	9,877
More than 5 years	463	450
Gross investment in leases	**15,733**	**15,950**
Unearned finance income	(1,214)	(1,302)
Net investment in leases	**14,519**	**14,648**

* As at 31 December
** Refer to note iv. Changes in presentation

The table below summarizes the aging profile of DLL's net investment in finance leases:

in millions of euros	2017*	2016*
Less than 1 year	5,557	5,487
More than 1, less than 5 years	8,592	8,808
More than 5 years	370	353
Net investment in leases	**14,519**	**14,648**

* As at 31 December

Key judgment: classification of a finance lease
An arrangement contains a lease if its fulfilment is dependent upon the right to use the asset. Leases that transfer substantially all the risks and rewards of ownership of such assets are classified as finance leases (others are classified as operating leases). Determination of transfer of substantially all the risks and rewards of ownership is subjective in nature and involves significant judgment.

The vast majority of DLL's lease portfolio is classified as finance lease given that the vendor or end customer bears substantially all of the economic risk associated with the underlying assets. DLL does not retain significant asset risk from these arrangements. Transactions where DLL retains significant asset risk are classified as operating lease. Refer to note 1.2.

Accounting policy for amounts due from customers
A. Finance leases
Accounting treatment for finance leases: DLL as a lessor
– Underlying assets are derecognized and a finance lease receivable is recognized. These receivables equate to contractual lease payments and any unguaranteed residual value (i.e. gross investment in leases) discounted to present value (i.e. net investment in leases).
– Net investment in leases is presented net of allowance for impairment. Refer also to note 1.3 Credit risk management on further guidance relating to allowance for impairments.
– The difference between the gross investment in leases and the net investment in leases is recognized as unearned finance income.
– Lease income is determined using the rate implicit in the lease. This is the rate that discounts the net investment in the lease to the sum of the fair value of underlying assets and initial direct costs incurred.
– If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease term is revised and any reduction in respect of amounts accrued is recognized immediately in the statement of profit or loss.

B. Loans to customers
– Loans to customers are non-derivative financial assets (classified as loans and receivables) with fixed or definable payments, not listed on an active market.
– Measurement is initially at fair value including transaction costs.
– Subsequently, balances are carried at amortized cost less impairment allowance.
– Interest revenue on loans to customers is calculated using the Effective Interest Rate (EIR) in the loan. Refer also to note 4.10.

1.2 Fixed assets under operating lease

DLL's other core product is operating lease contracts provided to lessees. This product is offered throughout most global business units and geographies. With the disposal of Athlon Car Lease International B.V. ('Athlon') in 2016 and transfer of Financial Solutions in 2017 (refer to note 4.2), the balance of assets under operating leases declined significantly in 2016. A typical tenor of an operating lease contract is between three and five years. The below table presents a reconciliation of the carrying amount of the assets under operating lease at the beginning and end of the year, split by cars (Athlon) and other equipment, which includes a wide range off assets like trucks, forklifts, tractors and copiers:

in millions of euros	Equipment	Cars	Total
Cost	3,199	-	3,199
Accumulated depreciation and impairment	(991)	-	(991)
Carrying amount at 1 January 2017	**2,208**	**-**	**2,208**
Purchases	1,150	-	1,150
Transfer to inventories	(11)	-	(11)
Disposals	(167)	-	(167)
Depreciation	(511)	-	(511)
Impairment	(4)	-	(4)
Other	(8)	-	(8)
Net exchange differences	(196)	-	(196)
Cost	3,537	-	3,537
Accumulated depreciation and impairment	(1,076)	-	(1,076)
Carrying amount at 31 December 2017	**2,461**	**-**	**2,461**

in millions of euros	Equipment	Cars	Total
Cost	3,053	4,775	7,828
Accumulated depreciation and impairment	(969)	(1,556)	(2,525)
Carrying amount at 1 January 2016	**2,084**	**3,219**	**5,303**
Purchases	752	1,420	2,172
Transfer to inventories	(9)	(494)	(503)
Disposals	(118)	(5)	(123)
Depreciation	(310)	(680)	(990)
Impairment	(2)	(1)	(3)
Net exchange differences	16	(1)	15
Other	15	(15)	-
Reclassification to disposal groups (note 4.2)	(220)	-	(220)
Disposal of subsidiary (note 4.2)	-	(3,443)	(3,443)
Cost	3,199	-	3,199
Accumulated depreciation and impairment	(991)	-	(991)
Carrying amount at 31 December 2016	**2,208**	**-**	**2,208**

The table below summarizes future minimum lease payments under operating leases where DLL acts as a lessor:

in millions of euros	2017*	2016*
Less than 1 year	665	738
More than 1, less than 5 years	1,101	1,374
More than 5 years	66	57
Total minimum lease payment	**1,832**	**2,169**

* As at 31 December

Refer to note 1.1 for key judgment in respect of classification of leases.

Assets under operating lease pledged

As at 31 December 2017 DLL pledged EUR 398 million (2016: EUR 401 million) of assets under operating lease as collateral under term financing received from banks in the US. Refer to note 3.2.

Key estimate: residual value reassessment

Residual values of assets under operating lease form a significant part of the carrying amount of those assets. Residual values are influenced by asset market prices and are therefore subject to management estimation. Residual values are at least reassessed on an annual basis, or more often when necessary, by the Global Asset Management department using local market information (e.g. sales prices) by type of leased assets. Reassessments are based on a combination of realization of assets sold, expert knowledge and judgment of local markets as well as an expectation of developments in the macroeconomic environment.

Sensitivity

Changes in expected residual values are accounted for prospectively. The estimated residual value of assets under operating lease as at 31 December 2017 amounts to circa EUR 1.1 billion. An unlikely decrease of 20% in estimated residual values under a stress scenario would mean that in the coming years circa EUR 220 million before income taxes will be booked as a gross loss. DLL has additional vendor support in place via loss pools, residual value guarantees and vendor sales channels. In addition to this, the net impact on DLLs earnings would be reduced by the fact that a significant portion of this impact is attributable to the minority interest shareholder in several of DLLs subsidiaries. Bucketing of the impact of changes in expected residual values would be arbitrary and non relevant for this reporting year.

Accounting policy for operating leases

DLL as a lessor

- DLL as a lessor presents the assets subject to operating leases in the balance sheet as fixed assets according to the nature of the asset.
- The leased asset is carried at cost less any accumulated depreciation and impairment losses.
- Operating lease installments are recognized as revenue on a straight-line basis over the lease term.

Determining the carrying amount of a leased asset

- Cost of the asset comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for operation, such that future benefits can be derived from it.
- These assets are depreciated over their expected useful lives on a straight-line basis to the expected residual value. Expected useful lives for equipment are approximately between 5 to 20 years, respectively.
- Expected useful lives and residual values are reassessed annually (see above) with any changes being accounted for prospectively over the remaining lease term unless the total asset is considered to be impaired following this change in usefull life and/or expected residual value.

Credit losses on assets under operating lease

Credit losses on assets under operating lease may arise from payment delinquency of lessees. The delinquency of lessees is considered to be an indication of impairment for the leased asset. If such indication exists, an impairment test is carried out to determine whether the carrying amount exceeds the recoverable amount.

1.3 Credit risk management

Credit risk defined

Credit risk is the risk that DLL will incur a loss because its customers or counterparties fail to fulfill their obligations towards DLL. Credit risk exposures arise when DLL provides financing to a customer or a counterparty by advancing money or an asset under a finance lease or a loan. For credit risk management purposes DLL also recognizes an exposure to credit risk for its operating lease portfolio. Credit risk on operating leases arises when DLL enters into an operating lease contract with a customer.

Information regarding credit risk associated with amounts outstanding from counterparties (including current accounts, derivatives and loans to Rabobank, other banks as well as accounts receivable, which are not linked to the lease portfolio) is disclosed in respective notes (refer to notes 3.6, 3.4, 3.5, and 4.3).

DLL manages credit risk through a process of ongoing identification, measurement and monitoring of risk exposures, subject to risk limits and other controls established by DLL's Risk Appetite Statement and its credit risk policy. DLL manages credit risk for all portfolio assets, including operating leases, as part of the same processes and risk governance, which is common to industry standards.

Credit risk policies, processes and governance

DLL pursues a credit risk policy aimed at maintaining a moderate credit risk profile. DLL has two levels of credit committees that manage credit risk, namely, a Global Credit Committee (GCC) operating at a global level and Local Credit Committees (LCC) operating at country level. Authority limits are granted to the GCC by DLL's Executive Board, who in turn is granted authority by Rabobank. Decisions for exposures above GCC authority also require approval from Rabobank. Authority limits for LCCs and Group Risk departments within DLL are granted and reviewed annually by the Global Risk Committee (GRC) under authority of DLL's Executive Board. Credit authorities are also delegated to professionals within a country and within the Group Risk department, which oversees global risk activities. These limits are also reviewed annually.

The credit committees or authorized professionals decide on, or recommend to the next higher level authority, credit applications for new, amended or unchanged:

- exposure limits;
- credit protections such as collateral or enhancements required;
- credit quality classifications;
- specific impairment provisions for individual defaulted accounts as well as collective provisions; and,
- customer rating (i.e. probability of default - PD), Loss Given Default (LGD) and Exposure at Default (EAD) calculations, resulting in an appropriate collectively determined impairment provision.

The credit committees play a key role in ensuring consistency of standards of credit analysis and risk ratings. They also perform a control function ensuring compliance with DLL credit risk policy.

Group Risk is responsible for credit and other risk related policies, maintains oversight on underwriting and provisioning models, supports countries on credit risk matters and coordinates interaction with Rabobank concerning credit risk.

Exposure limits

DLL manages credit risk by setting limits on the amount of risk it accepts for individual exposures to counterparties, such as: end users (lessees or borrowers), and vendors and dealers (collectively 'vendors'). The vast majority of counterparties are assigned a risk rating, which reflects the level of associated credit risk. As a rule, all counterparty limits and risk ratings are reviewed at least once a year. Where a counterparty is assigned a higher-risk rating (i.e. greater credit risk) it is reviewed on a more frequent basis. Credit committees may request for more frequent reviews.

DLL has policies in place to restrict or prohibit certain counterparty types, assets or industries, limiting credit risk as well as other risk types (based on for example compliance and reputational risk).

Credit risk exposures

Maximum exposure to credit risk on amounts due from customers is reflected through their carrying amounts and for operating lease through book value of the underlying assets. The below tables summarizes DLL's credit risk exposures in its finance lease, loans and operating lease portfolios:

	2017*		2016*	
in millions of euros	Maximum exposure	Collateral coverage (%)	Maximum exposure	Collateral coverage (%)
Due from customers	28,019	99.11%	28,404	96.54%
Fixed assets under operating lease	2,461	93.68%	2,208	89.63%
Amounts due from customers in a disposal group**	645	100.00%	4,160	62.83%
Fixed assets under operating lease in a disposal group**	-	-	220	98.98%
Total exposure	**31,125**	**98.70%**	**34,992**	**92.13%**

* At 31 December
** Refer to note 4.2 for further details

Collateral and credit enhancements

DLL accepts collateral and other credit enhancements from end users and third parties to manage the credit risk level. Material financing arrangements under finance leases and loans are secured by DLL's title to or a lien/pledge on the underlying assets. The fair values of those assets are determined by DLL's Global Asset Management department which provides values based on for example the asset type, manufacturer, resale history, historic value depreciation, location and other factors.

These fair values are regularly reviewed by Global Asset Management Committees for each Global Business Unit, which focuses on respective industries.

Other types of credit enhancements include:
- cash, which is received primarily in the form of security deposits from end users;
- guarantees, which may be corporate and personal guarantees or guarantees from our vendors, as well as from third parties related to an end-user lessee; and,
- credit insurance obtained externally by DLL for selected portfolios
- loss pools: funded and unfunded security provided by vendors for specifically defined risks and vendor programs.

Credit risk concentration

At a group level DLL manages if concentration of credit risk are in line with the risk appetite by monitoring its top 20 customers relative to exposure size (integral for finance lease, loans and operating lease exposures). The maximum exposure to top 20 customers at 31 December 2017 was EUR 1,155 million, comprising 4% of the total portfolio (2016: EUR 1,200 million, comprising 4% of the portfolio).

Apart from this, DLL further avoids significant concentrations by managing country limits, credit risk concentrations within countries as well as avoiding or limiting exposure to defined industries. These limits are included in the Risk Appetite Statements.

DLL's internal customer rating

In its financing approval process, DLL uses the Rabobank Risk Rating (RRR), which reflects the risk of failure or the probability of default (PD) of the loan relation over a period of one year. The table below shows the loan quality of the loan related balance sheet items after deduction of the impairment allowance. The loan-quality categories are determined on the basis of the internal Rabobank Risk Rating. The Rabobank Risk Rating consists of 21 performance ratings (R0-R20) and four default ratings (D1-D4). The performance ratings assess the probability of default within a period of one year and the rating is determined, in principle, on a cyclically neutral basis. D1-D4 ratings refer to default classifications. D1 represents 90 days' past due (depending on local conditions this may be extended to more than 90 days); D2 indicates high probability that the debtor is unable to pay; D3 indicates that the debtor's assets will most likely need to be liquidated due to default; and D4 indicates bankruptcy status. The default ratings make up the total impaired exposure. The 'vulnerable' category consists of performance ratings which are not (yet) classified as impaired.

Credit risk exposure within quality categories of portfolio assets

The customer base of DLL mainly consists of small and medium sized enterprises, which is also reflected in the table below that presents portfolio exposures, including operating leases, by underlying customer risk rating:

in millions of euros	Due from customers	FAOL*	Due from customers in a disposal group**	FAOL* in a disposal group**	Total exposure
31 December 2017					
(Virtually) no risk	967	153	-	-	1,120
Adequate to good	26,361	2,253	622	-	29,236
Vulnerable	223	29	4	-	256
Defaulted	468	26	19	-	513
Total exposure	**28,019**	**2,461**	**645**	**-**	**31,125**
31 December 2016					
(Virtually) no risk	1,043	182	8	-	1,233
Adequate to good	26,694	1,990	4,043	209	32,936
Vulnerable	222	18	27	2	269
Defaulted	445	18	82	9	554
Total exposure	**28,404**	**2,208**	**4,160**	**220**	**34,992**

* Fixed assets under operating lease

** Refer to note 4.2 for further details

DLL also assesses credit quality of its portfolio within the following categories, which in turn drive the provisioning methodology:
- Neither past due nor impaired are current receivables within portfolios and considered to be of good credit quality.
- Past due but not impaired are overdue balances for which no loss is anticipated.
- Impaired are receivables where DLL does not expect to recover all amounts due from customers. This category has low credit quality and includes all assets with default ratings.

The table below further analyzes credit quality of the portfolio (including aging analysis of past due but not impaired assets).

in millions of euros	Due from customers	Due from customers in a disposal group*
As at 31 December 2017		
Neither past due nor impaired	25,603	562
Past due but not impaired	1,948	64
< 30 days	1,311	49
30 to 60 days	373	5
61 to 90 days	101	5
> 90 days	163	5
Impaired**	468	19
Total exposure	**28,019**	**645**
As at 31 December 2016		
Neither past due nor impaired	26,060	3,908
Past due but not impaired	1,899	170
< 30 days	1,278	163
30 to 60 days	322	6
61 to 90 days	94	1
> 90 days	205	-
Impaired**	445	82
Total exposure	**28,404**	**4,160**

* Refer to note 4.2 for further details

** Impaired category illustrates the gross amount of receivables individually determined to be impaired, before deducting the impairment allowance

Allowance for impairment

Impairment is the difference between contractual and expected cash flows of a financial asset (e.g. finance lease or loan) both discounted to present value using the original implicit rate/effective interest rate. DLL presents allowance for impairment separately from the gross balance of respective assets rather than directly reducing their carrying amounts. Given the number of uncertainties involved in estimation of allowance for impairment, it is considered by management to be a key estimate in preparation of these financial statements.

Impairment methodology

After DLL enters into a lease contract or grants a loan, it conducts continued credit management, closely monitoring payment behavior, and for larger and/or higher risk exposures, periodically assess new financial and non-financial information. DLL's credit risk management procedures ascertain whether the customer complies with the agreements made and whether this is expected to continue in the future.

If doubts arise, DLL monitors the exposures more frequently, and maintains them on a watch list. When a loss event has occurred, an impairment allowance is calculated and recognized. The total loan impairment allowance consists of three components:

- **Specific allowance for impaired exposures** determined for individually assessed impaired exposures. Thresholds for this allowance for impairment are country-specific and in some countries all defaults are assessed on an individual basis.
- **Collective allowance for impaired exposures** determined for impaired exposures which are not individually significant.
- **Allowance for incurred but not reported (IBNR) credit losses** determined as a collective provision for the portion of the portfolio that is actually impaired at reporting date, but that has not been incurred as yet.

Specific and collective impairments are based on actual portfolio analysis, with considerations of asset/collateral recovery and expected collections to establish the estimated loss on defaulted positions.

Credit risk models used for IBNR for credit losses

DLL uses internal models to estimate PD, LGD and EAD parameters as key inputs to its provision calculations. Different modelling methodologies are applied for different portfolios, ranging from statistical models to expert-based models, that take into account quantitative and qualitative risk drivers. These models are embedded in the credit approval and internal reporting processes. Models are regularly reviewed and validated, following the model governance framework of DLL, which includes a Model Risk Committee. Policies ensure controlled procedures surrounding review, (re)development, validation, approval and implementation of models.

Composition of credit losses

The following table presents the composition of credit losses in profit or loss arising from allowance for impairment of due from customers:

in millions of euros	2017	2016
Charge for the year	134	128
Recoveries	(39)	(44)
Collection and recovery costs	13	17
Total credit losses	**108**	**101**
Total credit losses attributable to:		
Continuing operations	105	97
Discontinued operations (note 4.2)	3	4

Composition of allowance for impairment

The following table presents movements in impairment provisions as well as the composition of the allowance by sub-classifications:

in millions of euros	Due from customers	Due from customers in a disposal group*
As at 1 January 2017	264	64
Charge for year	134	-
Written off	(123)	-
Net exchange differences	(14)	-
Disposal of subsidiary	-	(64)
Classification as a disposal group	(15)	15
Other	1	-
As at 31 December 2017	**247**	**15**
Comprising:		
Specific allowance	97	11
Collective allowance	67	-
IBNR allowance	83	4
	247	15
As at 1 January 2016	332	-
Charge for year	128	-
Written off	(149)	-
Net exchange differences	11	-
Classification as a disposal group	(64)	64
Other	6	-
As at 31 December 2016	**264**	**64**
Comprising:		
Specific allowance	112	27
Collective allowance	70	25
IBNR allowance	82	12
	264	64

* Refer to note 4.2 for further details

Key estimate: allowance for impairment

Determining a provision requires a significant degree of judgement, based on the evaluation of management of risks in the portfolio, the current and expected economic circumstances, customer payment trends, credit losses over the previous years, as well as developments in financial credits, industry sectors, business concentrations and geopolitics. Changes in judgment as well as further analyses may lead to changes in the magnitude of an impairment allowance over time.

Determining objective evidence for changes in creditworthiness and determining the magnitude of the recoverable amount form part of the processes that are surrounded by inherent uncertainty and which involve various assumptions and factors regarding the creditworthiness of the lessees/borrowers, expected future cash flows and the value of collateral.

Credit-related commitments

DLL has credit-related commitment risk arising through its ordinary business activities. DLL may, in a number of cases, provide customers with preset credit facilities from which customers can draw. Such obligations expose DLL to similar risks as leases/loans even though these unfunded commitments are not recognized on balance sheet. These risks are mitigated by the same control process and policies. Refer to note 3.7 for DLL's liquidity risk management of credit-related commitments.

in millions of euros	2017*	2016*
Undrawn irrevocable credit facilities	4,006	5,474
Guarantees and other commitments	99	111
Total credit-related commitments	**4,105**	**5,585**

* As at 31 December

Performance

2.1 Interest revenue and expense

in millions of euros	2017	2016
Interest revenue		
Interest income from customers	1,425	1,340
Interest income from loans to discontinued operations (note 4.2)	7	89
Interest income from loans to Rabobank	21	26
Interest income from derivatives with Rabobank	11	(9)
Other interest income	22	1
	1,486	**1,447**
Interest expense		
Interest expense on borrowings from Rabobank	(349)	(345)
Interest expense on derivatives with Rabobank	(40)	(90)
Interest expense on other borrowings	(87)	(61)
Interest expense on derivatives with other banks	(1)	(5)
Interest expense on debt securities issued	-	(1)
Other interest expense	(8)	(4)
	(485)	**(506)**
Net interest income	**1,001**	**941**

Accounting policy for interest revenue and expense

For all financial instruments measured at amortized cost, except interest-bearing financial assets classified as available-for-sale and derivatives carried at fair value through profit or loss, interest income and expense is recorded on an accrual basis using the effective interest rate (EIR) method (refer to note 4.10). The calculation takes into account all of the contractual terms of the financial instruments and are an integral part of the EIR, with the exception of future credit losses. For further details on the treatment of interest income from customers, refer to note 2.1.

2.2 Gains/(losses) from financial instruments

in millions of euros	2017	2016
Gains/(losses) from derivatives held for trading	18	40
Foreign exchange differences	17	(31)
Gains/(losses) from financial assets designated for fair value hedge accounting	(9)	-
Gains/(losses) on derivatives used to hedge the interest risk on the portfolio	23	-
Total gains/(losses) from financial instruments	**49**	**9**

Gains/(losses) from derivatives

Gains/(losses) from derivatives relate to derivative transactions that are undertaken by DLL for risk mitigation purposes. Prior to 2017, DLL has not adopted an IFRS compliant hedging model, which has resulted in volatility in both the equity and opposite volatility in the profit or loss. These derivatives were classified as financial instruments at fair value through profit or loss (held for trading) as per 31 December 2016. As of 1 January 2017, DLL implemented a Foreign Net Investment hedging model, which reduces the volatility of the gains/(losses) reflected in the profit or loss compared to 2016. Refer to note 3.4.

During 2017, DLL also implemented a fair value hedging model. Fair value hedge accounting is used to reduce the fair value risk of the financials fixed assets. This hedge accounting model is a macro model that comprises a portfolio of hedged items (finance lease receivables and loans) and a portfolio of hedging instruments (interest rate swaps). At each cash flow date, the model aims to designate an appropriate amount of hedged items to match the swap cash flow. The model performs two tests to determine effectiveness:

- Prospective Test: performed at the start of the month and assesses the fair value movement of hedged items and hedging instruments due to a 1% parallel shift in interest rate curves.
- Retrospective Test: performed at the end of the month and compares fair value movement over the period due to actual movement of interest rate curves.

For the model to be effective, the offsetting fair value changes of hedged items and hedging instruments must be within the 80%-125% range for both tests. Changes in the fair value of interest rate derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with the changes in the fair value of effective part of the hedged items. The changes in fair value of the effective part of hedged items are included in gains/(losses) from financial assets designated for fair value hedge accounting. Refer to note 3.4.

All of the gains/(losses) from derivatives relate to derivatives transacted with Rabobank and Rabobank group entities.

Foreign exchange differences

Please refer to 4.10 for description of accounting policies related to foreign currency translation.

2.3 Fee and other income

in millions of euros	2017	2016*
Net early termination income	41	44
Other lease related fee income	84	98
Insurance brokerage fee income	68	55
Operating expenses recharge to discontinued operations (note 4.2)	-	40
Other income	45	38
Net reinsurance income	5	4
Total fee and other income	**243**	**279**

* Refer to note iv. Prior year adjustments

Net early termination income

This is income arising from gains on lease contracts that were terminated early by the customer and for which penalties were paid.

Lease related fee income

Lease related fee income includes lease syndication fees, brokerage commissions, and documentation fees. Syndication fees relate to syndication services rendered by DLL to its customers. Brokerage commissions are commissions received for the setting up of leasing contracts. Finally, documentation fees relate to the origination services that DLL has performed for its customers (i.e. the assessment of a customer's credit file).

Insurance brokerage fee income

This is fee income that DLL receives for brokering insurance contracts for their customers with third party insurers.

Net reinsurance income

Net reinsurance income is related to the reinsurance activities of DLL RE DAC. For further details on net reinsurance income and its treatment, refer to note 4.5.

Accounting policy for fee income

Fees earned for services that are provided over a period of time are accrued and recognized over that period. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, are recognized on completion of these activities. Fees or components of fees that are linked to a certain performance are recognized only after fulfilling the corresponding criteria.

Fees that are an integral part of corresponding financial instruments are recognized as interest income through an adjustment to the EIR, refer to note 4.10.

2.4 Staff expenses

in millions of euros	2017	2016
Short- term employee benefit	354	348
Wages and salaries	268	259
Social security costs	51	51
Temporary staff	35	38
Other short term benefits	101	103
Pension – defined contribution plans	18	18
Pension – defined benefit plans	2	(2)
Other long-term employee benefits	2	2
Total staff expenses	**477**	**469**

The average number of employees (both internal and external) in DLL was 4,577 (2016: 5,847) of whom 881 (2016: 1,680) were employed in The Netherlands. The 2017 average number of employees excludes 95 employees of DLL's Dutch non-vendor finance operations (Financial solutions) that were transferred to Rabobank as per 1 April 2017, refer to note 4.2.

DLL's remuneration policy consists of fixed and variable remuneration components and various fringe benefits, including a pension scheme. According to DLL's remuneration policy in the Netherlands, on average, variable remuneration may not exceed 20 percent of the fixed income. Outside of the Netherlands the fixed income, variable pay benefits are based on the local market of the respective country. In no case variable income is higher than 100% of base salary, in line with the Rabobank Group Remuneration Policy.

Short-term benefits include wages, paid annual leave, sick leave and parental leave, that are expected to be paid within 12 months.

Long-term employee benefits include retirement benefits such as pensions, national pension plan contributions and post-employment life insurance. The pension plans are typically defined contribution plans, for which DLL is obliged to pay a periodical contributions. Other long-term employee benefits are DLL's deferred bonus scheme (i.e. variable remuneration to identified staff).

Identified staff

For employees who have a material influence on the risk profile of DLL (Identified Staff) the granted variable remuneration is partly deferred in line with the CRD IV regulations. The direct portion of variable remuneration is unconditional, whereas the deferred portion is conditional. One third of the deferred part becomes unconditional (becomes 'vested) each year, depending on the assessment of the financial performance and risk position of the Group. This for the first time one year after the variable pay has been awarded. Furthermore, 50% of both the direct and the deferred portion of the variable remuneration is allocated in cash. The cash component of the direct portion is immediately paid after it has been awarded. The cash component of the deferred portion is awarded to employees only after vesting. The other 50% is of the variable remuneration is awarded in the form of an underlying instrument i.e. the Deferred Remuneration Note (DRN). The value of a DRN is linked directly to the price of a Rabobank Certificate (RC) as listed on the Euronext Amsterdam.

The instrument component is converted into DRNs at the time of allocation on completion of the performance year. The number of DRNs is determined on the basis of the closing rates of the RCs as traded during the first five trading days of February of each year. This therefore represents both the instrument component of the direct and the deferred portion of the variable remuneration. The final number of DRNs relating to the deferred portion is established on vesting. The payment of the instrument component is subject to a one year retention period. After the end of the retention period, the employee receives, for each DRN (or a portion thereof) an amount in cash that corresponds with the value of the DRN at that moment. Payment of the cash component of the variable remuneration is measured in accordance with IAS 19 Employee benefits, whereas payment of the DRNs is measured in accordance with IFRS 2 Share-based payment. The immediate portion of the variable remuneration is recognized in the performance year, whereas the deferred portion is recognized in the years before vesting.

On 31 December 2017, a liability of EUR 2,678 thousand was included (2016: EUR 4,134 thousand) in respect of the instrument portion of the variable remuneration of the identified staff. Total compensation on instruments incurred on this variable remuneration end 2017 was EUR 210 thousand (2016: EUR 332 thousand). The number of DRNs still outstanding is presented in the following table:

in thousands of DRNs	2017	2016
Opening balance at 1 January	149	162
Awarded during the year	7	30
Paid in cash during the year	(58)	(40)
Changes from previous year	(2)	(3)
Closing balance at 31 December	**96**	**149**

The estimated future variable remuneration payments are shown in the following table:

in thousands of euros	Year of payment					
As at 31 December 2017	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
Variable remuneration excluding DRNs	715	588	355	28	-	1,686
DRNs	1,150	740	580	393	25	2,888
Total	**1,865**	**1,328**	**935**	**421**	**25**	**4,574**
As at 31 December 2016	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**
Variable remuneration excluding DRNs	1,156	633	576	381	-	2,746
DRNs	1,647	1,200	636	606	378	4,467
Total	**2,803**	**1,833**	**1,212**	**987**	**378**	**7,213**

Key management personnel
Key management personnel of DLL consists of the members of the Executive Board and the Supervisory Board.

Compensation of the Executive Board members:

in thousands of euros	2017	2016
Short-term employee benefits	3,760	2,566
Post-employment benefits	97	250
Total Executive Board compensation	**3,857**	**2,816**

Compensation for Executive Board (EB) members consisted of fixed pay, deferred variable remuneration (see above) and pension entitlements. They are also entitled to a package of fringe benefits. EB members are not eligible for variable remuneration as from 2016.

On 31 December 2017, a liability of EUR 701 thousand (2016: EUR 813 thousand) in instruments (DRN) for EB members was determined. This is the sum of the direct and deferred parts. At 31 December 2017, there were in total of 25,194 DRNs outstanding for the EB members (2016: 29,399 DRNs).

In the Netherlands, EB members participate in a collective defined contribution scheme. As of 1 January 2017, the maximum income on the basis of which the members of the EB can build up pension amounts to EUR 97,736. Any income exceeding this amount is not pensionable. The EB members receive 24% of their annual base salary exceeding this threshold as individual pension contribution, paid out in cash on a monthly basis. EB members in the US receive an individual pension contribution called Supplemental Executive Retirement Plan (SERP) of 25% of their annual base salary.

One member (2016: one member) of the EB received a total compensation exceeding EUR 1 million in 2017.

Compensation of the Supervisory Board members
From three members of the Supervisory Board (SB), only one external board member receives a direct compensation from DLL based on his SB responsibilities. This member left in March 2017. The other SB members are employed by the Rabobank and are compensated in that capacity by Rabobank. They do not receive an extra compensation for their SB responsibilities. On 29 March 2018, two new Supervisory Board members have been appointed, of which one is employed by Rabobank.

The total amount of remuneration for the SB in 2017 was EUR 7.5 thousand (2016: EUR 30 thousand).

DLL did not pay termination compensation or benefits of key management personnel in 2017 (2016: none).

2.5 Other operating expenses

in millions of euros	2017	2016
Administration expenses	124	130
Administrative charges from parent	25	37
Depreciation, amortization and impairment	71	31
IT related cost	64	61
Total other expenses	**284**	**259**

The below table indicates the composition of amounts accrued to the independent auditor, included in administration expenses:

in millions of euros	2017	2016
Independent auditor		
Audit of the financial statements	6	5
Other audit services	1	1
Permitted tax services	1	1
Other permitted (non-audit) services	-	-
Total independent auditor's remuneration	**8**	**7**

Next to the statutory audit of these financial statements our auditor, PricewaterhouseCoopers Accountants N.V., renders the following services to De Lage Landen International B.V. and its controlled entities: 1) the statutory audit of one its controlled entities, 2) audit and review procedures related to the (semi)annual financial reporting towards the parent company, 3) audit procedures in relation to the regulatory returns to be submitted to the regulators and 4) agreed upon procedures on cost allocations within the group.

Administration expenses

Administrative expenses include costs of travelling, marketing and advertising, consultant fees and independent auditor's remuneration. The latter is detailed alongside Audit fees were incurred by DLL for the external audit services received from PricewaterhouseCoopers Accountants N.V. in 2017 and 2016.

Administrative charges from parent

As the holder of a banking license, DLL is subject to bank taxes and resolution levies. These charges are paid by Rabobank for all Rabobank group companies collectively. Rabobank subsequently recharges applicable amounts to DLL as part of an administrative charge.

Depreciation, amortization and impairment

Depreciation, amortization and impairment expenses relate to usage of DLL owned land and buildings, and equipment; as well as the amortization and impairments of intangible assets. Refer to notes 4.1 and 4.3 for further description.

IT related costs

IT related costs include hardware rent, software rent and maintenance costs as well as costs of developing software and maintenance cost that do not meet the capitalization criteria in terms of IAS 38 Intangible Assets.

Accounting policy for other operating expenses

Expenses are recognized by DLL when the related goods or services have been received or rendered. Accruals are recognized for all such expenses which have been incurred but not yet invoiced.

2.6 Taxation

DLL's key operating entities in The Netherlands are part of the fiscal unity for Dutch corporate income tax purposes of Rabobank (including a number of other domestic subsidiaries). Under the fiscal unity, each participating legal entity is jointly and severally liable for the fiscal unity's corporate tax liabilities.

The following table summarizes the amounts of tax expenses recognized in profit or loss in respect of continuing operations:

in millions of euros	2017	2016
Current tax charge for the year	96	133
Deferred tax (credit)/charge for the year	(159)	52
Origination and reversal of temporary differences	45	52
Effect of changes in tax rates	(204)	-
Adjustments for prior years	(3)	2
Tax (credit)/charge for the year	**(66)**	**187**
Income tax (credit)/charge on continuing operations	(71)	136
Income tax attributable to discontinued operations (see note 4.2)	5	51

Reconciliation of the total tax charge

The Group's reconciliation of the total tax charge is based on the Dutch domestic tax rate, with a reconciling item in respect of tax rates applied by the Group companies in other jurisdictions. This reconciliation is based on an applicable tax rate that provides the most meaningful information to users. The statutory tax rate in The Netherlands is 25% (2016: 25%). There were no changes in the statutory tax rate in The Netherlands. The following table shows a reconciliation of the tax expense and the accounting profit multiplied by the domestic tax rate:

in millions of euros	2017	2016
Profit before tax from continuing operations	517	504
Profit before tax from discontinued operations	23	458
Profit before income tax	**540**	**962**
Tax exempt income	(39)	(319)
Non-deductible expenses	64	19
Non-recognisable fiscal losses	3	4
Utilisation of previously unrecognised tax losses	(3)	-
Local tax credits	(25)	(21)
Other	(3)	(3)
Taxable income	**537**	**642**
Tax calculated using applicable tax rates	149	183
Effect of changes in tax rates	(204)	-
Adjustments for prior years	(3)	2
Tax accruals related to the tax audits	-	-
Other adjustments	(8)	2
Tax (credit)/expense for the year	**(66)**	**187**
Income tax (credit)/expense on on continuing operations	(71)	136
Income tax attributable to discontinued operations (see note 4.2)	5	51

Tax exempt income in 2016 includes non-taxable gain on sale of a subsidiary in amount EUR 251 million, refer to note 4.2.

In December 2017, the US has enacted the new tax code. DLL has a significant deferred tax liability in the US. The lower tax rates have therefore resulted in a gain recognized of EUR 204 million in 2017.

DLL has uncertain tax positions in several countries. If outflow of cash is deemed probable a provision has been booked. Refer to note 4.5.

Deferred tax assets and liabilities are measured for all temporary differences using the liability method and are detailed as follows:

	Deferred tax assets/(liabilities)		Profit or loss credit/(charge)		Other Comprehensive Income credit	
in millions of euros	2017*	2016*	2017	2016	2017	2016
Deferred tax assets						
Leases	54	59	121	(6)	-	-
Allowance for impairment	37	52	7	(3)	-	-
Provisions	9	10	-	-	-	-
Fixed assets for own use	-	-	(2)	3	-	-
Intangible assets	-	1	-	-	-	-
Other	70	56	(43)	27	-	1
Net operating losses	12	15	98	-	-	-
Total deferred tax assets	**182**	**193**	**181**	**21**	**-**	**1**
Continuing operations	174	187	-	-	-	-
Disposal group held for sale	8	6	-	-	-	-

	Deferred tax assets/liabilities		Profit or loss credit/(charge)		Other Comprehensive Income credit	
in millions of euros	2017	2016	2017	2016	2017	2016
Deferred tax liabilities						
Leases	(434)	(552)	(65)	66	-	-
Allowance for impairment	28	14	1	-	-	-
Provisions	3	1	1	-	-	-
Fixed assets for own use	(5)	(4)	-	(6)	-	-
Intangible assets	1	-	-	-	-	-
Alternative Minimum Tax credits	-	43	(43)	(2)	-	-
General reserves	16	(28)	45	(40)	-	-
Other	(72)	(71)	36	(30)	-	-
Net operating losses	116	21	3	(61)	-	-
Total deferred tax liabilities	(347)	(576)	(22)	(73)	**-**	**-**
Continuing operations	(347)	(575)	-	-	-	-
Disposal group	-	(1)	-	-	-	-
Net deferred tax liabilities	**(165)**	**(383)**	**-**	**-**	**-**	**-**
Net deferred tax benefit/(expense)	**-**	**-**	**159**	**(52)**	**-**	**1**

* As at 31 December

Unrecognized deferred tax assets

No deferred tax asset of EUR 18 million (2016: EUR 16 million) has been recognized for unused tax losses, because there are no sufficient future taxable profits expected to utilize these tax losses. These carry forward losses relate to various tax authorities and their term to maturity is largely unlimited.

The movement in the net deferred tax assets/(liabilities)

The movement in the net deferred tax assets/(liabilities) can be summarized as follows:

in millions of euros	2017	2016
Net deferred tax liabilities at 1 January	(383)	(367)
Profit or loss credit/(charge)	159	(53)
Other Comprehensive Income (charge)/credit	-	1
Disposal of subsidiary Athlon	-	35
Disposal of subsidiary FS	(5)	-
Net exchange differences	38	(10)
Other	26	11
Net deferred tax liabilities at 31 December	**(165)**	**(383)**

Recognition of deferred tax assets

The Group is subject to corporate income tax in numerous jurisdictions. Estimation is required in determining the Group's deferred tax positions.

Deferred tax assets in a particular DLL entity are recognized for deductible temporary differences, unused tax losses and unused tax credits, to the extent it is probable that taxable profits will be available in that entity against which the deferred tax asset can be utilized in the foreseeable future, as based on budgets and forecasts. Where an entity has a history of tax losses no deferred tax asset is recognized until such time that there is certainty about future profitability of that entity.

Losses carried forward

The future taxable profits available to utilize deferred tax assets (including deductible temporary differences, unused tax losses and unused tax credits), are regularly reassessed for respective entities, and recognized deferred tax asset balances are adjusted when required.

The Group recognizes deferred tax assets for the tax value of losses and tax credits carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The deferred tax assets for the tax value of losses and tax credits carried forward amount to EUR 128 million (2016: EUR 36 million) of which EUR 3 million is expected to be recovered within a year (2016: EUR 0 million).

The Group has not recognized deferred tax assets in respect to tax losses of EUR 18 million (2016: EUR 16 million) as the Group considers it not probable that future taxable profits will be available to offset these tax losses (also taking into account expiry dates when applicable).

Funding & Liquidity

3.1 Equity and capital management

Components of equity

Share capital and share premium

At 31 December 2017, DLL's authorized capital was EUR 454 million (2016: EUR 454 million), divided into 950 ordinary A shares and 50 ordinary B shares (2016: 950 A and 50 B). The nominal value of each share is EUR 454,000. EUR 98 million (2016: EUR 98 million) is issued and paid up. Additional paid-in capital (share premium) amounts to EUR 1,135 million (2016: EUR 1,135 million). For the years 2017 and 2016 there is no difference in shareholders' rights related to the class A and class B shares.

Retained earnings

Retained earnings represents DLL's unrestricted, undistributed cumulative net profits, where profit is appropriated upon decision of the shareholder. DLL's retained earnings also include cumulative actuarial gains/losses on remeasurement of DLL's defined benefit plans. Annual actuarial gains/losses resulting from this remeasurement are not recyclable through profit or loss and are therefore recognized directly in retained earnings rather than as a separate reserve in equity. These movements are recorded as a component of other comprehensive income in the period in which they arise.

Foreign Currency Translation Reserve (FCTR)

Exchange differences arising from translation of DLL's net investment in foreign operations and the associated fair value movements of the hedge instruments used in a hedge relationship are recorded as FCTR. Movements in FCTR are recorded as a component of other comprehensive income in the period in which they arise.

Dividends

Dividends declared per share amounted to EUR 6 million in 2017 (2016: EUR 5 million). In 2017 a total dividend of EUR 1.2 billion (2016: EUR 1.1 billion) was paid to the sole shareholder Coöperatieve Rabobank U.A.

Capital management

DLL forms an integral part of the capital management framework of the Rabobank Group and obtains its capital from its parent, Rabobank. DLL's Executive Board (EB) is responsible for capital management of DLL and further ensures compliance with regulatory requirements imposed on DLL. Effective and efficient capital management is realized by a strong focus on capital allocation. The EB controls the local business and physical capital levels to ensure sufficient capital is held to meet local regulatory requirements as well.

For the purpose of DLL's capital management, solvency is considered a key measure and therefore three different capital levels are defined in accordance with regulation, and utilized for solvency ratios, being the CET1, tier 1 and total capital ratio.

Regulatory capital requirements

The Capital Requirements Regulation (CRR) and Capital Requirements Directive IV (CRD IV) together constitute the Basel III framework. These rules, which became effective on 1 January 2014, are applied by DLL. DLL is under direct supervision of the European Central Bank and the Dutch National Bank as part of the Rabobank Group, however received waivers for certain reporting requirements as defined in CRR (such as the exemption for solo reporting).

Due to the organizational structure of DLL, DLL must, on a sub-consolidated basis, meet the CRR requirements on Own Funds, Capital and Large exposures.

The table below presents DLL's regulatory capital and capital adequacy ratios:

in millions of euros	2017*	2016*
Common Equity Tier 1 capital (CET1)	2,436	2,945
Tier 1 capital (T1)	2,442	2,951
Total capital (own funds)	2,449	2,960
Risk weighted assets	18,041	20,142
CET1 ratio	13.50%	14.62%
T1 ratio	13.54%	14.65%
Own funds ratio	13.58%	14.70%

* As at 31 December

Capital requirements (taking into consideration the respective disposals of Athlon and Financial Solutions) are managed actively through DLL's risk strategy, risk appetite, and balance sheet management. Refer to note 1.3 for description of credit risk management and to note 3.7 for a description of market and liquidity risk management.

Regulatory capital buffers

The buffers on the right-hand side are applicable as of 2017 gradually phasing in until 2019. DLL has incorporated these increased buffer requirements in its capital management. The table shows the minimum legal buffers based on CRR/CRD IV.

		CET1	Tier 1	Own funds
Minimum (required)		4.500%	6.000%	8.000%
Pillar 2		1.750%	1.750%	1.750%
Capital conservation buffer*	2017 - 2019	1.250%	1.250%	1.250%
		7.500%	**9.000%%**	**11.000%**
Countercyclical buffer	2017 - 2019		0.000% - 2.500%	
Systemic buffer	2017 - 2019	0.000%	0.000%	0.000%
			0.000% - 2.500%	

* This buffer is phased in from 1.250% in 2017 to the full buffer requirement of 2.5% in 2019.

The total required CET1 capital ratio as of 31 December 2017 is 7.5% (i.e. a minimum Pillar 1 requirement of 4.5%, a pillar 2 requirement of 1.75% and a capital conservation buffer of 1.25%), excluding the pillar 2 guidance. The required total capital amounts to 11% (i.e. a minimum Pillar 1 requirement of 8%, a pillar 2 requirement of 1.75% and a capital conservation buffer of 1.25%). In addition to these ratios, the supervisor can impose a counter cyclical buffer of up to 2.5%. Most supervisors have set their countercyclical buffer at 0% as per 1 January 2017, therefore the impact for DLL is not significant.

Taking into account these requirements, DLL sets its internal objectives to extend available capital beyond the minimum requirements of supervisors, as a response to market expectations and developments in legislation and regulations.

No changes have been made to the objectives, policies and processes of the capital management from the previous years. However, they are under constant review by the EB.

During 2017 and 2016 DLL was in compliance with all the applicable capital requirements.

Stress testing

Stress testing is an important risk management tool for DLL that provides a forward-looking assessment of risk and assists in the optimization of risk capital. It enables the exploration of vulnerabilities in business models whilst overcoming the limitations of risk models and historical data.

Stress tests are used to measure the impact of extreme, yet plausible events. Where necessary, measures are taken on the basis of the results of the stress tests that are in line with DLL's risk appetite.

Stress test governance

Given the importance of stress testing in terms of regulatory compliance and sound risk management, the stress testing process and governance warrants the involvement of senior and executive management via review and approval of the approach and results by DLL Global Risk Committee and DLL's EB.

Stress test activities

Stress tests occur in many forms and shapes with different scopes. The current types of stress tests that are executed within DLL can be categorized by a variety of determinants:
- Scenario (macroeconomic, non-macroeconomic);
- Initiator (external versus internal);
- Scope (firm-wide, portfolio specific and risk type specific); and,
- Type (bottom-up, top-down, reverse stress test).

Applied scenarios include scenarios for a set of regular macroeconomic stress tests, thematic stress tests driven by macroeconomic developments, regulator-provided stress tests, as well as scenarios generated as a result of risk identification and ad hoc scenarios. In the various internal and external scenarios both macroeconomic and non-macroeconomic factors are taken into account. The macroeconomic factors include growth, unemployment, inflation, and interest rates.

Once a scenario is generated, quantitative approaches are developed. The stress test models used for that are subject to review by the model validation team. Subsequently, the stress tests are executed.

The results of stress tests include impact on the CET1 ratio and its constituent parts (CET1 capital and Risk Weighted Assets) over a projected period of five years. In each scenario, the CET1 ratio is compared to the applied recovery trigger.

The results of stress testing in 2017 and 2016 demonstrate that DLL's capital levels were above the required thresholds in both scenarios, across all five years forecasted, under each scenario.

3.2 Short-term loans and long-term borrowings

in millions of euros	2017*	2016*
Short-term loans and overdrafts		
Short-term loans from Rabobank	4,403	4,756
Other short-term loans	36	40
	4,439	**4,796**
Long-term borrowings		
Long-term borrowings from Rabobank	20,950	23,928
Other long-term borrowings	2,968	3,614
	23,918	**27,542**
Total short-term loans and long- term borrowings	**28,357**	**32,338**

* As at 31 December

Short-term loans and overdrafts represent balances that are repaid within 12 months of reporting date.

DLL receives the majority of its funding from its parent, Rabobank, through individually agreed upon long- and short-term loans, which, as of 18 April 2016 are part of a long-term multi-currency facility with no end-date. DLL acts within the limits of this facility. For maturity analysis of loans drawn under this facility, refer to note 3.7. Whilst these tranches are mainly fixed-tenor loans, the specific terms of these loans (currency, maturity, and interest rate) are individually agreed upon.

Also included in the long-term borrowings from Rabobank as at 31 December 2017 are USD denominated loans of EUR 1,123 million (2016: EUR 1,186 million). As the second leg of this loan-deposit structure, DLL issued EUR denominated loans to Rabobank in the amount of EUR 1,343 million (2016: EUR 1,420 million), included in due from banks (refer to note 3.5). This structure relates to a loan-deposit structure between DLL and Rabobank which is used to mitigate DLL's foreign currency risk in respect of net investments in foreign subsidiaries. These loans and deposits are floating rate transactions and carry interest rates based of 3M LIBOR and EURIBOR plus currency funding spreads and mature between 2018 and 2022. These loans are pledged as collateral for the corresponding borrowings. Whilst, the principal amounts and terms of these loans match, they do not qualify for offsetting and are recorded gross in the consolidated statement of financial position.

Other long-term borrowings are received by DLL local entities in several countries and include the following main borrowings:

- Long-term funding program from the National Bank for Economic and Social Development (BNDES) in Brazil, aimed to support financing of local industry, with a total agreed amount of EUR 1,149 million (2016: EUR 1,139 million) and a maturity ranging from 1 to 10 years. The carrying amount as at 31 December 2017 was EUR 1,025 million (2016: EUR 1,130 million) an annually pre-fixed rate of 2.53% to 13.35% or post-fixed rate of 2.00% to 4.00% plus Brazilian Long-term Interest Rate (7% for the year ended 31 December 2017 (2016 - 7.5%).
- Long-term borrowing from the European Investment Bank (EIB), received for the purpose of supporting small and medium sized borrowers with a total facility amount of EUR 658 million (2016: EUR 1,077 million) and a maturity ranging from 1 to 6 years. The carrying amount as at 31 December 2017 was EUR 658 million (2016: EUR 1,077 million) with interest rates ranging from 0.215% to 0.384% (2016: 0.00% - 0.65%).
- Long-term collateralized financing received in the US from multiple financial counterparties with a maturity ranging from <1 to 8 years. The carrying amount as at 31 December 2017 was EUR 1,068 million with interest rates ranging between 1.50% and 2.96% (2016: EUR 674 million, 1.29% - 2.21%). DLL pledged operating lease receivables in the US as collateral for this financing in amount of EUR 398 million, as well as finance receivables in amount of EUR 711 million, refer to note 1.1 and note 1.2.

Short-term loans and long-term borrowings from Rabobank and other borrowings, primarily from BNDES and EIB, require compliance with certain covenants. Management monitors all such contractual covenants from both a legal and financial perspective. In neither 2017 nor 2016 were there breaches of covenants that could give any lender a right to demand accelerated repayment of a respective borrowing.

For all short-term loans and overdrafts and long-term borrowings, expected maturities match respective contractual maturities. Contractual liquidity gap analysis as well as the principal and interest contractual cash flows of short-term loans and overdrafts and long-term borrowings are presented in note 3.7.

The fair value of long-term borrowings as at 31 December 2017 was EUR 23,965 million (2016: EUR 27,592 million). This fair value was estimated using a discounted cash flow model where the discount rate is determined based on observable yield curves at commonly quoted intervals. Since the inputs for this model are observable market inputs that are adjusted to the situation, these fair value measurements are classified as Level 2 within the fair value hierarchy as described in note 4.10. For short-term loans and overdrafts the carrying amount is deemed to reflect fair value.

Accounting policy for short-term loans and long-term borrowings

Recognition and measurement

Short-term loans and borrowings are financial liabilities carried at amortized cost. These are recognized when DLL becomes a party to a respective contract, and are initially recognized at fair value net of directly attributable transaction costs. After initial recognition, short-term loans and borrowings are measured at amortized cost using the effective interest rate (EIR) method. Refer to note 4.10 for description of the EIR method.

In case of premature repayment of the borrowings by DLL, lenders (including Rabobank) may charge DLL prepayment penalties, where such penalties are provided by the contract. Such prepayment penalties are accounted for as an expense when charged within Interest expenses.

Derecognition

Short-term loans and borrowings are derecognized when the obligations of DLL under respective contract are discharged (for instance, by repayment of all amounts due) or cancelled or expire. Where gains and losses arise on derecognition, they are recognized in profit or loss.

3.3 Issued debt securities

Issued debt securities represent asset backed securities issued by DLL in the following securitization transactions:

in millions of euros	2017*	2016*
Securitization transactions:		
LEAP (Australia)	129	154
US public finance securitizations	65	148
DLL 2017A	394	-
Total issued debt securities	**588**	**302**

* As at 31 December

DLL attracts external funding through securitizations as part of its overall funding strategy. The fair value of issued debt securities at 31 December 2017 was EUR 588 million (2016: EUR 302 million). This fair value was estimated using a discounted cash flow model where the discount rate is determined by cost of funds of DLL and the relevant market interest rate extrapolated from a market yield curve. Since the inputs for this model are observable market inputs that are adjusted as needed, these fair value measurements are classified as Level 2 within the fair value hierarchy as described in note 4.10.

The securitization transactions are described below.

LEAP

In 2013 DLL entered into a securitization transaction in Australia with a limit of EUR 195 million (AUD 300 million) to fund loan receivables originated by De Lage Landen Pty Ltd, an Australian subsidiary. This revolving transaction has a term of one year with an annual option for noteholders to extend the term for one year. On 11 October 2017 the maturity date of the notes was extended to 11 October 2018. If the maturity date is not extended after this date, the notes will amortize in accordance with the Cash flow Allocation Methodology in the Series Supplements. The underlying assets include food and agricultural, construction and infrastructure equipment leased to end-users in Australia in amount of EUR 171 million. Refer to note 1.1.

The LEAP transaction involved establishing LEAP Warehouse Trust, a special purpose vehicle (SPV), that issued two classes of unrated notes, with the class A notes distributed to external investors (EUR 128 million (AUD 197 million)) and the class B notes retained by DLL (EUR 50 million (AUD 76 million)). The class B notes are subordinated to the class A notes and were eliminated on consolidation of this SPV. The interest rate for the Class A notes as at 31 December 2017 was set at 1M BBSW + 1.10% (2016: 1M BBSW + 1.30%).

US public finance securitization

The securities issued in 2017 are backed by EUR 62 million (2016: EUR 140 million) of finance lease assets under Tax Exempt Finance Leases. This transaction involved establishing SPVs that issued two classes of unrated notes: class A notes EUR 65 million (2016: EUR 152 million), sold to external investors, and class B notes EUR 8 thousand (2016: EUR 15 thousand), retained by DLL. The class B notes are subordinated to the class A notes and are eliminated in these financial statements at consolidation of this SPV. Interest rate for the Class A notes as at 31 December 2017 was set at 7 day SIFMA+1.04% (2016: 7 day SIFMA+0.87%; SIFMA - Securities Industry and Financial Markets Association). The title to the underlying assets was retained by the DLL, however they are collaterized under the notes obligations. Refer to note 1.1.

DLL-2017 A

In November 2017, DLL entered into a securitization transaction in the US with an initial underlying pool of EUR 466 million (USD 559.0 million) and notes issued of EUR 418 million (USD 501.5 million). The assets securitized are lease and loans for food and agricultural equipment. For this transaction an SPV was established that issued four classes of notes, with current outstanding of: class A1 notes EUR 76 million (USD 90.9 million), class A2 notes EUR 138 million (USD 165 million), class A3 notes EUR 129 million (USD 155 million) and class A4 notes EUR 51 million (USD 61.5 million). All notes were rated AAA by Moodys and S&P. Interest rates as of December 2017 were for the class A1 notes 1.50%, class A2 notes 1.89%, class A3 notes 2.14% and class A4 notes 2.43%. The transaction does not have a revolving period.

Key judgment: consolidation of special purpose vehicles
Control over a SPV is usually not evidenced by direct shareholding/voting rights, but rather by indirect factors which require significant judgment.

DLL decides whether a SPV should be included in the consolidated financial statement on the basis of an assessment of its power over the SPV and its exposure to variable returns from its involvement. DLL takes a number of factors into consideration, including the activities carried out by the SPV, decision making powers and the allocation of the benefits and risks (exposure to losses) associated with the activities of the SPV.

The securitization SPVs are deemed to be 'auto-pilot' entities because their operations and cash flows are proscribed by the respective securitization documentation. DLL retains control over the operating activities related to the underlying (securitized) assets and retains most of the risks associated with these assets through the subordinated class B notes that it holds in each transaction. Accordingly, DLL concluded that it controls these SPVs and consolidates them in these financial statements.

Accounting policy for issued debt securities
Issued debt securities, issued as a part of the securitization transaction, are financial liabilities carried at amortized cost. Issued debt securities are initially recognized at fair value, net of directly attributable transaction costs. After initial recognition, issued debt securities are measured at amortized cost using the effective interest rate (EIR) method. Please refer to note 4.10 for description of the EIR method.

3.4 Derivatives

DLL enters into the vast majority of derivative transactions with Rabobank, except for the countries where Rabobank does not have an office or where Rabobank does not have the capability to offer financial derivatives to DLL. In such cases, DLL enters into derivative transactions with locally present high profile banks (rated AA- for long term): as at 31 December 2017 the fair value of these derivatives was EUR (7) million (2016: EUR 5 million). There is no collateral posted or received under derivatives.

DLL uses the derivative financial instruments to mitigate market risks to which DLL is exposed. All derivative transactions are therefore undertaken for risk mitigation purposes. During 2017 DLL has implemented hedge accounting solutions for both Foreign Net Investment Hedging and Fair Value hedging. DLL uses the IAS 39 EU carve-out options, which allow the application of fair value portfolio hedge accounting to certain positions.

Fair value hedges
DLL uses interest rate swaps to reduce the fair value risk of the financial fixed assets in both local and foreign currencies, such as finance leases and loans. In the course of 2017, DLL has implemented a macro fair value hedging model for EUR and USD. The hedge effectiveness is tested using statistical regression models, both prospectively and retrospectively. At year end 2017, the hedge relations were effective within the range set by IAS 39.

The ineffectiveness for the year ended 31 December 2017 was EUR 14 million (2016: EUR 0 million). The result on the hedging instrument amounted to EUR 23 million (2016: EUR 0 million), with the negative result from the hedged position, allocable to the hedged risk, amounting to EUR 9 million (2016: EUR 0 million). Refer to note 2.2.

Net investment hedges
DLL uses foreign forward-exchange contracts to hedge the currency translation risk of net investments in foreign operations. DLL applied net investment hedging as of 1 January 2017. On 31 December 2017, forward contracts with a nominal amount of EUR 755 million (2016: EUR 0 million) were designated as net investment hedges. These resulted in exchange gains of EUR 188 million for the year (2016: EUR 0 million), which were deferred in equity. For the year ended 31 December 2017, DLL reported no ineffectiveness resulting from the net investment hedges.

Key estimate: Fair value of derivatives
The fair value of derivatives is determined using valuation techniques and is based on discounted cash flow models using observable market inputs. Management therefore considers fair value of derivatives a key estimate. The discounting curve applied depends on the currency of the underlying derivative, where an appropriate cross currency base adjustment is applied for cross currency derivatives. When measuring the fair value, counterparty credit risks as well as own credit risk is taken into account (Credit/Debit Valuation Adjustment respectively).

The main inputs of the estimated fair values are interest rate curves and currency rates. Sensitivity of the DLL exposures (including derivative exposures) to these variables is disclosed in note 3.7.

The estimation of the fair values of these derivatives is outsourced to Treasury of Rabobank that operates within Rabobank control framework, which ensures sufficient governance and control within the process. The resulting fair values are reviewed and signed-off by DLL Treasury and DLL management.

Accounting policy: Derivatives
Derivatives are recognized at trade date, being the date when DLL becomes a party to a derivative contract. These derivatives are classified as assets or liabilities at fair value through profit or loss (held for trading) or as held for hedging. If and when a hedge is designated in a hedging relationship, at time of inception, derivatives are designated as one of the following:
1) a hedge of the fair value of an asset, a group of assets or a liability in the statement of financial position (fair value hedge); or
2) a hedge of a net investment in a foreign operation (net investment hedge).

Hedge accounting is applied for derivatives designated in this manner provided that certain criteria are met, including the following:
- There must be formal documentation of the hedging instrument, the hedged item, the objective of the hedge, the hedging strategy and the hedge relationship and this must be in place before hedge accounting may be applied;
- The hedge must be expected to be effective, within 80% to 125%, in covering changes in the hedged item's fair value allocable to the hedged risks during the entire reporting period; and
- The hedge must be continuously effective from the moment of its inception.

Changes in the fair value of derivatives that are designated as fair value hedges and are effective in terms of the hedged risks are recognised in the statement of income in 'Gains/(losses) from financial instruments', together with the corresponding changes in the fair values of the assets or liabilities hedged. As and when the hedge no longer meets the criteria for hedge accounting, the cumulative adjustment to the fair value of the hedged assets or liabilities is amortised through profit and loss over the relevant interest repricing period. Refer to note 2.2.

Hedges of net investments in foreign operations are measured at fair value, with changes in the fair value (to the extent that they are effective) being recognised in other comprehensive income. Changes in the hedged equity instrument resulting from exchange rate fluctuations are also recognized in other comprehensive income. Gains and losses accumulated in other comprehensive income are reclassified to profit or losses when the equity instrument is disposed of.

Notionals and fair value of derivatives

	2017*			2016*		
in millions of euros	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Derivatives held for trading	4,396	36	(44)	13,332	65	(192)
Derivatives held for hedging	7,829	26	(27)	-	-	-
Total derivative financial assets/liabilities	**12,225**	**62**	(71)	**13,332**	**65**	(192)
Derivatives held for trading						
- Foreign exchange forwards**	476	1	(2)	1,179	12	(5)
- Cross currency swaps	418	13	(28)	1,028	17	(129)
- Interest rate swaps	3,502	22	(14)	11,125	36	(58)
Total derivative held for trading	**4,396**	**36**	(44)	**13,332**	**65**	(192)
Derivatives designated as fair value hedge						
- Cross currency swaps	90	-	(6)	-	-	-
- Interest rate swaps	6,984	24	(12)	-	-	-
Total derivatives designated as fair value hedge	**7,074**	**24**	(18)	**-**	**-**	**-**
Derivatives designated as foreign net investment hedge						
- Foreign exchange forwards**	755	2	(9)	-	-	-
- Cross currency swaps	-	-	-	-	-	-
Total derivatives designated as foreign net investment hedge	**755**	**2**	(9)	**-**	**-**	**-**
Total derivative financial instruments	**12,225**	**62**	(71)	**13,332**	**65**	(192)

* As at 31 December
** Including non-deliverable forwards

3.5 Due from banks

in millions of euros	2017*	2016*
Loans to and receivables from Rabobank	1,689	2,016
Reverse repurchase agreements with Rabobank	79	91
Loans to and receivables from other banks	37	-
Total due from banks	**1,805**	**2,107**

* As at 31 December

DLL issued EUR denominated loans to Rabobank entities amounting to EUR 1,344 million (2016: EUR 1,420 million), that relate to a loan-deposit structure between DLL and Rabobank, which are used to mitigate foreign currency risk of DLL's net investments in foreign subsidiaries. These loans and deposits are floating rate transactions carrying interest rates of Euribor and Libor, plus funding spreads where the durations exceed one year. Under these loan-deposit structures, DLL has received USD, CAD and GBP denominated long-term borrowings from Rabobank of EUR 1,123 million (2016: EUR 1,186 million) and short term borrowings of EUR 254 million where the issued loans are pledged as collateral for these borrowings. Refer to note 3.2.

Whilst the principal amounts and terms of these loans match, they do not qualify for offsetting and are recorded gross in the consolidated statement of financial position.

Also included in loans to Rabobank in 2016 is an overnight USD facility issued for liquidity management purposes. There was no such overnight in place as at 31 December 2017 (2016: EUR 357 million). The loans to and receivables from Rabobank also relate to liquidity management and are short-term balances of both fixed and floating loans issued primarily in USD and EUR. These loans bear interest rates ranging between 0.087% and 4.58% (2016: between -0.6% and 5.745%).
Securities received under reverse repurchase agreements are listed bonds issued by the Brazilian government with a fair value of EUR 79 million (2016: EUR 92 million).

For all due from banks, contractual maturities reflect their expected maturities. Contractual liquidity gap analysis as well as the principal and interest contractual cash flows of due from banks are presented in note 3.7.

The fair value of due from banks at 31 December 2017 was EUR 1,808 million (2016: EUR 2,116 million). This fair value was estimated using a discounted cash flow model where the discount rate is determined based on observable yield curves at commonly quoted intervals. Since the inputs for this model are observable market inputs that are adjusted to as necessary, these fair value measurements are classified as Level 2 within the fair value hierarchy as described in note 4.10.

Accounting policy for due from banks
Due from banks are non-derivative financial assets (classified as loans and receivables) with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment. Refer to note 4.10 for description of the EIR method.

Securities purchased under agreements to resell at a specified future date are not recognized in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, as due from banks (reverse repurchase agreements), reflecting the transaction's economic substance as a loan by DLL. The difference between the purchase and resale prices is recorded in interest income and is accrued over the life of the agreement using EIR.

3.6 Cash and cash equivalents

in millions of euros	2017*	2016*
Current account Rabobank and its related entities	249	660
Current account other banks	113	176
Total cash and cash equivalents	**362**	**836**

* As at 31 December

A reconciliation of cash and cash equivalents presented in the statement of financial position and cash and cash equivalents on the face of the statement of cash flows is presented below.

in millions of euros	2017*	2016*
Cash and cash equivalents presented on the face of the statement of financial position	362	836
Cash and cash equivalents included in disposal groups (note 4.2)	15	121
Cash and cash equivalents presented in the statement of cash flows	**377**	**957**

* As at 31 December

Cash and cash equivalents do not bear material credit risk as cash is primarily maintained on the accounts of Rabobank (S&P A rating). Current accounts with other banks are held with banks holding A ratings or higher. Cash is usually held in the functional currency of the subsidiary that holds the account.

Accounting policy for cash and cash equivalents
Cash and cash equivalents as referred to in the statement of cash flows and statement of financial position comprises cash on hand, non restricted current accounts with banks and amounts due from banks on demand or with an original maturity of three months or less. These cash and cash equivalents (classified as loan and receivable financial instruments) are held at amortized cost, which due to the short maturity approximates their fair value. These fair values are classified as Level 1 in the fair value hierarchy, refer to note 4.10 for further details.

3.7 Market and liquidity risk management

Market risk
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates or equity prices. Also considered part of market risk is prepayment risk. The main financial instruments held by DLL that are affected by market risk include financial lease receivables, loans issued, borrowings, debt securities issued, cash and derivatives.

For risk management purposes DLL also recognizes an exposure to market risk on its operating lease portfolio. DLL manages market risk collectively for all portfolio assets (including operating leases) as part of the same processes and risk governance which is in line with industry standards as well as DLL's own risk strategy. DLL is not exposed to material risk on third party equity instruments.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. DLL aims to achieve stable earnings from interest margins and not from exposure to uncertain or volatile interest rate risk position outcomes. This is achieved by a policy of mitigation of interest risk exposures through transacting money market and derivative instruments with Rabobank. Additionally, DLL may incur financial loss because its customers and counterparties repay or request repayment earlier than expected. DLL manages prepayment risk as part of interest rate risk.

To manage the above risks, DLL applies a policy of match-funding to all asset-financing businesses from an interest rate perspective. Interest rate exposures on certain finance lease portfolios are mitigated based on their expected maturity terms (or repricing if shorter) and for the remaining portfolio financial assets on contractual maturity terms (or repricing if shorter). DLL uses historic termination information to identify finance lease portfolios with a consistent early termination pattern and calculates expected maturity terms using a minimum of three years' data. These expected maturity terms are approved by DLL's Asset and Liability Committee (ALCO) and are reviewed annually.

Where equity or short-term liquidity is used to fund assets, derivative transactions may be used to cover the longer-term interest rate risk with the approval of Group Treasury. DLL applies fair value hedge accounting for interest rate risk on their fixed rate assets.

Interest rate risk sensitivity analysis
DLL tracks interest rate risk sensitivity through monthly calculation of an Earnings at Risk (EatR) sensitivity analysis. Five scenarios are tested (EatR interest rates up, EatR interest rates down, DNB interest rates down curve steepening, and curve flattening) and analysed per currency. The scenarios are analysed for movement in the fixed (5 year) and floating rate (1 month) rate positions. The impact is analyzed over a one year time horizon, and the cumulative impact of each scenario is converted into euro. This is tracked both in aggregate and per scenario per currency.

DLL monitors all scenarios with a specific loss limit of EUR 10 million (2017: January – June EUR 5 million. A change in the down scenario assumptions resulted in a change in the limit to reflect the impact of the new scenario; 2016: EUR 5 million) set for the up or down scenarios, whichever yields a negative result. This limit is monitored on a monthly basis and any breaches are reported to DLL's ALCO. There were no limit breaches in 2017 or 2016.

The monthly fluctuation of EatR is monitored by Group Treasury and typically remains stable. The EatR values at 31 December 2017 and 31 December 2016 are therefore representative of the entire respective years. DLL's total EatR for the down scenario at 31 December 2017 across currencies and aggregating the impact of both fixed and floating interest impacts, was EUR 6.7 million (2016: EUR 3 million). No limits were breached in 2017 or 2016.

Interest rate risk exposure
On a consolidated DLL level, interest rate risk is managed by calculation of a one basis point delta move (PV01) on the net interest gap. This interest rate gap is monitored monthly against an overall limit. Interest rate risk is also managed at country level using a similar analysis per time bucket and monitored by Group Treasury. At 31 December 2017, DLL's PV01 on the net interest gap was EUR -212,882 (2016: EUR -278,794). The table below analyzes DLL's interest rate risk exposure by presenting carrying amounts of interest-bearing financial instruments and operating leases at the earlier of repricing or contractual maturity. For finance lease receivables, DLL manages repricing risk with reference to expected maturity rather than contractual maturity. Derivatives are presented at their net notional position per interest rate type (refer to note 3.4 for gross notional positions).

in millions of euros	Carrying amount*	< 1 month	1 to 3 months	3 to 12 months	1 to 5 years	>5 years	No contractual maturity
As at 31 December 2017							
Interest-bearing assets							
Cash	362	362	-	-	-	-	-
Available-for-sale bond portfolio	95	-	-	95	-	-	-
Due from banks	1,805	387	1,400	16	2	-	-
Due from customers	28,019	5,754	1,475	6,042	13,983	765	-
Fixed assets under operating lease	2,461	29	137	586	1,632	77	-
Assets in disposal group	702	-	-	702	-	-	-
	33,444	**6,532**	**3,012**	**7,441**	**15,617**	**842**	**-**
Interest-bearing liabilities							
Short-term loans and overdrafts	(4,439)	(2,572)	(1,356)	(511)	-	-	-
Issued debt securities	(588)	(208)	(27)	(99)	(254)	-	-
Long-term borrowings	(23,918)	(3,282)	(5,365)	(4,732)	(10,214)	(325)	-
Liabilities in disposal group	(372)	-	-	(372)	-	-	-
	(29,317)	**(6,062)**	**(6,748)**	**(5,714)**	**(10,468)**	**(325)**	**-**
Derivatives							
Interest rate swap – net floating rate notional	6,754	5,547	1,199	8	-	-	-
Interest rate swap – net fixed rate notional	(6,754)	(65)	(271)	(1,532)	(4,472)	(414)	-
FX derivative Net	(9)	(7)	(2)	-	-	-	-
Derivative FV Adjustment	(2)	-	-	-	-	-	(2)
Cross currency swap – net floating rate notional	457	227	230	-	-	-	-
Cross currency swap – net fixed rate notional	(479)	(32)	(38)	(195)	(201)	(13)	-
	(33)	**5,670**	**1,118**	**(1,719)**	**(4,673)**	**(427)**	**(2)**
Net interest gap	**4,094**	**6,140**	**(2,618)**	**8**	**476**	**90**	**(2)**

* Except in the case of derivatives which are presented at notional value rather than carrying amount

in millions of euros	Carrying amount*	< 1 month	1 to 3 months	3 to 12 months	1 to 5 years	>5 years
As at 31 December 2016						
Interest-bearing assets						
Cash	836	836	-	-	-	-
Available-for-sale bond portfolio	45	-	-	45	-	-
Due from banks	2,107	1,023	6	71	1,007	-
Due from customers	28,404	5,772	1,576	6,202	14,146	708
Fixed assets under operating lease	2,208	58	120	515	1,456	59
Assets in disposal group held for distribution	4,573	-	4,573	-	-	-
	38,173	**7,689**	**6,275**	**6,833**	**16,609**	**767**
Interest-bearing liabilities						
Short-term loans and overdrafts	(4,796)	(4,796)	-	-	-	-
Issued debt securities	(302)	(302)	-	-	-	-
Long-term borrowings	(27,542)	(6,007)	(4,015)	(5,008)	(11,993)	(519)
Liabilities in disposal group held for distribution	(313)	-	(313)	-	-	-
	(32,953)	**(11,105)**	**(4,328)**	**(5,008)**	**(11,993)**	**(519)**
Derivatives						
Interest rate swap – net floating rate notional	7,751	5,973	1,763	15	-	-
Interest rate swap – net fixed rate notional	(7,493)	129	(414)	(1,853)	(5,090)	(265)
Cross currency swap – net floating rate notional	537	157	380	-	-	-
Cross currency swap – net fixed rate notional	(645)	(34)	(55)	(170)	(370)	(16)
	150	**6,225**	**1,674**	**(2,008)**	**(5,460)**	**(281)**
Net interest gap	**5,370**	**2,809**	**3,621**	**(183)**	**(844)**	**(33)**

* Except in the case of derivatives which are presented at notional value rather than carrying amount

Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

DLL seeks to minimize its exposure to foreign exchange risk associated with its net investments in foreign operations. DLL's policy allows the use of foreign exchange derivatives (refer to note 3.4) and foreign currency debt in managing foreign exchange risk. DLL uses foreign forward-exchange contracts to hedge the currency translation risk of net investments in foreign operations. The only exception is DLL's investment in the Brazil entity, for which a decision was made by DLL's ALCO to not hedge the exposure due to high costs of doing so as well as inefficiencies of instruments used.

DLL also manages its forecasted net foreign currency exposures, above EUR 5 million or currency equivalent by mitigating risk from such deemed material exposures at the beginning of each year through the use of derivatives. Other foreign currency earnings are managed as earned also through the use of derivatives.

DLL subsidiaries are not permitted to have open foreign currency risk positions. Where unavoidable, limits are in place and breaches are monitored by DLL ALCO.

Foreign exchange risk sensitivity analysis

The table below indicates the currencies to which DLL has significant exposures at 31 December 2017 and 2016 respectively, on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement in currency rates against the euro (all other variables being held constant). These reasonably possible movements in currency rates were estimated based on the actual volatility of exchange rates in the past two years.

During 2017 DLL implemented a Foreign Net Investment model, which is applied for all major currencies, except for the currencies that would not be cost efficient (e.g. BRL).

Accordingly, changes in exchange rates impact will have very limited impact on the equity and profit for the year.

in millions of euros	Change in currency rate in %*	Effect on profit for the year	Effect on equity	Total effect
As at 31 December 2017				
USD	+/- 4%	50/(54)	(51)/55	(1)/1
BRL	+/- 8%	0/0	(13)/15	(13)/15
NOK	+/- 2%	1/(1)	(1)/1	0/0
CNY	+/- 3%	3/(3)	(3)/3	0/0
CAD	+/- 3%	5/(5)	(5)/5	0/0
As at 31 December 2016				
USD	+/- 3%	35/(37)	(35)/37	-/-
BRL	+/- 11%	-/-	(19)/23	(19)/23
NOK	+/- 4%	2/(2)	(1)/1	1/(1)
CNY	+/- 3%	3/(3)	(3)/3	-/-
CAD	+/- 4%	7/(8)	(7)/7	-/(1)

* The percentage change represents a reasonable possible change over two years.

Liquidity risk and funding
Liquidity risk is the risk that DLL will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that DLL might be unable to meet its payment obligations when they fall due under either normal or stress circumstances. For the purpose of this note, where applicable, 2016 still includes Financial Solutions numbers.

DLL applies a policy of match-funding for liquidity risk based on currency and maturity profiles of assets and liabilities. This matched-funding policy requires DLL to fund all its portfolio assets with match-funded sources, including borrowings, DLL's own equity (less intangibles), non-controlling interests and other working capital items such as deferred tax.

DLL has a waiver from DNB to meet regulatory liquidity requirements (such as the Net Stable Funding Ratio and Liquidity Coverage Ratio on a solo or consolidated basis. Therefore all regulatory reporting in his respect is done by Rabobank.

The limit set for the unmatched liquidity gap is 10% of portfolio assets. This limit is cascaded down to country level, where a limit of 1% is applied to the local unmatched liquidity gap. Group Treasury monitors country-level adherence and manages overall usage of the 10% limit. DLL's ALCO reviews the 10% usage on a monthly basis, the trend in usage over a period of 13 months as well as country-level breaches.

Calculation of the 10% limit usage is based on contractual maturity of assets and liabilities, except for certain finance lease portfolios where expected maturity terms are applied. DLL uses historic termination information to identify finance lease portfolios with a consistent early termination pattern and calculates expected maturity terms using a minimum of three years' data. These expected maturity terms are approved by DLL's ALCO and reviewed annually.

Usage of the 10% limit at 31 December 2017 was at a maximum of 8.57% during a monthly time bucket. Over the forward looking maturity of the assets and liabilities (2016: 6.83%).

The consumer finance and factoring businesses within the Financial Solutions global business unit were the primary users of the 10% liquidity limit in 2016. However during 2017, these portfolios were sold to Rabobank. The amount of own liquidity available to DLL was also reduced due to the payment of a dividend during 2017. The current primary usage of the liquidity limit is the short-term commercial finance business, which is match-funded to expected maturity, but refinancing assumptions are calculated as utilizing the liquidity limit.

From a funding perspective, DLL aims to continue diversifying its funding base by expanding global securitization programs and attracting further funding from the multilateral development banks (MDBs), such as the National Bank for Economic and Social Development (BNDES) in Brazil and European Investment Bank (EIB) in Europe. DLL executed an inaugural Asset Backed Securitization transaction in the US in November 2017, and is investigating other similar opportunities for the future. DLL will continue to attract funding from MDBs and will work to grow such funding opportunities both in new territories and by increasing facilities in existing countries.

EIB and BNDES funding are the only material funding contracts with covenants. Management monitors all contractual covenants from both a legal and a financial perspective. There were no breaches of covenants that impacted DLL's liquidity in either 2017 or 2016.

The table below reflects the carrying amounts of DLL's assets and liabilities at contractual maturities except for certain finance lease portfolios where DLL uses expected maturity. Loans within the consumer financing business (within due from customers) are categorized in >5 years. Assets and liabilities in disposal groups held for distribution are categorized at expected settlement (i.e. between 3-12 months). Assets and liabilities with maturities under one year are considered current in nature.

in millions of euros	Carrying amount	< 1 month	1 to 3 months	3 to 12 months	1 to 5 years	>5 years	No contractual maturity
As at 31 December 2017							
Assets							
Cash	362	362	-	-	-	-	-
Accounts receivable and other short-term assets	569	88	443	38	-	-	-
Derivatives	62	1	1	5	4	3	48
Due from banks	1,805	387	16	16	1,089	297	-
Due from customers	28,019	3,814	1,887	6,526	14,977	815	-
Fixed assets under operating lease	2,461	30	137	586	1,631	77	-
Goodwill and other intangible assets	99	-	-	-	-	-	99
Current tax receivable	101	-	-	-	-	-	101
Deferred tax asset	174	-	-	-	-	-	174
Other assets	189	-	-	-	-	-	189
Assets in disposal group	702	-	-	702	-	-	-
	34,543	**4,682**	**2,484**	**7,873**	**17,701**	**1,192**	**611**
Liabilities							
Short-term loans and overdrafts	(4,439)	(2,572)	(1,356)	(511)	-	-	-
Accounts payable and other short-term liabilities	(912)	-	(912)	-	-	-	-
Issued debt securities	(588)	(20)	(43)	(167)	(358)	-	-
Provisions	(90)	-	-	-	-	-	(90)
Derivatives	(71)	(4)	(4)	(10)	(14)	-	(39)
Long-term borrowings	(23,918)	(505)	(1,363)	(6,654)	(14,729)	(667)	-
Current tax payable	(17)	-	-	-	-	-	(17)
Deferred tax liability	(347)	-	-	-	-	-	(347)
Other liabilities	(147)	-	-	-	-	-	(147)
Liabilities in disposal group	(372)	-	-	(372)	-	-	-
	(30,901)	**(3,101)**	**(3,678)**	**(7,714)**	**(15,101)**	**(667)**	**(640)**
Liquidity gap	**3,642**	**1,581**	**(1,194)**	**159**	**2,600**	**525**	**(29)**

in millions of euros	Carrying amount	< 1 month	1 to 3 months	3 to 12 months	1 to 5 years	>5 years	No contractual maturity
As at 31 December 2016							
Assets							
Cash	836	836	-	-	-	-	-
Accounts receivable and other short-term assets	424	174	205	45	-	-	-
Derivatives	65	11	2	1	37	14	-
Due from banks	2,107	991	38	71	1,007	-	-
Due from customers	28,404	1,099	2,309	7,657	16,597	742	-
Fixed assets under operating lease	2,208	58	120	515	1,456	59	-
Goodwill and other intangible assets	115	-	-	-	-	-	115
Current tax receivable	152	-	-	-	-	-	152
Deferred tax asset	187	-	-	-	-	-	187
Other assets	242	-	-	-	-	-	242
Assets in disposal group held for distribution	4,573	-	4,573	-	-	-	-
	39,313	**3,169**	**7,247**	**8,289**	**19,097**	**815**	**696**
Liabilities							
Short-term loans and overdrafts	(4,796)	(2,786)	(788)	(1,222)	-	-	-
Accounts payable and other short-term liabilities	(965)	-	(965)	-	-	-	-
Issued debt securities	(302)	(8)	(22)	(101)	(170)	(1)	-
Provisions	(106)	-	-	-	-	-	(106)
Derivatives	(192)	(4)	(1)	(35)	(119)	(33)	-
Long-term borrowings	(27,542)	(842)	(2,073)	(7,326)	(16,629)	(672)	-
Current tax payable	(32)	-	-	-	-	-	(32)
Deferred tax liability	(575)	-	-	-	-	-	(575)
Other liabilities	(112)	-	-	-	-	-	(112)
Liabilities in disposal group held for distribution	(313)	-	(313)	-	-	-	-
	(34,935)	**(3,640)**	**(4,162)**	**(8,684)**	**(16,918)**	**(706)**	**(825)**
Liquidity gap	**4,378**	**(471)**	**3,085**	**(395)**	**2,179**	**109**	**(129)**

The table below summarizes the maturity profile of undiscounted contractual cash flows of DLL's financial liabilities. Cash flows from gross settled, non-trading derivatives are shown separately by their contractual maturity. Repayments subject to notice are treated as if notice were immediate.

in millions of euros	Total	On demand	< 3 months	3 to 12 months	1 to 5 years	>5 years
As at 31 December 2017						
Undiscounted financial liabilities						
Short-term loans and overdrafts	(4,441)	(2,574)	(1,357)	(510)	-	-
Accounts payable*	(761)	-	(761)	-	-	-
Issued debt securities	(630)	(22)	(45)	(176)	(387)	-
Long-term borrowings	(24,779)	(533)	(1,426)	(6,923)	(15,195)	(702)
Financial liabilities in disposal group*	(372)	-	-	(372)	-	-
	(30,983)	**(3,129)**	**(3,589)**	**(7,981)**	**(15,582)**	**(702)**
Non-trading gross settled derivatives						
Derivative assets						
Contractual amounts receivable	(684)	(563)	(346)	98	98	29
Contractual amounts payable	754	574	352	(90)	(60)	(22)
	70	**11**	**6**	**8**	**38**	**7**
Derivative liabilities						
Contractual amounts receivable	(930)	(827)	(336)	90	138	5
Contractual amounts payable	859	811	327	(110)	(163)	(6)
	(71)	**(16)**	**(9)**	**(20)**	**(25)**	**(1)**
	(30,984)	**(3,134)**	**(3,592)**	**(7,993)**	**(15,569)**	**(696)**

* The effects of discounting are immaterial and therefore aggregated cash flows approximate carrying amount

in millions of euros	Total	On demand	< 3 months	3 to 12 months	1 to 5 years	>5 years
As at 31 December 2016						
Undiscounted financial liabilities						
Short-term loans and overdrafts	(4,802)	(2,788)	(790)	(1,224)	-	-
Accounts payable*	(791)	-	(791)	-	-	-
Issued debt securities	(343)	(9)	(24)	(111)	(198)	(1)
Long-term borrowings	(28,277)	(873)	(2,132)	(7,556)	(17,022)	(694)
Financial liabilities in disposal group held for distribution*	(35)	-	(3)	(12)	(18)	(2)
	(34,248)	**(3,670)**	**(3,740)**	**(8,903)**	**(17,238)**	**(697)**
Non-trading gross settled derivatives						
Derivative assets						
Contractual amounts receivable	1,255	767	199	73	192	24
Contractual amounts payable	(1,234)	(757)	(194)	(76)	(184)	(23)
	21	**10**	**5**	**(3)**	**8**	**1**
Derivative liabilities						
Contractual amounts receivable	848	303	65	293	182	5
Contractual amounts payable	(1,019)	(321)	(83)	(363)	(242)	(10)
	(171)	**(18)**	**(18)**	**(70)**	**(60)**	**(5)**
	(34,398)	**(3,678)**	**(3,753)**	**(8,976)**	**(17,290)**	**(701)**

* The effects of discounting are immaterial and therefore aggregated cash flows approximate carrying amount

Liquidity management of credit-related commitments

Undrawn loan commitments are assessed and managed by DLL at the earliest date they can be drawn down by customers. For DLL, this is largely on demand. For issued financial guarantee contracts, the maximum amount of the guarantee is managed at the earliest period in which the guarantee could be called, which is also on demand. Refer to note 1.3 for DLL's credit risk management of these credit-related commitments.

Other

4.1 Goodwill and other intangible assets

in millions of euros	Goodwill	Other	Total
Cost	77	161	238
Accumulated amortization and impairment	-	(123)	(123)
Carrying amount as at 1 January 2017	**77**	**38**	**115**
Acquisitions	-	5	5
Amortization	-	(18)	(18)
Impairment	-	-	-
Net exchange differences	(2)	(1)	(3)
Cost	75	165	240
Accumulated amortization and impairment	-	(141)	(141)
Carrying amount as at 31 December 2017	**75**	**24**	**99**
Cost	447	323	770
Accumulated amortization and impairment	-	(270)	(270)
Carrying amount as at 1 January 2016	**447**	**53**	**500**
Acquisitions	-	5	5
Amortization	-	(19)	(19)
Impairment	-	-	-
Net exchange differences	(3)	1	(2)
Disposal of a subsidiary (note 4.2)	(367)	(2)	(369)
Carrying amount as at 31 December 2016	**77**	**38**	**115**

Goodwill is allocated to the lowest identifiable Cash Generating Unit (CGU). EUR 367 million was allocated to Athlon at 1 January 2016, which was disposed during 2016 as part of the disposal of Athlon (refer to note 4.2). The remaining goodwill of EUR 75 million relates to the acquisition of operations in the Nordics in 2006.

Goodwill impairment testing

Goodwill is tested for impairment annually by comparing the carrying amount of the CGU to which goodwill was allocated with the best estimate of that CGU's recoverable amount that is determined based on its value in use. A Discounted Cash Flow (DCF) model is applied in order to calculate the value in use. The two key parameters in application of the DCF are the discount rate and the cash flow forecasts.

Discount rate

The pre-tax discount rate is used to determine the present value of forecasted cash flows in order to derive the value in use of the CGU. As at 31 December 2017, the discount rate applied by DLL was 6.31% (2016: 7.2%). The discount rate is determined using the Capital Asset Pricing Model (CAPM), with key inputs into the CAPM being:

- Risk free rate: 20-year (2016: 20-year) government bonds.
- Beta: an average across a selection of appropriate companies.
- Equity market risk premium: Publically available research on market risk premiums prepared by external valuation experts.

Cash flow forecasts

For this purpose, the best estimate of the value in use is determined on the basis of a cash flow forecast as derived from DLL's annual planning cycle. The plans reflect management's best estimates of market conditions, market restrictions, growth in operations and other relevant factors. The cash flows are established through a bottom up process, where future profitability is determined by estimating profitability at vendor level. The results per business unit and country are then endorsed by DLL's Executive Board. Projections are made for a four year period. A terminal growth rate of 1.0% (2016: 1.0%) is applied for the periods into perpetuity.

Sensitivity analysis of assumptions

For the key parameters in the model, a sensitivity analysis is performed:

- **Discount rate**: The value in use equals the total of equity and goodwill invested (break-even point) when the discount rate is increased to 10.0% from the current 6.3% (2016: increased to 11.0% from the current 7.2%). This discount rate is reached when the 20-year government bond rate is 5.0% (2016: 4.0%). As at the goodwill testing date, the Government Bond was 0.9% (2016: 0.2%), indicating considerable headroom.
- **Terminal growth rate**: In an extreme case of a 0% terminal growth rate, the value in use is still above the carrying amount with a headroom of EUR 111 million (2016: EUR 97 million), resulting in no impairment.

Accounting policy for goodwill and other intangible assets

A. Goodwill

Consideration provided in a business combination in excess of the fair value of the identifiable net assets acquired is recognized as goodwill, subject to an assessment of its recoverability.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if there are indicators of impairment.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the DLL's CGUs, which are expected to benefit from the synergies of the combination. Each unit to which the goodwill is allocated represents the lowest level within DLL at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with IFRS 8 Operating Segments. When subsidiaries are disposed, associated goodwill is written off against the net proceeds and included in the result from disposal that is recorded in the statement of profit or loss.

B. Other intangible assets
Other intangible assets comprise mainly purchased and self-developed software. Purchased software is recognized at cost when this can be reliably measured and it is probable that economic benefits will flow to DLL. Internally developed software is capitalized only if these are capable of being separated from DLL or arise from contractual or other legal rights. Internal development occurs in two phases: research, being planning and investigation; and development, being the application of this. DLL expenses research cost while it capitalizes development cost.

Following initial recognition, other intangible assets are amortized on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization and impairment losses. All other intangible assets are amortized over the definite useful economic life (ranging from 5 to 10 years and reviewed each year). Amortization of intangibles is included in other operating expenses. Other intangible assets are tested for impairment upon indication of impairment. Impairment losses are recognized immediately in profit or loss. Changes in the expected useful life or the expected future benefit related to the asset are accounted for prospectively.

4.2 Discontinued operations and disposal group held for sale

Profit from discontinued operations
The profit from discontinued operations comprised the following:

in millions of euros	2017	2016
A. Sale of Athlon Car Lease International B.V.		
Profit for the year	-	67
Gain on sale	-	251
	-	**318**
B. Disposal group held for distribution: Financial Solutions		
Profit for the year	18	89
Profit for the year from discontinued operations	**18**	**407**

The intended disposals of DLL Hungary and DLL China are classified as disposal groups held for sale and not as discontinued operations. Therefore, in accordance with IFRS 5, the results realized by these disposal groups are not included in the profit of the year from discontinued operations.

A. Sale of Athlon Car Lease International B.V.
On 30 June 2016, DLL signed a sale and purchase agreement with the intention to sell its mobility solutions entity, Athlon Car Lease International B.V. (Athlon) including all its subsidiaries, to Mercedes Benz Financial Services B.V. (the buyer).

At the date of the agreement DLL classified the assets and liabilities of Athlon as a disposal group held for sale (and the operations of Athlon as a discontinued operation) in its consolidated financial statements. Given that the estimated fair value of Athlon's net assets at that date was higher than their respective carrying amounts, the net assets were not remeasured and accordingly no result was recorded in the statement of profit or loss. The sale transaction was completed on 1 December 2016 (the closing date) when all required approvals and consents from regulatory authorities were obtained and control over Athlon was transferred to the buyer.
The major classes of assets and liabilities of Athlon at the closing date were as follows:

in millions of euros	2016*
Assets	
Cash	141
Fixed assets under operating lease (note 1.2)	3,443
Goodwill (note 4.1)	367
Deferred tax asset (note 2.6)	35
Other assets	399
Total assets	**4,385**
Liabilities	
Borrowings	(2,824)
Issued debt securities (note 3.3)	(378)
Deferred tax liability (note 2.6)	(43)
Other liabilities	(305)
Total liabilities	**(3,550)**
Net assets disposed	**835**
Non-controlling interest in net assets disposed	(12)
Share of equity holders of the parent in net assets disposed	**823**

* As at disposal date 30 November 2016

During 2017, DLL and the buyer reached agreement on the final settlement of the purchase price, which has resulted in a EUR 18 million negative adjustment of the purchase price.

B. Disposal group held for distribution: Financial Solutions

On 7 December 2016 the Executive Board of DLL approved a transfer of DLL's Dutch non-vendor finance operations (Financial Solutions) to Coöperatieve Rabobank U.A., the parent of the Company. Financial Solutions includes primarily leasing, factoring, commercial and consumer finance provided to existing customers of Rabobank in the Netherlands. This transfer is planned in line with the DLL's strategy to focus on its core business - vendor finance.

On 19 December 2016, the transaction was approved by Rabobank's Executive Board, at which point DLL initiated the restructuring process. Accordingly, DLL classified the assets and liabilities of Financial Solutions as a disposal group held for distribution to its parent (and its operations as a discontinued operation) in its consolidated financial statements as at 31 December 2016. The DNB and the Authority Financials Markets approved the transaction at 23 March and 27 March 2017 respectively.

The transaction was completed on 1 April 2017 when the control over Financial Solutions was transferred to Rabobank. The agreed consideration of EUR 107 million was transferred on 30 March 2017 and approximated the carrying amount of the net assets as of the date of transfer, resulting in no material gain nor loss on transfer.

The major classes of assets and liabilities of Financial Solutions at the closing date were as follows:

in millions of euros	2017*	2016**
Assets		
Cash	134	121
Due from customers	4,323	4,159
Fixed assets under operating lease (note 1.2)	213	220
Other assets	57	73
Total assets	**4,727**	**4,573**
Liabilities		
Borrowings	(198)	(154)
Other liabilities	(184)	(159)
Total external liabilities	**(382)**	**(313)**
Net funding from DLL	**(4,231)**	**(4,164)**
Net assets disposed	**114**	**96**

* As at disposal date 31 March 2017
** as at 31 December 2016

Profit for the year until 1 April from the ordinary activities of Financial Solutions are presented below:

in millions of euros	2017*	2016**
Interest revenue from loans	48	195
Interest expenses on loans from continuing operations (note 2.1)	(7)	(29)
Interest expenses	-	(1)
Net interest income	**41**	**165**
Other operating income	4	19
Staff expenses	(9)	(40)
Operating expenses recharge from continuing operations (note 2.3)	-	(14)
Other operating expenses	(10)	(10)
Credit losses	(3)	(3)
Profit before tax from discontinued operations	**23**	**117**
Income tax	(5)	(28)
Profit for the year from discontinued operations	**18**	**89**

The cash flows of Financial Solutions during the year were as follows:

in millions of euros	2017*	2016**
Operating activities	(16)	(254)
Investing activities	-	-
Financing activities	29	226
Net cash inflow/(outflow)	**13**	**(28)**

* Period from 1 January until 1 April
** Full year

C. Disposal group held for sale: DLL Hungary

On 15 November, DLL and Erste Group Bank AG (Erste Group) signed a memorandum of understanding aimed at establishing a Strategic Alliance Agreement (SAA) with respect to their vendor financing and leasing activities in Central and Eastern Europe. One of the countries in scope of this SAA is Hungary. Therefore this memorandum of understanding foresees the transfer of DLL Hungary to Erste Group (or one of its affiliates). The transaction is expected to be finalized in 2018 and will not result in a gain or loss to be recognized by DLL.

The major classes of assets and liabilities of DLL Hungary were as follows:

in millions of euros	2017*	2016*
Assets		
Cash	2	2
Due from customers	210	178
Other assets	7	9
Total assets	**219**	**189**
Liabilities		
Borrowings	-	-
Other liabilities	(4)	(7)
Total external liabilities	**(4)**	**(7)**
Net funding from DLL	**(194)**	**(154)**
Net assets disposed	**21**	**28**

* As at 31 December

The cash flows of DLL Hungary during the year were as follows:

in millions of euros	2017*
Operating activities	(23)
Investing activities	-
Financing activities	23
Net cash inflow/(outflow)	**-**

* As at 31 December

D. Disposal group held for sale: DLL China

As of year-end 2017 the DLL operations in China met the requirements from IFRS 5 to be classified as disposal group held for sale. The carrying value of these operations was EUR 40 million higher than the estimated fair value and consequently an impairment was recognized within the other operating expenses. Recent information, obtained in March 2018, has led to the conclusion that a sale is no longer considered as highly probable.

The major classes of assets and liabilities of DLL China were as follows:

in millions of euros	2017*	2016*
Assets		
Cash	13	19
Due from customers	435	466
Other assets	35	40
Total assets	**483**	**525**
Liabilities		
Borrowings	(306)	(299)
Other liabilities	(22)	(22)
Total external liabilities	**(328)**	**(321)**
Net funding from DLL	**(68)**	**(111)**
Net assets disposed	**87**	**93**

* As at 31 December

The cash flows of DLL China during the year were as follows:

in millions of euros	2017*
Operating activities	9
Investing activities	-
Financing activities	(15)
Net cash inflow/(outflow)	**(6)**

* As at 31 December

4.3 Accounts receivable and other assets

in millions of euros	2017*	2016*
Accounts receivables and other short-term assets		
Prepayments	160	174
VAT to be claimed	96	88
Inventory	92	76
Accounts receivable	126	41
Available-for-sale bond portfolio	95	45
	569	**424**
Other assets		
Fixed assets for own use	74	83
Investments in associates	24	24
Other	91	135
	189	**242**
Total other assets	**758**	**666**

* As at 31 December

Inventory

Inventory represents assets for resale, which comprise equipment returned to DLL after related lease contracts have ended. These assets are remarketed by DLL in the short-term.

Accounts receivable

Accounts receivable represents non-interest bearing amounts due to DLL. Among others, these receivables relate to maintenance fees, warranties, and commissions.

Accounts receivable are typically on terms of 30-90 days. At 31 December 2017 there were no material accounts receivable aged beyond 90 days (2016: none). Furthermore, due to the short-term nature of these accounts receivable their carrying amount approximates their fair value.

Available-for-sale (AFS) bond portfolio

The AFS bond portfolio mainly comprises of Dutch government bonds amounting to EUR 78 million (2016: EUR 45 million) that are held by DLL in Sweden for the purpose of compliance with local regulatory liquidity requirements. This portfolio is measured using quoted market prices as at the reporting date (Level 1). Revaluation of these AFS assets is recognized in a reserve in equity (via Other Comprehensive

Income). However, year-on-year revaluations in both 2017 and 2016 were immaterial and therefore not separately disclosed in either OCI or equity. The increase compared to 2016 is mainly caused by the phasing in of new regulations and therefore acquisition of additional Dutch government bonds. Furthermore cash in US money market funds of EUR 17 million is included (level 1).

Fixed assets for own use

Fixed assets for own use represent land and buildings as well as office and other equipment used by DLL. DLL did not realize any gains or losses from the disposal of these assets during 2017. The table below presents key movements in the fixed assets balances:

in millions of euros	Land and buildings	Equipment	Total
Cost	101	99	200
Accumulated depreciation and impairment	(52)	(65)	(117)
Carrying amount at 1 January 2017	**49**	**34**	**83**
Purchases	2	10	12
Disposals	(3)	-	(3)
Depreciation	(4)	(9)	(13)
Net exchange differences	(3)	(1)	(4)
Disposal of a subsidiary	-	(1)	(1)
Cost	86	93	179
Accumulated depreciation	(45)	(60)	(105)
Carrying amount at 31 December 2017	**41**	**33**	**74**
Cost	104	149	253
Accumulated depreciation and impairment	(53)	(102)	(155)
Carrying amount at 1 January 2016	**51**	**47**	**98**
Purchases	-	6	6
Disposals	(1)	(1)	(2)
Depreciation	(2)	(11)	(13)
Net exchange differences	1	1	2
Reclassification to disposal group	-	(1)	(1)
Disposal of a subsidiary	-	(7)	(7)
Carrying amount at 31 December 2016	**49**	**34**	**83**

Investments in associates

Investments in associates represent interests held in various European leasing entities where DLL exhibits significant influence but does not control the entity nor is entitled to significant economic benefits or risk associated with this ownership. Share of profit of associate in amount of EUR 0 million (2016: EUR 1 million) is included in other income.

Other assets

These mainly consist of capitalized bonuses and commissions and non lease receivables related to operating lease contracts (warranties, maintenance).

Accounting policy for accounts receivable

Accounts receivable are recognized for services performed by DLL or goods transferred, for which DLL has not yet received payment for the revenues earned. They are carried at amortized cost, which approximates the nominal value due to its short-term nature.

Accounting policy for inventory

Inventory is valued at the lower of cost and Net Realizable Value (NRV). The cost is determined as the net book value of a respective asset when this asset is returned to DLL after the related lease contract has ended. NRV is the estimated selling price in the ordinary course of remarketing, less estimated selling costs.

Accounting policy for AFS bond portfolio

AFS financial assets include government bonds that are held to meet liquidity requirements in a regulated subsidiary of DLL.

AFS financial assets are measured at fair value. Unrealized gains or losses are recognized in other comprehensive income and adjusted in the AFS reserve until such time that the investment is derecognized. When the investment is derecognized, the cumulative gain or loss is recognized in gains/(losses) from financial instruments in profit or loss. Interest earned while holding AFS financial assets is reported as interest income using effective interest rate (EIR) method. Refer to note 4.10 for description of the EIR method.

Accounting policy for fixed assets for own use

All items classed as fixed assets for own use in the statement of financial position are initially measured at cost. After initial recognition, these are carried at historical cost less accumulated depreciation. Subsequent costs are only capitalized when future economic benefits are increased, probable, and can be measured reliably.

Depreciation is calculated on the straight-line basis over the estimated useful lives to the estimated residual value, as follows:

Type of asset	Years
Land	Indefinite
Own buildings	40 years
Equipment	5-20 years

An item of fixed assets for own use is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives and method of depreciation are reviewed regularly, and at least at each financial year end. These are adjusted prospectively, if necessary.

Accounting policy for investments in associates
Investments in associates are accounted using the equity method of accounting.

4.4 Accounts payable and other liabilities

in millions of euros	2017*	2016*/**
Accounts payable and other short-term liabilities		
Accounts payable	761	791
Payable to the buyer of Athlon (note 4.2)	-	26
Accrued expenses	97	104
VAT payable	54	44
	912	**965**
Other liabilities		
Deferred income	86	97
Net defined benefit plan liability	25	22
Other	36	(7)
	147	**112**
Total other liabilities	**1,059**	**1,077**

* As at 31 December
** Refer to note iv. Prior year adjustments

Accounts payable
Accounts payables are non-interest bearing short-term obligations due from DLL, that and are normally settled on 60-day terms. Furthermore, due to the short-term nature of these accounts payable their carrying amount approximates their fair value.

Net defined benefit plan liabilities
A defined benefit pension plan is a retirement plan that defines an amount of pension benefit an employee is entitled to receive on retirement, dependent on one or more factors such as age, years of service and salary.

DLL operates two defined benefit pension plans in UK and in Sweden:

in millions of euros	2017*	2016*
DLL UK		
Plan assets	11	13
Plan liabilities	(22)	(24)
Net defined benefit plan liability	(11)	(11)
DLL Sweden		
Net defined benefit plan liability	(14)	(11)
Total net defined benefit plans liabilities	(25)	(22)

* As at 31 December

DLL UK
The defined benefit plan in the UK requires contributions to be made to a fund in which both DLL Leasing Limited and Rabobank London Branch participate. The fund is closed to new members and is therefore a run off scheme with no active members, only deferred members and retired members at 31 December 2017. DLL has a constructive obligation to fund any deficits on the plan in relation to its (former) staff.

DLL Sweden
Unlike the UK defined benefit plan, the defined benefit plan in Sweden is not funded against plan assets. However, the fund administrator of DLL Sweden's defined benefit plan issues credit insurance against which employee pensions are secured. Employees will therefore receive their pensions regardless of the financial position of DLL Sweden.

In 2017 or in 2016 there were no material changes to underlying assumptions.

Both defined benefit plans demonstrated no material sensitivity to a reasonably possible change in the key underlying assumptions (discount rate, income increase, inflation rate and mortality) at 31 December 2017 (nor at 31 December 2016).

Valuation of net defined benefit liabilities
The value of a defined benefit pension liability is determined through a full actuarial valuation by a qualified independent actuary. This valuation, performed annually, involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. These assumptions are developed by a qualified independent actuary and validated by the management of DLL Sweden (for DLL Sweden pension plan) or the management of Rabobank London Branch (for the DLL UK pension plan). Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Other liabilities
These mainly consist of wage tax and social security to be paid and accrued expenses related to rental of buildings, external service providers and pensions.

Accounting policy for accounts payable
Accounts payable are recognized for services consumed by DLL or goods received, for which DLL has not yet paid. They are carried at amortized cost, which approximates the nominal value due to its short-term nature.

Accounting policy for net defined benefit plan liabilities
- The cost of providing benefits is determined separately for each plan using the projected unit credit method.
- Plan assets (only applicable to DLL UK) are measured at fair value at balance sheet date.

– Remeasurements comprise actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability). Remeasurements are recognized immediately in the statement of financial position with a corresponding adjustment to equity through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.
– Net interest income/expense is calculated by applying the discount rate to the net defined benefit liability or asset and is recognized directly in profit or loss in Other interest income/expense as appropriate.
– Service costs – comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements recognized directly in profit or loss in staff expenses.

4.5 Provisions

in millions of euros	2017*	2016*
Provision for restructuring	7	15
Provision for tax and legal claims	23	26
Other provisions	-	4
	30	**45**
Insurance related provisions	60	61
Total provisions	**90**	**106**

* As at 31 December

Provision for restructuring

Provisions for restructuring consists of future payments relating to redundancy and other costs directly attributable to a reorganization program. The outflow is expected to occur in 2018. Staff are notified before any provision for restructuring is created.

Provision for tax and legal claims

Tax claims are claims from local tax authorities and include all amounts claimed in excess of the taxes recognized in the regular business. Fines and interest charged by tax authorities are included in the provision for tax claims if the outflow is probable.

Legal claims contains provisions related to legal claims against DLL. This provision is based on the best possible estimates of the outcomes, that take into account legal advice received where available. The timing of the cash outflow of these provisions is uncertain because the outcome of the disputes and the time involved are complex to reasonably predict.

Changes in provisions (other than insurance provisions, which are presented separately below) were as follows:

in millions of euros	Provision for restructuring	Provision for tax and legal claims	Other provisions	Total
As at 1 January 2017	15	26	4	45
Added	-	3	11	14
Released	(4)	(1)	(1)	(6)
Utilized	(4)	(3)	(14)	(21)
Net exchange differences	-	(2)	-	(2)
As at 31 December 2017	**7**	**23**	**-**	**30**
As at 1 January 2016	8	25	2	35
Added	10	5	5	20
Released	(1)	(4)	(1)	(6)
Utilized	(2)	(2)	(2)	(6)
Net exchange differences	-	2	-	2
As at 31 December 2016	**15**	**26**	**4**	**45**

Insurance related provisions

Insurance related provisions include unearned reinsurance premium reserve and loss reserves (outstanding loss reserve and reserve for incurred but not reported losses, or IBNR reserve). These reserves arise from reinsurance activities carried out by DLL through its subsidiary DLL RE DAC in Ireland (DLL RE). These reinsurance activities are limited to providing reinsurance coverage to insurance companies, related to insured property, personal accident and liability risks associated with assets that DLL finances to its customers.

DLL RE operates as a non-life reinsurance business, reinsuring programmes underwritten by insurance companies insuring risks related to assets, leases and financing provided by DLL, its subsidiaries and vendor partners.

Insurance related provisions comprised:

in millions of euros	2017*	2016*
Unearned premium reserve	37	40
Loss reserves	23	21
Total insurance related provisions	**60**	**61**

* As at 31 December

The analysis of the remaining maturity of the insurance related provisions is included in the note 4.7.

Over 55% (2016: over 45%) of total premiums written are related to reinsurance of physical damage of motor vehicles (predominantly agricultural equipment).

Changes in insurance related provisions are presented below:

in millions of euros	2017*	2016*
Unearned premium reserve		
Opening balance	40	22
Premiums written	20	23
Premiums earned	(16)	(18)
Portfolio transfer	-	9
Net exchange differences	(7)	4
Closing balance	**37**	**40**
Loss reserve		
Opening balance	21	10
Movement in provision	3	9
Portfolio transfer	-	1
Net exchange differences	(1)	1
Closing balance	**23**	**21**

* As at 31 December

The total amount of premiums written by DLL RE was EUR 20 million (2016: EUR 23 million) net of movements in unearned premium reserve, loss reserves as detailed above and total amount of claims paid of EUR 8 million (2016: EUR 7 million) is included in Other income.

Insurance risk management

The DLL RE business assumes risk of losses from persons or organizations that are directly exposed to an underlying loss. Insurance risk arises from this risk transfer due to inherent uncertainties about the occurrence, amount and timing of insurance liabilities the four key components of insurance risk are underwriting, reinsurance, claims management and reserving. DLL RE manages the insurance risk through underwriting limits, approval procedures and limits for transactions that involve new products or that exceed those limits, pricing guidelines, centralized management of reinsurance and monitoring of emerging issues.

Underwriting risk is the key risk involved in DLL RE's reinsurance business. Underwriting risk is the risk that DLL RE does not charge premiums appropriate for the portfolio it reinsures. As part of its underwriting procedures DLL RE undertakes careful and extensive analysis, taking external advice where necessary, before final approval by the DLL RE Risk committee or Board.

The DLL's underwriting strategy it to provide insurance products associated with the DLL's existing business operations, adding value to the Group. Primary opportunities are set out in the DLL RE business plan, which outlines the classes of business to be written and respective territories. DLL RE currently does not retrocede any of its risks to third parties.

The principal assumptions underlying the DLL RE reserving policy are based on the probability that the expected future claims, in frequency and severity, shall be met by the claims liabilities provided. The provisions for outstanding claims and unexpired risks are established accordingly. DLL uses a range of actuarial techniques for calculating loss reserves.

Accounting policy for provisions

Provisions other than insurance related are recognized when DLL has a legal or constructive obligation and future cash outflows associated with settlement of that obligation are probable and can be estimated. Expense relating to provisions is recorded in the profit or loss.

Insurance related provisions

Unearned premium reserve comprises the part of the gross reinsurance premiums written which is to be allocated to the current financial period. The change in this reserve is taken to the statement of profit or loss as recognition of revenue over the period of risk.

Loss reserves include the outstanding claims provision and reserve for identified but not yet reported (IBNR) losses. The outstanding claims provision represent the estimated ultimate cost of settling all claims arising from events which have occurred up to the reporting date and have been identified by DLL. The IBNR reserve represents an estimate of loss and claims adjustment expenses associated with future likely claims activity based on historical actual results that establish a reliable pattern. This pattern is used to estimate IBNR amounts and the timing of those amounts for financial statement purposes.

4.6 Related party transactions

DLL identified the following related parties:

Parent company

The immediate and ultimate parent of DLL is Coöperatieve Rabobank U.A. (refer to Section A, for further details).

Companies under common control

All companies that are controlled by the Rabobank group.

Associates

DLL has investments in other entities which it does not control but exercise significant influence (associates). Refer to note 4.3 for further details.

Key management personnel

Key management personnel of DLL comprises members of DLL's Executive Board and members of DLL's Supervisory Board.

Defined benefit pension funds
DLL's post-employment benefit plans for its employees are administered through the following separate pension funds in the UK and Sweden, respectively:
- Rabobank London Branch Pension Fund
- PRI Pensionsgaranti

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From time to time DLL enters into transactions with its related parties. Information about such transactions and associated balances, income and expenses are disclosed in these financial statements as follows:

Related party and type of transaction	Note
Rabobank and members of Rabobank group	
Borrowings	3.2
Associated interest expenses	2.1
Disposal group held for distribution	4.2
Derivatives	3.4
Associated gains and losses	2.2
Due from banks	3.5
Associated interest income	2.1
Issued debt securities*	3.3
Cash and cash equivalents	3.6
Administrative cost from the parent	2.5
Net defined benefit liability	4.4
Associates	
Investment in associates	4.3
Share of profit or loss of associates	4.3
Key management personnel of DLL	
Short and long-term benefits, and other remuneration	2.4

* Interest expenses associated with debt securities issued to related parties are not material.

DLL does not issue commitments to its related parties.

4.7 Commitments and contingencies

Commitments
Financial guarantees and undrawn irrevocable credit facilities
To meet the financial needs of customers, DLL enters into various revocable and irrevocable commitments in the ordinary course of conducting its business. These commitments include financial guarantees and commitments to provide financing to customers. Even though these obligations are not recognized on balance sheet, DLL is exposed to credit risk on these instruments and therefore includes them in its credit risk management process (refer to note 1.3). Given that these instruments can lead to a cash outflow, they are included in the liquidity management purposes framework of DLL (refer to note 3.7).

Intra-group mutual keep well system
DLL is part of an intra-group mutual keep well system as described in note i Corporate Information, under which all the participating entities are bound, in the event of a lack of funds of a participating entity to satisfy its creditors, to provide the funds necessary to allow the deficient participant to satisfy its creditors. That system includes DLL entities as well as Rabobank entities, accordingly DLL does not only receive unlimited guarantee support from its parent, but also provides such support to its parent.

DLL does not have any other material commitments from contractual arrangements or constructive obligations.

Contingencies
Legal claims
DLL is involved in various litigation, arbitration and regulatory proceedings, both in The Netherlands and in other jurisdictions in the ordinary course of its business. DLL has formal controls and policies for managing legal claims. Based on professional legal advice, DLL provides and/or discloses amounts in accordance with its accounting policies described below.

At 31 December 2017, DLL had no material unresolved legal claims and disputes (2016: none), where a negative outcome and a respective cash outflow was possible (the probability is higher than 'remote' but lower than 'probable'). For legal claims with a probable negative outcome, leading to a probable cash outflow in the future, DLL recognized provisions on its statement of financial position, refer to note 4.5.

Accounting policy for contingencies
Where the probability of outflow is considered to be higher than remote, a contingent liability is disclosed. However, in the event DLL is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then DLL does not include detailed, case-specific disclosures.

Contingent liabilities disclosed by DLL are assessed continually to determine whether an outflow of resources has become probable, in which case a provision is recognized in the financial statements of the period in which the change in probability occurs.

4.8 Group structure

The consolidated financial statements of DLL include the following key operating entities as at 31 December 2017. There were no changes to the group structure compared to prior year apart from disposal of Financial Solutions in 2017 which is further described in note 4.2.

Country of incorporation	Entity name	Principal activities	% equity interest 31 December 2017
Australia	De Lage Landen Pty Limited	Vendor financing	100
Brazil	Banco De Lage Landen Brasil S.A.	Vendor financing	75
Canada	De Lage Landen Commercial Finance Inc.	Vendor financing	100
Canada	De Lage Landen Financial Services Canada Inc.	Vendor financing	100
France	AGCO Finance S.N.C.	Vendor financing	51
Germany	De Lage Landen Leasing GmbH	Vendor financing	100
Ireland	DLL Ireland DAC	Treasury entity	100
Ireland	DLL Liquid Investments DAC	Treasury entity	100
Netherlands	De Lage Landen Vendorlease B.V.	Vendor financing	100
Sweden	De Lage Landen Finans AB	Vendor financing	100
United Kingdom	De Lage Landen Leasing Limited	Vendor financing	100
United States of America	De Lage Landen Financial Services, Inc.	Vendor financing	100
United States of America	DLL Finance LLC	Vendor financing	100
United States of America	AGCO Finance LLC	Vendor financing	51

Principal subsidiaries in which third parties have non-controlling interest (NCI) are listed below:

in millions of euros		2017*				2016*			
Group entity	Country	%	Dividends paid to NCI	NCI Equity stake	Profit allocated to NCI	%	Dividends paid to NCI	NCI Equity Stake	Profit allocated to NCI
Individually material for the Group:									
AGCO Finance S.N.C.	France	49%	5	97	7	49%	4	89	10
AGCO Finance LLC	USA	49%	16	47	3	49%	19	68	11
De Lage Landen Participacoes Limitada	Brazil	25%	3	67	9	25%	5	79	7
AGCO Finance GmbH	Germany	49%	5	49	4	49%	2	51	5
AGCO Finance Canada, Ltd	Canada	49%	29	12	4	49%	-	38	4
Philips Medical Capital, LLC	USA	40%	7	24	8	40%	14	26	9
Cargobull Finance Holding B.V	The Netherlands	49%	-	75	7	49%	-	68	6
Mahindra Finance USA LLC	USA	49%	-	42	4	49%	-	40	4
Other individually immaterial non-controlling interest			13	57	8		11	58	9
Total			**78**	**470**	**54**		**55**	**517**	**64**

* As at 31 December

Summarized financial information of subsidiaries that have material non-controlling interest is provided below:

Summarized statement of financial position for AGCO Finance S.N.C.:

in millions of euros	2017*	2016*
Assets		
Due from customers	1,270	1,216
Other assets	192	169
Total assets	**1,462**	**1,385**
Liabilities		
Borrowings	1,237	1,185
Other liabilities	26	19
Total liabilities	**1,263**	**1,204**
Net assets	**199**	**181**
Non-controlling interest share of net assets	**97**	**89**

* As at 31 December

Summarized profit or loss and other comprehensive income for AGCO Finance S.N.C.:

in millions of euros	2017	2016
Interest income from customers	43	46
Profit/(loss) for the year	14	20
Other comprehensive income	-	-
Profit allocated to non-controlling interest	**7**	**10**

Summarized statement of financial position for AGCO Finance LLC:

in millions of euros	2017*	2016*
Assets		
Due from customers	1,782	2,136
Other assets	103	62
Total assets	**1,885**	**2,198**
Liabilities		
Borrowings	1,746	2,008
Other liabilities	43	51
Total liabilities	**1,789**	**2,059**
Net assets	**96**	**139**
Non-controlling interest share of net assets	**47**	**68**

* As at 31 December

Summarized profit or loss and other comprehensive income for AGCO Finance LLC:

in millions of euros	2017	2016
Interest income from customers	82	83
Profit/(loss) for the year	7	23
Other comprehensive income	-	-
Profit allocated to non-controlling interest	**3**	**11**

Summarized statement of financial position for DLL Participações Limitada:

in millions of euros	2017*	2016*
Assets		
Due from customers	1,195	1,298
Other assets	122	142
Total assets	**1,317**	**1,440**
Liabilities		
Borrowings	1,047	1,147
Other liabilities	25	25
Total liabilities	**1,072**	**1,172**
Net assets	**245**	**268**
Non-controlling interest share of net assets	**67**	**79**

* As at 31 December

Summarized profit or loss and other comprehensive income for DLL Participações Limitada:

in millions of euros	2017	2016
Interest income from customers	94	71
Profit/(loss) for the year	21	16
Other comprehensive income	-	-
Profit allocated to non-controlling interest	**9**	**7**

Summarized statement of financial position
for AGCO Finance GmbH:

in millions of euros	2017*	2016*
Assets		
Due from customers	894	859
Other assets	109	58
Total assets	**1,003**	**917**
Liabilities		
Borrowings	885	807
Other liabilities	17	6
Total liabilities	**902**	**813**
Net assets	**101**	**104**
Non-controlling interest share of net assets	**49**	**51**

* As at 31 December

Summarized profit or loss and other comprehensive income
for AGCO Finance GmbH:

in millions of euros	2017	2016
Interest income from customers	29	33
Profit/(loss) for the year	8	11
Other comprehensive income	-	-
Profit allocated to non-controlling interest	**4**	**5**

Summarized statement of financial position
for AGCO Finance Canada, Ltd:

in millions of euros	2017*	2016*
Assets		
Due from customers	469	497
Other assets	35	7
Total assets	**504**	**504**
Liabilities		
Borrowings	438	387
Other liabilities	43	39
Total liabilities	**481**	**426**
Net assets	**23**	**78**
Non-controlling interest share of net assets	**12**	**38**

* As at 31 December

Summarized profit or loss and other comprehensive income
for AGCO Finance Canada, Ltd:

in millions of euros	2017	2016
Interest income from customers	22	22
Profit/(loss) for the year	8	8
Other comprehensive income	-	-
Profit allocated to non-controlling interest	**4**	**4**

Summarized statement of financial position
for Philips Medical Capital, LLC:

in millions of euros	2017*	2016*
Assets		
Due from customers	394	429
Other assets	78	83
Total assets	**472**	**512**
Liabilities		
Borrowings	397	444
Other liabilities	15	3
Total liabilities	**412**	**447**
Net assets	**60**	**65**
Non-controlling interest share of net assets	**24**	**26**

* As at 31 December

Summarized profit or loss and other comprehensive income
for Philips Medical Capital, LLC:

in millions of euros	2017	2016
Interest income from customers	23	24
Profit/(loss) for the year	20	23
Other comprehensive income	-	-
Profit allocated to non-controlling interest	**8**	**9**

Summarized statement of financial position for Cargobull Finance Holding B.V.:

in millions of euros	2017*	2016*
Assets		
Due from customers	608	554
Other assets	246	281
Total assets	**854**	**835**
Liabilities		
Borrowings	672	667
Other liabilities	29	29
Total liabilities	**701**	**696**
Net assets	**153**	**139**
Non-controlling interest share of net assets	**75**	**68**

* As at 31 December

Summarized profit or loss and other comprehensive income for Cargobull Finance Holding B.V:

in millions of euros	2017	2016
Interest income from customers	23	21
Profit/(loss) for the year	14	11
Other comprehensive income	-	-
Profit allocated to non-controlling interest	**7**	**6**

Summarized statement of financial position for Mahindra Finance USA LLC:

in millions of euros	2017*	2016*
Assets		
Due from customers	837	831
Other assets	10	7
Total assets	**847**	**838**
Liabilities		
Borrowings	760	752
Other liabilities	2	4
Total liabilities	**762**	**756**
Net assets	**85**	**82**
Non-controlling interest share of net assets	**42**	**40**

* As at 31 December

Summarized profit or loss and other comprehensive income for Mahindra Finance USA LLC:

in millions of euros	2017	2016
Interest income from customers	45	36
Profit/(loss) for the year	8	8
Other comprehensive income	-	-
Profit allocated to non-controlling interest	**4**	**4**

4.9 Country-by-country reporting

DLL is active across over 30 countries, grouped in five main geographical areas. The country of domicile of DLL is the Netherlands. The table below includes specific information for each country, with allocation per country based on the location of the relevant subsidiary from which the transactions are initiated. The activities for all countries are leasing, except for Ireland, where DLL's central Treasury is located. When completing the table, the guidance of and definitions from the OECD/G20 Base Erosion and Profit Shifting Project on country-by-country reporting are applied.

31 December 2017 (in millions of euros)				
Geographic location				
Country	Revenues	Average number of FTEs	Profit/(loss) before tax	Incomes taxes
The Netherlands				
The Netherlands	75.0	881	(24.9)	13.5
Rest of Europe				
Germany	83.5	273	35.4	(11.3)
France	62.4	131	34.1	(4.2)
Ireland	86.9	66	122.6	(16.2)
United Kingdom	78.4	214	39.9	(8.1)
Spain	24.0	109	9.9	(2.3)
Italy	55.6	118	30.8	(5.2)
Portugal	3.5	16	1.1	(0.1)
Austria	1.9	2	1.2	(0.3)
Switzerland	3.6	6	1.6	(0.4)
Sweden	30.0	140	2.9	(0.6)
Norway	16.1	34	6.5	(1.5)
Finland	5.0	8	2.4	(0.4)
Denmark	15.0	25	6.5	(1.1)
Russia	20.2	60	4.2	(3.0)
Poland	16.6	89	9.7	(0.4)
Hungary	6.4	37	1.9	(0.1)
Turkey	4.6	26	1.3	0.0
Belgium	15.2	52	7.1	(2.4)
Romania	0.4	3	0.2	0.0
North America				
United States	507.1	1,363	160.6	148.0
Canada	79.4	195	44.8	(11.3)
Latin America				
Brazil	77.6	206	45.5	(16.3)
Argentina	2.6	12	1.0	(0.3)
Mexico	11.5	62	5.2	(1.5)
Chile	5.7	28	1.5	0.0
Asia Pacific				
Australia	52.2	117	22.3	(6.4)
New Zealand	10.3	4	5.3	(1.5)
China	23.1	97	(37.8)	(0.4)
India	6.2	156	(5.2)	0.0
Singapore	3.4	21	1.4	0.0
South Korea	6.9	25	2.1	(0.1)
United Arab Emirates	(0.1)	1	(0.6)	0.0

31 December 2016 (in millions of euros)				
Geographic location				
Country	Revenues	Average number of FTEs	Profit/(loss) before tax	Incomes taxes
The Netherlands				
The Netherlands	577.0	1,704	364.4	(24.3)
Rest of Europe				
Germany	113.7	396	50.2	(15.6)
France	91.5	228	36.5	(11.7)
Ireland	93.8	61	81.7	(10.4)
United Kingdom	79.6	201	38.8	(8.0)
Spain	37.9	161	16.6	(9.8)
Italy	60.5	168	31.9	(5.5)
Portugal	4.4	20	1.4	(0.4)
Austria	1.7	2	1.0	(0.2)
Switzerland	3.3	8	0.6	(0.4)
Sweden	32.3	152	7.0	(3.3)
Norway	14.5	33	7.1	(1.9)
Finland	3.9	7	1.7	(0.5)
Denmark	15.1	24	7.8	(1.0)
Russia	14.0	55	8.3	(1.7)
Poland	18.2	114	9.9	(1.7)
Hungary	6.8	35	2.8	(0.2)
Turkey	4.1	26	(1.2)	0.0
Belgium	54.6	240	17.0	(5.7)
Romania	0.4	2	0.2	0.0
North America				
United States	508.9	1,357	196.4	(74.6)
Canada	74.9	201	36.9	(9.2)
Latin America				
Brazil	69.6	215	25.8	(9.6)
Argentina	2.0	11	1.5	(0.6)
Mexico	10.3	60	3.4	(0.8)
Chile	4.8	28	0.0	0.0
Asia Pacific				
Australia	45.6	110	20.3	(6.0)
New Zealand	8.7	4	3.7	(1.0)
China	24.3	98	5.7	(2.0)
India	4.8	59	(0.7)	0.0
Singapore	3.0	28	(0.3)	0.0
South Korea	6.0	24	(1.9)	(0.1)
United Arab Emirates	0.0	0	(0.2)	0.0

4.10 Other significant accounting policies

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of DLL is the euro which is also the presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in profit or loss. They are presented on a net basis within gains/(losses) from financial instruments, except for translation differences on assets and liabilities carried at fair value, which are reported as part of the respective fair value gain or loss.

Group companies

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

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
– income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (if this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, then income and expenses are translated at the dates of the transactions), and
– all resulting exchange differences are recognized in other comprehensive income (within the FCTR).

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Fair value measurement

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the item, or in case of absence of a principle market, in the most advantageous market for the item.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The Levels are defined as follows, based on the lowest level input significant to the measurement as a whole:

– Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
– Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is (in)directly observable.
– Level 3 – Valuation techniques for which the lowest level of input that is significant to the fair value is unobservable.

When fair values cannot be measured based on quoted prices in active markets, they are measured using valuation techniques including discounted cash flow models. Inputs to these models are taken from observable markets wherever possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

All fair values disclosed in these financial statements are recurring fair values, except when otherwise indicated.

Financial instruments recognition date

Financial assets and liabilities should be recognized either at trade date (the date that DLL committed itself to buy/sell an asset) or settlement date (the date on which the asset is actually delivered). All instruments that are measured at amortized cost are recognized by DLL at settlement date. Instruments that are measured at fair value are recognized at trade date.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts though the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the EIR, DLL estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the EIR, transaction costs, and all other premiums and discounts.

4.11 IFRS Standards issued but not yet effective

The below Standards and Amendments have been issued by the International Accounting Standards Board but are as yet not effective. DLL has elected to not early-adopt these Standards and Amendments.

	Standard	Issue date	Effective date	Expected effects
New standards	IFRS 9 Financial instruments	24 July 2014	1 January 2018	IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. This standard replaces IAS 39. In particular the impairment requirements will lead to higher loan loss allowances as from 1 January 2018. Instead of incurred loss, expected loss must be recognized. The allowances for impaired finance lease receivables and loans of EUR 251 million as per 31 December 2017 will be replaced by IFRS 9 stage 1, 2 and 3 provisions amounting to EUR 264 million as per 1 January 2018. The total impact of EUR 9 million (net of income tax) will be deducted from equity as per moment of implementation.
	IFRS 15 Revenue from contracts with customers	28 May 2014	1 January 2018	This new Standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The new Standard will not have a significant impact on the Company's revenue recognition. DLL will implement the standard as per effective date.
	IFRS 16 Leases	13 January 2016	1 January 2019*	Lessees will, in principle, recognize all leases on their balance sheet as right-of-use asset (including operating lease assets) with the corresponding lease liability (for finance lease as well as operating leases). DLL expects that this standard will not have significant impact on the Company's financial position. DLL will implement the standard as per effective date.
Amendments	IFRS 2 Share-based payment	20 June 2016	1 January 2018*	Amendment to clarify the classification and measurement of share-based payment transactions. No expected impact on financial position. DLL will implement the standard as per effective date.
	IFRS 4 Insurance contracts	12 September 2016	1 January 2018*	Amendments regarding the interaction of IFRS 4 and IFRS 9. No expected material impact on financial position. DLL will implement the standard as per effective date.

* Effective date is subject to the endorsement by the European Union

C1 – List of acronyms

AFS	Available-for-sale
AGCO	AGCO Finance
ALCO	Asset and Liability Committee
CC	Corporate Center and other business
CGU	Cash Generating Unit
CRD IV	Capital Requirements Directive IV
CRR	Capital Requirements Regulation
CT&I	Construction, Transportation and Industrial segment
DCF	Discounted Cash Flow
DLL	De Lage Landen International B.V.
DNB	De Nederlandsche Bank/Dutch Central Bank
DRN	Deferred Remuneration Note
EAD	Exposure at default
EatR	Earnings at Risk
EB	Executive Board
EIR	Effective Interest Rate
F&A	Food and Agriculture segment
FCTR	Foreign Currency Translation Reserve
FTEs	Full-Time Equivalent
GBU	Global Business Unit
GCC	Global Credit Committee
GRC	Global Risk Committee
HC&CT	Health Care & Clean Tech segment
IASB	International Accounting Standards Board
IBNR	Incurred but not reported
IFRS	International Financial Reporting Standards
LCC	Local Credit Committee
LGD	Loss given default
MTPL	Motor Third Party Liability
NCI	Non-controlling interest
NRV	Net Realizable Value
OT	Office Technology segment
PD	Probability of default
PwC	PricewaterhouseCoopers Accountants N.V.
RC	Rabobank Certificate
RRR	Rabobank Risk Rating
S&P	Standard & Poor
SPV	Special purpose vehicle
SREP	Supervisory Review and Evaluation Process

Employ smarter financing in office technology

Office technology and DLL

Office technology advancements and convergence help everyone from small businesses to multinationals connect more easily to their customers and to the world. The depth and breadth of our office technology services allow us to deliver total financial solutions to our partners. From operating leases to commercial and stock financing, we enable our partners to develop faster, promote more efficient communication and implement broader IT solutions.

Company financial statements

Contents

Company statement of **financial position**

(before profit appropriation) as at 31 December

in millions of euros	Notes	2017	2016
Assets			
Cash	2	413	431
Loans to banks	3	1,344	1,420
Loans to subsidiaries	4	956	1,345
Due from customers	5	2,431	2,107
Derivatives	6	12	22
Investments in subsidiaries	7	4,449	4,258
Investments in associates	8	24	24
Goodwill and other intangible assets	9	23	36
Tangible fixed assets	10	71	64
Other assets	11	1,412	1,320
Total assets		**11,135**	**11,027**
Liabilities			
Borrowings	12	7,655	6,797
Security deposits from customers		1	1
Derivatives	6	3	21
Other liabilities	13	298	322
Provisions	14	6	25
Total liabilities		**7,963**	**7,166**
Equity			
Share capital	22	98	98
Share premium	22	1,135	1,135
Revaluation reserves	22	177	(9)
Legal and statutory reserves	22	(80)	147
Other reserves	22	1,290	1,779
Unappropriated result	22	552	711
Total equity		**3,172**	**3,861**
Total liabilities and equity		**11,135**	**11,027**

Company statement of **profit or loss**

for the year ended 31 December

in millions of euros	Notes	2017	2016
Interest revenue	15	104	109
Interest expenses	15	(75)	(82)
Fee income		21	17
Fee expenses		(9)	(3)
Gains/(losses) from financial instruments		(24)	(51)
Other operating income	16	168	212
Total operating income		**185**	**202**
Result from subsidiaries		**554**	**773**
Staff expenses	17	(118)	(160)
Depreciation and impairment of fixed and intangible assets	9, 10	(29)	(26)
Other operating expenses	18	(50)	(89)
Credit losses for due from customers		(6)	(9)
Total operating expenses		**(203)**	**(284)**
Profit before tax		**536**	**691**
Tax income/(expense)		16	20
Profit after tax		**552**	**711**

Notes to the **Company financial statements**

1. General

These company financial statements, are prepared for De Lage Landen International B.V. (DLL, KvK 17056223 0000, seated in Eindhoven) for the year ended 31 December 2017, pursuant to the provision in Part 9, Book 2, of the Dutch Civil Code. In these company financial statements DLL applied the accounting policies it used in its consolidated financial statements prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union, pursuant to the provisions of Article 362, sub 8, Part 9, Book 2 of the Dutch Civil Code. DLL is a wholly owned subsidiary of Coöperatieve Rabobank U.A. (Rabobank), a Dutch cooperative bank based in Amsterdam, The Netherlands. As such, DLL is considered a part of the Rabobank Group.

The accounting policies set out before in preparing the DLL consolidated financial statements for the year ended 31 December 2017 are also applied in these company financial statements. Accordingly, in certain notes to these company financial statements reference is made to the notes to the consolidated financial statements. The model used for the company statement of financial position is not fully in accordance with the 'Besluit modellen jaarrekening'. DLL is of the opinion that the model used provides a better insight.

DLL has a banking license in The Netherlands since 1988 and is regulated by the European Central Bank and the Dutch Central Bank (De Nederlandsche Bank or DNB).

Under the Dutch Financial Supervision Act (Wet op het financieel toezicht), various legal entities owned by Rabobank are jointly and severally liable under an internal intra-group mutual keep well arrangement that requires the participating entities to provide the funds necessary should any participant not have sufficient funds to settle its debts. The system is a remnant of Rabobank's previous cooperative structure that was in effect until 31 December 2015, when the Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and the local member banks merged into a single legal entity: Coöperatieve Rabobank U.A. Therefore, it is intended that the system will be terminated in the course of 2018.
As at 31 December 2017, the participants are:
- Coöperatieve Rabobank U.A., Amsterdam
- Rabohypotheekbank N.V., Amsterdam
- Raiffeisenhypotheekbank N.V., Amsterdam
- De Lage Landen International B.V., Eindhoven
- Rabo Direct Financiering B.V. (previously named De Lage Landen Financiering B.V.), Eindhoven
- Rabobank Factoring B.V. (previously named De Lage Landen Trade Finance B.V.), Eindhoven
- Rabo Lease B.V. (previously named De Lage Landen Financial Services B.V.), Eindhoven

In addition to that pursuant to Section 403 of Book 2 of the Dutch Civil Code, Rabobank has assumed liability for the debts arising from the legal transactions of DLL and several of its subsidiaries:
- De Lage Landen America Holdings B.V.
- De Lage Landen Corporate Finance B.V.
- De Lage Landen Facilities B.V.
- De Lage Landen International B.V.
- De Lage Landen Vendorlease B.V.

2. Cash

The following table provides an overview of cash balances at Rabobank and its related entities as well as balances at other banks.

in millions of euros	2017*	2016*
Current account Rabobank and its related entities	41	94
Current account DLL group entities	370	333
Other banks	2	4
Total cash and cash equivalents	**413**	**431**

* As at 31 December

3. Loans to banks

in millions of euros	2017	2016
Opening balance	1,420	1,247
Loans issued	3,764	3,829
Loans repaid	(3,840)	(3,656)
Interest accrued	(2)	3
Interest received	2	(3)
Closing balance	**1,344**	**1,420**

The maturity of these loans is as follows:

in millions of euros	2017*	2016*
Less than 3 months	36	416
More than 3 months, less than 1 year	221	-
More than 1, less than 5 years	1,087	1,004
More than 5 years	-	-
Total loans to banks	**1,344**	**1,420**

* As at 31 December

DLL issued EUR denominated loans to Rabobank entities in amount of EUR 1,344 million (2016: EUR 1,420 million), that relate to a loan-deposit structure between DLL and Rabobank, which is used to mitigate foreign currency risk of DLL's net investments in foreign operations. These loans and deposits are floating rate transactions and carry interest rates based of 3M LIBOR or EURIBOR plus currency funding spreads and mature between 2018 and 2022 and have a fair value of EUR 1,353 million. As the second leg of this loan-deposit structure, DLL received USD denominated long-term borrowings from Rabobank amounting to EUR 1,123 million (2016: EUR 1,186 million), where the issued loans are pledged as collateral for these borrowings. Refer to note 12. The principal amounts and terms of these loans match, however they do not qualify for offsetting and are recorded gross in the Company statement of financial position.

4. Loans to subsidiaries

in millions of euros	2017	2016
Opening balance	1,345	978
Loans issued	2,757	559
Loans repaid	(3,145)	(191)
Interest accrued	3	6
Interest received	(4)	(7)
Closing balance	**956**	**1,345**

The maturity of these loans is as follows:

in millions of euros	2017*	2016*
Less than 3 months	155	161
More than 3 months, less than 1 year	4	184
More than 1, less than 5 years	500	673
More than 5 years	297	327
Total loans to subsidiaries	**956**	**1,345**

* As at 31 December

The loans to subsidiaries have a fair value as per 31 December 2016 of EUR 961 million.

5. Due from customers

DLL's main portfolios include finance leases that provide asset-based financing to customers, and loans to customers, that represent commercial, and other financing. These leases and loans are originated in the branches of DLL in Spain, Germany, Italy and Portugal. The balance at 31 December comprises the following:

in millions of euros	2017*	2016*
Finance lease receivables	1,698	1,497
Loans to customers	815	692
	2,513	**2,189**
Allowance for impairment**	(82)	(82)
Total due from customers	**2,431**	**2,107**

* As at 31 December

** For a description of credit risk management policies and governance as well as policies for the allowance for impairment, refer to note 1.3 in the consolidated financial statements

Unguaranteed residual value

The value of unguaranteed residual values accruing to DLL at 31 December 2017 was EUR 77 million (2016: EUR 90 million).

Investment in finance leases

The below summarizes outstanding gross investment in finance lease receivables as well as unearned finance income:

in millions of euros	2017*	2016*
Less than 1 year	623	589
More than 1, less than 5 years	1,075	955
More than 5 years	40	28
Gross investment in leases	**1,738**	**1,572**
Unearned finance income	(118)	(121)
Net investment in leases	**1,620**	**1,451**

* As at 31 December

Fair value changes of finance receivable portfolios hedged

In the course of 2017 DLL applies macro fair value hedge accounting for the interest risk on the fixed rate EUR finance receivable portfolios. The fair value changes for assets that have been designated for macro fair value hedge accounting are included in due from customers and amounted to negative EUR (2) million as at 31 December 2017.

6. Derivatives

in millions of euros	2017*	2016*
Derivative assets at fair value through profit or loss		
Foreign exchange forwards (including non-deliverable forwards)	-	4
Interest rate swaps	3	18
Total derivative assets at fair value through profit or loss	**3**	**22**
Derivative assets designated as foreign net investment hedge		
Foreign exchange forwards (including non-deliverable forwards)	9	-
Total derivative assets designated as foreign net investment hedge	**9**	**-**
Total derivative assets	**12**	**22**
Derivative liabilities at fair value through profit or loss		
Foreign exchange forwards (including non-deliverable forwards)	-	(8)
Interest rate swaps	-	(13)
Total derivative liabilities at fair value through profit or loss	**-**	**(21)**
Derivative liabilities designated as foreign net investment hedge		
Foreign exchange forwards (including non-deliverable forwards)	(3)	-
Total derivative liabilities designated as foreign net investment hedge	**(3)**	**-**
Total derivative liabilities	**(3)**	**(21)**
Derivative notional amounts		
- Foreign exchange forwards (including non-deliverable forwards)	761	734
- Interest rate swaps	530	1,343
Total derivative notional amounts	**1,291**	**2,077**

* As at 31 December

The Company's derivative portfolio is limited to intercompany derivatives with its subsidiary DLL Ireland DAC, which undertakes a group treasury function for DLL. These derivatives are mainly used to hedge the currency translation risk of net investments in foreign operations. As of January 1st 2017, DLL implemented a Foreign Net Investment hedging model, which reduces the volatility of the gains/(losses) reflected in the profit or loss compared to 2016. In 2016 all derivatives were classified as held for trading under IFRS and were therefore held at fair value through profit or loss. The gains/(losses) from derivatives for the year ended 31 December 2017 were EUR 36 million (2016: EUR (8) million).

For more detailed information on the treatment of derivatives please refer to note 3.4 of the consolidated financial statements.

7. Investments in subsidiaries

Investments in subsidiaries are valued at net asset value. A full list of subsidiaries and associates is presented in note 23. Movements in investments in subsidiaries are as follows:

in millions of euros	2017	2016
Opening balance	4,258	4,416
Purchases and investments	-	13
Repayments and disposals	(114)	(6)
Dividends	(21)	(977)
Result for the year	554	773
Exchange rate differences	(228)	39
Closing balance	**4,449**	**4,258**

On 7 December 2016 the Executive Board of DLL approved a sale of DLL's Dutch non-vendor finance operations (Financial Solutions) to Coöperatieve Rabobank U.A., the parent of the Company. On 19 December 2016, the transaction was approved by Rabobank's Executive Board, at which point DLL initiated the restructuring process. The transaction was completed on 1 April 2017. Further reference is made to note 4.2 of the consolidated financial statements.

8. Investments in associates

A full list associates is presented in note 4.8 to the consolidated financial statements. Movements in investments in associates are as follows:

in millions of euros	2017	2016
Opening balance	24	24
Purchase and investments	-	-
Closing balance	**24**	**24**

9. Goodwill and other intangible assets

The following table provides a reconciliation of the carrying amount of goodwill and other intangible assets at the beginning and end of the period. These operating leases are originated in the branches of DLL in Spain, Germany, Italy and Portugal.

In millions of euros	Goodwill	Other	Total
Cost	2	152	154
Accumulated amortization and impairment	-	(118)	(118)
Net book value at 1 January 2017	**2**	**34**	**36**
Purchases	-	3	3
Amortization	-	(16)	(16)
Net book value as at 31 December 2017	**2**	**21**	**23**
Cost	2	152	154
Accumulated amortization and impairment	-	(104)	(104)
Net book value as at 1 January 2016	**2**	**48**	**50**
Purchases	-	-	-
Amortization	-	(14)	(14)
Net book value as at 31 December 2016	**2**	**34**	**36**

10. Tangible fixed assets

Tangible fixed assets can be split into the following three categories: fixed assets under operating lease, land and buildings, and equipment. For information on the valuation, depreciation, and expected useful lives of fixed assets under operating lease, please refer to note 1.2 of the consolidated financial statements. For respective accounting policies for land and buildings, and equipment, please refer to note 4.3 of the consolidated financial statements.

The table below shows the composition of fixed assets:

in millions of euros	2017*	2016*
Fixed assets under operating lease	51	40
Land and buildings	13	17
Equipment	7	7
Total fixed assets	**71**	**64**

* As at 31 December

in millions of euros	FAOL*	Land and buildings	Equipment	Total
Cost	54	43	26	123
Accumulated depreciation	(14)	(26)	(19)	(59)
Carrying amount at 1 January 2017	**40**	**17**	**7**	**64**
Purchases	25	-	3	28
Disposals	(5)	(3)	-	(8)
Depreciation charge	(9)	(1)	(3)	(13)
Cost	67	38	26	131
Accumulated depreciation	(16)	(25)	(19)	(60)
Carrying amount as at 31 December 2017	**51**	**13**	**7**	**71**
Cost	39	43	37	119
Accumulated depreciation	(12)	(25)	(28)	(65)
Carrying amount at 1 January 2016	**27**	**18**	**9**	**54**
Purchases	25	-	1	26
Disposals	(4)	-	-	(4)
Depreciation charge	(8)	(1)	(3)	(12)
Cost	54	43	26	123
Accumulated depreciation	(14)	(26)	(19)	(59)
Carrying amount as at 31 December 2016	**40**	**17**	**7**	**64**

* Fixed assets under operating lease

The table above presents changes in the carrying amount of total fixed assets for 2016 and 2017.

The table below summarizes future minimum lease payments under non-cancellable operating leases:

in millions of euros	2017*	2016*
Less than 1 year	12	15
More than 1, less than 5 years	22	26
More than 5 years	-	1
Total minimum lease payment	**34**	**42**

* As at 31 December

11. Other assets

The following table describes the composition of the other assets balance.

in millions of euros	2017*	2016*
Amounts receivable from the group companies	1,219	1,075
Current tax assets	55	143
Prepayments	50	39
Transitory assets	23	27
VAT to be claimed	41	24
Deferred tax assets	22	8
Other	2	4
Total other assets	**1,412**	**1,320**

* As at 31 December

Deferred tax assets in a particular DLL entity are recognized for deductible temporary differences, unused tax losses and unused tax credits, to the extent it is probable that taxable profits will be available in that entity against which the deferred tax asset can be utilized in the foreseeable future, as based on budgets and forecasts. Where an entity has a history of tax losses no deferred tax asset is recognized until such time that there is certainty about future profitability of that entity.

12. Borrowings

in millions of euros	2017*	2016*
Short-term loans and overdrafts		
Short-term loans from Rabobank	1,555	704
Other short-term loans	170	247
	1,725	**951**
Long-term borrowings		
Long-term borrowings from Rabobank	2,098	2,439
Long-term borrowings from the group companies	3,062	2,252
Other long-term borrowings	770	1,155
	5,930	**5,846**
Total borrowings	**7,655**	**6,797**

* As at 31 December

Short-term loans and overdrafts represent primarily balances outstanding under overdraft facilities from Rabobank and other banks, where DLL has current accounts.

Included in the long-term borrowings from Rabobank as at 31 December 2017 are USD denominated loans of EUR 1,123 million (2016: EUR 1,186 million). As the second leg of this loan-deposit structure, DLL issued EUR denominated loans to Rabobank in the amount of EUR 1,344 million (2016: EUR 1,420 million), included in due from banks (refer to note 3.5 of consolidated financial statements). This structure relates to a loan-deposit structure between DLL and Rabobank which is used to mitigate DLL's foreign currency risk in respect of net investments in foreign subsidiaries. These loans and deposits are floating rate transactions and carry interest rates based of 3M LIBOR or EURIBOR plus currency funding spreads and mature between 2018 and 2022. These loans are pledged as collateral for the corresponding borrowings. Whilst, the principal amounts and terms of these loans match, they do not qualify for offsetting and are recorded gross in the consolidated statement of financial position. Interest rates on these borrowings are between (0.86)% and 8.09% (2016: (0.75)% / 11.50). The long-term borrowings from Rabobank have a fair value as at 31 December 2017 of EUR 2,125 million.

Long-term borrowings from the group companies include loans received by DLL from its subsidiary DLL Ireland DAC, which undertakes a group treasury function for DLL. Interest rates on these borrowings are between (0.90)% and 5.36% (2016: (0.35)% / 5.65%). The long-term borrowings from group companies have a fair value as at 31 December 2017 of EUR 3,076 million.

Other long-term borrowings are long-term loans received by DLL from third parties and bear an interest rate between 0% and 0.562% (2016: 0% / 4.55%). The other long-term borrowings have a fair value of EUR 744 million.

The table below summarizes the ageing of the total borrowings:

in millions of euros	2017*	2016*
Less than 1 year	3,922	1,495
More than 1, less than 5 years	1,717	3,602
More than 5 years	2,016	1,700
Total borrowing	**7,655**	**6,797**

* As at 31 December

13. Other liabilities

The following table provides an overview of the items comprising other liabilities.

in millions of euros	2017*	2016*
Amounts payable to DLL group companies	155	164
Accounts payable to suppliers	76	47
Accrued expenses	24	45
Personnel related expenses	21	32
Current tax liabilities	2	12
VAT Payable	-	(8)
Deferred income	-	3
Other	20	27
Total other liabilities	**298**	**322**

* As at 31 December

14. Provisions

The following table presents the composition of the balance for provisions as at December 31. For a detailed description of accounting policies regarding the relevant provisions, please refer to note 4.5 of the consolidated financial statements.

in millions of euros	2017*	2016*
Provision for restructuring	4	10
Provision for tax claims	2	10
Other provisions	-	5
Total provisions	**6**	**25**

* As at 31 December

Changes in provisions were as follows:

in millions of euros	Restructuring	Tax claims	Other provisions	Total
As at 1 Jan 2017	**10**	**10**	**5**	**25**
Additions	4	-	-	4
Released	(5)	(8)	(5)	(18)
Utilized	(5)	-	-	(5)
As at 31 Dec 2017	**4**	**2**	**-**	**6**
As at 1 Jan 2016	**5**	**13**	**-**	**18**
Additions	5	-	5	10
Utilized	-	(3)	-	(3)
As at 31 Dec 2016	**10**	**10**	**5**	**25**

15. Interest revenue and expense

in millions of euros	2017	2016
Interest revenue		
Interest income from finance leases	81	82
Interest income from subsidiaries	10	20
Interest income from loans to customers	2	4
Interest income from loans to banks	8	3
Other interest income	3	-
	104	**109**
Interest expenses		
Interest expense on borrowings from Rabobank	(32)	(25)
Interest expense on other borrowings	(23)	(16)
Interest expense on subsidiaries and group companies	(20)	(41)
	(75)	**(82)**
Net interest income	**29**	**27**

For the accounting policy for interest income and expense, refer to note 2.1 of the consolidated financial statements.

16. Other operating income

in millions of euros	2017	2016
Administration income from subsidiaries and group companies	130	195
Other operating income	38	17
Total other operating income	**168**	**212**

Administration income from subsidiaries and group companies includes the central overhead cost that are recharged to DLL group companies in according with the DLL transfer pricing policy.

17. Staff expenses

In millions of euros	2017	2016
Short- term employee benefits	77	104
Wages and salaries	50	71
Social security costs	7	5
Temporary staff	20	28
Other short term benefits	34	44
Pension - defined contribution plan	7	12
Total staff expenses	**118**	**160**

The average number of staff (FTEs) of internal and external employees at DLL was 903 (2016: 1,274) of whom 651 (2016: 1,044) were employed in the Netherlands.

Key management personnel of DLL comprises members of the Executive Board and members of the Supervisory Board. For compensation of the Executive Board and the Supervisory Board please refer to the note 2.4 in the consolidated financial statements.

Neither DLL nor any of its group companies has granted any loans, guarantees or advances to the members of the Executive Board or Supervisory Board.

18. Other operating expenses

in millions of euros	2017	2016
Administration expenses	(1)	36
IT related cost	31	32
Administrative charges from parent	20	21
Total other operating expenses	**50**	**89**

The 2017 administration expenses include releases from provisions of EUR 18 million.

19. Independent auditor remuneration

Included in other operating expenses are amounts that DLL paid to its independent auditor PricewaterhouseCoopers Accountants N.V.. For details on these fees and their composition please refer to note 2.5 in the consolidated financial statements.

20. Commitments and contingencies

Legal claims

DLL operates in a regulatory and legal environment that has an element of litigation risk inherent in its operations. As a result, DLL is involved in various litigation, arbitration and regulatory proceedings, both in The Netherlands and in other jurisdictions in the ordinary course of its business. DLL has formal controls and policies for managing legal claims. Based on professional legal advice, DLL provides and/or discloses amounts in accordance with its accounting policies described below.

At 31 December 2017, DLL had no material unresolved legal claims (2016: none), where a negative outcome and a respective cash outflow was possible (the probability is higher than 'remote' but lower than 'probable'). For legal claims with a probable negative outcome, leading to a probable cash outflow in the future, DLL recognized provisions on the statement of financial position, refer to note 14.

Undrawn irrevocable credit facilities

To meet the financial needs of customers, DLL enters into various revocable and irrevocable commitments in the ordinary course of conducting its business. These commitments include commitments to provide financing to customers. Even though these obligations are not recognized on the statement of financial position, DLL is exposed to credit risk on these instruments and therefore includes them in its credit risk management process (refer to note 1.3 of consolidated financial statements). Given that these instruments can lead to a cash outflow, they are included in the liquidity management purposes framework of DLL (refer to note 3.7 of the consolidated financial statements). The irrevocable facilities as per 31 December 2017 amount to EUR 7 million (2016: EUR 7 million).

Master Guarantee Agreement

In 2016 DLL and Rabobank signed a master guarantee agreement (Master Guarantee Agreement) under which DLL may agree to guarantee specific obligations of any Group entity owed towards Rabobank. The only obligations presently subject to the Master Guarantee Agreement are the obligations of the Group's treasury function, DLL Ireland DAC, under a loan facility agreement with Rabobank. The maximum amount of the loan facility agreement is EUR 23,500 million.

21. Accounting policies

The accounting policies applied for the DLL consolidated financial statements for the year ended 31 December 2017 are also applied in these company financial statements.

22. Shareholder's equity

At 31 December 2017, DLL's authorized capital was EUR 454 million (2016: EUR 454 million), divided into 950 ordinary A shares and 50 ordinary B shares (2016: 950 A and 50 B). The nominal value of each share is EUR 454,000. EUR 98 million (2016: EUR 98 million) is issued and paid up.

The share premium includes the amount paid in excess of the nominal value of the share capital.

Legal reserves are non-distributable reserves relating to requirements to establish reserves for specific purposes either by the Articles of Association of the Company, Part 9, Book 2, of the Dutch Civil Code, and/or by local law. The legal reserves relate to minimum reserves to be maintained for the non-distributable share in cumulated profits of subsidiaries and investments accounted for using the net asset value method.

Since the results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency, all resulting exchange difference are recognized in legal and statutory reserves, which is the sole item comprising the legal reserve.

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

As of January 1st 2017, DLL implemented a Foreign Net Investment hedging model. The hedge effectiveness is tested on the basis of statistical regression analysis models, both prospectively and retrospectively. At year-end 2017, the hedge relations were highly effective within the range set by IAS 39. In 2017, DLL accounted for an amount of EUR 188 million after taxation in the revaluation reserves as effective changes in the fair value of derivatives in net investment hedges.

Finally, prior year profits are appropriated into other reserves by the Company upon decision by the shareholder.

The table on the next page presents the composition of shareholder's equity and a reconciliation of opening and closing balances for the years ended 31 December 2017 and 2016.

in millions of euros	Share capital	Share premium	Revaluation Reserves*	Legal and statutory reserves	Other reserves	Unappro-priated results	Total Equity
Balance at 1 January 2016	**98**	**1,135**	**(4)**	**89**	**2,510**	**379**	**4,207**
Appropriation of results	-	-	-	-	379	(379)	-
Profit/(loss) for the year	-	-	-	-	-	711	711
Remeasurement of post-employment benefit reserve, net of tax	-	-	(4)	-	-	-	(4)
Exchange differences on translation of foreign operations, net of tax	-	-	-	59	-	-	59
Total amount recognized directly in equity	**-**	**-**	**(4)**	**59**	**-**	**-**	**55**
Issue of share capital	-	-	-	-	-	-	-
Dividends	-	-	-	-	(1,100)	-	(1,100)
Other movements	-	-	(1)	(1)	(10)	-	(12)
Balance at 31 December 2016	**98**	**1,135**	**(9)**	**147**	**1,779**	**711**	**3,861**
Appropriation of results	-	-	-	-	711	(711)	-
Profit/(loss) for the year	-	-	-	-	-	552	552
Remeasurement of post-employment benefit reserve, net of tax	-	-	(2)	-	-	-	(2)
Fair value changes of derivatives designated for net investment hedging, net of tax	-	-	188	-	-	-	188
Exchange differences on translation of foreign operations, net of tax	-	-	-	(227)	-	-	(227)
Total amount recognized directly in equity	**-**	**-**	**186**	**(227)**	**-**	**552**	**511**
Issue of share capital	-	-	-	-	-	-	-
Dividends	-	-	-	-	(1,200)	-	(1,200)
Other movements	-	-	-	-	-	-	-
Balance at 31 December 2017	**98**	**1,135**	**177**	**(80)**	**1,290**	**552**	**3,172**

23. List of subsidiaries

The below list contains the names, registered office and (in)direct capital interest of all subsidiaries of De Lage Landen International BV.

Name	Registered office	% Capital
AGCO Capital Argentina S.A.	Buenos Aires, Argentina	51
AGCO Finance AG	Schlieren, Switzerland	51
AGCO Finance B.V.	Eindhoven, The Netherlands	51
AGCO Finance Canada, Ltd	Regina, Canada	51
AGCO Finance GmbH	Isernhagen, Germany	51
AGCO Finance GmbH, Landmaschinenleasing	Vienna, Austria	51
AGCO Finance Limited	Kenilworth, United Kingdom	51
AGCO Finance Designated Activity Company	Dublin, Ireland	51
AGCO Finance Limited	Auckland, New Zealand	51
AGCO Finance LLC	Moscow, Russia	51
AGCO Finance LLC	Duluth, United States of America	51
AGCO Finance N.V.	Machelen, Belgium	51
AGCO Finance Pty Limited	Sydney, Australia	51
AGCO Finance S.N.C.	Beauvais, France	51
AGCO Finance Sp. z o.o.	Warsaw, Poland	51
ALLCO-DLL Solar Trust	Wilmington, United States of America	100
AM-DLL Solar Trust	Wilmington, United States of America	100
Banco De Lage Landen Brasil S.A.	Porto Alegre, Brazil	75
BBT 2014-1 Trust	New York, United States of America	100
BBT 2016-1 Trust	New York, United States of America	100
BSE-DLL Solar Trust	Wilmington, United States of America	100
Capital Asset Finance Limited	Watford, United Kingdom	100
Cargobull Commercial Solutions, S.L.U.	Madrid, Spain	51
Cargobull Finance A/S	Padborg, Denmark	51
Cargobull Finance AB	Stockholm, Sweden	51
Cargobull Finance Financial and Servicing Kft.	Bicske, Hungary	51
Cargobull Finance GmbH	Wals bei Salzburg, Austria	51
Cargobull Finance GmbH	Düsseldorf, Germany	51
Cargobull Finance Holding B.V.	Eindhoven, The Netherlands	51
Cargobull Finance Limited	Watford, United Kingdom	51
Cargobull Finance S.A.S.	Le Bourget, France	51
Cargobull Finance S.p.A. con Socio Unico in liquidazione	Milan, Italy	51
Cargobull Finance S.R.L.	Ciorogarla, Romania	51
Cargobull Finance Sp. z o.o.	Warsaw, Poland	51
Cargobull Insurance Broker GmbH	Düsseldorf, Germany	51
CBSC Capital Inc.	Mississauga, Canada	51
De Lage Landen (China) Co., Ltd.	Shanghai, China	100
De Lage Landen (China) Factoring Co., Ltd.	Shanghai, China	100
De Lage Landen AB	Stockholm, Sweden	100
De Lage Landen America Holdings B.V.	Eindhoven, The Netherlands	100
De Lage Landen Asia Participations B.V.	Eindhoven, The Netherlands	100
De Lage Landen Austria GmbH	Vienna, Austria	100
De Lage Landen Chile S.A.	Santiago, Chile	100
De Lage Landen China Participations B.V.	Eindhoven, The Netherlands	100
De Lage Landen Co., Ltd	Seoul, Republic of Korea	100
De Lage Landen Commercial Finance Inc.	Oakville, Canada	100
De Lage Landen Corporate Finance B.V.	Eindhoven, The Netherlands	100
De Lage Landen Cross-Border Finance, LLC	Wayne, United States of America	100
De Lage Landen Erste Vorratsgesellschaft mbH	Düsseldorf, Germany	100
De Lage Landen Europe Participations B.V.	Eindhoven, The Netherlands	100
De Lage Landen Facilities B.V.	Eindhoven, The Netherlands	100
De Lage Landen Finance Limited Liability Company	Seoul, Republic of Korea	100
De Lage Landen Finance Zrt.	Budapest, Hungary	100
De Lage Landen Finance, LLC	Wilmington, United States of America	100

Name	Registered office	% Capital
De Lage Landen Financial Services Canada Inc.	Oakville, Canada	100
De Lage Landen Financial Services India Private Limited	Mumbai, India	100
De Lage Landen Financial Services, Inc.	Wayne, United States of America	100
De Lage Landen Finans AB	Stockholm, Sweden	100
De Lage Landen Finansal Kiralama Anonim Şirketi	Istanbul, Turkey	100
De Lage Landen France S.A.S.	Le Bourget, France	100
DLL Ireland Designated Activity Company	Dublin, Ireland	100
De Lage Landen Leasing AG	Schlieren, Switzerland	100
DLL Leasing Designated Activity Company	Dublin, Ireland	100
De Lage Landen Leasing GmbH	Düsseldorf, Germany	100
De Lage Landen Leasing Kft.	Budapest, Hungary	100
De Lage Landen Leasing Limited	Watford, United Kingdom	100
De Lage Landen Leasing N.V.	Machelen, Belgium	100
De Lage Landen Leasing Polska S.A.	Warsaw, Poland	100
De Lage Landen Leasing S.A.S.	Le Bourget, France	100
De Lage Landen Limited	Watford, United Kingdom	100
De Lage Landen Limited	Auckland, New Zealand	100
DLL Liquid Investments Limited	Dublin, Ireland	100
De Lage Landen Materials Handling B.V.	Eindhoven, The Netherlands	100
De Lage Landen Materials Handling Ltd.	Watford, United Kingdom	100
De Lage Landen Participações Limitada	Porto Alegre, Brazil	75
De Lage Landen Pte. Limited	Singapore, Singapore	100
De Lage Landen Pty Limited	Sydney, Australia	100
De Lage Landen Public Finance LLC	Wayne, United States of America	100
DLL Re Designated Activity Company	Dublin, Ireland	100
De Lage Landen Remarketing Solutions B.V.	Eindhoven, The Netherlands	100
De Lage Landen Renting Solutions, S.L.U.	Madrid, Spain	100
De Lage Landen Renting Solutions S.r.l.	Milan, Italy	100
De Lage Landen South Africa (Proprietary) Limited	Tokai, South Africa	100
De Lage Landen Vendorlease B.V.	Eindhoven, The Netherlands	100
De Lage Landen, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada	Huixquilucan, Mexico	100
DLL Corretora de Seguros Ltda.	Barueri, Brazil	100
DLL Equipment Trading Middle East and Africa FZE	Jebel Ali Free Zone	100
DLL Finance LLC	Johnston, United States of America	100
DLL Leasing S.A. de C.V.	Huixquilucan, Mexico	100
DLL Polska Participations Sp. z o.o.	Warsaw, Poland	100
DLL Polska Corporate Sp. z o.o.	Warsaw, Poland	100
DLL Polska Participations Sp. z o.o. Sp. K.	Warsaw, Poland	100
DLL Securitization Trust 2017-A	Wilmington, United States of America	100
DLL U.S. Holding Company, Inc.	Wilmington, United States of America	100
Komatsu Financial France S.A.S.	Le Bourget, France	95
Komatsu Financial Germany GmbH	Düsseldorf, Germany	95
Komatsu Financial Italy S.p.A.	Milan, Italy	97
LEAP Warehouse Trust No. 1	Sydney, Australia	100
Limited Liability Company Cargobull Finance	Moscow, Russia	100
Limited Liability Company De Lage Landen Leasing	Moscow, Russia	100
Mahindra Finance USA LLC	Johnston, United States of America	51
MP2-DLL Solar Trust	Wilmington, United States of America	100
NSE-DLL Solar Trust	Wilmington, United States of America	100
OOO DLL Finance	Moscow, Russia	100
Philips Medical Capital, LLC	Wayne, United States of America	60
RABO Ireland Group Pension Trustee Limited	Dublin, Ireland	49
SE DLL Solar Trust	Wilmington, United States of America	100
TE-DLL Solar Trust	Wilmington, United States of America	100
Truckland Lease B.V.	Eindhoven, The Netherlands	51
Vestdijk Truck Finance Beheer B.V.	Eindhoven, The Netherlands	100

24. Profit appropriation 2017

The proposal to the general meeting of shareholders is to add the profit for the period ended 31 December 2017 to the retained earnings. This proposal is not reflected in the statement of financial position.

On behalf of the Executive Board
W.F. Stephenson, *Chairman*
M.M.A. Dierckx, *CFO*
A.J. Gillhaus, *CRO*
T.L. Meredith, *CCO*

On behalf of the Supervisory Board
B.J. Marttin, *Chairman*
P.C. van Hoeken, *member*
A.E. Bouma, *member*

Eindhoven 17 April 2018

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Transportation and DLL
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Other **information**

Independent **auditor's report**

To: the general meeting and supervisory board of De Lage Landen International B.V.

Report on the financial statements 2017

Our opinion

In our opinion:

- De Lage Landen International B.V.'s consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2017 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- De Lage Landen International B.V.'s company financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2017 of De Lage Landen International B.V., Eindhoven ('the Company'). The financial statements include the consolidated financial statements of De Lage Landen International B.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the following statements for 2017: the consolidated statement of profit or loss and the consolidated statements of other comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2017;
- the company statement of profit or loss for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of De Lage Landen International B.V. in accordance with the European Regulation on specific requirements regarding statutory audit of public interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Our audit approach

Overview and context

De Lage Landen International B.V. is a wholly owned subsidiary of Coöperatieve Rabobank U.A. ('Rabobank') and offers clients asset based financial products, primarily leasing and lending in eight distinct equipment markets. The Group has operations in more than 30 countries. Through the completion of the sale of Athlon Car Lease International B.V. as per 1 December 2016 and the sale of the Dutch non-vendor finance operations as per 1 April 2017 to Rabobank, the Company completed its strategic objective to focus its business model on vendor finance. The Group comprises of several components for which we considered our group audit scope and approach as set out in the section 'The scope of our group audit'.

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we assessed where the executive board made important judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph V 'Key judgments and estimates' of the consolidated financial statements, the executive board describes the main areas of key judgement and key estimates in applying accounting policies. In view of the relevance to the financial information, the considerable level of judgment and estimation uncertainty we considered the classification and measurement of balances due from customers consisting of finance lease receivables and loans to customers, and the measurement of fixed assets under operating leases to be key audit matters as set out in the section 'Key audit matters' of this report. In the course of 2017 management started applying macro fair value hedge accounting. Management applies interest rate derivatives to hedge the interest rate exposure due to using floating rate loans to fund an essentially fixed rate portfolio. Given the complexity of macro fair value hedge accounting, the documentation requirements and the magnitude of the notional amounts of the derivatives and hedged items we considered this to be a key audit matter in 2017.

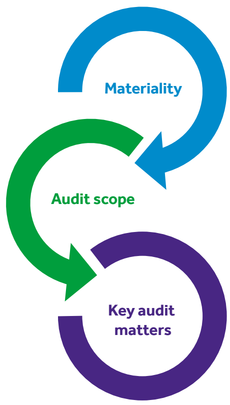
Lastly we determined the IAS 8 disclosure on the impact of IFRS 9 on the opening balance as at 1 January 2018 to be a key audit matter in 2017. This, primarily, given the combination of the expected considerable impact of the new standard on the 2018 opening balance and future years, the application of (new) models and their inherent complexity, the application of other relevant assumptions and the expected focus of stakeholders on the estimated impact of this new standard as set out in note ii. 'Basis of preparation' as included in the annual report.

As in all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the executive board that may represent a risk of material misstatement due to fraud.

Because of the importance of the IT environment on the audit of the financial statements, we, with the support of our IT specialists, assessed the IT environment. We addressed information technology general controls ('ITGCs') that are the policies and procedures used by the Company to ensure information technology ('IT') operates as intended and provides reliable data for financial reporting purposes. The IT environment of the Company and its components has been assessed in the context of and only where relevant for the audit of the financial statements.

We ensured that audit teams, both at Group and at component levels, have the appropriate skills and competences which are needed for the audit of a financial services company, offering leasing and lending services, holding banking licenses in several jurisdictions (including in the Netherlands) and an insurance license in Ireland. We therefore included specialists in the areas of leasing, banking, insurance, financial instruments, IT, credit risk provisioning, valuation of goodwill, tax, employee benefits and regulatory reporting in our team.

The outline of our audit approach was as follows:



Materiality
- Overall materiality: EUR 27.8 million.

Audit scope
- Audit work for consolidation purposes conducted on the 22 individually significant components located in 13 countries.
- The group engagement team performed the audit of the Dutch components in scope for consolidation purposes.
- Site visits were conducted to the United States, Brazil, Australia and Ireland.
- Audit coverage: 89% of consolidated total net income, 90% of consolidated total assets and 88% of consolidated profit before tax.

Key audit matters
- Classification and measurement of balances due from customers.
- Measurement of fixed assets under operating lease.
- Application of macro fair value hedge accounting.
- IAS 8 disclosure of the estimated impact of IFRS 9.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	EUR 27.8 million (2016: EUR 30 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 5% of the profit before tax from continued operations 2017, excluding the non-recurring impairment loss in relation to the intended sale of subsidiaries classified as disposal group held for sale. Since the 2016 financial statements were the first financial statements to be subject to an audit we considered a 4% threshold appropriate in our audit 2016.
Rationale for benchmark applied	We have applied this benchmark based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax from continued operations is an important metric for the financial performance of the Group. In view of the non-recurring nature of the impairment loss 2017 in relation to the intended sale of subsidiaries classified as disposal group held for sale, this impairment loss was excluded in our determination of materiality 2017.
Component materiality	To each component in our audit scope, we, based on our judgement, allocated materiality that is less than our overall group materiality. The range of materiality allocated across components was between EUR 2 million and EUR 27 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons. We agreed with the supervisory board that we would report to them misstatements identified during our audit above EUR 1 million (2016: EUR 1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

De Lage Landen International B.V. is the parent company of a group of entities. The financial information of this Group is included in the consolidated financial statements of De Lage Landen International B.V. We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at the component level by the group engagement team and by each component auditor.
Twenty-two components in thirteen countries were subject to audits of their complete financial information for consolidation purposes as those components were individually financially significant to the Group. In total, in performing these procedures, we achieved the following coverage on the consolidated financial statement line items:

Total net income	89%
Total assets	90%
Profit before tax	88%

None of the remaining components represented more than 1% of total group net income or total group assets. For the remaining components we performed, amongst other procedures, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

For the financially significant Dutch components the group engagement team performed the component audit work. In those locations where the work was performed by component auditors, we determined the level of involvement we required to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. In this respect we performed, amongst others, the following procedures:

- we issued detailed audit instructions to the component auditors prescribing the scope of work to be performed, the risk assessment, the key audit areas, materiality to be applied and the reporting requirements to the group engagement team regarding the 2017 financial information;
- with the component auditors we discussed developments affecting the component, their risk assessment and consequently their audit approach;
- the component auditors' reports were assessed by the group engagement team and observations were discussed with the component auditors and with group management;
- during the years 2017 and 2018 to date we closely collaborated and had multiple interactions with our component teams and, amongst others, discussed our audit instructions, their audit findings regarding the control environment, accounting, other matters; and
- the group engagement team performs site visits on a rotational basis. This year the group engagement team visited the United States, Brazil, Australia and Ireland. During these visits we met with the component team and local management.

The group consolidation, financial statements disclosures and various complex items are audited by the group engagement team at the Company's head office in Eindhoven where central functions, such as IT, reporting, control, risk, tax, legal, compliance and internal audit are located. Items audited by the group engagement team, amongst others, were:
– the entity level controls;
– residual value reassessment of fixed assets under operating leases and finance leases;
– impairment testing of goodwill;
– measurement of derivatives and the application of macro fair value hedge accounting;
– measurement of the provisions for uncertain tax exposures; and
– credit risk provisioning.

The internal audit department performs on a rotational basis audits at group and component level. Whilst we do not rely on the work performed by the internal audit department, their observations have been periodically discussed, the impact on our audit was assessed and relevant findings were shared with the component auditors.

By performing the procedures above at components, combined with the additional procedures at group level, we obtained sufficient and appropriate audit evidence regarding the financial information of the Group as a whole to provide a basis for our opinion on the (consolidated) financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. In this section, we included the key audit matters and include a summary of the audit procedures we performed on those matters. The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations on the results of our procedures should be read in this context.

With regards to the comparison of key audit matters in our auditor's report 2017 and 2016, we determined the disclosure on the impact of IFRS 9 on the opening balance as at 1 January 2018 to be a key audit matter in 2017 given the combination of the expected considerable impact of the new standard on the 2018 opening balance and future years, the application of (new) models and their inherent complexity, the application of other relevant assumptions and the expected focus of stakeholders on the estimated impact of this new standard as set out in note ii. 'Basis of preparation' as included in the annual report. Given the complexity and magnitude on the financial statements of macro fair value hedge accounting, for the first time applied by management during the course of 2017, we considered this to be a key audit matter.

The financial statements 2016 were the first financial statements drawn up by the executive board of the Company subject to an audit. In the preparation of the financial statements 2016 the selection and adequate application of accounting principles was an important focus area. This also applied to the basis for presentation as well as the disclosures in the financial statements being a complex process and requiring considerable management judgement. This also applied to the measurement of derivatives. Hence we defined this as a key audit matter in our auditor's report 2016. Due to the significance of the discontinued operations on the financial statements 2016 as a result of the sale of Athlon Car Lease International B.V. and the intended sale of the Dutch non-vendor finance operations we considered the application of IFRS 5 also a key audit matter in our auditor's report 2016. As these matters primarily relate to events and circumstances in our 2016 audit, they were not considered key audit matters in our auditor's report 2017.

The classification and measurement of balances due from customers and the measurement of fixed assets under operating lease were key audit matters in both our auditor's reports 2016 and 2017 as these matters relate to the nature of the activities of the Group.

Key audit matter

Classification and measurement of balances due from customers

[refer to note 1.1 in the annual report]

Balances due from customers amounting to EUR 28,019 million are included in the consolidated statement of financial position. This line item consists of finance lease receivables and loans to customers (where operating leases are classified under fixed assets). In relation to the classification of leases the key areas of judgement are primarily, the assessment of whether risks and rewards and / or ownership were transferred. To classify a lease contract either as a finance or operating lease, management determines the key contractual elements such as transfer of ownership of the leased asset, purchase option of the leased asset, minimum lease payments compared to the fair value of the leased asset at inception date of the lease. In view of the high level of judgment involved and the magnitude of the lease portfolio on the financial statements we consider this to be a key audit matter. The finance lease receivables are measured at the contractual lease payments and any unguaranteed residual value discounted to present value (net investment in leases) less a provision for impairment. Loans to customers are measured at amortised cost less a provision for impairment. The provision for impairment reflects the credit risk related to these balances. Management assesses exposures exceeding EUR 250 thousand for defaulted clients on an individual basis. All other exposures for defaulted and non-defaulted clients are collectively assessed on the basis of credit risk models. The judgements and estimation uncertainty is primarily related to the following:

- the identification and follow-up of impairment triggers and the underlying calculation of the provisions, the determination of both financial and behavioural information of clients in various geographies and sectors (for model based provisions);
- the determination of future cash flows (including the cash flow of the collateral value of the asset) based on the appropriate use of key assumptions and the assessment of the contractual versus expected cash flows to be collected both using the effective interest rate calculated at inception date (for both individually and collectively determined provisions); and
- the models that support the provision for incurred but not reported ('IBNR') losses and collective default provision which contain significant assumptions and estimates, such as the loss identification period, the probability of default, the loss given default and the exposure at default.

Due to the significance of these balances and the significant level of management judgement and estimation uncertainty involved, we considered the measurement of balances due from customers a key audit matter.

How our audit addressed the matter

Internal controls

We evaluated the design and tested the operating effectiveness of internal controls around the proper classification of lease contracts. We focussed on the processes and controls in place to assure adequate classification and measurement primarily focusing on the internal control measures around the transfer of risks and rewards and / or ownership to properly classify a lease contract either as a finance or operating lease. Furthermore, we evaluated and tested the controls regarding credit risk provisioning and focused on:

- credit management, including the identification of impairment triggers, identification of the relevant behavioural and financial information of the clients and the appropriateness of allocation to geographies and sectors;
- model governance, including management's assessment that the models including its significant assumptions are appropriately calibrated to address credit risk in accordance with IFRS;
- management's assessment of the expected unguaranteed residual values for finance leases and expected future cash flows;
- completeness and accuracy of data transfer from the underlying source systems to the models; and
- the review and approval process that management has in place for the credit risk provisions.

Based on the controls testing summarised above we found that we could rely on the internal controls for the majority of our audit procedures and we determined the specific substantive audit procedures necessary to obtain the required audit comfort and coverage, as further outlined below.

Substantive audit procedures

We tested management's classification assessment. Furthermore, we tested the proper classification of lease contracts on a sample basis, focussing on the key contractual elements. Our substantive audit procedures did not indicate material findings that would impact the classification of lease contracts as finance or operating lease.

We, with the assistance of our credit risk provisioning specialists, evaluated model methodology, tested input variables (including expected cash flows from collateral) and challenged management's explanations supporting the key model parameters. We assessed whether these key model parameters are in line with market and industry practice. For a sample of individually impaired balances we assessed whether management's key judgements were reasonable. We found that the assessments made by management were reasonable in the context of the inherent uncertainties, the use of such models and the use of supportable assumptions regarding credit risk provisioning.

Key audit matter

Measurement of fixed assets under operating lease

[refer to note 1.2 in the annual report]

In the consolidated statement of financial position the carrying value of fixed assets under operating lease amounts to EUR 2,461 million. The fixed assets under operating lease contracts are measured at cost less any accumulated depreciation until its residual value and impairment losses. Management evaluates the residual values on an annual basis during the fourth quarter.

The carrying value of the fixed assets leased out under operating lease is impacted by their residual values. These residual values can be impacted by market price developments and are therefore subject to management judgement and estimation uncertainty. Applied assumptions regarding the estimated residual value, at inception date of the lease and during the contract period, are sensitive to (local) economic developments.

IAS 16 'Property, Plant and Equipment', requires that the residual value and the useful life of an asset should be reviewed at least at each financial year-end. When expectations differ from previous estimates, the change(s) shall be accounted for as a change of an accounting estimate. A change in the estimated residual value results in a prospective depreciation adjustment and consequently impacts the carrying value and depreciation expense of the assets over the remaining lease period.

Due to the significance of these balances, the large variety of asset classes and the number of regions in which the Group operates and the significant level of management judgement involved we considered the measurement of fixed assets under operating lease a key audit matter.

How our audit addressed the matter

Internal controls

We evaluated the design of the internal controls and subsequently tested the operating effectiveness of the controls regarding asset risk and focused on:

- governance and policies in place regarding managing asset risk;
- residual value setting at inception date of the lease contracts;
- annual residual value process to reassess the recoverability of estimated residual values and the identification of impairment triggers in line with IFRS;
- completeness and accuracy of transfer of data from the underlying source systems to the annual residual value reassessment; and
- management's review and approval process reflecting the outcome of the annual residual value reassessment in the financial information.

Based on the controls testing summarised above we found that we could rely on the internal controls for the majority of our audit procedures and we determined the specific substantive audit procedures necessary to obtain the required audit comfort and coverage, as further outlined below.

Substantive audit procedures

We tested the annual residual value assessment performed by management consisting of quantitative (such as an evaluation of residual value results recognized during the year to assess the proper residual value setting) and qualitative (such as testing management's expectations regarding market trends and external outlooks for asset classes) factors to determine the expected residual value at expiration date, and where applicable to determine the impact on future deprecation during the remaining life of the asset.

Our substantive audit procedures did not indicate material findings that would impact the measurement of fixed assets under operating lease.

Key audit matter

Application of macro fair value hedge accounting

[refer to note 3.4 in the annual report]

During the course of 2017 management implemented euro and usd macro fair value hedge accounting models. Management used interest rate derivatives to manage the interest rate risk that is caused by using floating rate loans to fund an essentially fixed rate portfolio of finance leases and loans to customers.

In the macro fair value hedges the Group recognized the results of the hedged items and hedging instruments in the profit or loss account simultaneously, to the extent the hedge relationship is effective.

We considered the models to determine the change in fair value of the hedged items and hedging instruments and the amount of (in)effectiveness to be complex.

In view of the magnitude of the notional amounts of the derivatives and hedged items, the complexity of macro fair value hedge accounting and the significant impact on the financial statements we considered the application of macro fair value hedge accounting a key audit matter.

How our audit addressed the matter

Internal controls

We evaluated the design of the internal controls and subsequently tested the operating effectiveness of controls regarding the macro fair value hedge accounting and the measurement of derivatives and focused on:

- development of the macro fair value hedge accounting models, including change management;
- hedge documentation and monthly effectiveness testing in line with IAS 39;
- procedures to ensure proper recording of the derivative transactions;
- valuation techniques, models and assumptions applied to ensure compliance with IFRS; and
- management's review and approval of the fair values of the derivatives.

Based on the controls testing summarised above we found that we could rely on the internal controls for the purpose of our audit.

Substantive audit procedures

We, assisted by our hedge accounting specialists, tested the models used by the Group for calculating hedge effectiveness and evaluate the results of the hedge effectiveness tests for macro fair value hedging. We tested the hedge accounting models itself. We independently tested the coding of the euro and usd models. In addition, we have tested on a sample basis the accuracy and completeness of the contract information included in the models. Key elements verified in our substantive testing included: notional amounts, maturities and underlying interest and currency rates. The assumptions, methodologies and models used by management for the measurement of derivatives have been evaluated.

We also tested the hedge documentation and the effectiveness testing conducted throughout the year to verify that, amongst other, the hedge effectiveness is within the bandwidth as defined in IAS 39. We tested the result recognition on hedged items and hedging instruments in the profit or loss account.

We did not identify material findings regarding the application of macro fair value hedge accounting.

Key audit matter

IAS 8 disclosure of the estimated impact of IFRS 9

[refer to note ii. 'Basis of preparation' in the annual report]

IFRS 9 'Financial Instruments' became effective for annual reporting periods beginning on or after 1 January 2018. As at 31 December 2017 management needs to disclose the estimated impact of this new standard in accordance with IAS 8. Management estimated that the introduction of IFRS 9 will lead to a reduction of equity of EUR 9 million (post tax) as at 1 January 2018. The potential impact of the introduction of IFRS 9 is twofold.

Classification & measurement

In determining the classification and measurement of financial assets management has identified 2 distinguishable portfolios of assets. Management has performed a business model assessment for each portfolio of financial assets to determine whether these are hold to collect, hold to collect and sell or trading. Hold to collect assets are measured at amortised cost; hold to collect and sell assets are measured at fair value through other comprehensive income, while trading assets are measured at fair value through profit or loss. For financial assets classified as hold to collect or hold to collect and sell management has performed an assessment to conclude whether the cash-flows from these financial instruments meet the solely of payment of principal of interest criteria ('SPPI').

Expected credit loss provisioning

With respect to expected credit loss provisioning management developed an expected credit loss provisioning model in accordance with IFRS 9. As part of the development and application of the model significant management judgement was required. The judgements and estimation uncertainty is primarily related to the following:

- the determination of both financial and behavioural information of clients in various geographies and sectors;
- the determination of macro-economic scenario's; and
- the models that support the stage 1 and stage 2 provision and collective stage 3 provision.

Given the significance of the new standard on the opening balance sheet as at 1 January 2018 and the number of accounting policy choices and judgement decisions to be taken by management with regard to the implementation of IFRS 9, we considered this a key audit matter.

How our audit addressed the matter

Classification & measurement

For classification and measurement we performed the following procedures:

- we assessed management's accounting position paper detailing the expected impact of the introduction of the IFRS 9 classification and measurement model as at 1 January 2018;
- we evaluated management's business model assessments, the evidence supporting the business model decisions for both business models and the loan contracts tested by management regarding SPPI criteria;
- for the loans to customers portfolio we selected a representative sample of contracts and tested whether these meet the SPPI criteria; and
- for the government bonds we tested whether these meet the criteria for classification as trading assets.

Our performed procedures did not identify material deviations from management's assessment.

Expected credit loss provisioning

With regard to the IFRS 9 expected credit loss provisioning model we performed the following procedures:

- we assessed management's accounting position paper detailing the expected impact of the introduction of IFRS 9 expected credit loss provisioning;
- controls over model governance and model development were tested for design, existence and operating effectiveness;
- together with our modelling specialists we tested the modelling methodology and the extensive supportive documentation for the IFRS 9 expected credit loss provisioning model;
- together with our IT specialists we tested the design, existence and operating effectiveness of management's validation and integrity checks on data used; and
- we followed up on the observations identified as part of the validation and approval process of the IFRS 9 expected credit loss provisioning model.

We assessed the adequacy of the IAS 8 disclosure. We evaluated that the disclosure adequately reflects the significant uncertainties that exist around the application and implementation of IFRS 9. We considered the estimated impact, as disclosed in the consolidated financial statements, given the inherent estimation uncertainty in determining the impact of IFRS 9, to be reasonable.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- the management report;
- the supervisory report; and
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements; and
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the management report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment
We were appointed as auditors of the Company on 9 December 2016 by the supervisory board of De Lage Landen International B.V. following the passing of a resolution at the general meeting of the shareholder held on 18 June 2015 in which meeting PricewaterhouseCoopers Accountants N.V. was appointed as auditor of the shareholder. This was our second year as auditors of De Lage Landen International B.V.

No prohibited non-audit services
To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public interest entities.

Services rendered
The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 2.5 to the consolidated financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the executive board and the supervisory board for the financial statements
The executive board is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going-concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The executive board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 17 April 2018
PricewaterhouseCoopers Accountants N.V.

Original has been signed by C.C.J. Segers RA

Appendix to our auditor's report on the financial statements 2017 of De Lage Landen International B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the Company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect we also issue an additional report to the supervisory board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Articles of association regulation concerning **profit appropriation**

Articles 48 and 50 of the articles of association determine that the appropriation of result is arranged by the general meeting of shareholders. Pursuant to this, DLL's executive board will make a proposal for the appropriation of profit, taking into consideration applicable provisions of the articles of association.

Dividend can be distributed from the profit. The decision hereto as well as the setting of the amount of the dividend shall be made by the general meeting of shareholders. The profit that remains after deduction of the amount to be used for the distribution of the dividend, shall be added to the reserves of the company.

Colophon

Published by
DLL

About the Annual Report 2017
DLL has integrated both the financial information and the management report information in the Annual Report 2017.

The Annual Report 2017 is based on, among other things, the financial statements and other information about DLL as required under Title 9 of Book 2 of the Dutch Civil Code and other applicable laws and regulations.

The Annual Report 2017 has been filed at the offices of the Trade Registry at the Chamber of Commerce under number 17056223 after the adoption of DLL's financial statements by Coöperatieve Rabobank U.A..

An independent auditor's report has been issued for the financial statements, as required under Article 2:393, Paragraph 1 of the Dutch Civil Code. This report takes the form of an unqualified opinion. The section 'Report of the Supervisory Board' does not form part of the statutory management report.

The Annual Report 2017 is available on our website: www.dllgroup.com

Contact
DLL has exercised the utmost care in the preparation of the Annual Report 2017. If you have questions or suggestions on how we can improve our reporting, please send them by email to communication@dllgroup.com

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