Annual Report 2023

financial solutions partner

Contents

Cover photo

Installation of 289 rooftop solar panels in Eindhoven

DLL has achieved its ambition to be fully independent of gas for heating and cooling in its head office building in Eindhoven, the Netherlands, by January 2024. One of the measures to counterbalance the resulting increased reliance on electricity was the installation of 289 rooftop solar panels in 2023 through to Q1 2024. They are the lightest version available (weighing 14 kg per panel) and are glued to the roof. The panels will be fully operative from Q2 2024 and together are expected to generate approximately 150,000 kWh per year.

Interviews

In five double interviews, senior managers discuss the many changes underway to support DLL's strategic ambitions. Some are new to the company, others have moved into challenging new roles – and sometimes uncharted territory. In DLL's simplified structure they are empowering their teams to drive more sustainable and profitable growth, contribute to a high-performance culture and maintain a solid foundation.

20 New leaders and structures for strong and empowered markets

Anna Naplocha and Rob van den Heuvel took on new roles, respectively as CEO of AGCO Finance and General Manager of the redefined Europe region. They describe how DLL's long-standing joint venture with AGCO Corporation illustrates its international reach and partnership mentality, and how the new organizational structure empowers members to bring solutions to market faster.


25 New teams powering the green growth engine

DLL boosted its drive to more sustainable and profitable growth by creating two new commercial teams: the Global Asset and Product Group, and the Commercial Effectiveness and Transformation Team, led respectively by Chiara Cordini and Rick Trobman. Together and alone, their teams add momentum to DLL's transitions with tangible benefits for members, partners and customers.


28 Empowered and high performing: How DLL is strengthening its culture

With a new people strategy, enhanced leadership profile, and simplified structure, DLL is on target to create a more customer-centric, high-performing organization. Global Head of Strategy Bas van Asseldonk and the new Head of Culture and Change Management Brigitte Laurent explain why and how it will also be an empowered one.


40 Growing expertise in asset and risk management to enable the energy transition

Egbert de Jong, Global Asset Manager in the Energy Transition Team, and Ecem Uzun, Climate and Nature Risk Lead, believe that their teams' expertise in risk and asset management can enable and accelerate the energy transition for DLL and its partners, while equipping members to take more climate-conscious risk and see opportunities to make the portfolio more sustainable.


43 How DLL's foundation functions ensure compliance and enable the business

To realize its strategic ambitions, DLL has identified five transformation areas that all rely on a solid foundation. Chief Financial Officer, Grégory Raison, and Head of Financial Economic Crime, Laura Carroll, explain how their teams enable DLL to drive sustainable and profitable growth, while safeguarding the foundation through sound financial performance, and being compliant and in control.


Management **report**

Management report

Contents

Chairman's **foreword**

In my capacity as interim CEO of DLL, I am pleased to introduce our annual report for 2023. When we look back at DLL's history in the future, I'm sure 2023 will be considered a pivotal year. It was certainly a dynamic and exciting one.

It was the year we started to implement our refreshed strategy with the aim of realizing our strategic ambitions in five transformation areas, all in line with our purpose of being *the* partner for a better world. We made significant efforts to kickstart our transformations and to continue to safeguard our foundation. We once again delivered on our promises to our customers, shareholders and members, and to society.

Delivering on promises

I'm proud to report that our composite global Net Promoter Score (NPS®)[1] was an exceptionally strong +64, which was even better than the +62 we achieved in 2022.[2] We posted strong financial results, with a net result of EUR 438 million (2022: EUR 343 million) thanks to our portfolio growing by 9.2% to EUR 44.3 billion, net income rising by 4% and defaults coming in below budget. However, defaults increased during the year, pointing toward a more challenging 2024.

In 2023, we successfully delivered on our top transformation priority: Simplifying the organization. In this first essential step to support our strategic ambitions, we established more efficient structures, and clear definitions of the performance and behaviors we expect of our leaders and members. We implemented these changes in a phased and controlled manner to strengthen our local markets, and to create a simpler, more effective and empowered organization that is in control and compliant. We created new teams and strengthened existing ones, onboarding many new members who bring diverse skill sets to DLL. In October, we welcomed Grégory Raison to the Executive Board as our new Chief Financial Officer.

In March 2024, we were able to share the results of the 2023 member engagement survey. With a record response rate of 91%, our score of 79% is one to be proud of and exceeds the industry benchmark by 3%. That said, it was slightly lower than last year's 81%, which reflected the changes and impact of our organizational simplification efforts but is still considered a very strong result.

We are happy to see that our members continue to feel motivated, would recommend DLL as a great place to work, and feel that their work gives them a sense of personal accomplishment. On behalf of my fellow Executive Board members, I would like to express our appreciation and thanks to all DLL members for their continued hard work, dedication and adaptability, as well as their eagerness to take part in voluntary activities to give back to society.

Our focus throughout the year was to drive more sustainable and profitable growth in the sectors we know, while moving at pace to explore and exploit new opportunities – for instance with new vendors and new technologies to drive the energy transition. When it comes to our environmental, social and governance (ESG) efforts, 2023 was also a pivotal year.

[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.
[2] Our composite Global Net Promoter Score (NPS®) reflects our activities in vendor finance commercial (inventory) finance, and our joint venture with AGCO.

We developed a new sustainability strategy, continued our investments in climate topics, and committed to further investments to accelerate progress on ESG themes. We were proud to receive Leasing Life 's 2023 Circular Economy Model award in recognition of these efforts.

We maintained progress on our future model landscape project. It is designed to deliver regulatory compliance alongside simplification and consolidation of DLL's model landscape. In parallel to capital and credit modeling, the rapid development of new available Artificial Intelligence (AI) technologies and regulations will be an important focus area in 2024, including the integration of the requirements of the upcoming European AI Act.

Looking ahead

Change and adaptation continues to be the main theme for DLL in 2024. We completed the divestment of our Russian activities and signed a sale and purchase agreement for the sale of DLL Türkiye. We also finalized the rundown of our Chinese operations and took first steps to prepare selling off our Hungarian activities. On a personal note, I was honored to take over the CEO portfolio from Carlo van Kemenade on an interim basis until his successor is formally appointed. Carlo joined Rabobank on April 1, 2024, as Director of Retail Netherlands and member of the Managing Board. It was a pleasure and a privilege working with him on the DLL Executive Board, and we wish him well.

At the same time, we are very much looking forward to welcoming Lara Yocarini as our new CEO pending regulatory approval. Lara brings a wealth of international management experience and in-depth knowledge of financing the food and agriculture sector, a key focus area for driving more sustainable and profitable growth at DLL. The fact that Lara will also join Rabobank's Managing Board further underlines the importance of DLL's role as one of the three pillars of our shareholder's strategy.

At the time of writing, it's clear that 2024 will be another challenging year in terms of macroeconomic trends and geopolitical uncertainty. While the trend of increasing defaults observed in the second half of 2023 has continued into the first quarter, we've also seen strong commercial and financial performance. We remain focused on our goals and are maintaining the pace of change.

We've made good progress in further rolling out and implementing our strategic roadmaps across all domains. As well as growing our business more sustainably, a top priority in 2024 is to support our leaders and members to grow. We are well on the way to redefining our culture and values and are intensifying the emphasis on the well-being and psychological safety of our members. Together, we're making growth happen!

Mike Janse
Chief Operational Officer (COO)
and interim Chief Executive Officer (CEO)

Who we are

DLL is a global asset finance company for equipment and technology assets, delivering financial solutions to industries from Agriculture to Technology. Founded in 1969, we are headquartered in Eindhoven, the Netherlands, and operate in more than 25 countries worldwide.

DLL provides specialized asset-based financial solutions to nine distinct industries:
- Agriculture
- Food
- Healthcare
- Energy transition
- Construction
- Transportation
- Industrial equipment
- Office equipment
- Technology

DLL has a banking license in the Netherlands, which is passported to several other European Union (EU) countries. The Dutch and European Central Bank provide regulatory supervision. DLL is a wholly owned subsidiary of Rabobank Group and has been one of the bank's strategic pillars since 2022.

Our vision and purpose
DLL believes in partnering with its customers to develop innovative and sustainable financial solutions that deliver meaningful value to the world. We are increasingly conscious of our responsibility to help tackle environmental challenges. Global warming, climate change and nature loss all undermine the resilience of our planet and its ability to recover. We believe that the imperative to transform economies and societies to more sustainable ways of living and working has never been more urgent. Given our global reach and the range of industries we operate in, we express our purpose as "Partnering for a better world."

Our **goals**

To be
- **the undisputed global leader in vendor finance**
- **a purposeful and inclusive place to work**
- **the transition partner for a better world**

Our **purpose**

Partnering for a better world

Our **ambition**

To be the market leader in enabling more sustainable business growth through point-of-sale financial solutions

Our **transformations**

- Simplifying the organization
- Empowering members and strengthening our culture
- Driving more sustainable, profitable growth
- Driving risk-reward-sustainability balance
- Improving speed, ease and convenience

Our **foundation**

- People & culture
- Partnership mentality
- International reach
- Industry specialization
- Assets and risk knowledge
- Stable, secure and compliant

Our stakeholder **promises**

Our promise **to partners**

We partner with you to develop differentiating triple-win solutions that help you to grow your business, and make a meaningful and sustainable impact on the world.

Our promise **to members**

We strive to be an employer of choice, providing you with unique opportunities to grow and develop in a dynamic and inclusive environment where you can make a difference.

Our promise **to Rabobank**

We will continue to deliver growth and premium returns to the Group and pursue synergies while taking an active role as a partner for our customers in the energy and food transitions.

Our promise **to society**

We commit to Road to Paris targets, support and encourage our partners and the industries we serve to move to more sustainable business models, and strive to contribute to more inclusive communities.

Our ambition and goals
Our ambition is to be the market leader in enabling sustainable business growth through point-of-sale financial solutions. That starts with creating amazing customer experiences that enable businesses to easily access equipment and technology. We then deliver insights and advice that realize smarter and more sustainable methods of use.

We have set three goals to achieve our ambitions over a five-year period:
- To be the undisputed global leader in vendor finance
- To be a purposeful and inclusive place to work
- To be the transition partner for a better world

Our foundation
DLL's foundation is built on six key elements that express how we create value for all our stakeholders, including our vendor partners, customers, members, shareholder and regulators. These foundational elements are our:
- Partnership mentality
- International reach
- Industry specialization
- Asset and risk knowledge
- People and culture
- Commitment to being stable, secure and compliant

Our partnership mentality and international reach
Thanks to our partnership approach, many of our most successful relationships have rich histories, some lasting more than 30 years. We support our vendor partners in both their mature markets and emerging growth markets in over 25 countries. Our continuing strong performance is largely due to a healthy spread of business activity across several regions, countries and sectors, which provides an additional layer of resilience to our business model.

We always seek to become an integral part of our vendor partners' overall business strategy and financial plans. We support them through the complete economic cycle, as well as other issues and events that influence their specific equipment markets. As a transition partner for a better world, we explore new forms of partnership and relevant financial solutions to help our vendors – and their customers – realize their own transitions to more sustainable ways of doing business, manufacturing and using more sustainable equipment.

By combining our global capabilities with experienced local teams, we provide a consistent service across the globe. We empower our people to be proactive at the local level to respond flexibly to our customers' needs. At the same time, our global account management approach provides our vendor partners with a single point of contact that helps manage their portfolio and global business activity.

Our industry specialization, and asset and risk knowledge
With more than 50 years' experience, we have developed a high degree of expertise in the markets we serve, acquiring an understanding of the distribution process, the sales process and the equipment itself.

In many cases, we have recruited salespeople from the hardware side who had successful careers selling the equipment or managing a team of salespeople for a vendor partner. This gives them instant credibility with DLL's clients and allows them to understand the partners' challenges and speak their language.

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, more sustainable rewards. We use our asset management expertise and understanding of the assets to make advanced risk decisions, generating a high level of added value for our vendor partners and their customers.

Our people and culture
Our members continue to be our most important asset and one of the unique elements that set DLL apart. We aim to provide our members with a purposeful and inclusive place to work, one where they find meaning in their work and feel a connection between their personal purpose and DLL's purpose of partnering for a better world.

DLL is strongly committed to diversity, equity and inclusion (DE&I). We want to create a diverse and inclusive workplace where all members feel respected, valued and empowered. We have a high-quality and engaged member base, who consistently deliver our value proposition to customers. DLL members show great passion and commitment to the goal of servicing both our vendor partners and their customers.

A strong entrepreneurial spirit and focus on innovation allow us to create solutions to help our vendor partners win in changing market conditions. Therefore, 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.

Stable, secure and compliant
As we are committed to being a solid and secure bank, DLL focuses on its license to operate through being in control and compliant, while adapting to a changing risk landscape, with cyber security and climate risk threats, and managing financial and non-financial risks.

We seek to embed regulatory requirements in processes by stimulating compliance by desire. The introduction of strict regional sustainability regulations has created a push toward more sustainable models and requires data to report on impact. In response, DLL continuously works to improve data quality and management and ensure a solid IT infrastructure. We constantly strive to increase the efficiency and resilience of our organization with a focus on financial stability and strengthening digital security capabilities to respond to ever-changing circumstances such as geopolitical events, inflationary pressure and cyber threats.

Our ambition
is to be the market leader in enabling more sustainable business growth through point-of-sale financial solutions

Our Executive Board

The DLL Executive Board is collectively responsible for delivering sound and balanced long- and short-term strategies to meet the needs of all DLL stakeholders, including customers, shareholders, members, regulators and the communities in which the company operates.

In February 2023, Neal Garnett was appointed Chief Commercial Officer and a member of the Executive Board of DLL as successor to Tom Meredith, who retired at the end of 2022.

In October 2023, Grégory Raison was appointed Chief Financial Officer (CFO) and a member of the Executive Board. During the search for a successor to the previous CFO, Carlo van Kemenade had interim responsibility for the CFO domain alongside his responsibilities as CEO.

In December 2023, it was announced that Carlo van Kemenade would leave DLL in 2024 and join the Rabobank Managing Board as Director of Retail Netherlands. This appointment became effective from April 1, 2024. DLL's Chief Operating Officer, Mike Janse, is acting as interim CEO until the appointment of Van Kemenade's successor, Lara Yocarini, who, subject to regulatory approval, is expected to take up the role of CEO and Chair of the Executive Board of DLL.

Mike Janse
Chief Operating Officer (COO) and Interim Chief Executive Officer (CEO)

Mike Janse was appointed Chief Operating Officer and member of the Executive Board in May 2018. In this capacity, he is responsible for the company's country organizations.

From April 1, 2024, Janse acted as interim CEO of DLL. This interim role has Strategy, Communications, Corporate affairs, Internal audit, Sustainability, Innovation and Compliance as responsibilities.

As COO, Mike has the following portfolio of responsibilities:
- Regional/country Management of DLL's global network
- Operational excellence
- IT
- FEC

He is also a member of the AGCO Finance Global Board.

Grégory Raison
Chief Financial Officer (CFO)

Grégory Raison was appointed Chief Financial Officer (CFO) and member of the DLL Executive Board in October 2023. Raison is responsible for the company's financial, treasury and performance management functions.

Grégory has the following portfolio of responsibilities:
- Finance
- Data management
- Procurement
- Treasury and capital markets
- Finance strategy and transformation

Yke Hoefsmit
Chief Risk Officer (CRO)

Yke Hoefsmit was appointed Chief Risk Officer and member of the Executive Board in February, 2021. In this capacity, she is responsible for the company's global risk and legal organization.

Yke has the following portfolio of responsibilities:
- Credit and asset risk
- Collections and recovery
- Integrated risk
- Credit model and predictive analytics
- Legal
- Supervisory relations and regulatory change and adherence

Neal Garnett
Chief Commercial Officer (CCO)

Neal Garnett was appointed Chief Commercial Officer and a member of the Executive Board on February 27, 2023. He is responsible for the company's commercial strategy and global business activities in our nine industries.

Neal has the following portfolio of responsibilities:
- Management of DLL's global business units
- Global marketing
- Commercial strategic initiatives
- Digital transformation
- Asset management

Iman Eddini
Chief Human Resources Officer (CHRO)

Iman Eddini was appointed Chief Human Resources Officer and member of the Executive Board in September 2022. She is responsible for the company's global HR organization.

Iman has the following portfolio of responsibilities:
- Compensation and benefits
- Talent management and acquisition
- Workforce transformation
- HR operations
- Inclusive culture
- Leadership development
- High performing organization

A strong entrepreneurial spirit and focus on innovation allow us to create solutions to help our vendor partners win in changing market conditions.

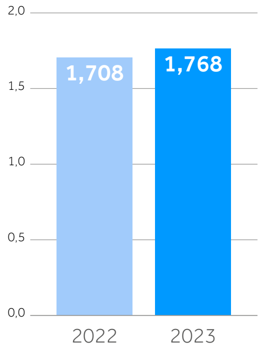
Facts & figures **2023**

Key figures		
In millions of euros	**2023**	**2022**
Financial position and solvency on December 31		
Total assets	46,531	43,317
Total equity	4,757	4,376
Non-controlling interests	595	528
Common Equity Tier 1 Capital (CET1)	3,729	3,494
Risk-weighted assets	31,647	27,887
CET1 ratio	11.8%	12.5%
Profit and loss account		
Total net income	1,768	1,708
Total operating expenses	(1,016)	(959)
Credit losses and other impairments	(170)	(262)
Profit before tax	582	487
Profit for the year	438	343
Portfolio (in billions of euros)		
Total portfolio	44.3	40.5
Employee data		
Number of full-time equivalents (FTEs) average	5,548	5,612

Total **net income**

in millions of euros

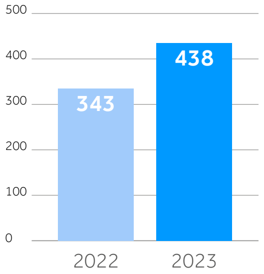
+3.5%



Net **profit**

in millions of euros

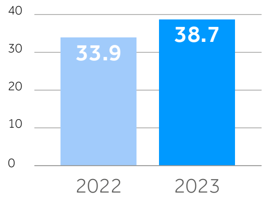
+27.7%



New **business volume**

in billions of euros

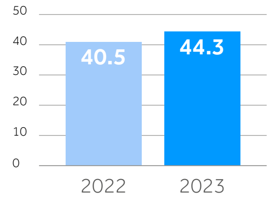
+14.1%



Portfolio on balance

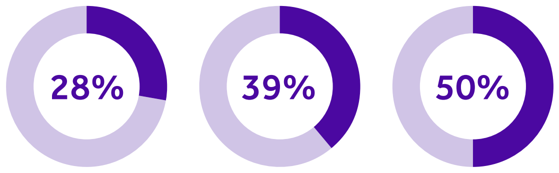
in billions of euros

+9.2%



Diversity & inclusion

percentage of women

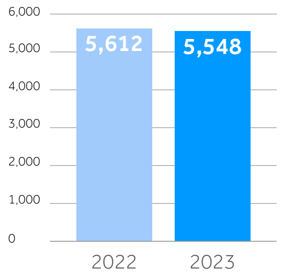


Women in senior management | Women in middle management | Women in total workforce

Full-time **equivalents**

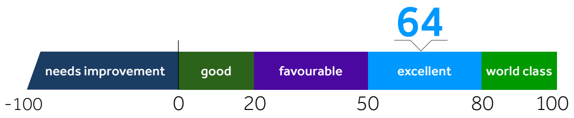
average number

-1.2%



Net **promoter** Score*

NPS® recommendations



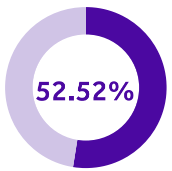
* Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

Volunteering

percentage of involved employees

2,914 unique members

number of hours volunteered 16,873



Unique member participation rate

Donated to good causes a total of EUR **1.67** million

What we do

DLL's core business model is vendor finance, by which we provide asset-based financing programs to vendor partners, whether manufacturers, dealers, distributors, or resellers, at their respective points of sale.

By partnering with DLL, our vendor partners can offer highly specialized and smart financing solutions to their customers, the end users of the equipment. This facilitates the sale of the equipment and other ancillary products and services and helps them grow their business. This way, our vendor partners can focus on their core business of producing and/or selling and servicing their products, and leave the financing programs, including administration, to an expert.

There is more to vendor finance solutions than simply providing capital and financial terms to customers seeking equipment from our vendor partners. Besides offering the commoditized administrative services of credit underwriting, billing and collection, we seek to become part of the vendor partner's overall business strategy and financial plans. It is all about managing a multiyear relationship and developing a strategy that will help the vendor partner achieve their goals over the long term in an efficient and more sustainable way.

Enabling our partners to leverage their brands

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

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 toward end users.

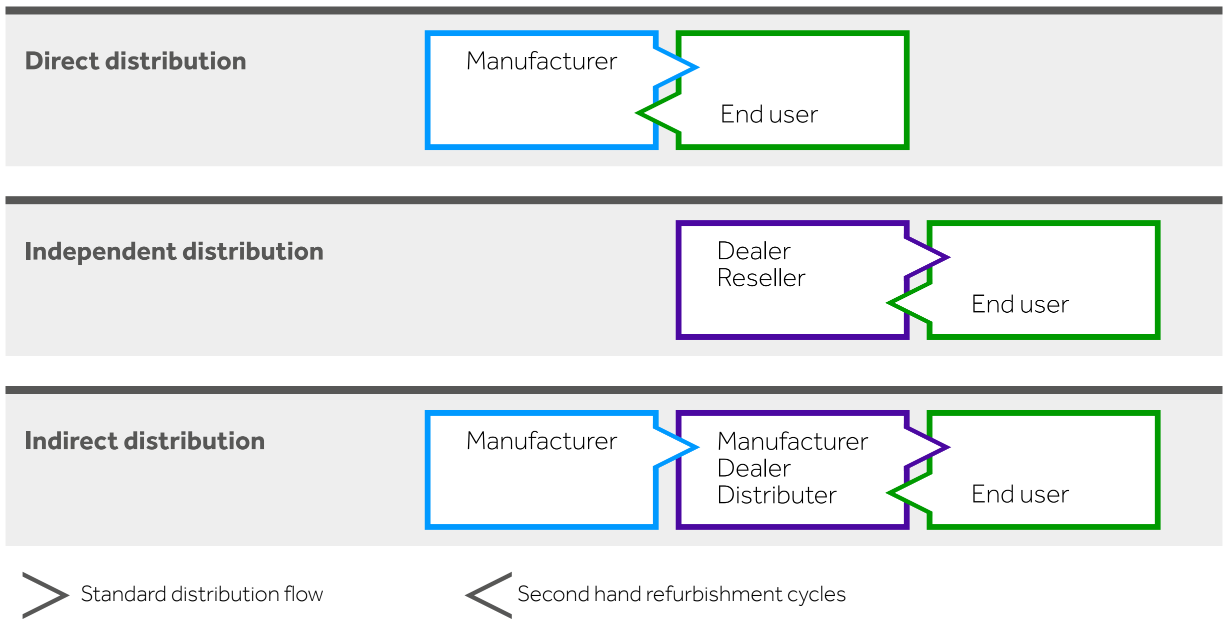
We can help our vendor partners by bundling services such as maintenance, parts and supplies, insurance and warranty in the related financing packages. We can also provide financing for software licenses and other technology solutions. Through this, the customer gets access to a wider variety of value-added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

Vendor finance 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 sales to their customers. Vendor finance serves the following distribution channels:

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

Vendor finance distribution channels



End-to-end financial solutions

DLL has developed a business model whereby we not only support the strategic objectives of our vendor partners, but we offer end-to-end financial solutions covering the full technical life cycle of their equipment. We create the potential to generate income on a single asset at three distinct points in its lifecycle: Commercial (inventory) finance, retail finance and used equipment sale or finance.

Our solutions include:

– Commercial (inventory) finance, comprising a suite of asset-based financing solutions that support both manufacturers and their distribution partners. Our commercial (inventory) finance products help manufacturers get more units of equipment out of the factory and into the sales inventory, lots and showrooms of their distribution partners. Commercial finance also enables dealers and resellers to maintain healthy inventory levels without tying up critical cash and bank lines.

– Retail finance, spanning a variety of products including loans, financial leases, fair market value leases and pay-per-use agreements. Retail finance represents the majority of DLL's portfolio. All these products are designed for use at the point-of-sale, enhancing our partners' ability to place equipment with their customers. In turn, these products allow customers to easily acquire and use the equipment they need to operate their businesses.

– Used equipment finance, through which DLL offers many of the same financial products for used, refurbished and remanufactured assets as we do for new equipment. Upon end of lease, customers have various options including extending, acquiring, or returning the asset. When a product is returned, DLL works with the vendor to develop refurbishing and remarketing programs, used equipment sales programs, or other environmentally friendly disposition methods. That way, we support manufacturers and dealers wishing to remarket their used equipment to end users, enabling more sustainable reuse of equipment and creating second- and third-life revenue streams.

Customer-direct business models

In a rapidly changing world businesses increasingly want the flexibility to pay for the use of equipment or technology, rather than owning the assets outright. DLL takes an innovative approach to usage-based consumption products (sometimes referred to as pay-per-use or PPU) with a focus on further expansion of our customer-direct business models.

Partnering for a better world

In 2023, business was impacted by continued geopolitical challenges, macroeconomic instability, a scarce labor market and significant increases in market interest rates as central banks made efforts to fight inflation. All the more reason for DLL to stand by its purpose of "Partnering for a better world" and to keep on working closely with our partners and end users during these challenging times.

Main **achievements**

- **Organization simplification** complete →
- **New teams and leadership** in place
- **Strategic transitions** in progress
- **New People Strategy** implemented

The organization

- **5 Global business units**
  AGCO Finance, CT&I, F&A, LifeTech and Commercial Finance
- **5 Regions**
  Asia Pacific, Canada, Europe, Latin America and United States

Early in the year, the Executive Board presented DLL's refreshed strategy to members in all regions around the world, sharing our strategic priorities and ambitions in five transformation areas that are built on a strong foundation.

The five transformation areas that represent our key strategic objectives and priorities are:

1. Simplifying our organization
2. Empowering members and strengthening our culture
3. Driving more sustainable profitable growth
4. Driving our risk-reward-sustainability balance
5. Improving speed, ease, and convenience at the point of sale

Simplifying our organization

To support DLL's strategic ambition of being the market leader in enabling sustainable business growth through point-of-sale financial solutions, a top priority this year was to optimize our organizational model.

Changes were implemented in a phased and controlled manner to strengthen our local markets, and to create a simpler and more effective and empowered organization that is in control. This change process has resulted, among other things, in a detailed new organizational design that includes a revised top structure; the formation of new transformation teams to drive our change agenda; and a restructuring of our matrix of global business units, regions and countries to improve their execution power for partners all over the world.

We believe that this organizational simplification not only empowers our members, it also enhances DLL's responsiveness and value proposition in providing speed, ease and convenience at the point of sale, exceeding the end-to-end needs of partners, and serving customers in the best possible way.

Looking ahead

"Priorities include growing the portfolio with the existing franchise and with new customers and diversifying our sources of income. While Finance has a transversal and regulatory function, everyone in the organization has a role to play in ensuring quality."

Grégory Raison, CFO

Empowering members and strengthening our culture

Delivering at pace on our strategic ambitions involves significant changes for our leaders and members. In 2023, we set up a team responsible for culture and change management, created a new People strategy, and our executive leadership attended a culture development program.

In September, we appointed a new Head of Culture and Change Management who will be rolling out plans to further strengthen DLL's values and culture in the coming year. We launched change management programs which were well received by the dozens of managers and members who already completed them. For more information on the role of culture in our strategic transformation, see the interview 'How DLL is strengthening it's culture.'

In order to ensure a meaningful member experience, where everyone can be their best self, we recognize that creating a high performing organizational culture needs to be underpinned by a sense of empowerment and psychological safety. DLL also believes it is key to support members to balance their work-life commitments. We therefore prepared a Wellbeing strategy which will be rolled out fully in 2024.

Giving back to our local communities is a vital part of DLL's culture. Collectively we organized more than 75 local volunteering initiatives with a total of over 2,900 unique DLL members volunteering. We confirmed our commitment to creating a significant impact by donating a total of EUR 1.67 million (2022: EUR 1.27 million) to charitable causes, the majority of which promoted social inclusion.

In March, Group Compliance launched the third consecutive annual global Compliance Culture Survey. The total response rate was 79% and the average overall perception of DLL's compliance culture was 79%. Although there was room for improvement in specific areas and we recognized that work pressure continued to be high, all aspects covered in the survey were perceived more favorably than the industry benchmark.

To ensure we continue to offer a meaningful experience to all our members, they are invited to share their feedback and input in the annual Member Engagement Survey. Feedback that is essential to work toward building a purposeful and inclusive place to work. Typically, this survey is conducted at the end of each year. However, since 2023 saw substantial change, we postponed the survey to the first quarter of 2024, to give sufficient time for the organizational simplification to settle and ensure data validity.

In March 2024 we were able to share the results of the 2023 Member Engagement Survey. With a record response rate of 91%, we surpassed last year's result (86%). Our Member Engagement score of 79% is one to be proud of, exceeding the industry benchmark by 3%. The slight drop from last year (81%) might be a reflection of the changes and impact of the organization simplification, but we would like to better understand what caused it and how we can improve. Diving into the responses, we were nevertheless happy to see that our members continue to feel motivated; would recommend DLL as a great place to work; and feel that work gives them a sense of personal accomplishment.

Looking ahead

"To achieve DLL's strategic ambitions, we need to keep investing in our people and foster a culture of high performance. This means creating a psychologically safe work environment, driving empowerment of our members, and developing strong leadership across the organization."

Iman Eddini, CHRO

Driving sustainable profitable growth

DLL's strong results in 2023 demonstrated that we are delivering on our ambition to drive growth that is both sustainable and profitable, and keeping our promises to our partners and stakeholders.

The positive feedback we consistently receive in our annual Global Partner Loyalty Survey validates DLL's focus on the success of our partners.

Over 43,000 partners were surveyed. Our composite Global Net Promoter Score (NPS®), which reflects our activities in vendor finance commercial (inventory) finance, and our joint venture with AGCO, was an exceptionally strong +64, which was an improvement from 2022's +62. This was the fifth consecutive year that DLL maintained or improved on this important measure of customer loyalty.

The 2023 NPS score showed that 73% of our vendors and dealers who completed the survey would recommend DLL and AGCO Finance to others. Our partners also continue to cite our partnership focus and the behavior, knowledge, and skills of our people as some of the main reasons they do business with DLL. More survey completions mean more opportunities to listen, learn and act on partner feedback. That is why each survey completion equated to a EUR 2 donation to a partner's charity of choice. Charities differed according to the region, and included Doctors without Borders, the European Foodbank Federation, the Red Cross and One Tree Planted.

To support our strategic goal of being the transition partner for a better world, and our progress on the Road to Paris, DLL continued to grow its dedicated global Energy Transition team. We appointed more than 15 subject-matter experts to lead various parts of this strategy domain. In partnership with our global business units, this team drives new business volume based on a value chain approach which focuses on four energy asset categories: Energy efficiency, Energy production, Energy infrastructure, and Energy consuming assets. More details on the Energy Transition team's initiatives can be found in the interview 'DLL's growing expertise in asset and risk management' and in the cases on pages (on energy transition, transition to sustainable farming and circular economy).

We supported this crucial work with new go-to-market strategies, driving consistency across business units, regions and markets. For instance, the new Commercial Effectiveness and Transformation (CET) team helped the Program Management, New Business Development and Sales teams across the commercial domain to improve execution, and enhance the service and integration with our global partners and customers. See the interview 'New teams poowering the green growth engine.'

We accelerated our efforts to promote circularity models. In November, DLL received the 2023 Circular Economy Model award at the 20th Leasing Life Conference and Awards event. We were recognized for our "extensive historical track record of initiatives and comprehensive operation solutions that span the entire value chain." It also cited DLL's "impressive capabilities, reflecting its combination of central and local teams, specialized processes and a robust asset management information system," plus the fact that "DLL's solutions are applicable across various asset classes and industry sections."

DLL also won the Best Give me a New Life Funding Programme award at the Arena International Events Group's Sustainable Finance Summit. This award recognized DLL's ability to repurpose a wide range of assets such as ambulances, machinery, IT equipment and tractors. As well as our demonstration of practical approaches to non-standard reuse capabilities, multiple partnerships and community-based initiatives.

The Aqua partnership between Rabobank and DLL continued to capture synergies for a better customer experience, profitable growth and partnering for a better world. As one of Rabobank's three strategic pillars and the center of excellence for asset finance expertise, we achieved notable successes and synergies in commercial, functional and strategic areas of collaboration.

Securitization transactions continued to be a part of DLL's long-term growth strategy to diversify our funding base, with both new and existing investors putting their trust and confidence in our securitization platform. We closed three U.S. securitization transactions, issuing notes backed by secured loans and leases totaling USD 2.7 billion.

Looking ahead
"As an asset partner with specialized knowledge of transport, heavy industry and food and agriculture, we'll facilitate and accelerate important transitions for vendor partners and their end users by ensuring that more sustainable assets become a viable option for them."
Neal Garnett, CCO

Driving our risk-reward-sustainability balance

With sustainability at the heart of our strategy, we aim to be a transition partner for a better world. Together with our vendor partners and end users, we want to support and facilitate the transition to more sustainable business, and ultimately, to finance more sustainable assets.

We will only be able to deliver on that ambition if we change how we look at risk, and at DLL we now talk about risk, reward and sustainability. During 2023 we integrated sustainability in our portfolio steering, and started to bring risk, reward and sustainability balance into the customer journey. We are learning how the sustainability of an asset influences risk and reward, and what level of (additional or new) risk we are willing to accept as we pursue end-customers, vendors and transactions consistent with our strategy. Or alternatively, what we are willing to offer as we pursue transactions or finance assets which help us to improve the overall emissions profile of our portfolio.

The strategic fit of our vendors with DLL's long-term net-zero ambitions is a core component of the balance. In 2023, we partnered with the CCO domain to accelerate conversations with our partners about our joint road to net zero.

Our partners and end users showed increased attention to sustainability this year, with a 22% rise in those that have shown some level of public commitment to reducing their own emissions and a 3% increase in those that have committed to science-based targets on the Road to Paris.

It takes time for manufacturers to find and implement new techniques to produce equipment and machines working on alternative sources of energy than used today. In the meantime, there are already ways to limit or decrease greenhouse gas emissions, by precision planting or using biofuels, for example. Over time, manufacturers will develop real green assets that will make a difference in terms of absolute reductions.

We are creating new products to develop more sustainable new business and are simultaneously defining what that means for DLL. The Sustainable Asset Risk Committee was formed to assess these assets in our portfolio, as well as those we would like to pursue in energy, food and agriculture, and circularity. The assessment takes place based on external rules and regulations, such as the EU taxonomy.

We have set ambitious goals to increase our "green" new business volume and to become Paris-aligned regarding the intensity of our greenhouse gas emissions. That means we defined metrics to calculate the financed emissions, or emission footprint, per asset in our portfolio and calculations are performed in line with PCAF. We also accelerated mapping out our portfolio to know exactly which asset has which financed emission attached to it.

Supporting our commercial and organization strategy requires Compliance, Risk and Legal (CLR) to have the right expertise in place. We have created specific roles within our Legal and Risk domains, focused specifically on environmental, social and governance (ESG) and the energy transition among others. Knowledge of sustainability and how we balance risk-reward-sustainability in everything we do is a key skillset for all of our members, and CLR will support our members on this learning journey.

Our ultimate goal is to have objective instead of subjective factors influence our decisioning, so that we can measure an asset's sustainability impact, and embed that into our risk and reward considerations.

Looking ahead

"The companies which will thrive in the future are those which strategize sustainability and embrace the mitigation of climate risk as a core objective. As DLL seeks to incorporate sustainability into everything we do, the Compliance, Legal and Risk Departments are working closely with business partners to strike the right balance between risk, reward and sustainability in order to achieve sustainable profitable growth, while keeping our business viable and maintaining a solid foundation."

Yke Hoefsmit, CRO

Improve speed ease and convenience at point of sale

DLL's priorities have always included creating an amazing experience for its customers, and ensuring that its product and service offerings continue to be aligned with customer needs and market developments.

Most of today's consumers expect easy, convenient and personalized digital shopping experiences. DLL has seen the same expectation grow within the asset finance industry: Our partners and customers want a user-friendly digital experience. As part of our ambition to make financing a driver for our customers' selling process, increasing conversion and enhancing their end users' experience, we continued to optimize our customer experience and look for ways to increase the speed, ease and convenience of doing business with DLL.

Achieving this goal was strongly related to our top priority in 2023, to simplify the organization and improve commercial effectiveness. To support the new organizational design and an agile way-of-working, we implemented the Simplify@Scale methodology in the U.S. and Canada and got underway with it in Europe. The Latin American and Asia Pacific regions will follow in 2024. We want to enable the business, operations and IT to work seamlessly together in all our regions, thus accelerating our delivery of solutions and reducing the time to market. At the end of the year, the five DLL regions created regional transformation roadmaps, which will help steer and monitor progress via quarterly business review meetings.

With regards to the rationalization of our products and services, we focused strongly on improving our lease origination toward the "flow proposition", meaning the small ticket, mostly standardized business. In 2024, we will accelerate the wider rationalization of our product and service offering, leveraging knowledge and learnings to multiple regions.

As data is a key enabler of most of our transformations, it is fundamental to have a data strategy in place, allowing us to achieve our ambitions and provide direction on how to become a more data-driven company. Based on our corporate strategy goals and the input of our business domains, we crafted ambitions which form the core of our renewed data strategy to be rolled out in 2024.

Looking ahead

"Top of the list for 2024 is to ensure that Sales, Operations and IT work seamlessly together, to focus and execute on our transformation plans, especially on improving speed, ease and convenience for our customers at the point of sale."

Mike Janse, COO and interim CEO

Outlook

In January 2024, DLL signed a Sale and Purchase Agreement (SPA) for its Hungarian activities, with the sale as yet to be completed.

On January 25, DLL announced the closing of DLLST 2024-1, the first U.S. securitization transaction of 2024, which comprises USD 750 million in notes backed by loans and leases secured with office equipment and technology solutions. DLL plans to issue four securitization transactions in 2024. Rabobank remains the principal source of funding for DLL.

On February 1, DLL announced the intended appointment of Lara Yocarini as Chief Executive Officer (CEO) and Chair of the Executive Board of DLL, for a term of four years. Lara will succeed Carlo van Kemenade, who joined the Managing Board of Rabobank Group as Director Retail Netherlands on 1 April. The appointment of Lara is pending regulatory approval.

Lara will also join Rabobank's Managing Board and will be responsible for Groupwide vendor finance activities. With this decision, Rabobank emphasizes the strategic importance of its leasing activities and its ambition to consolidate its leading position in global vendor finance. DLL will remain an independent subsidiary of Rabobank.

Outlook 2024

- Roll out of the Wellbeing strategy
- Acceleration of strategic transitions
- Lara Yocarini becomes CEO of DLL

Interview

New leaders and a new structure for strong and empowered markets

On October 1, **Rob van den Heuvel** stepped down as CEO of the AGCO Finance joint venture between AGCO Corporation and DLL, to take up a new position as General Manager of DLL's redefined Europe region. He handed the AGCO Finance baton to **Anna Naplocha**, who had already been with the joint venture for over five years as VP Global Program Management, Sustainability and Marketing. Here, they talk about DLL's long-standing partnership with AGCO, and how changes to the organizational structure will help DLL to simplify, streamline and synergize, bringing solutions to markets faster.

Rob van den Heuvel
General Manager Europe

Anna Naplocha
CEO of AGCO Finance

Their handover took place during what Rob describes as, "one of DLL's biggest ever organizational changes. We were working on plans to execute the strategy, making significant changes to the global and U.S. organizational structures, and moving to a single consolidated Europe from what had been four separate regions." A new CEO for AGCO Finance, one of DLL's five global business units (GBUs), was another huge shift. "But because I already knew the people, it made the transition easier for everyone," says Anna.

The overall restructuring has significantly reduced the number of internal touchpoints, making it easier and quicker for stakeholders at all levels to interact. Similar to the U.S., the Europe region is one of DLL's biggest. Unlike the U.S. though, it's very diverse from a maturity, culture and people perspective. "When I stepped in there were four 'Europe' regions: North, South, East and West," says Rob. "We've now consolidated these into one – pretty sizable – region which groups some countries/markets together, namely the U.K. and Ireland, the Nordics, Iberia, Benelux, DACH (Germany, Austria and Switzerland), and also includes three individual countries: Poland, France and Italy."

Empowerment and agility

"It's the countries/markets that are responsible for executing on the strategy," explains Rob. "We're empowering them more by giving more decision-making power at that level. This gives them the agility to react to opportunities and leverage them fast, improving speed, ease and convenience at our points of sale. It's our members in the local countries that know their customers, market and regulatory contexts best. I truly believe this way of working will result in better decisions not just for customers, but also for DLL."

With fewer but stronger regions sharing a single IT infrastructure, the regional layer can ensure better alignment, translate commercial strategies of the GBUs into strategies per country and leverage synergies between the countries. This will be particularly important for driving sustainable and profitable growth in Europe.

"Take all the new requirements that come to those markets around regulations, compliance and risk," says Rob. "By working together in a regional Center of Excellence, we can figure things out at a European level before we bring it to the countries, so that we implement these new requirements in the most effective way without adding to the countries' workloads. And the new Commercial Effectiveness and Transformation Team can really help our markets accelerate their digital, data-led transformation. Their input will also help us harmonize processes before implementing new CRM systems, for example."

"The priority for Europe is more sustainable and profitable growth fueled by customer and partner satisfaction, and high member engagement."

"We need to strike the balance between profitability and putting our money on customers that really want to transition with us."

This organizational simplification will make life easier from the GBU perspective too, says Anna. "Regional Sales Managers are key now. We set out the strategy at GBU level and the AGCO Finance Regional Manager for Europe is the linchpin between us and the region, to align with both on strategy execution."

Partnership mentality

With operations in 22 countries, AGCO Finance exemplifies both DLL's international reach and its partnership mentality. "The level of partnership that AGCO and DLL have built up over the last 30 years is really special. I've never seen it in any other vendor relationship," says Rob. "As CEO, you're part of the executive team at AGCO and of the executive team at DLL. You sit at both tables to help with setting and executing the strategy."

"Despite 2023 being a difficult year, AGCO Finance recorded significant growth in the retail portfolio," adds Anna. "Given the massive growth in interest rates and resulting competitive pressure, we doubled down to reconnect with AGCO, our customers and dealers. I feel like we really teamed up to safeguard and grow our business. I'm proud of that. Team spirit and a customer-first mentality always help us to get through challenging times."

"The partnership mentality really starts with listening," she continues. "The purpose of AGCO Corporation is "farmer-focused solutions to sustainably feed our world", and while we don't have all the answers, we try to explore those solutions with AGCO and the farmers. How do we help them transition to more sustainable business models?" Rob adds, "What we hear from manufacturers and dealer partners is that we think in solutions, not problems, and that we are extremely agile and flexible in finding them. But we do need to keep the risk-reward-sustainability balance in mind."

Risks and opportunities in the F&A space

"There's a lot of discussion around sustainable food production; we need to strike the balance between profitability and putting our money on customers that really want to transition with us," says Anna. Rob: "If we look at Europe, there are many potentially valuable new players without a proven track record, for instance in the energy transition field. So we're rethinking our risk management practices, backed up by data."

AGCO Finance's Climate Journey Fund is helping to move the needle. The Fund tries to shift some of the choices farmers are making by offering favorable financial conditions on AGCO equipment to eligible farmers who pursue sustainable outcomes in their operations. In 2023, the EUR 100 million fund supported over 600 new farmers globally, enabling improved soil health practices on more than 17,000 acres. Utilization of the Fund grew by over 800% over 2022. "We also significantly extended our collaborative efforts by leveraging more than 87 global eco labels focused on soil health improvement, animal welfare, social welfare and biodiversity protection," says Anna. As an example, through the Climate Journey Fund AGCO Finance supports New Zealand based wine producer Yealands. From harnessing solar energy to fostering biodiversity, Yealands' initiatives exemplify our shared vision and dedication to environmental stewardship.

"Team spirit and a customer-first mentality always help us get through challenging times!"

"We hear from manufacturers and dealer partners that we think in solutions, not problems, and that we are extremely agile and flexible in finding them."

"Of course," says Anna, "we have a duty to decarbonize – we have a lot of diesel-heavy assets, with long-term financing , within our EUR 13 billion portfolio. We can't impact the transition everywhere, so we look at what we can influence. At this time, we still need diesel tractors for production agriculture, and electrification can't (yet) address the needs of this segment. However, tech plays a huge part in driving precision farming, where farmers can reduce the use of chemicals, and optimize usage of water and other inputs in order to protect the soil. AGCO Corporation recently announced the biggest ever ag tech deal in the industry: the creation of PTx Trimble. It's a joint venture dedicated to helping farmers with smart tech and precision agriculture, not only for AGCO equipment but also for mixed branded fleets."

Looking forward

Anna stresses that while one of the joint venture's ambitions is to grow 25% of new business through sustainable solutions, growth also depends on strategic alignment – between AGCO Corporation and AGCO Finance, but also at the shareholder level with DLL and even broader with Rabobank. Looking forward, Rob says his priority for Europe is, "sustainable and profitable growth, fueled by customer and partner satisfaction and high member engagement, my other focus area moving forward. I'm convinced the new set-up will enable this."

Asked about the highlight of his six years as CEO at AGCO Finance, Rob replies, "Simply being part of that special partnership was a constant joy. The absolute highlight of this past year was Anna's promotion to CEO. It's well deserved and says everything you need to know about people development at DLL."

"It's our members in the local countries that know their customers, market and regulatory contexts best. This way of working will result in better decisions not just for customers, but also for DLL."

Financial performance

and strategic outlook

After last year's turbulence, DLL saw a return to normalcy in 2023. We completed the divestment of our Russian activities and signed an SPA for the sale of DLL Türkiye. We also finalized the rundown of our China operations by liquidating our Chinese companies. Overall, DLL posted a strong net profit of EUR 438 million, thanks to our portfolio growing by 9.2% to EUR 44.3 billion, net income rising by 4% and defaults coming in below budget. However, defaults increased during the year, pointing toward a more challenging 2024.

Developments in 2023

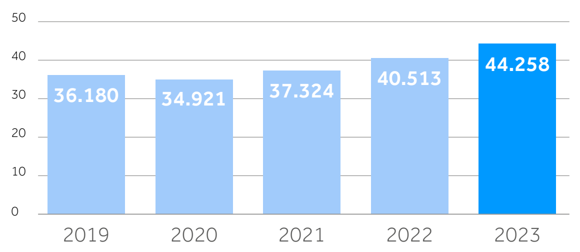
We completed the sale of our Russian subsidiaries this year. With the sale of Cargobull Finance Russia on March 15, DLL ended its presence in Russia. We also finalized the rundown of our China operations with the maturing of the final contract, after which the China entities were liquidated.

In addition, DLL began to divest its Türkiye and Hungary operations. We signed a Sales and Purchase Agreement (SPA) for DLL Türkiye in December and completed the sales process in January 2024. As a result, the Türkiye operations are presented as a disposal group held for sale in the results. An SPA for DLL Hungary was signed in January 2024. As the sales process is still to be completed it is presented as a subsidiary.

Balance sheet

Portfolio on balance

in billions of euros

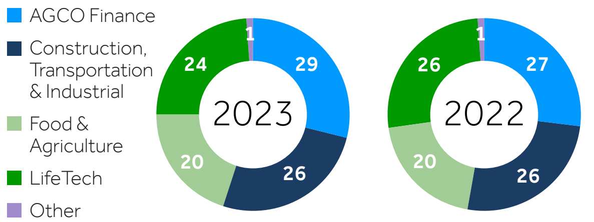


All global business units (GBUs) grew their portfolio relative to 2022. The AGCO Finance, Food and Agriculture (F&A) and Construction, Transportation and Industrial (CT&I) units realized the highest relative growth, at over 10% each, as well as the highest absolute growth, at more than EUR 1 billion each. DLL's Commercial Finance portfolio achieved record results, with new business volumes significantly exceeding budget and the prior year.

The TS and HC&CT units fused to form a new GBU, LifeTech (LT).

Portfolio on balance

***per GBU** expressed in percentage*

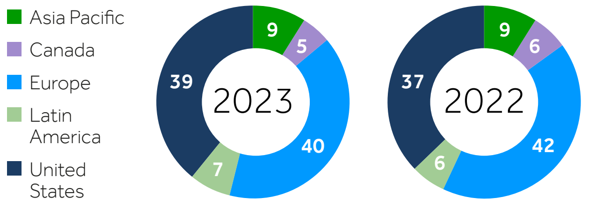


Within DLL, we have a separate GBU commercial finance for short term funding to customers in the various industries in which DLL is active. In this overview, the Commercial Finance portfolio is allocated to these portfolios.

All regions grew their portfolio compared to 2022, with Canada and Latin America achieving the highest relative growth, and Latin America and the U.S. the largest absolute growth.

Portfolio on balance

***per region** expressed in percentage*



In terms of funding, DLL issued three U.S. securitization transactions:

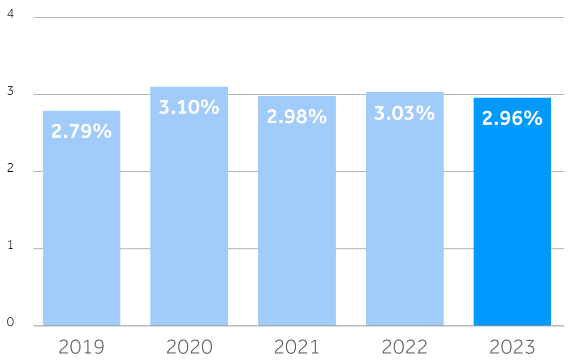
- On February 2 we issued USD 850 million in notes backed by loans and leases secured with agricultural, golf course and turf equipment.
- On May 24, we issued an additional USD 850 million in notes. This deal was backed by loans and leases secured with construction, transportation and industrial equipment.
- A third deal, issued on August 2, comprised USD 1 billion in notes. These are backed by loans and leases secured with new and used agricultural equipment originated by AGCO Finance, a joint venture between DLL (51% ownership) and AGCO (49%).

Income statement

Net interest income grew during the year, while the margin as expressed in basis points of the portfolio decreased slightly. Despite these positive results, conditions remained challenging as geopolitical events continued to affect both financial markets and international supply chains.

Net interest income

Total portfolio on balance year-end expressed in %



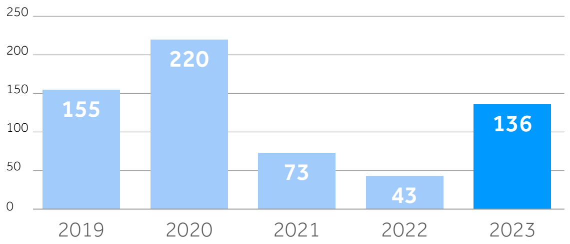
Operating expenses rose, largely due to rising employee costs. DLL also contributed EUR 12 million to a fund created to allow members to invest in making their home more sustainable. With the creation of this fund, DLL followed the example of the Rabobank Group, which launched the initiative to celebrate its 125th anniversary.

After a year of record low credit impairments (excluding the impact of the loss on selling our Russian operations), levels began to return to normal in 2023. Excluding the loss on Russia, Stage 1 and 2 credit impairments grew significantly in 2023, mainly driven by a combination of portfolio growth and the deteriorating economic outlook, the so-called macroeconomic scenarios. In response, we added EUR 36 million to the stage 1 and 2 loss provisions.

Stage 3 risk costs (related to actual customer defaults) also grew, mainly in the last quarter. An increase in defaults drove up stage 3 risk costs to EUR 136 million, a sharp rise compared to the prior year (EUR 43 million). The deterioration of the macroeconomic scenarios points toward this trend continuing in 2024.

Net stage 3 impairment

costs in millions of euros in statement of profit and loss



Outlook 2024

- **On January 10, 2024, DLL signed a share purchase agreement for the sale of its Hungarian operations, the sale is expected to close later in 2024.**
- **On January 24, 2024, DLL completed the sale of its Turkish operations, which were held for sale on December 31, 2023.**
- **On January 25, 2024, DLL announced the first U.S. securitization transaction of the year, issuing notes totalling USD 750 million. The notes are backed by loans and leases secured with office equipment and technology solutions.**
- **Results for Q1 remain strong.**

Interview

New teams powering the **green growth engine**

Since the appointment of a new CCO in early 2023, DLL's commercial organization has taken significant steps toward accelerating sustainable and profitable growth for DLL and its customers. Two new teams created in the fourth quarter are set to further propel this growth: The Asset and Product Group under the leadership of **Chiara Cordini**, and the Commercial Effectiveness and Transformation Team headed by **Rick Trobman**. They explain how, together and alone, they are adding momentum to DLL's transitions, and what the tangible benefits will be for members, partners and customers.

Chiara Cordini
Head of Product & Asset Management and Insurance

Rick Trobman
Head of Commercial Effectiveness and Transformation

Chiara joined DLL 20 years ago and has grown through a range of roles, primarily linked to the Construction, Industrial and Transportation sector, to become Head of Asset and Product Group in October 2023. Rick has been with the company for almost two decades, during which he helped create much of the tech revolution at DLL. He took up his role as Head of Commercial Effectiveness and Transformation (CET) in November last year, with a mission to enable DLL's commercial ambitions by maximizing the go-to-market speed, effectiveness and efficiency of DLL's global business units and markets. "The rapid shifts in our markets," he says, "be they around tech, regulations, or geopolitics, demand that we're quick on our feet not only in skill development, but in bringing financial solutions to customers."

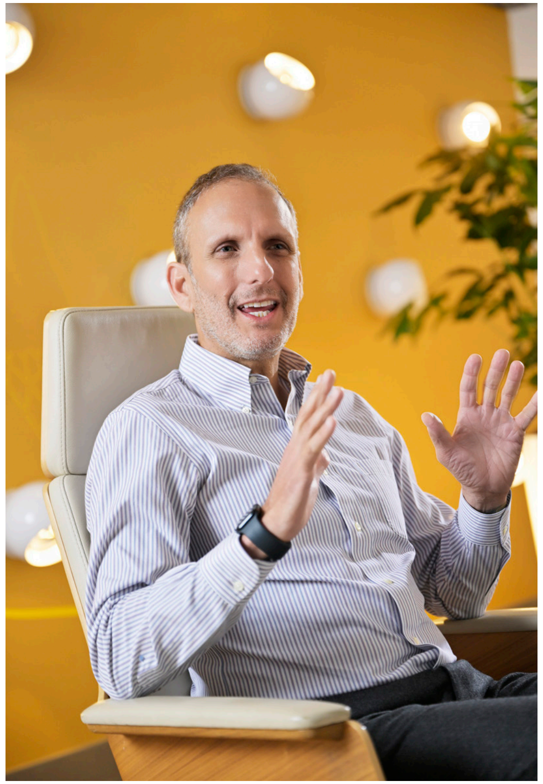
Chiara believes the Asset and Product Group, set up in October 2023, can help create that momentum by combining four distinct areas of expertise – asset management, product management, pay-per-use and insurance. Asset management defines what equipment is approved for DLL financing, and manages how partners and customers can get the most value from those assets. "The expertise and market knowledge of our members qualifies DLL's asset specialization as a true differentiator and value driver of our partnerships. This is particularly relevant when entering new market segments and with the emergence of new equipment trends."

Product management is a new element in the mix, taking a customer-centric approach to developing, maintaining and optimizing financial products to drive sustainable and profitable growth. Centralizing financial product expertise in one team makes these capabilities consistently available to everyone, everywhere. That should help DLL develop and deliver products faster and more effectively to partners and end users.

Defining sustainable assets

To take DLL's sustainable business ambitions and turn them into actionable plans, Chiara's team is helping develop a process to qualify assets as sustainable. This is important to ensure a shared understanding from a regulatory, reporting and commercial perspective. It is also reviewing all assets financed by DLL, prioritizing transitional areas such as transport electrification, energy generation and regenerative farming, and aims to have reviewed the whole portfolio by mid-2024. "For us sustainability is not a vague concept," says Chiara. "Our data-supported asset knowledge helps us to understand how equipment is used and establish what type of emissions it's likely to release. This helps us to deepen the relationship with our partners and support their transition to more sustainable assets."

Chiara and her team support growth by focusing on where the business wants to increase partnership value, portfolios, new asset types or new channels to market. For instance, by creating financial products for new markets, like energy infrastructure or storage. "It's like a co-ownership model," Chiara explains. "Rick's team can provide data-driven insights into how customers are making their buying decisions. By working closely with them and by centralizing product capabilities, we can see at a glance how products are performing in different countries and deliver harmonized products." These create real value for our international partners and customers, helping them reach their own strategic and sustainability goals.



A data-driven approach

"Data-driven insights also enable us to approach partners in a way that is valuable and meaningful for them," adds Rick. "CET is building data-driven statistical models in a cloud environment that combine internal and external data. For example, by combining dealer sales numbers with our own financing figures we can help partnerships identify pockets of opportunity. And as we deploy these solutions, we can scale use cases to make the models available across the organization. Meaning that our commercial members can use them to drive growth wherever they're located, improving speed, continuity, ease and convenience that customers are going to notice."

This data-driven Commercial Intelligence is one of four pillars that are designed to transform DLL's commercial organization and ensure it executes on the strategy at a pace that gets results faster. The other pillars are Commercial Transformation, Commercial Execution, and Commercial Acceleration. Commercial Transformation is about ensuring DLL members have future-proof skills. "Getting access to customers to understand what matters to them is different than it was five or 10 years ago," says Rick. "You could use traditional methods of communication and specific skills to navigate your way to the customer. Now they can find out about our products with a web search on their mobile. Our value today is understanding what our customers are doing and how we can support them. So we need data analysis skills, product/technical skills and soft skills to manage today's complex stakeholder relationships."

"Matching the right people, skills and profiles will streamline and simplify the organization, accelerating growth."

Execution and acceleration

The Commercial Execution pillar is about reviewing day-to-day sales processes and eliminating or moving activities that don't drive customer satisfaction or revenue. "We have hired sales operations and Agile methodology experts," explains Rick, "to review our sales activities. Do we have the right people doing the right jobs?" The execution team will also support Marketing to embed the optimized sales process into DLL's customer relationship management system.

Commercial Acceleration focuses on the international side of the business, looking at how the work of DLL's partner management and business development teams is divided between administrative, operational and commercial activities. "If senior commercial people are managing administrative and operational processes, that interferes with them establishing and maintaining strategic relationships. Matching skills with people will streamline the organization, accelerating growth.

"It's clear that the market is changing, customer needs are changing and the role of the Commercial Team at DLL is changing."

The 4 pillars of DLL's **Commercial Effectiveness and Transformation Team**

1	2	3	4
Commercial **Transformation**	Commercial **Execution**	Commercial **Acceleration**	Commercial **Intelligence**
Ensuring our commercial members are equipped with the skills for the future	Improving the day-to-day planning and activities of the commercial teams	Realigning people and skills to ensure that the right people do the right jobs	Leveraging data-driven insights to drive the global business unit strategies and inform our sales activities

"Understanding what qualifies an asset as sustainable ensures a shared understanding from regulatory, reporting and commercial perspectives."

But everything we do will be built on the pillar of Commercial Intelligence, using data analytics to find opportunities, and identify partners and end users where we can deliver the highest value." Not only do all of these elements deliver on DLL's strategic objective to simplify the organization, they also underpin a seamless transition from strategy to execution.

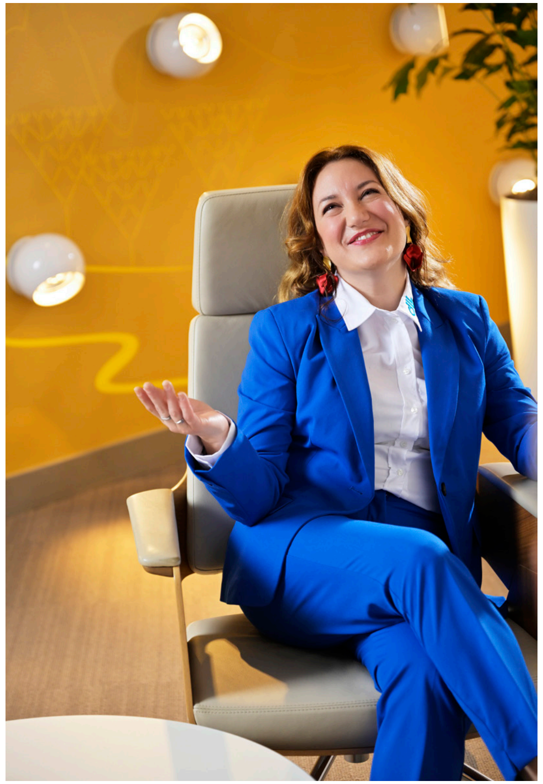
Accelerating the circularity transition

DLL wants to help its partners extend the life cycle of assets in the most competitive way possible and accelerate their transitions to more sustainable business models. Data collection and analysis are integral to these ambitions. "Take telematics," says Chiara, "which can provide physical asset data for better decision-making, like the location of the equipment, how long it has been operating, when it will need maintenance and so on. We can turn this data into insights for our customers, to help them accelerate their own 'green growth engines'."

In 2023, DLL redefined its circularity vision. The goal is to work with partners who provide the highest opportunity for impact and use circularity as a lever in the transition. "We want to close the loop on material by reusing, refurbishing, remanufacturing or recycling, as well as owning the process of reselling our prefinanced equipment to make sure we keep partners engaged," adds Chiara. Businesses are seeing the value of using, rather than owning assets. With IoT tools, they can use data to track usage and with that, align costs and revenues, optimize asset fleets, project spending, and make better decisions.

"DLL's usage-based payment arrangements can be adjusted to fit the customer's needs over time, says Chiara. "Among other benefits, pay-per-use solutions mean that customers can 'test the tech' without shouldering the risk."

Looking forward, Chiara hopes to strike a balance between product harmonization and a risk appetite more aligned to the commercial strategy. "How do we manage the existing portfolio while driving opportunities for growth in new areas?" She also wants to refresh the dialogue with partners and end users to gain a better understanding of current and future needs. 'We aim to intensify our contribution to their transitions through a more sustainable product offering that reflects their evolving needs."Rick and his team are committed to delivering significant impact on DLL's overall growth through the successful deployment of their four CET pillars. "It's clear that the market is changing, customer needs are changing and the role of the Commercial Team at DLL is changing. I think we can continue to get better as an organization and be bold in understanding that our job isn't to finance everything, it's to facilitate our partner's sale of a product and a solution. I want everyone in the commercial organization to know how they can create value for our partnerships and their end users today and in the future, and be excited to go on that journey!"



"We aim to intensify our contribution to our partners' transitions through a more sustainable product offering that reflects their evolving needs."

Interview

Empowered and high-performing: How DLL is strengthening its culture

With a new people strategy, an enhanced leadership profile, and a simplified structure, DLL is on target to create a more customer-centric, high-performing organization. Global Head of Strategy Bas van Asseldonk and Head of Culture and Change Management Brigitte Laurent explain why and how it will also be an empowered one.

Brigitte Laurent
Head of Culture and Change Management

Bas van Asseldonk
Global Head of Strategy

Simplifying DLL's organization has been a key area of responsibility for Bas this year. "The process of creating the new structure, communicating it and implementing it took about 12 months," he says. "That's a long time for so many people to be in a state of transition. I think the reason we still had one of the best years ever was that we created a clear framework and empowered our leaders to make it their own."

Empowerment and leadership – along with values and behaviors – are the key cultural dimensions in DLL's new people strategy. "Behavior drives action," says Brigitte, "so it's important we're all on the same page." And, as Bas points out, "Our figures may be our end result, but they're the result of how we work together, and share common values and core behaviors."

Why culture is key

Brigitte joined DLL in September, bringing with her a wealth of experience in implementing culture change journeys in various global organizations. "I firmly believe that what makes an organization successful is the culture," she says. "A lot of companies share their agenda with employees. They talk about growth, expansion, effectiveness and being customer-focused, but it's only by creating the right culture that they make it happen."

The first priority for Brigitte and her team was to create awareness in the organization around the people strategy, leadership profile and culture roadmap. The second phase is to really anchor the new competencies in all of DLL's HR processes, from hiring onwards. The third phase will be to link it clearly with performance through open dialogue and feedback.

Bas and Brigitte both agree that DLL's culture already ticks a lot of boxes, describing it as 'strong', 'welcoming' and with a 'family feeling'. However, Bas points out that people sometimes have difficulty conducting truly open dialogues: "addressing the real hot potatoes, having courageous conversations and making brave decisions. So we want to keep the strengths of our family culture while we move to a high-performing, customer-centric one, with more open feedback, and a more diverse and inclusive population." "And that", adds Brigitte, "starts with leadership. If you don't begin by empowering people at the top of the organization, it will never trickle down."

Empowering, leading and setting direction

As part of the people strategy, DLL launched a new leadership profile in 2023. The profile aims to ensure the Group's new culture starts at the top, by focusing on three pillars: Leading Self – this includes reflecting on your strengths and weaknesses as a leader, and fostering an inclusive environment; Leading Others – empowering clear accountability, leading change and setting direction; and Driving Results. Bas: "Driving results includes things like daring to fail on the way to innovation. The financial sector is under intense scrutiny and people can be afraid to make mistakes. But if we don't feel safe to try new things, we're paralyzed. We need to create an environment of psychological safety where it's okay to make mistakes as long as we learn from them."

'Customer-centric and high-performing' is being enabled by DLL's new simplified structure, which, for example, brings all the functions together under the core responsibility of one general manager in countries and Business Units. Bas explains: "Not only can multifunctional teams better balance risk and reward, which is crucial in navigating complex challenges like the energy transition, but decisions can be made faster and closer to our customers. At the same time, improved leadership will stimulate the teams to be high performing."

"What we've also done," he adds, "is create clear objectives for each layer of the organization, global, regional and local, so everyone knows what is expected from them, and what results we're after. This is the basis for empowering our leaders, teams and members, as people need to understand the expectations upfront."

"It's important to keep reflecting to ensure we're still moving in the right direction."

'A coalition of leaders'

For Brigitte it's important to create a strongly aligned Senior Leadership team ('coalition of leaders') that will be instrumental in driving the strategic road map and modeling the new leadership style with its new competencies and skills – like defining clear roles and responsibilities. "And", she says, "having the courage, because you feel safe, to hold each other accountable and have the courageous conversations to get better every day. A high performing organization will mean that we can better manage conflict, to receive and give authentic feedback. We all want to be able to grow, both as a company and as individuals. So we need to challenge ourselves and each other every day to reach a higher level of performance." As Bas notes, "a high-performing organization is one that is constantly learning and striving to do better."

A foundation of inclusion

It's also on leaders, says Brigitte, to foster an inclusive workplace, one where everyone feels respected, valued and listened to. That's why it's so important that diversity, equity and inclusion (DE&I) are on the strategic agenda. "All three bring value to the company, but it starts with inclusion. If you feel included, then you can be your authentic self and unleash your full potential. Of course, inclusion has been valued at DLL for a long time, but our people strategy gives it even more priority and anchors it in our processes, so it's not just about creating that 'family feeling' but it really contributes to high-performance." Diversity, equity and inclusion says Brigitte, are built on the foundation of inclusion. "If you want to be innovative, you need a mix of different people, with different ideas. Equity is about treating everyone the same."

Staying on course

After 16 years at DLL, Bas spent some time away but returned in summer 2022. Did that feel like coming home? "Yes, these are people I like spending time with outside of work too, so it definitely feels like a family. But there was something else that brought me back – a strong belief in the future of DLL. To help secure that future, DLL started to implement its new Group Strategy in 2023. The organizational, and leadership and culture transformations are an integral part of that strategy."

Listening to Bas's plans for 'full speed ahead' on strategic transformation in 2024, Brigitte issues a word of caution: "Acceleration is good, and the new structure is enabling that, but it's easy to get sidetracked, especially in times of strategic and cultural change. That's why it's important to keep reflecting to ensure we're still moving in the right direction. To maintain energy and momentum across the cultural change agenda requires continuous focus, effort and a willingness to have those authentic conversations." She adds, "I want us to be travelling on a clear and comfortable road, with leaders in the driving seat who have owned high-performance skills and who share a strategic roadmap on DE&I."

"A high-performing organization is one that is constantly learning and striving to do better."

Sustainability
is at the heart of our strategy

Given the urgency of the climate emergency around the world, in 2023 DLL intensified its efforts to accelerate the Energy, Food and Agriculture, and Circularity transitions, and supported partners and end users to adopt more sustainable business models.

Sustainability strategy

As a part of its refreshed corporate strategy, DLL has revisited its sustainability strategy which now prioritizes activities that support the following commercial, social and organizational ambitions:

- To help existing partners achieve their sustainability ambition by aligning our strategic initiatives and solutions
- To onboard new partners that focus on our three key transition areas: Energy, Food & Agriculture, and Circularity
- To invest in new opportunities - including adjacent propositions, channels and markets and innovations in the three transition areas
- To take the value chain into consideration when determining how our business and assets impact communities
- To build a diverse and inclusive workplace that enables members to unleash their full potential
- To comply with ESG regulations and commitments
- To adhere to high ESG standards in the way we do and run our business

Main **ESG achievements** at a glance

- **New sustainability strategy developed and approved**
- **Double materiality assessment and identification of material ESG themes**
- **Created the first Asset x Region plans aiming for climate impact reduction**
- **Created a financed emission calculation methodology for all asset types**
- **Significant expansion of staff and knowledge base**
- **EUR 1.67 million contributed to good causes**

Sustainability at DLL covers three topics: environmental, social and governance (ESG). 2023 was a pivotal year for our ESG efforts, with fifteen workstreams being established to implement our corporate strategy which has sustainability at its heart. As part of the strategy implementation, DLL committed to further investments in the ESG themes to accelerate progress on environmental, social responsibility and governance themes and made continued investments in climate topics.

Double materiality assessment

During 2023, DLL prepared an initial double materiality assessment. In line with the EU Corporate Sustainability Reporting Directive (CSRD) this identifies which impacts, risks and opportunities are most material to DLL. A double materiality assessment requires companies to identify their impacts on people or the environment on the one hand, and the sustainability matters that financially impact the company on the other.

CSRD Themes	DLL Strategy
Climate change	Energy Transition Partner Transition
Biodiversity and ecosystems	Food & Agri Transition
Resource use & circular economy	Circularity Transition
Own workforce	DE&I Strategy
Business conduct	FEC

Based on this initial assessment, we identified five material themes for DLL:
1. Climate change
2. Biodiversity and ecosystems
3. Resource use & circular economy
4. Own workforce
5. Business conduct

The material themes are closely linked to our strategy. Our energy transition efforts are aimed at reducing our impacts and risks associated with climate change, and providing opportunities for more sustainable growth. The Food & Agriculture and Circularity Transitions will do the same for respectively the Biodiversity and ecosystems and Resource use and Circular economy themes. Our People strategy (including the Diversity, Equity and Inclusion strategy) will ensure that we deliver on the Own workforce theme, while the elements of our Essential Foundation will ensure we comply with all Business conduct requirements.

Going forward, we will update this assessment annually, taking into account the results and lessons learned from our sustainability transitions, DE&I strategy-implementation and the ongoing development of our governance.

Impacts, risk and opportunities

The double materiality assessment identified the following impacts, risks and opportunities:

Standard		Theme	Impact	Risk	Opportunity
E1	Climate change	Climate change adaptation	X	X	X
		Climate change mitigation	X	X	X
E4	Biodiversity and ecosystems	Impact and dependencies on ecosystem services	X	X	X
		Land degradation / land-use change	X	X	X
		Direct exploitation	X	X	X
E5	Circular economy	Availability of natural resources (resource inflows)	X	-	X
		Resource outflows related to products and services	X	-	X
		Circularity of business models	X	X	X
S1	Own workforce	Diversity and inclusion of employees	X	-	X
G1	Business conduct	Corruption and bribery (KYC/AML; 2027: CSDD)	X	X	-

Managing impacts, risks and opportunities: climate, biodiversity and circularity

During 2023, several steps were taken to accelerate our efforts in these three transition areas.
- We continued our work to measure financed emissions of assets in our portfolio, working with global business units and partners on decarbonization strategies called Asset x Region Plans.
- We put in place an Energy Transition team to ensure that we identify the opportunities associated with the transition from internal combustion engines to electric propulsion, which is an important element of our response to the Climate Change theme.
- We appointed leads for our Food & Agri and Circularity Transitions to identify the opportunities associated with the Biodiversity and Circularity themes. Further vacancies to strengthen the global sustainability team have been approved with the selection process ongoing.
- Our climate risk team was extended and will continue to expand to ensure that our initial climate risk assessment can mature. Additional staffing will also be sought to conduct the initial risk assessment on the biodiversity and circularity risks.
- We are developing new products to develop more sustainable new business and are simultaneously defining what that means for DLL.
- Throughout 2024 we will finalize our Sustainable Finance Framework, that will enable us to assess individual assets against publicly accepted norms for more sustainable assets.

The details of how we measure financed emissions, and identify, assess and manage climate risk are shown in the Risk Management and Compliance section and the interview 'DLL's growing expertise in asset and risk management.'

Partnering for the energy transition

Sharing our expertise on the **energy transition** through whitepapers

eMobility developments in the transportation sector

In November 2023, DLL published a whitepaper on "International Developments in eMobility." It describes the major transformations taking place in the transportation industry as eMobility becomes more popular and viable.

From fully electric vehicles and plug-in hybrids to hydrogen fuel cell vehicles that convert hydrogen into electricity, eMobility offers significant benefits for reducing CO_2 emissions, air and noise pollution, and fossil fuel dependency, thereby helping to combat climate change and improve public health.

A questionnaire carried out by Rabobank and DLL revealed that the transition toward a reduced emission fleet was already on the agenda for 53% of respondents. Together, DLL and Rabobank aim to offer businesses a comprehensive package of services, including financing, charging infrastructure, fleet maintenance, fleet management and more.

The main drivers and barriers to eMobility adoption

The whitepaper describes the key developments and innovations in technology, policy and infrastructure that are changing the transportation sector, and how these factors are influencing the growth and adoption of eMobility across different regions and countries. It examines the main drivers and barriers to the future development of eMobility, and provides an overview of different types of government policies, incentives and policy instruments that are deemed effective in promoting eMobility fleet adoption.

The analysis identifies several challenges for commercial fleet operators who are considering switching to electric vehicles. These include high upfront costs, limited range, lack of charging infrastructure, possible technical issues, and hesitancy to invest in rapidly developing technologies due to anxiety about obsolescence.

Finally, the whitepaper presents various financing solutions and new propositions that DLL is developing with its parent company, Rabobank, in a joint eMobility program to support partners in their transitions towards a reduced emissions fleet.

Nick Antoniou, Global Commercial Lead eMobility: "The response from our partners and from prospects to our market analysis has been very positive, sparking interest among manufacturers, dealers and users of eMobility vehicles. This feedback aligns well with our strategic positioning to support and accelerate our partners' and end users' ambitions to reduce their carbon footprint."

Enabling the energy transition

To further accelerate DLL's strategic goal "to be the transition partner for a better world" and on our Road to Paris, in 2022 we announced the creation of a dedicated Global Energy Transition team. Its aim is to support the shift towards cleaner energy and decarbonization as well as energy-efficient equipment. In 2023, DLL recruited and appointed more than 15 subject-matter experts to lead various parts of this strategic domain. In 2024, the Global Energy Transition team is expected to continue growing, bringing the number of dedicated specialists to more than 50 members.

In close collaboration with DLL's Global Business Units, the Global Energy Transition team is responsible for driving business volume, while helping to reduce DLL's GHG intensity from its portfolio and providing asset finance solutions that make acquiring more sustainable technologies easier.

Acting as a catalyst for business transformation, the Global Energy Transition team supports each Business Unit in identifying and facilitating new energy transition opportunities strategically as well as supporting existing partners and end users with their energy transition goals.

This strategy is based on a value chain approach which focuses on four energy asset categories:

- Energy producing assets, such as renewables, which include solar and wind power;
- Energy infrastructure assets, such as battery energy storage systems and charging infrastructure equipment;
- Energy efficiency assets, such as heating, cooling, and ventilation systems; and
- Energy consuming assets, such as agricultural, construction, industrial and transportation (eMobility) equipment.

eMobility

Regarding energy consuming assets, eMobility continues to be a high priority. DLL is supporting new and existing partners and end users with their unique energy transition journey. Our dedicated eMobility specialists have an in-depth understanding of the market, its dynamics, and the technological developments. Our financial solutions support investments in a variety of eMobility assets from electric light commercial vehicles to electric medium duty as well as heavy-duty trucks, up to micro-Mobility assets. We support organizations in various sectors, like last-mile delivery, commercial company fleets, public transport, and waste vehicles. Electrification is one of the many ways in which DLL can help partners and end users adapt to new legal requirements related to lowering their emissions and ensure no interruption of supply deliveries.

Enabling the food and agriculture transition

The primary objective of the food and agri transition team is to cultivate a diversified portfolio of assets, projects and customers that collectively promotes more sustainable outcomes in the field and provides DLL a resiliency buffer to withstand financial risks associated with climate change and other environmental pressures.

The first step has been a comprehensive evaluation of our existing portfolio, to define our baseline for more sustainable assets and for tractor emissions. Our new business volume projections for 2024-2028 are informed by the value of sustainable assets within our current portfolio and the actions underway to define new more sustainable assets. Developing justifiable projections based on real world conditions was a major accomplishment.

We completed a detailed, technical survey with our top five tractor vendors and continue to conduct technical surveys in our remaining portfolio. This will provide baseline information for portfolio-emission reduction strategies that align with DLL's regional sector plans.

Our evaluation of assets in our portfolio has also defined our optimization efforts with existing vendor relationships, and we have initiated more detailed conversations with those identified. We are also developing new business channels beyond our traditional vendor model. Our marketing insight team is conducting research that will help us set the stage for building the value proposition for the identified Food Transition sectors. Our goal is to develop five project pilots to test our internal processes in these new environments, with particular attention to new customers, risk and deal-booking logistics.

Cooperative model

We initiated a cooperative model between the F&A and Energy Transition (ET) teams and are building a framework for the future to align joint efforts and resources and to catalyze the efficiency and scale of on-farm energy producing assets. Work to identify existing applicable ET Risk Approval Criteria (RACs) for F&A and to develop new RACs in coordination with the F&A Chief Risk Officer is ongoing.

In coordination with Rabobank, we also began the development of a new risk and program approach to a blended finance model. There has been significant additional coordination with Rabobank. Our Business Intelligence Teams are also supporting sustainability tracking.

Over the next five years, our focus will be to build and capitalize on existing and new opportunities along the entire food supply chain. The sectors within the supply chain include both food and nonfood agriculturalists (farmers), food manufacturers, food processors, food distributors & food waste generators, and businesses that convert food into value-added commodities. We will continue to define the opportunities within each sector and engage appropriately based on market size, environmental impact and financial return.

DLL continued to engage with major vendors in the F&A sector on their plans to transition to more sustainable business practices. AGCO Finance entered the third year of its Finance Climate Journey, a fund to make attractive financing options available to eligible farms and farming-related ventures embracing more sustainable farming practices. During 2023, the Climate Journey Fund doubled to EUR 100 million, and now also supports projects focused on biodiversity and circularity. The goal is to do as much as possible to facilitate financing for farms and businesses transitioning from conventional to organic produce, engaging in more sustainable value chains, or aspiring to obtain market access via sustainability certification. Included in its scope are many different international and domestic food certificates.

Enabling the circularity transition

In a world faced with resource scarcity, circularity contributes to the optimization of currently available resources. It also offers organizations new pathways to reduce their environmental impact and to develop the potential for new business (through for instance innovation, customer retention and operational efficiency.).

Consistent with our ambition to be the transition partner for a better world, DLL supports circularity by providing ways for partners and end users to further embed it in their business models. Through our Circularity and Life Cycle Asset Management (LCAM) strategy we provide financial solutions including operating leases, sharing, renting, pay-per-use, and take-back monetization. We also give our partners and end users access to end-of-use equipment, thus enabling them to optimize resources by extending asset lifespan, creating multiple lifecycles, harvesting components, reducing resource shortage risk and opening new channels of business.

Innovative models such as pay-per-use increase equipment utilization and incentivize circular design, extended lifespan, reuse and refurbishment, thus permitting multiple circular models within the same solution.

In 2023, to enable take-back of assets at end-of-use, we worked as a financing partner in a model where customers could return the equipment for free (all freight and shipping costs covered) to our vendor partner. This returning of equipment, 40% of which would have otherwise been discarded, supports the circular economy – it can be reused and certified remanufactured through the vendor's dedicated program, or eventually recycled.

A related solution is the IT Asset Disposition (ITAD), which can be an add-on to device lease contracts. Another approach is to finance assets and solutions that themselves enable circularity. For example, we finance assets for a plastics recycling plant, which commenced operations in 2023, recycling up to 20,000 tonnes per year.

Going forward, we are working to promote circularity during the production of assets with attributes like circular design, zero waste and more sustainable packaging.

As a recognition of our implemented operational solutions covering the full value chain, DLL was honored to receive the 2023 Circular Economy Model Award from Leasing Life, one of the top leasing industry journals in Europe, during the 20th Leasing Life Conference & Awards event in November 2023.

Becoming the transition partner for a better world

To reach our ambition to become the "transition partner for a better world", DLL, which became one of Rabobank's three strategic pillars, is actively working to accelerate its own transition journey as well as that of its partners and end users. We are continuously improving our value proposition by offering expertise and solutions in the transition to a more sustainable future.

By setting a clear roadmap for achieving our transition goals and supporting those of its partners and end users, DLL can ensure that its actions align with Paris Agreement targets, adhere to local regulatory measures, meet societal imperatives, and deliver more and more sustainable commercial strategies designed to limit their impact on the environment and on people.

In the past year, there has been a 22% increase in the number of partners and end users that have shown some level of public commitment to reducing their own emissions.

Many of them have expressed a desire to further embed more sustainable practices into their business model and are enquiring about DLL's owns commitments and actions in this direction; some already have goals in place to achieve Road to Paris targets. As environmental pressure intensifies, so too does the number of organizations looking to play an active role in building a more sustainable future.

DLL's commercial strategy considers two main factors:
1. Supporting a more sustainable shift in three key transition areas: Circularity, Food and Agriculture as well as Energy Transition.
2. Driving more sustainable business: By reducing its greenhouse gas (GHG) intensity on assets it currently finances and by developing more sustainable new business and revenue streams.

In 2023, DLL further refined its sustainability partner assessment process by identifying areas of opportunity for partners and end users and by considering new elements such as the introduction of science-based sustainability rating systems like EcoVadis. DLL also dedicated considerable resources to further define what constitutes "more sustainable assets" and how it can work together with new and existing partners and end users to offer them more sustainable solutions tailored to their needs.

Partnering for the transition to more sustainable farming

AGCO Finance helps lead the way in **smart agriculture**

Supporting farmers as they meet unprecedented challenges

AGCO Finance, one of DLL's five global business units, produced an overview of its new strategy, AgFinance 2025, and its commitment to supporting farmers in their sustainability journey. "Farming for a Better Future" highlights the unprecedented challenges faced by the agriculture sector: Climate change is impacting agriculture, the sector is under pressure to reduce greenhouse gas emissions, and food production must be increased to feed a projected nine billion people by 2050.

The whitepaper then outlines essential sector changes and includes clear examples of the support AGCO Finance, a global provider of financing solutions for agricultural equipment, can offer. Through partnerships and innovative financing solutions, it aims to facilitate the adoption of regenerative practices and precision farming. For instance, precision farming tools can improve farms' efficiency and reduce their carbon footprint.

The opportunities of emerging carbon markets

AGCO Finance's experts also describe how agricultural land could serve as a significant carbon sink, potentially benefiting both farmers and society. The UN's '4 per 1,000' campaign aims to increase the organic carbon content of agricultural soils by 0.4% per year, which has the potential to offset a significant portion of global greenhouse gas emissions.

The paper projects that transitioning to carbon farming could mitigate climate change and create economic opportunities for farmers. The emerging carbon credit market could generate USD 50 billion in revenue by 2030. Reduced tillage, cover cropping and improved nutrient management can enhance carbon sequestration rates, incentivizing farmers to adopt these regenerative practices.

Metrics and targets for emissions from own operations and our portfolio

To date, the climate theme is the only one for which we can measure our impacts, risks and opportunities. Here, we distinguish between emissions from our operations and those from the portfolio we finance.

In 2024, we will take the first steps to measure impacts, risks and opportunities for the biodiversity and circularity themes. At the time of writing, it is not yet possible to disclose metrics and targets on these themes.

Emissions from our own operations

Greenhouse gas emissions own operations (in tons of CO_2)				
	2023		2022	
	Usage	CO_2 emission	Usage	CO_2 emission
Energy use				
Electricity (in kWh)	3,535,956	1,267	5,423,771	1,889
Natural gas (in m³)	173,178	340	218,157[1]	425
		1,607		**2,314**
Resource use				
Paper (in kg)	4,461	4	33,759	31
		4		**31**
Travel				
Car travel (in km)	21,399,745	3,184	20,893,804	3,566
Air travel (in km)	34,152,034	7,347	18,346,592	3,947
		10,531		**7,513**
Total		**12,143**		**9,858**

1 Reported amounts are from Q4 previous year to Q3 reporting year.

During 2023, DLL worked on further improving the calculation methodology for the emissions of its own operations. As a consequence, the 2022 information was restated.

As can be observed, DLL reduced the energy used by its own office buildings. This was achieved by investments in the buildings owned in Eindhoven (NL) and Wayne (US) as well as office buildings rented from third parties. DLL has assessed all buildings currently used, to ensure the targets included in the Paris Agreement are met. Sustainability has become one of the selection criteria for new office leases. Based on the assessment made, two locations with long term leases require further attention.

DLL has also set targets for travel. For company cars and lease cars, targets are set for all countries, that collectively will ensure the targets included in the Paris Agreement are met. For air travel, we reduced the budget available for air travel to ensure the targets included in the Paris Agreement are met.

It is expected that going forward, the scope of our own operations monitoring and reporting will extend beyond office locations, car travel and air travel.

Calculating emissions from our portfolio

In 2023 we extended our financed emissions calculation methodology to cover all asset types in our portfolio. In 2022 we already established a baseline for two initial portfolios, the tractor and transport portfolios. During 2023, we worked on establishing the greenhouse gas emissions for the entire portfolio, a process that was completed in early 2024.

During 2023, a specialized third party validated our calculation methodologies for the two initial portfolios, (which are based on the Motor Vehicle Loan methodology as published by the Platform Carbon Accounting Financials (PCAF)). The validation provided useful feedback to further improve our methodologies. In late 2023, we asked the same party to validate the newly developed methodologies. for the additional portfolios. That process is due to be completed in 2024.

Once validated, the calculations will not only provide input for future reporting in compliance with the CSRD, they will also be a yardstick to measure the success of our transition strategies. Currently, we have a target in place for the tractor portfolio for which the initial calculations were completed in 2022.

We plan to set targets for greenhouse gas reduction for the entire portfolio, which will be included in our commercial strategy to set the goal of the transitions we want to achieve.

Our governance structure for the environmental topics

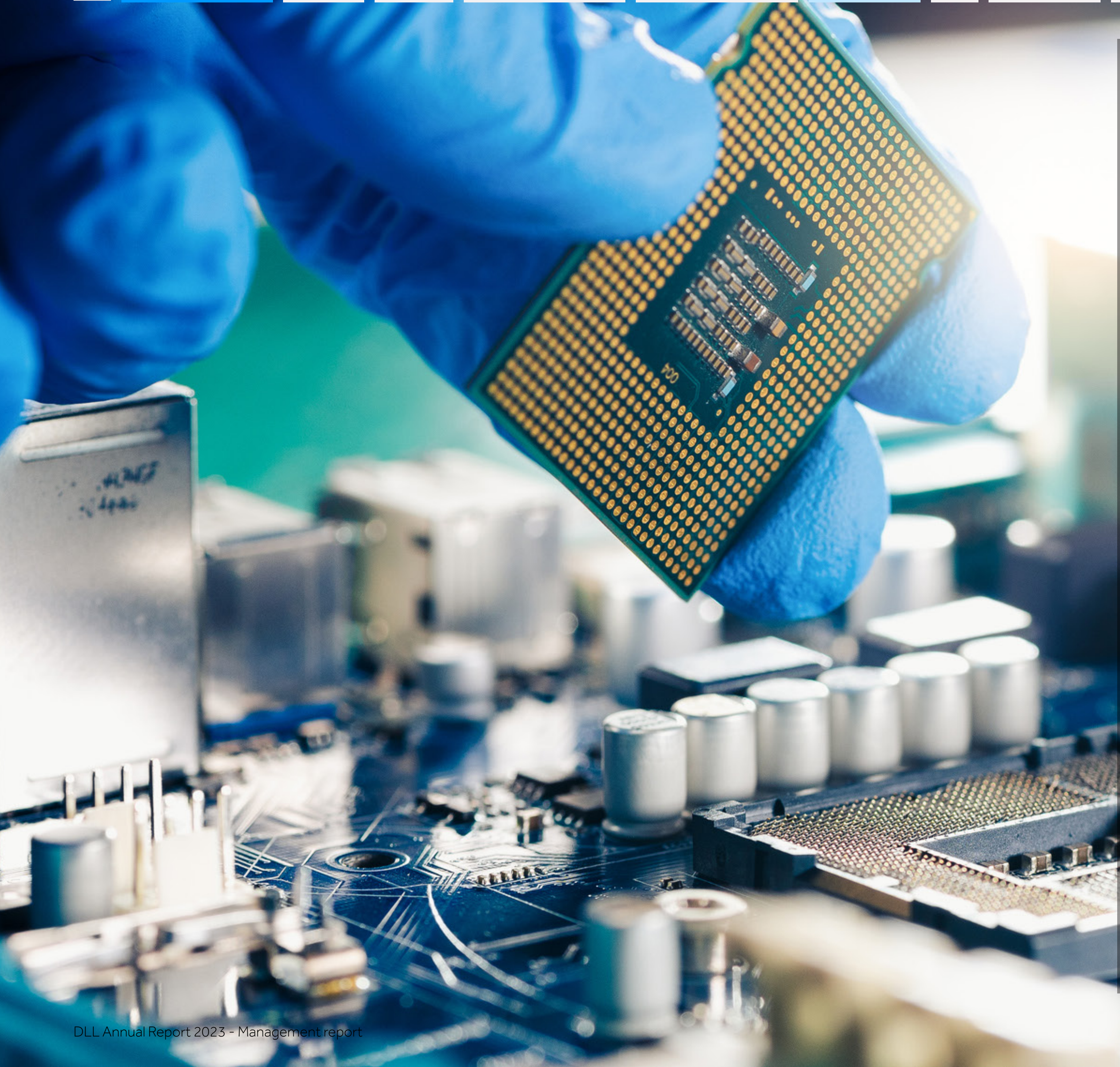
Our governance structure for management of the environmental themes is described in the chart on the right:

There were two changes to our sustainability governance structure in 2023. Firstly, the addition of a new committee, the Sustainable Asset Review Committee (SARC). This subcommittee of the Product Approval & Review Committee (PARC) is mandated to ensure that DLL applies an objective and consistent classification methodology to determine which assets may be included in DLL's sustainable business portfolio. The SARC reviews and approves assets funded by DLL against relevant external standards including the Green Loan Principles, EU Taxonomy, and the Climate Bond Initiative, to determine whether the financing of such assets can be considered sustainable finance by DLL and be reported externally as such.

Secondly, during 2023, it was decided that from 2024 the Sustainability and Climate Committee (SCC), which reports directly to the Executive Board, will be renamed the Sustainability & Environmental Standards Committee, with a broader mandate that will cover the three material themes identified in 2023: Climate, Biodiversity and Circularity. The committee is chaired by the CEO, and its members include the CCO, CRO and senior representatives of the COO and CFO domains. The committee acts as both an advisory and a decision-making board.

During 2023, the SCC met on a monthly basis, and discussed among other things: the efforts to establish our total financed emissions, and plans to reduce emissions for two significant portfolios (tractors and transport); the efforts to establish the emissions of our operations and the initiatives to meet Paris Agreement aligned emissions reductions from our own operations (updated methodology and extended scope); the implementation plans for our refreshed sustainability strategy, including reports from the underlying workstreams, and the future composition of our sustainability department (a one day offsite with the EB was organized to this end); our initial climate risk assessment, and efforts in relation to regulation such as the ECB Guide on Climate Risk, as well as various commercial topics associated with the sustainability topics brought forward.

Sustainability governance structure



Partnering for transition to the circular economy

Zero obsolescence with DLL-financed Cisco Green Pay

DLL provides Cisco Green Pay, an award-winning Cisco Capital flexible payment solution that shifts the provision of IT equipment from an ownership model to a circular economy model. Cosentino, a global provider of sustainable surfaces for design and architecture, needed an affordable, sustainable way to refresh their IT and was the first customer in Cisco's EMEA (Europe, Middle East and Africa) region to leverage Cisco Green Pay.

Diego Zengin, Cosentino's Infrastructure, Operations, Communications and Audio-Visual Director said, "We used to throw out 40% of our equipment when it was obsolete. With Cisco Green Pay, that percentage will be zero. Cisco Green Pay also transforms our IT spend from a capital expense to an operational expense. It will eliminate upfront hardware acquisition costs, preserve cash, and keep working capital."

This flexible payment solution focuses on the use of residual value, the estimated value of a fixed asset at the end of a lease term. At the end of the term, customers can return the equipment for free, and it can be reused, refurbished, or recycled, instead of sending it to landfill. Cisco will replace the outdated equipment with new, state-of-the-art technology. And since every generation of network hardware and software is more automated and energy-efficient, there are also savings in electricity and network management costs.

"Cisco Green Pay would allow us to align IT operations with our larger mission," says Diego. "It was the perfect choice."

Managing impacts, risks and opportunities: own workforce

Within DLL, the CHRO is responsible for the company's global HR organization. The CHRO is also responsible for the Diversity, Equity and Inclusion strategy.

Board members **male/female**	Ambition	Reality
Supervisory Board	50 / 50	50 / 50
Executive Board	50 / 50	60 / 40*
Executive Board -1	**	**

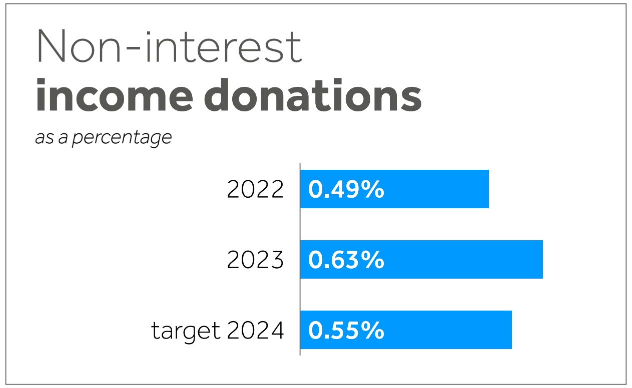
* It should be noted that with the planned appointment of Lara Yocarini, replacing Carlo van Kemenade as CEO, we also meet our ambition for the Executive Board level.
** For Executive Board -1 level we are currently working on an ambition and a realization plan for the years to come.

In this area, we strive for 50/50 gender representation within the senior leadership.

Managing impacts, risks and opportunities: business conduct

The business conduct theme currently consists of our KYC/AML efforts which have been regrouped into a new FEC team. This theme is now the responsibility of our Head of Compliance. See the interview on Safeguarding our foundation.

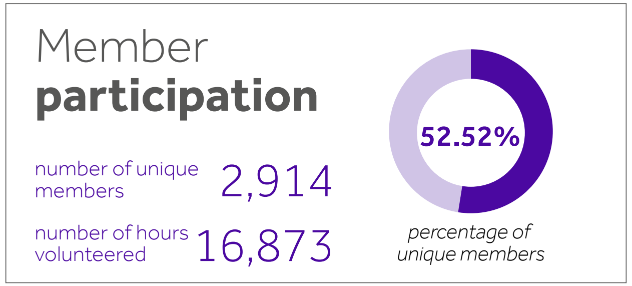
Our Social Responsibility ambitions



We aim to invest 1% of DLL's non-interest income and member time to good causes in society. In 2023 we backed up our commitment to creating a significant impact by donating a total of EUR 1.67 million (2022: 1.27 million) to charitable causes, the majority of which promoted social inclusion.

Diversity, equity, and inclusion is one of the top priorities at DLL. As such, it is promoted not only within our member base, but also in the communities we live in. DLL's Social Inclusion Campaign led to donations to institutions working with historically marginalized, financially challenged, and socially underserved sections of society. The diversity and inclusion of employees theme will be driven by our ongoing diversity, equity and inclusion program. For more information, see the 'Delivering on our strategy chapter. .

Having an inspired workforce is key to every organization's success. At DLL, we promote and provide opportunities to our global members to positively impact their local communities through meaningful contributions. With the help of our global network of Community Involvement Coordinators, we undertook various social impact projects and initiatives.



In 2023, 2,914 DLL members volunteered in activities for good causes (2022: 1,430) – that's 52% of our member base, above the target of 35%. Our Advisors for a Better World program runs in collaboration with Rabo Partnerships and Rabo Foundation. Seven DLL members undertook field and remote assignments to support programs in India, Kenya, Tanzania, and Mozambique. They worked on critical topics such as customer data management, and credit origination score card creation and analysis with local banks to increase the banks' financial reach, and to promote financial inclusion and the overall development of the societies.

In 2024 we will:

- Deliver Asset x Region plans for all asset types detailing our current emissions, an emission pathway and initiatives to achieve it.
- Reassess and refine our double materiality assessment and refine the impacts, risks and opportunities for our material themes.
- Continue to deliver on our transitions to more sustainable business models and work with vendors and end users to help them achieve theirs.

Interview

Enabling the energy transition: **DLL's growing expertise in asset and risk management**

Egbert de Jong is Global Asset Manager in the Energy Transition (ET) Team, a role that's been described as 'business changing'. **Ecem Uzun** joined DLL as Climate and Nature Risk Lead in February 2023 and works with colleagues to integrate climate risk into the existing risk framework and the business as a whole. Egbert and Ecem describe how their teams' expertise in risk and asset management can enable and accelerate the energy transition for DLL and its partners.

Ecem Uzun
Climate and Nature Risk Lead

Egbert de Jong
Global Asset Manager Energy Transition

For Egbert it's not so much the creation of his role that's business changing, but the creation – and rapid expansion – of the ET Team itself. "For the first time, DLL has a dedicated global center of expertise that's going to help end users make their energy transitions. They'll come up with new investment needs that require us to develop value propositions that really fit the energy transition market. Which is why the team includes experts from all domains."

Ecem's ambition is to help the Climate Risk Team embed the topic into our business-as-usual risk management frameworks, in line with Compliance, Legal and Risk (CLR)'s strategic ambition to be the valued CLR business partner. While the Climate Risk Team focuses predominantly on the impact of climate risk and climate change on DLL's risk profile, DLL is also delivering significant change to ensure we understand our own potential impact on the world around us. It's DLL's view that in future, the companies that thrive will be those that put sustainability at the heart of their strategy and embrace the climate change challenge as a core objective. "That means not only enabling the risk structure and framework for DLL to take risks prudently, but also, for example, being part of the journey to identify new or more sustainable assets," says Ecem. "As DLL seeks to incorporate sustainability into everything we do, the Climate Risk Team and all parts of CLR will increasingly collaborate with the ET Team, and all business partners. We want to ensure we strike the right balance between risk, reward and sustainability to achieve more sustainable profitable growth."

Egbert is quick to point out that the ET Team is not an isolated group. "The energy transition is going to happen everywhere, in all the business units and countries where DLL operates. We work closely with the Compliance, Legal and Risk functions and operations to ensure they feel comfortable in the energy transition world and how we make decisions here."

In DLL's current risk framework, climate risk is considered a driver of material risks including credit risk, asset risk and operational risk. DLL is an asset financing company, and these assets and their related risks in particular differentiate DLL from other banks, and play a strong role in defining the risk-reward-sustainability balance when providing financing solutions for the energy transition. "We consider the potential transition risks which may impact our asset risk profile via detailed asset-risk materiality workshops with our Asset Management colleagues, with input from the ET Team among others," says Egbert. However, equally important is the role greener, more sustainable assets can play in mitigating those risks and helping DLL truly be a transition partner of choice."

Defining sustainable assets for the leasing industry

"When it comes to defining a sustainable asset, the EU Taxonomy is seen to be leading but contains little information on what constitutes a sustainable asset for the leasing industry," says Egbert. He develops his asset knowledge by regular visits to manufacturers of products for the energy transition. "We hear from customers that 'ordinary' banks impose all kinds of conditions without really understanding the assets. We get out there and learn about the (new) energy transition industries and assets, then talk to our Risk colleagues about how to assess this as a transaction.

"What's also business changing is that the market for energy transition assets is complex, dynamic and in

"Our core expertise is collecting knowledge from inside and outside the company to move forward in this space."

some cases involves untried technology." For instance, there are many scale-ups in e-mobility and battery storage infrastructure that could increase asset-, technology- and even partner risk. "We're learning at pace, and know the right questions to ask about financing new asset classes.

Now we're working with colleagues to develop risk policies around this."

New and existing asset categories

Within the four asset categories managed by the ET, Egbert expects e-mobility and energy infrastructure to have the biggest near-term impact. "E-mobility covers electric vans, last-mile delivery, electric cargo bikes. There's huge demand for these assets and they connect well with the kinds of equipment already in the portfolio." The energy infrastructure space includes charging infrastructure for electric vehicle fleets, storage for solar energy, and battery storage units to support the electrification of heavy equipment, for instance in Industry and Construction. "Our core expertise is collecting knowledge from inside and outside the company to move forward in this space."

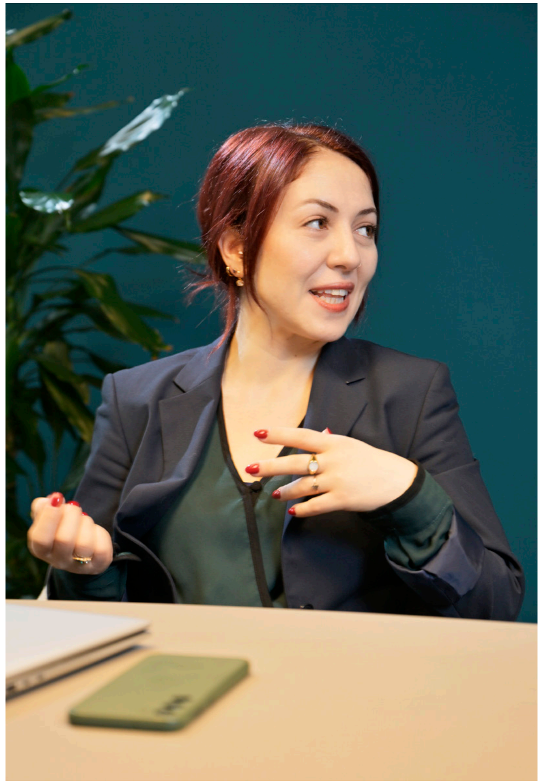
Identifying climate risk and calculating financed emissions

Like its vendor partners and end users, DLL must calculate the impact of climate and environmental risk on its business, and the impact of its business on climate and the environment. As we seek to deliver Paris aligned emissions reductions, it is imperative that our commercial and risk management activities are aligned towards this strategy. Our Energy Transition efforts support our ambitions to reduce our impacts and risks associated with climate change and will provide opportunities for sustainable growth. In 2023 Ecem's primary focus was to further develop and embed the climate risk heatmap, which she describes as "the basis of climate risk at DLL. It gives us insight into the likelihood of events, and the impact of those climate and environmental risk drivers on DLL and its partners. For instance, we can monitor physical risk events such as floods, droughts, or wildfires in our regions, and the transition risk (of regulation and changing policies) in sectors with the most intense GHG emissions, such as the transportation, industrial and some agricultural sectors."

The heatmaps enable the Risk Team to identify pockets of high-risk exposure for DLL. Those high-risk pockets are used in subsequent portfolio analysis for more complex exercises such as scenario analysis and stress-testing to understand how resilient the portfolio is at a given time. Ecem's team have continued to mature the heatmaps and their use cases, integrating the output into areas such as IFRS 9 provisioning, vulnerable sector management and credit decisioning. "The result is a more tailored risk management tool so we can better identify the most material sectors to focus on."

The Climate Risk Team had already developed vendor transition risk assessments in 2021, a first attempt to assess the net-zero positioning of our global vendors and these assessments have also matured. CLR and the CCO work hand in hand on both the risk and opportunity aspects to align with and enable DLL's strategy of being the transition partner of choice, and to assess how our global vendors are adapting in relation to the energy transition and the changing business environment deriving from the Paris Climate Agreement's net-zero environment.

"We're learning at pace, and know the right questions to ask about financing new asset classes."



"Over time, what's now considered as the integration of climate risk, should simply be part of our business as usual."

The Climate Risk team plays a significant role in the calculation of DLL's own impact on the climate (and that of its partners and end users), financed emissions are a key indicator. Ecem: "In 2022 we delivered financed emission calculations for our highest emitting sectors, the Tractor and Transport portfolios. In 2023 we expanded the scope of our calculations to include Construction and Industry. We intend to extend these calculations to the entire portfolio, including the remaining Food and Agri sectors, in early 2024."

Boosting member awareness of climate risk

Member awareness and integration into our organizational and risk strategies are key. In 2023 Ecem and her team held several risk awareness sessions, "because boosting members' awareness, equipping them to take more climate-conscious risk and to see opportunities will help us make our portfolio more sustainable. Over time, what's now considered as integration of climate risk, should simply be part of our business as usual."

The Risk Team also delivered pilots to assess how best to integrate climate risk into the credit risk framework. Ecem explains the thinking behind it: "Our credit underwriters can use the heatmap to check whether customers are exposed to certain event-driven risks based on the sector and locations they operate in. They also need to obtain information on what measures the customer is taking to mitigate or adapt to those risks. By bringing those two elements together, they can assess whether the customer has a risk profile within DLL's risk appetite thanks to having adequate climate risk management measures in place."

Egbert says there is a growing awareness in the commercial organization of how climate issues could affect the portfolio, partly thanks to the work of Ecem's team. He also sees potential for combining asset management data with heatmap analyses. "We use telematics on equipment to track location, usage and efficiency. If we can link heatmap hotspots to equipment locations, we could support partners to take timely remedial action as a physical risk intensifies."

Looking ahead

Asked what success will look like at the end of 2024, Ecem replies, "As stated, to be successful we must embed sustainability wholly within our organizational, commercial and risk strategies and embrace climate change as a core objective. Achieving full alignment with all supervisory expectations, which is, foundational to our license to operate after all. Ultimately, our definition of success will be the full integration of climate and environmental risk within our day-to-day operations and the seamless incorporation of sustainability into our existing risk-reward considerations."

For Egbert, the definition of success in 2024 will be "gaining traction in all four of our energy transition target areas. The goal is to learn even more about what our suppliers, vendors and end users are looking for so that we can develop more financial solutions and products that will stick in that marketplace."

"Boosting members' awareness, equipping them to take more climate-conscious risk and to see opportunities will help us make our portfolio more sustainable."

Asset classes in the energy transition market

- **Energy efficiency**
  E.g. heat pumps, light-emitting diode (LED) lighting, smart building controls
- **Energy producing**
  E.g. wind, solar, combined heat and power (CHP), anaerobic digesters
- **Energy infrastructure**
  E.g. vehicle charging infrastructure, battery energy storage systems (BESS), distributed energy
- **Energy consuming**
  E.g. electric vehicles, battery and fuel cell powered equipment

Interview

How **DLL's foundation functions** ensure compliance and enable the business

To realize its strategic ambitions, DLL has identified five transformation areas that all rely on a solid foundation. Chief Financial Officer (CFO), **Grégory Raison**, and **Laura Carroll**, Head of Financial Economic Crime (FEC), explain how their teams enable DLL to drive sustainable and profitable growth, while safeguarding the foundation through sound financial performance, and being compliant and in control.

Grégory Raison
Chief Financial Officer

Laura Carroll
Head of Financial Economic Crime

While Laura has been with DLL for six years, most recently as Head of Compliance for Europe, Grégory joined in October 2023. What are his first impressions? "I experience DLL as a tremendously entrepreneurial organization with strong execution power. For instance, when I asked my colleagues for suggestions to generate more non-interest income, they quickly came up with workable ideas and a plan to implement them."

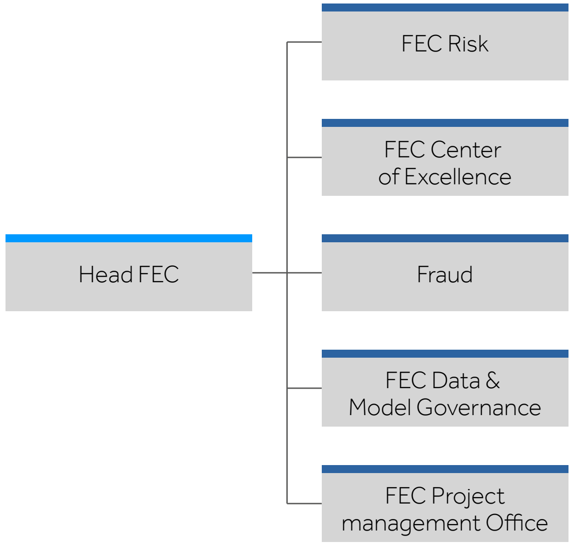
This entrepreneurial spirit has made DLL the vigorous commercial organization it is today. At the same time, it is also a robust and mature financial institution with its own banking license. "Our shareholder and regulators expect us to be compliant and in control," says Laura.

During the AML (anti-money laundering) Uplift program conducted in 2022, it became clear that DLL needed a more compliance-minded organizational design, to deal with increased complexity and more regulatory pressure, among other things. A key deliverable of the AML Uplift program was a blueprint for a first line of responsibility FEC function. One of Laura's first tasks therefore was to achieve design state of the new global FEC Department. The structure now in place will bring "consolidated oversight of the FEC risk profile across the organization, supporting speed, ease and convenience both for our business and our customers."

For Laura, maturing the organization around compliance and risk is about driving innovation and providing oversight of financial and economic crime. "We're not just talking about AML, but also measures addressing sanctions compliance, counter-terrorist financing, and the prevention of fraud, corruption and bribery. Plus," she says, "we'll be looking at how to weave the new corporate sustainability due diligence directive into our FEC processes."

Currently, the global FEC Team is focused on supporting remediation programs in the regions, automating transaction monitoring processes, investigating how to enhance screening of low-risk customers for adverse media, and performing quality assurance of customer due diligence files in the regions. "Our new FEC Model Governance and Data Team is currently testing an AI PEP (politically exposed persons) alert clearing model and an AI adverse media model. AI can support us here to leverage our data capabilities, reducing our workload and alert response time."

New global Financial Economic Crime (FEC) structure



"At DLL, Risk and Compliance are well aware of the 'safe areas', and work from a partnership mindset to enable the business to grow."

Supporting the customer journey

With its Dutch banking license, DLL is subject to Dutch AML law, which has extra territorial effect.
The requirements of this baseline Dutch legislation (*Wwft*) are built into the global customer integrity risk rating model. "When we onboard a customer, and that can be a vendor, dealer or end user, we use certain data points to put them through this risk rating model, screening them for any heightened FEC risk," explains Laura. "If necessary, an FEC specialist will perform extra controls, like screening for adverse media. And we really have those risk-based discussions with our teams worldwide to support the customer journey."

Grégory adds: "Regulatory pressure on financial institutions can push their Compliance and Risk functions into very defensive positions. That can hamper business initiatives and make the onboarding process long and complex. It's striking that at DLL, Risk and Compliance are well aware of the 'safe areas', and work from a partnership mindset to enable the business to grow."

When it comes to the impact of FEC on DLL's partners and end users, Laura explains that about 97% of DLL's customers are considered low risk. "All they will notice of the FEC regulations is our straight-through processing and how easy it is to do business with us."

On the other hand, onboarding the remaining 3% can be more time-consuming, especially, says Grégory, since Dutch AML regulations mean that DLL must perform more data point checks than vendor finance partners registered in other jurisdictions. "With our FEC experts at global and local levels, we know the regulatory requirements and will never compromise on the data integrity or Know Your Customer requirements necessary for sanctions or FEC screening," adds Laura.

Factoring in sustainability

DLL's customer onboarding processes are currently under review to identify, prevent, mitigate and report on sustainability risks such as a negative human rights or environmental impact. "In close collaboration with our parent Rabobank's FEC Team, we're also assessing the potential impact of the EU's upcoming Corporate Sustainability Due Diligence Directive," says Laura. Regulatory changes and DLL's own drive toward a more sustainable business model make sustainability an increasingly important consideration for all of the foundation functions.

As CFO, Grégory is responsible for ensuring compliance with various regulations, including Basel IV, Capital Requirements Regulation/Capital Requirements Directive and the Corporate Sustainability Reporting Directive (CSRD). The Finance Department is working hard to meet the requirements for CSRD reporting from 2025. The sustainable finance framework which DLL is developing will be top of the agenda in the coming years, says Grégory. "We have to address this issue collectively, with the businesses, Finance, Risk, and the global Sustainability Team, who've done a great job getting us to where we are today."

When it comes to funding, the Treasury Team is actively pursuing alternative sources that favor more sustainable business initiatives. "For example, the European Investment Bank provides funds supporting specific energy transition projects," says Grégory, "and

"The sustainable finance framework which DLL is developing will be top of the agenda in the coming years. We have to address this issue collectively, with the businesses, Finance, Risk, and the global Sustainability Team."

"Data availability and quality are key when it comes to driving change and transformation across the whole of DLL."

we are looking to other parties as well in order to diversify our sources of funding and to make more sustainable assets more competitive."

Grégory believes regulators will use their power to influence the greening of the economy. Basel IV, for instance, sets a direct link between the risk profile of a bank's lending activities and the level of capital it must hold. "In future, regulators could use a similar system to penalize banks for holding (too many) assets which are gray or black and incentivize them to hold more green assets. We have to be a frontrunner here."

Data is a top priority

Data availability and quality are key when it comes to driving change and transformation across the whole of DLL. Which is why the data strategy implementation program is a top priority for the coming year. Within the Risk function, data-supported risk modeling will be a big part of that. "We'll also be looking at the results coming from the Quality Assurance Team and our risk control framework testing; both rely for a large part on data integrity and quality," says Laura.

"For Finance," adds Grégory, "access to good asset and customer data is vital. For example, only with the right asset data can we calculate residual value, which is crucial from a risk perspective. In the regions, we have data stewards who ensure that the customer and asset data is implemented properly. And we'll be tightening up our data governance to ensure standardized quality. The main change is that there will be more touchpoints – everybody will have a role in the overall data life cycle. We're starting small on that, in one country, and rolling it out as we scale.

Moving forward, Grégory says his three priorities in 2024 will be data, funding and steering the business toward value creation, all of them in collaboration with the business and the regions. "I think the challenge will be to keep to a steady pace. We don't always need to sprint to run!"

Laura is keen to create one cohesive culture across the 24 countries where FEC has a presence. "That means feeling safe enough to have an open dialogue around FEC performance, that there's transparency around role expectations. This is both enabling and empowering, and will help us move from compliance by design to compliance by desire."

"With our FEC experts at global and local levels, we know the regulatory requirements and will never compromise on data integrity or KYC requirements."

Risk management and compliance

Risk is an inherent part of doing business and effective risk governance and management is vital to ensuring DLL is able to achieve its long-term strategy. Our Compliance, Legal and Risk (CLR) functions set and oversee a risk strategy designed to support the bank's strategic goals.

Key developments 2023

- Healthy financial risk profile throughout 2023, benefiting from expert risk management in a challenging environment
- Elevated non-financial risk profile, but good progress
- Environmental risk and risk-reward-sustainability approach maturing
- 1LOR Financial & Economic Crime Team established
- Changes to the global Legal organization in response to demands of the future
- Future model landscape progressing to plan

NPL ratio

percentage of the total number of loans

Q4 2023	Q3 2023	Q2 2023
2.01%	1.99%	1.97%

2023 Appetite:
EWL > 3.5%
RAS > 4.0%

NPL coverage ratio

percentage of provisions to volume of non-performing loans

Q4 2023	Q3 2023	Q2 2023
25.02%	25.44%	26.47%

2023 Appetite:
EWL < 17.5%
RAS < 15.0%

"Shifting to more sustainable business models is a journey for us all. A top priority is proactive portfolio management. We want all our members to be aware of and act on signals of risk, from credit and asset risk to fraud and cyber risk."

Yke Hoefsmit, CRO

Our risk strategy is an integral part of DLL's overall strategy. Based on the risk strategy we set DLL's risk appetite which is the aggregate level of risk we are willing to accept, or avoid, in order to meet the business objectives.

Some types of risk – such as credit risk for example – are an integral part of DLL's day-to-day activities and a vital part of revenue generation. Without taking informed risk decisions, profitable banking activities are impossible, and sound risk management enables us to accept a certain degree of risk as defined in our Risk Appetite Statement (RAS). Alongside these daily risk decisions, we closely monitor our business environment, and related strategic risks arising from our macroeconomic and competitive landscape.

Key developments in 2023

The primary risks to DLL's ability to achieve its current and future strategic ambitions remain geopolitical and macroeconomic developments, alongside non-financial change environments including technology, workforce, and wider imperatives relating to cybercrime, environmental and societal impact, and regulation.

DLL's credit profile remained healthy throughout 2023, despite the challenging economic backdrop of sudden changes to central bank interest rates to combat surging inflation. We experienced a de-minimis year-on-year change in NPL levels, mainly as a result of our prudent underwriting policies. However, we have begun to see some impact from the macroeconomic and geopolitical environment on the DLL portfolio, leading to increased risk costs and provisioning in the latter part of the year. We placed significant emphasis on early identification of distressed debtors and proactive portfolio management. In addition, proactive portfolio and risk management remains a top priority for 2024.

DLL's overall risk profile remained stable throughout 2023. The financial risk profile is as desired with an increasing risk outlook reflecting the potential impact of geopolitical and economic developments. For some non-financial risks, DLL is not operating within the risk appetite. DLL is aware of these risks and the underlying drivers for the higher risk profile and is actively following up to lower the risk profile to acceptable levels.

DLL has made strong progress in incorporating and embedding environmental-related factors into our overall governance and risk management frameworks. This will remain a key priority for the CLR domain during 2024 in keeping with both regulatory and societal expectations and DLL's long-term strategy. CRO is the executive sponsor of the risk-reward-sustainability strategic transformation pillar. This will deliver incorporation of sustainability into our credit and customer journey and supports DLL's commercial objective of being a Transition Partner of Choice while striking a healthy risk appetite balance.

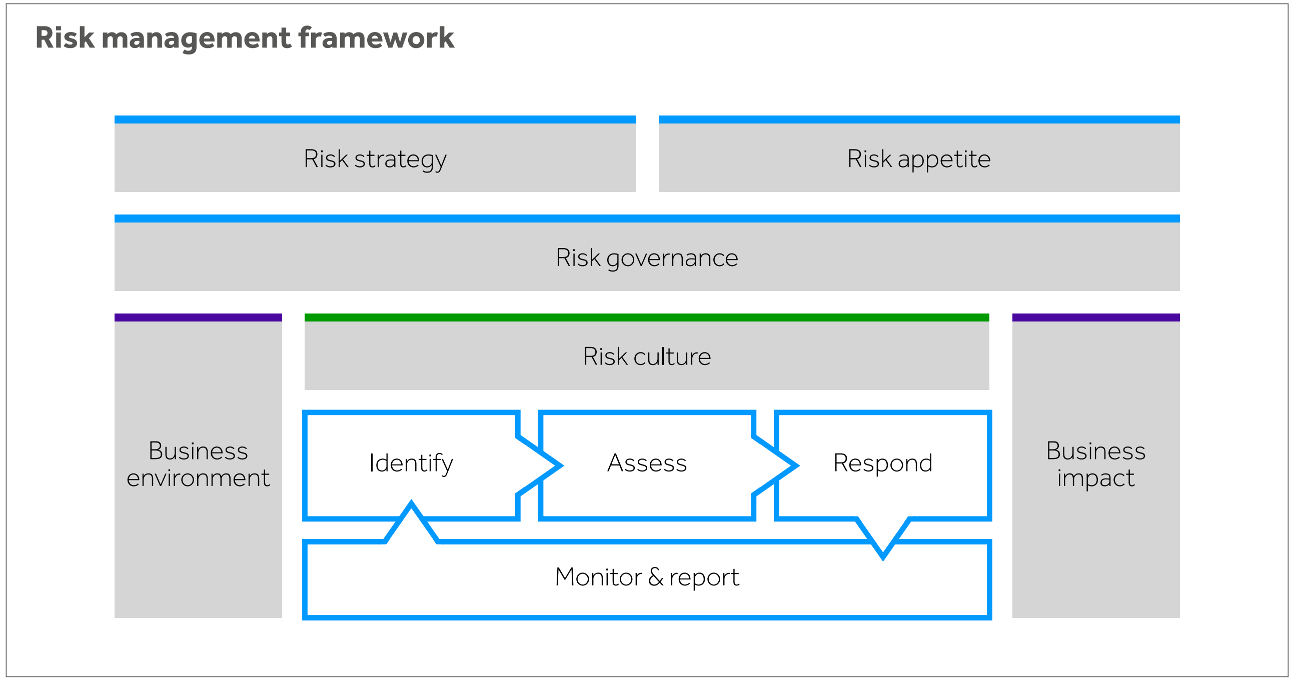
During 2023, we continued to mature our management of regulatory change and adherence, with regulatory compliance as a foundational principle. DLL is a credit institution headquartered in the Netherlands, and therefore bound by Dutch and European laws and regulations. Where there is a legal requirement that prevents local compliance with (parts of) this framework and/or there is a higher standard that must be applied, these stricter local rules prevail. DLL continued to deliver improvements in our financial and economic crime domain, with the establishment of a new first line Financial Economic Crime organization (FEC), the further roll-out and development of our customer due diligence system ROCK, investments in Transaction Monitoring, and ongoing focus on quality improvements.

We maintained progress on our future model landscape project, which was approved by the European Central Bank (ECB) in 2022. It is designed to deliver regulatory compliance alongside simplification and consolidation of DLL's model landscape. In parallel to capital and credit modeling, the rapid development of new available AI technologies and regulations will be an important focus area in 2024, including the integration of the requirements of the upcoming European Artificial Intelligence (AI) Act.

Cybersecurity is a key focus for DLL due to the increased prevalence and impact of threats and incidents globally. DLL continues to improve its overall security environment, develop internal awareness among staff, and expand technology and security expertise. We continued to mature our consideration of overall operational resilience in 2023, addressing the expectations of the Digital Operational Resilience Act and EBA Outsourcing Guidelines, among others.

DLL's risk management framework

DLL employs an integrated approach, designing risk and control processes to manage our material risks, with a robust risk management framework aligned with our risk strategy and appetite.



We evaluate the effectiveness of that framework continuously, adapting to the latest developments and requirements with a particular focus on regulatory change and adherence. We monitor and report on DLL's risk profile to ensure timely and appropriate actions are taken where necessary to manage and mitigate emerging risks, or to learn, change, and improve our underlying processes so that we continue to operate within the boundaries of our risk appetite.

Managing risk

DLL's integrated risk management framework, supported by policies, standards, and operational procedures, sets out a consistent approach to managing all risk across the organization. Risk identification, and materiality assessment and classification allow for a clear understanding and definition of risks, promoting a common understanding of risk management.

DLL's risk management activities are integrated in our strategy design and execution. While new strategic initiatives create opportunities, any projected rewards must be considered against related risks and impact. We track external developments and emerging risks and undertake regular, top-down and bottom-up risk assessments to identify various types of risks, conducting specific stress tests to calculate the impact of adverse scenarios. An integrated overview of these risks and measures taken to address them are discussed periodically in the Executive Board.

Our risk and compliance management capability is fully integrated at both group and business unit level. DLL is also represented at all relevant Rabobank risk committees, facilitating engagement, alignment, and transparency between entities.

Risk governance

Our internal governance ensures a transparent and consistent three lines of responsibility across DLL. Our formal risk governance supports the realization of our strategic priorities and is based on regulatory guidelines and market practices.

The Executive Board has overall accountability and responsibility for setting the organization's strategy, objectives, risk appetite and aspired culture. It establishes a governance structure and processes to best manage the risks involved in accomplishing DLL's objectives. The Chief Risk Officer plays an integral, and independent, role in advising the Executive Board on DLL's risk profile, the performance of its controls, and challenging proposed business strategies that may exceed risk tolerance.

While the Executive Board reviews and approves the risk management framework, all colleagues share ownership of risk management.

- The business (first line, including support functions) in all countries owns, takes and manages risk, reward and sustainability impact. Global policies support the execution of the business strategy, adherence to risk appetite, and oversight of risks.
- The Risk and Compliance functions (second line) provides our risk management framework, challenges risk-taking and monitors the risk profile.
- Internal Audit (third line) provides independent assurance, advice, and insights on the quality and effectiveness of DLL's internal control, risk management, compliance and governance.

Three Lines of Responsibility

1. Takes risks, owns risks and manages risks and rewards
2. Provides risk governance and frameworks, challenges risk-taking and monitors the risk profile
3. Provides independent assurance, advice and insights

Risk Strategy

DLL's business strategy gives important direction regarding the company's priorities, objectives, and targets, including a capital strategy. DLL's risk strategy articulates the risk priorities the bank needs to manage as a precondition for achieving its objectives. Our risk strategy supports management in executing the business strategy by protecting profit, our identity and reputation and maintaining a solid balance sheet. Assessing the impact of ESG risks and realizing our related objectives is within the scope of our risk strategy.

Our risk strategy is guided by CLR's purpose, "Being a valued CLR Business Partner" enabling more sustainable business growth while ensuring stakeholder's confidence. CLR's people and culture, partnership with the first line and stakeholders, international reach close to the business, industry specialization and combination of asset and risk knowledge allow us to protect DLL's stable, secure and compliant operation. The risk strategy and priorities are consistent with our shareholder Rabobank's:

- Protect profit and profit growth – Maintaining continued profit levels is an important source of capital.
- Maintain a solid balance sheet – Sound balance sheet ratios are essential to ensure continuity in servicing our customers under more sustainable and favorable conditions.
- Protect identity and reputation – We want to protect the fundamental trust that our stakeholders have in DLL.

These priorities are strongly intertwined and depend on maintaining sound governance and risk culture. Delivering long-term customer value requires a solid balance sheet and minimized funding costs, supporting DLL's profitability and reputation. In turn, maintaining a solid balance sheet requires a healthy profitability and sound reputation.

Risk identification and assessment

To deliver on the risk strategy, it is imperative that DLL knows the risks it faces. Our structured approach to risk identification and assessment ensures that current and potential future risks to DLL's mission, vision, and strategic priorities are identified and assessed for impact. Involvement of the business is an important prerequisite to ensure the completeness of our bank-wide risk inventory and to create awareness throughout the Group when deciding on resourcing and priorities. We recognize three dimensions for identifying risks:

- Strategic Risks: specific scenarios of concern which threaten to disrupt the assumptions and outcomes and the core of DLL's strategy
- Financial risks: risks that we consciously accept in order to benefit from the premium that the market offers for taking on risks. That is, risks for which we have a risk appetite.
- Non-financial risks: risks for which we have no appetite, but which are tolerated within limits because they are inherent to the operation of DLL.

Risk types

Strategic risk

Macroeconomic and geopolitical risk	Technological risk	Environmental, social and governance risk	Regulations risk	Human capital & workforce of the future risk	Cybersecurity and cybercrime risk	Change absorption capacity risk

Material risk

Business risk	Credit risk	Market risk	Asset risk	Operational risk	Compliance risk	Model risk

Strategic Risks are material developments which could hamper the realization of DLL's strategic objectives and ultimately impact on one of our day-to-day material risk types. To achieve its strategic objectives, DLL must be prepared and resilient in a systemically complex and disruptive environment. Rather than assessing residual risk, we focus instead on DLL's preparedness in the event of the risk manifesting. We focus on developments which may affect DLL's ability to create value over the medium and long term in line with its strategic goals and on the avenues DLL is pursuing to mitigate these strategic risks.

Strategic risk	Overview
Macroeconomic and geopolitical	Global and local political developments and conflict, create or exacerbate economic instability / downturn and increase protectionism which (among other impacts) could increase volatility, exacerbate supply chain issues, and challenge the viability of DLL's location strategy.
Technological	DLL fails to keep pace with a highly dynamic and fast-evolving market, failing to identify, plan for and adapt to disruptive innovation which is changing customer expectations, how DLL must do business, our volumes and margins.
Environmental, social and governance	In addition to the extreme weather conditions which pose serious portfolio / location risks, DLL, or its customer, fail to manage the transition over time to a low carbon emission economy in a smooth and forward-looking manner while failure to implement and adhere to the material volume of emerging ESG regulations may put our license to operate in danger.
Regulations	The scale, breadth and pace of regulatory change and increased regulatory scrutiny challenges DLL's business model or competitive advantage.
Human capital and workforce of the future	DLL fails to define 1) future workforce requirements/skills mix in line with strategic direction or 2) an attractive proposition, in terms of pay, culture etc. to facilitate recruitment, development and retention of members with the right competencies and skillsets to deliver on our strategy.
Cybersecurity and cybercrime	DLL suffers a catastrophic cyber event or loses one or more global partner/vendor relationships to an equivalent event, exacerbated by legacy systems and past data-sharing practices.
Change absorption capacity	DLL fails to manage the scale breadth and pace of both internal and external change impacting the bank and its operating model.

Financial and non-financial risks that are assessed as material are directly represented in the Risk Appetite Statement with a risk indicator.

Alongside the wider financial services industry, DLL faces reputational risk, and ESG risks. These are factors in each of the material risk types described. During 2023, DLL continued to work toward structurally embedding environmental risk in our risk framework, including risk identification and mitigation, stress testing, and determination of provisioning, capital, and consequently pricing. We expect environmental risk to mainly affect, over time, our credit profile, but its impact on non-financial risk, business risk and asset risk is also deemed material. Additional to the traditional outside-in perspective on risks facing the bank, the inside-out perspective is assessed in a "double materiality" assessment, where the bank and its clients or suppliers potentially have a material impact on a wide array of ESG topics. See the Sustainability chapter for more information.

Risk appetite

Risk appetite considerations are central to strategic decision-making and entail consciously weighing the risks arising from the business strategy. Our risk strategy results in a suite of risk appetite statements, which are directly connected to DLL's Medium Term Plan and which support the strategic aim of building a more sustainable business by providing colleagues with a structured approach to risk-taking within agreed boundaries.

Risk appetite is embedded within our principles, policies, standards, limits, and controls. Our risk appetite is specified per risk type and defines the level of risk we are willing to accept to achieve our business objectives. Our overall maximum level of risk exposure is used in all business activities to assess the desired risk profile against the risk-reward profile of a given activity. Regional and Joint-Venture specific risk appetite statements further disaggregate the Group's risk appetite closer to the operational and commercial points of risk-taking.

The 2023 risk appetite includes qualitative statements and quantitative measures expressed relative to earnings, capital, risk measures, liquidity, and other relevant measures as appropriate. RASs are supported by key risk indicators (KRIs), which directly monitor the risk profile associated with the risk appetite, and by risk indicators (RIs), which enable additional monitoring. For every KRI and RI, an early warning limit and/or risk appetite limit is determined to manage the risk profile within the desired risk appetite.

Regular monitoring and reporting of the KRIs is essential, and a prescribed breach management process in combination with appropriate governance ensures a timely and adequate response if an individual risk exceeds our appetite levels.

Material risk type	2023 Risk appetite statement	Key risk indicators
Business risk	We are a strongly capitalized bank, with prudent buffers above regulatory requirements.	CET1 ratio
	We achieve a solid performance, with limited volatility in earnings, based on a well-diversified asset portfolio in terms of products, sectors and geography. We price our risk well, allocate sufficient capital to growth themes, and are conscious of the risks we take.	Total return on invested capital
Credit risk	DLL maintains a profitable credit portfolio, with a controlled risk profile in order to limit the impact of impairment charges on the profitability and reputation of the bank.	NPLs
	DLL manages concentrations in the credit portfolio with clear limits per country, sector, and one-obligor, in order to ensure an acceptable risk profile on concentration risk.	EAD top-15 corporates as a percentage of CET1
Market risk	Liquidity risk: DLL aims for an optimally diversified funding portfolio (in tenors and funding sources) that supports its customers' activities and a balanced liquidity mismatch within its risk appetite. DLL must apply a "matched-funding" principle beyond a maximum mismatch of 10%.	Consolidated DLL liquidity position
	FX risk: DLL aims for a limited translation risk impact of exchange rate movements on the DLL CET1 ratio.	FX basis point impact CET1 ratio Earnings at risk
	Interest rate risk: DLL must apply a "matched-funding" policy within approved limits to maintain its exposure to interest rate risk, within DLL's risk appetite.	Modified duration of equity
Asset risk	DLL assumes asset risk as a standard course of its business and seeks to earn a reward for that risk. The general guidance at DLL is to have a varied and diversified portfolio in order to mitigate the risks inherent in an asset-based financing environment and provide a sufficient level of income for assuming this risk. Continued success in asset-based financing activities (especially Fair Market Value [FMV] leasing) may result in increased asset risk concentrations which are acknowledged and accepted.	RV concentration per master asset type in any given maturity year. Inventory available for sale with aging more than one year.
Operational risk	DLL accepts exposure to non-financial risks as an inevitable part of executing business activities and minimizes these risks within the boundaries set by the complexity and the size of its organization.	Net ORM loss amount.
	We protect the identity and reputation of DLL and safeguard the trust that customers, our partners and stakeholders have in us. We live up to our community commitments, we do what we say, and stay away from clients, business and risks that could reasonably be assumed to damage our reputation and unique identity.	Number of individual risks with a current residual rating of medium high- or high-risk.

Material risk type	2023 Risk appetite statement	Key risk indicators
Compliance risk	DLL does not accept being willfully or negligently involved in Financial Economic Crime. Although it is accepted that it is not possible to eliminate these risks completely, DLL will have mitigating controls in place in line with the laws and regulations as reflected within DLL's policies.	High-risk customers
	DLL has no risk appetite for establishing or maintaining a customer relationship where it knows or reasonably suspects (the customer) to be involved in money laundering, terrorist financing or other criminal activity. Given the nature of DLL's business it is impossible to eliminate money laundering risk. Therefore, in line with the risk-based approach, DLL has limited risk appetite for customers and business activities which have a higher risk of money laundering, terrorist financing or other criminal activity.	Customer relationships domiciled or registered in high-risk sanction countries
	Given the nature of DLL's business it is impossible to eliminate bribery and corruption risks. In line with a risk-based approach, DLL has controls in place to mitigate these risks; and where it knows or reasonably suspects to be involved in bribery or corruption, DLL has no risk appetite for establishing or maintaining a relationship.	
Model risk	DLL has limited appetite for medium-high and high-risk models as these can imply uncertainty regarding the accuracy of reported figures, lead to reputation damage and/or considerable regulatory fines for the bank.	Overall model risk

Risk profile and risk appetite performance

In this section we provide quantitative and qualitative information on the key strategic, financial and operational risks DLL faced in 2023 and their expected impact going forward.

The overall risk profile of the bank has remained stable throughout 2023. The financial risk profile is as desired with an increasing risk outlook reflecting the potential impact of geopolitical and economic developments. For some non-financial risks, DLL is not operating within the risk appetite. DLL is aware of these risks and the underlying drivers for the higher risk profile and is actively following up to lower the risk profile to accepted levels.

Business context

The global economy turned out to be more balanced than expected, particularly in the first half of 2023. This was especially due to the United States economy and a number of European economies holding up somewhat better than foreseen. Expectation is that the interest rate level per year-end 2023 has reached the peak of the hike cycle and will be steady for several quarters ahead. As it is likely that this will have restrictive effects on the economy, it is likely that the ECB would aspire to cut interest rates. However, this is not expected in the first half of 2024, due to the high core inflation and significant wage gains amidst a still very tight labor market. Current forecast foresees cuts of 50 basis points (bps) during the second half of 2024.

External developments and risks drive macroeconomic developments relevant for the management of financial risks. While DLL no longer has any direct exposure to Russia, the ongoing Russia-Ukraine war has increased geopolitical, economic, and financial risk, and high inflation puts pressure on consumer spending. Other new geopolitical conflicts like the Middle East war may also impact the global economy, especially energy prices. Supply chain issues created by the Red Sea shipping attacks also may have a significant impacts for DLL.

Business risk

Description of risk	Response	Going forward
DLL is exposed to the risk of loss due to changes in the competitive environment or events which damage the franchise or the operating economics of the business. Margin compression and the impact of the Future Model Landscape RWA add-on do continue to negatively impact relevant ratios however these have been offset by, among others, strong commercial performance and higher than expected return on equity holdings. Throughout 2023 we operated within risk appetite, with a CET1 ratio and ROIC above target.	Business risk is largely managed and measured through analyses on the most relevant risks for DLL's business model. These analyses support management in assessment, impact evaluation and management of the risks articulated. The MTP and budget process, during which management sets DLL's business pathway for the coming years based on different scenarios, is a key element of business risk management. Our 2023-2027 MTP and budget processes captured the business risk environment in an aggregated, integrated, and comprehensive way, taking related headwinds into account in key assumptions. The underlying risks are managed and mitigated through a structured program of scenario and sensitivity analyses to analyze business risk. Our selection of scenarios and sensitivities takes our strategic risks into consideration.	The macroeconomic environment will remain challenging into 2024. The potential impact of economic and geopolitical developments on business activities of our clients leads to uncertainties. Underlying performance will be closely monitored throughout 2024 and a suite of scenario and sensitivity analyses will take full consideration of factors such as the interest and inflation rate environment, competitive pricing pressures and potential supply chain issues.

Credit risk

DLL's credit profile remained healthy throughout 2023 with a de-minimis change in NPL levels, mainly as a result of our prudent underwriting policies. However, we have begun to see some impact from the macroeconomic and geopolitical environment on the DLL portfolio, leading to increased risk costs and provisioning in the latter part of the year.

Description of risk	Response	Going forward
The risk of loss due to a counterparty defaulting on its payment obligations to the bank. While DLL's credit risk profile as measured by NPL remained inside all risk limits during 2023, we began to see some impact from the macroeconomic and geopolitical environment on the DLL portfolio, leading to increased risk costs and provisioning in the latter part of the year, breaching early warning levels. We saw some impact from specific environmental events during 2023, and are closely monitoring emerging impacts of El Niño weather patterns in DLL's Latin America portfolio, though, to date, no material adverse credit profile impact has yet been seen across the wider portfolio.	DLL's expertly calibrated credit risk framework consists of underwriting criteria, credit policies, various credit management triggers, and an extensive risk appetite framework allowing for adequate steering, monitoring, and reporting of the portfolio. DLL's credit risk approval framework (CRAF) describes the credit application process and authorities therein, contributing to high-quality decisions based on a clear structure for delegating credit approval authority and monitoring thereof. DLL's Credit Collection and Recovery Monitoring cycle is conducted on all levels of the organization and is split between 1LoR and 2LoR responsibilities. Proactive portfolio monitoring was a top priority for CLR in 2023. Active steering and monitoring of the credit portfolio took place throughout 2023 including active management of NPLs through our NPL strategy and vulnerable sector identification and monitoring. In addition to continuing to mature this robust framework, DLL delivered enhancements of dashboards, continued adjustments of underwriting criteria, and various credit deep dives. Having previously introduced the concept of 'sensitive sectors', (defined as potentially affected by external developments and events), in 2023, DLL broadened the scope of the analysis with greater consideration of internal portfolio monitoring.	Geopolitical issues pose the largest uncertainty over our forecast. Proactive portfolio monitoring remains the top priority for the CLR function as a whole in 2024. Selective credit approval, proactive day-to-day credit risk management and credit portfolio monitoring, active steering on the NPL portfolio in line with the NPL strategy, and managing vendor risks will remain foundational activities for realizing the Group risk measures. To support DLL's portfolio growth ambition while also enabling a flexible and proactive response to the current macroeconomic environment, DLL will deliver an updated collections and recovery blueprint during 2024. This exercise will enhance the effectiveness and timeliness of our proactive portfolio monitoring. Continuing to incorporate environmental-related factors into credit decisioning will be a key point of focus in 2024 and beyond in keeping with both regulatory and societal expectations and DLL's long-term strategy. We will continue to mature methodologies to identify transmission channels, quantify and mitigate the potential risks and impacts while supporting DLL's pursuit of related opportunities. Regulatory expectations remain a critical focus and we will continue developing and embedding the necessary compliance mechanisms within our credit journey and monitoring processes.

- Our NPL ratio increased to 2.01% (2022: 1.9%) however this remains well inside risk appetite and target levels.
- Full year impairment charges amounted to EUR 172 million/41 bps (2022: EUR 267 million/68 bps), in breach of our 39 bps EWL. The NPL coverage ratio was 25%, well within relevant limits.
- DLL's stage 2 ratio remained stable despite a more proactive and stringent framework, macroeconomic assumption adjustments, enhanced vulnerable sector analysis and portfolio growth.
- Stage 3 provisions are below the budgeted levels.

We continue to closely monitor the macroeconomic environment impacts on both end-user vendor/ manufacturer level and have placed proactive portfolio management as the CLR function's top 2024 priority.

The following table shows the credit quality of the financial assets subject to impairment. The gross carrying amount of the financial assets, excluding operating leases, also represents the maximum exposure to credit risk on these assets.

	2023				2022			
	Non-credit impaired		Credit impaired		Non-credit impaired		Credit impaired	
	Subject to 12-month ECL	Subject to lifetime ECL	Subject to lifetime ECL	Total net exposure	Subject to 12-month ECL	Subject to lifetime ECL	Subject to lifetime ECL	Total net exposure
Net carrying amount In millions of euros	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
(Virtually) no risk	677	75	-	752	506	89	-	595
Adequate to good	33,424	6,909	-	40,333	30,452	6,138	-	36,590
Vulnerable	193	180	-	373	71	117	-	188
Defaulted	-	-	646	646	-	-	534	534
Total net exposure on December 31	**34,294**	**7,164**	**646**	**42,104**	**31,029**	**6,344**	**534**	**37,907**

The following table presents movements in allowances of impairment as well as the composition of the allowance.

	Subject to 12-month ECL	Subject to lifetime ECL non-credit impaired	Subject to lifetime ECL credit impaired	Total
In millions of euros	**Stage 1**	**Stage 2**	**Stage 3**	**2023**
Balance on January 1, 2023	**66**	**122**	**207**	**395**
Charge for the year	65	9	4	78
Written off	-	-	(149)	(149)
Disposal	-	(19)	-	(19)
Net exchange differences	(0)	(0)	(2)	(2)
Stage transfers and remeasurements	(36)	7	163	134
Balance on December 31, 2023	**95**	**119**	**223**	**437**

	Subject to 12-month ECL	Subject to lifetime ECL non-credit impaired	Subject to lifetime ECL credit impaired	Total
In millions of euros	**Stage 1**	**Stage 2**	**Stage 3**	**2022**
Balance on January 1, 2022	**67**	**124**	**234**	**425**
Charge for the year	44	3	15	62
Written off	-	-	(109)	(109)
Disposal	-	(192)	(1)	(193)
Net exchange differences	1	-	3	4
Stage transfers and remeasurements	(46)	191	72	217
Other	-	(4)	(7)	(11)
Balance on December 31, 2022	**66**	**122**	**207**	**395**

Vulnerable sector approach

We continued to mature the vulnerable sector framework in DLL. Vulnerable sector exposures are considered to have a significant increase in credit risk and are placed in stage 2. Working in close alignment with Rabobank, the classification of a sector as 'vulnerable' (reviewed at least semiannually) is based on an in-depth analysis of the impact of macroeconomic developments (such as a pandemic) on its relative strength and outlook.

In 2023, DLL broadened the scope of sensitive sector (defined as potentially affected by external developments and events) analysis, placing additional emphasis on insights from internal portfolio monitoring to establish vulnerable sector assessments.

After thorough assessment of the sensitive sectors, DLL has identified a vulnerable portfolio of EUR 3.7 billion (2022: EUR 1.8 billion), reflecting 1) the macroeconomic conditions, and 2) the broadened scope. This update of the assessments on sensitive and vulnerable sectors are incorporated in the International Financial Reporting Standard (IFRS) 9 provisions at year-end.

Environmental impacts

We recognize that climate change leads to an increase in physical and transition risks and have continued to mature our consideration of these factors in our credit risk frameworks. For more details, see the Environment section below.

Balance sheet risk

Description of risk	Response	Going forward
Balance sheet risk includes liquidity risk, interest rate risk, and foreign exchange risks. 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. – DLL applies matched funding, however, as its Treasury department has limited access to retail funding it may fund a % of its balance sheet with shorter funding than the contractual maturity of its assets. This 'unmatched liquidity' results in monthly bucket gaps between assets and liabilities over the full amortized (run-off) profile of DLL's balance sheet. In order to assess the risk of these gaps 'DLL's consolidated liquidity position' quantifies the maximum monthly bucket gap or 'maximum unmatched liquidity position' over the full amortized profile. – DLL will often have liquidity risks within portfolios as deals are booked, offered, and terminated, through the normal course of business. Therefore, limits have been granted to DLL subsidiaries.	DLL made targeted adjustments to risk appetite levels for 2023 to reflect the changed interest rate environment. To further mitigate our risk, we emphasized DLL's prefunding policies and positions. DLL International B.V. as a Dutch licensed bank has a waiver from solo reporting from a liquidity perspective. DLL has a banking license in the Nordics and must meet LCR and NSFR ratio on the local portfolio. While DLL has some regulatory liquidity reporting obligations in France and Brazil, there is no minimum liquidity requirements to meet in these territories. DLL budgeted new ABS of EUR 3.0 billion in 2023 and executed three transactions for EUR 2.5 billion. DLL executed three of the four budgeted transactions postponing the Q4 2023 transaction to Q1 2024 due to market conditions. The importance of a healthy balance sheet and prudent liquidity risk management is fully embedded in DLL's strategy, budgeting, procedures, and measurements. DLL's liquidity position is consolidated and managed within Rabobank Group returns and ratios, while DLL continued to pursue diversified and alternative sources of funding where available. The liquidity and funding risks are managed centrally by Group Treasury, under the responsibility of the Asset-Liability Committee (ALCO).	Main central banks have paused tightening and interest rate cuts are projected however inflation remains above target for each of the ECB, FED and BOE. The EatR position is driven by DLL's policy of investing equity short term in multiple currencies and the increase in the down scenario during 2023 resulting from the rising interest rate environment driven by small increases in the floating rate positions of currencies with larger down scenario shocks. DLLs EatR position is likely to increase should the shocks for EUR continue to increase as a result of increasing interest rates. Rabobank Treasury prefers DLL to retain the current floating rate investment strategy. The USD balance sheet is of strategic importance for the bank. Specific monitoring and reporting of the USD funding and liquidity position is in place, and DLL will continue to fund elements of its US dollar growth with new ABS transactions during 2024 We will continue to pursue opportunities to diversify our sources of funding including local options for our Brazilian operations, including BNDES funding. DLL has established targets for more sustainable funding and will seek to continue to partner with the EIB in supporting financing for climate change.

Description of risk	Response	Going forward
Interest rate risk is the exposure of DLL's financial condition to adverse movements in interest rates. – Earnings at Risk (EatR) measures the interest rate sensitivity of Net Interest Income (NII) in the context of ongoing interest rate management. As in the case of the gap report, all of the relevant assets and liabilities are first allocated to maturity buckets. Consequently, a base interest rate scenario is defined under which the net interest income of DLL's activities is calculated. Based on forecasted interest rates and assumed interest rate sensitivity of customer rates alternative scenarios are calculated. – DLL will often have interest rate risk within portfolios as deals are booked, offered, and terminated, through the normal course of business. Therefore, limits have been granted to DLL subsidiaries. FX translation risk (FXTR) is the risk that exchange rate movements will adversely affect the translation of liabilities (denominated in foreign currency), into the functional currency of the parent company in process of financial consolidating. DLL remained inside all risk appetite limits for liquidity and foreign exchange risk during 2023. DLL has seen country level localized limit breaches, particularly related to our Argentina business.	DLL selectively manages translation risk to its CET1 ratio by deliberately taking FX positions and/or hedges to reduce it. Through this approach, DLL aims to limit the impact of exchange rate movements on the CET1 ratio, but it may lead to some volatility from exchange rates within Total Comprehensive Income. DLL hedges the interest rate exposure of certain portfolios based on expected maturity terms (or repricing if shorter) and hedges the remaining portfolio assets on contractual maturity terms.	

Asset risk

Description of risk	Response	Going forward
The risk that DLL will not recover the full Residual Value (RV) of certain leased assets. This risk may arise from changes in the factors considered in the initial RV setting over the life of a lease, including changes in the value of an asset and customer behavior. DLL has authorized a strategy to take end-of-term investment positions in certain assets being financed to meet customer needs and provide additional sources of income. This approach provides 'financial product' risk mitigation through an additional product offering that is separate and distinct from traditional 'loan' financing. DLL's Asset Risk profile was stable throughout 2023 and remained within our Risk Appetite, supported by very strong Asset Management income trends and stable inventory levels.	The guiding principle behind RV risk taking is that, on a portfolio basis, DLL should earn back the Booked RV positions plus a return, through the receipt of lease renewal or extension payments, and/or the sale of the asset to the original end user or another party. DLL's portfolio includes natural mitigants such as the diversification of geographies, industries, asset types, and contract maturities, which help to reduce this risk. DLL continued to focus on equipment prices which are monitored closely relative to inflation, and performance of asset sales and inventory levels. The external positive trends of previous years continued through 2023.	Asset Management continues to closely monitor secondary market trends and the impact of any change in the environment on new and used equipment prices, inventory, and customer behavior, to mitigate any potential impacts on Asset Risk. Key points of focus remain macro-economic conditions and supply chain status. We also recognize the potential impact of environmental risk, particularly transition risk arising from regulatory and societal change, upon our asset risk profile and will continue to mature methodologies to identify transmission channels, quantify and mitigate the potential risks and impacts while supporting DLL's pursuit of related opportunities.

Operational risk

Description of risk	Response	Going forward
The risk of loss resulting from inadequate or failed processes, people, and systems, or from external events. DLL accepts exposure to operational risks as an inevitable part of executing business activities and minimizes these risks within the boundaries created by the complexity and the size of its organization. DLL remained within all Group level risk appetite KRIs, but components of our operational risk suite and the control thereof must mature further. These areas have driven breaches of specific risk indicators / metrics during the year. While the value of operational risk incidents and losses was at an acceptable level, the number of process failures was elevated. The majority of DLL's total net operational loss amount related to external fraud losses. Information security is DLL's top material risk and the IT risk profile remained consistent during 2023 due to long-lasting issues such as the decommissioning of end-of-life systems and patching software vulnerabilities.	Operational risks are actively managed and controlled via our risk control framework (RCF), which sets mandatory requirements for risk and control activities, enabling us to manage operational risks efficiently and effectively using a forward-looking and integrated approach. DLL continues to mature our Regulatory Change and Adherence framework to ensure the full implementation and operational effectiveness of an 'end-to-end process' for continuous regulatory adherence across the group with dedicated workstreams in place to deliver the Digital Operational Resilience and EU Artificial Intelligence Act requirements alongside longer term projects in the environmental risk area. DLL continued to deliver upon our RCF roadmap 2023-2025 will begin a journey toward our ultimate ambition of a truly data-driven RCF, leveraging business process mapping, standardization and DLL's digitalization strategy. DLL has established a Material Change policy and related controls and processes to ensure global oversight of material projects. Enhanced data governance RCF risk and control artefacts, aligned to related policy and standards were implemented under the Data Governance Board. The program to deliver EBA Outsourcing Guideline alignment maturity remains on track.	DLL's operational risk profile is influenced by a residual reliance on overly manual, non-standardized processes globally; DLL's transformation ambitions on simplification, standardization, and automation will be foundational to long-term improvement. In parallel, mid-term remediation is delivered via incremental improvements in systems and processes, i.e., replacing manual operational workflows with system-enforced workflows. Delivery of our IT and Cybersecurity strategies, within the wider organization transformation, are top priorities and key to protecting DLL and our customers. The importance of Cybersecurity is reflected in the introduction of a dedicated risk appetite statement for the Cyber foundation, which is largely aligned to the Information Security Roadmap which will be measured as of 2024. DLL's new Enterprise Data Strategy places BCBS 239 and wider regulatory compliance as a key priority within a winder plan to deliver strengthened data governance and management standards. Operational resilience and managing related interconnectedness will be a key focus of the DORA, EU AI Act and BCBS 239 related regulatory workstreams. DLL's ambitious transformation agenda will have an impact on people, processes, and systems. In order to manage the inherently high transformation risk, DLL will work to mature the material change framework alongside improved processes for managing the impact of smaller-scale change initiatives.

DLL remained within all risk appetite KRIs, but components of our operational risk environment are on a maturity pathway. Embedding the bank-wide developments and risk management frameworks necessary to protect business continuity and deliver overall operational resilience remains a key focus for 2024, alongside the incorporation of environmental factors in assessing and managing operational risk.

Regulatory change and adherence
The volume and diversity of regulatory publications has increased significantly in recent years, especially regarding sustainability, compliance and IT related matters. DLL continues to mature our Regulatory Change and Adherence framework to ensure the full implementation and operational effectiveness of an 'end-to-end process' for continuous regulatory adherence across the Group.

Information technology and cybersecurity risk
IT and cybersecurity remains DLL's largest single operational risk component. The external cyber threat landscape remained challenging in 2023 both in terms of frequency and impact. Cybercriminals keep innovating their techniques to exploit information security vulnerabilities, steal company data and disrupt the continuity of services in the financial sector.

DLL continuously improves the information security controls to protect customer data based on the threats and the risks that we face. Our information security roadmap, aligned to DLL's organizational strategy, is designed to deliver the necessary short and long-term improvements required to protect the bank. As cyber criminals are more frequently leveraging supply chain attacks, we have continued efforts, alongside outsourcing and third-party risk management, to integrate risk mitigation by our service providers in our approach. Additionally, we have invested in enhancing our cloud security, as cloud is an integral part of our technology strategy

The IT risk profile has been steady over time and is determined by some long-lasting issues such as the decommissioning of end-of-life systems and patching software vulnerabilities. In order to avoid vulnerabilities in our systems, lifecycle management of IT assets continues to be a top priority. However, it remains a challenge to keep on track in decommissioning end-of-life applications in parallel with delivery of a wider digitalization strategy and the status of our process rationalization efforts. Addressing tech debt and improving LCM practices is part of our IT strategy, with specific plans in place for end-of-life applications. Cloud technology is an important component of our strategy to provide flexible and secure IT solutions

A new risk, and opportunity, has emerged through generative Artificial Intelligence (AI). AI enables cyber criminals to automate their activities and create false documents, pictures, videos, and phone calls that are difficult to distinguish from real ones, both for banks and their customers. A dedicated working group within DLL is looking into this new risk and will prepare mitigating actions where needed. While adopting new technologies, we have developed risk assessments to mitigate risks across cybersecurity, privacy and technology.

Outsourcing/third-party risk
Outsourcing is a way to get relatively easy access to new technologies and to achieve economies of scale. DLL continues to expand the integration and use of third-party vendors and outsourcing into our day-to-day operations. As such, potential third-party risk is rising, along with an increase in the number and rigor of applicable regulations (DORA and Schrems II in particular). DLL both need to ensure we have adequate procedures in place to manage our risk appropriately and we have to comply with provisions that enable our regulators to supervise us. DLL has established a global framework for managing third-party risk however have recognized gaps in the maturity of its application across our global network and have established a series of initiatives to deliver the necessary improvements which are on track to conclude in 2024.

Data risk
There has been an increased focus on data management in recent years and it has been identified as a critical priority for the Group. Reflecting the foundational importance of data to DLL's operations, and to ensure and maintain sound data management, including data quality monitoring, DLL has initiated an enterprise wide data strategy as a core enabler of our organizational strategy.

Focus is on strengthening data management capabilities, including KYC models, risk models, sustainability and reporting. To further enhance controls to monitor the risk profile, DLL has continued to update the risks and controls for data governance, quality and control in 2023. To ensure compliance with the Basel Committee on Banking Supervision standard on risk data aggregation and risk reporting (BCBS 239), data management will continue to be a key priority in 2024.

Change and transformation risk
DLL has an ambitious change agenda impacting most areas within the bank, elevating transformation risk with potential impact across multiple material risks. It is imperative that DLL has a robust transformation risk management framework applicable across all material changes. We have established a material organizational change standard which has been fully embedded during 2023 alongside DLL's strategy refresh and other enabling projects such as those related to the RCF and regulatory change. The ongoing maturity of this framework, alongside more consistent application of processes for smaller-scale change initiatives will be delivered during the coming year.

Environmental impacts
We recognize that climate change leads to an increase in physical and transition risks and, as detailed in the Sustainability chapter, have continued to mature our consideration of these factors in our operational risk frameworks.

Model risk

Description of risk	Response	Going forward
Model risk is defined as the potential loss or other adverse consequences an institution may incur, as a consequence of wrong decisions based on the output of models, due to errors in the development, implementation or use of such models. DLL has limited appetite on the medium-high and high risks models as this can imply uncertainty of reported figures, lead to reputation damage or considerable regulatory fines for the bank. While DLL has a robust and highly governed model development, validation, and approval process, we consider model risk to be outside of appetite as the current models are not compliant with the most recent ECB regulations.	DLL applies a comprehensive Model Risk Management approach to model development, validation, approval and use of models. DLL has maintained progress on our Future Model Landscape project, approved by the ECB in 2022 and designed to deliver regulatory compliance alongside a simplification and consolidation of DLL model landscape. DLL has taken significant steps to expand the capacity within our analytics model development and 2LOR model validation teams as part of, and in addition to, the requirements to deliver the FML program. In parallel, we have reorganized the operations of our Analytics and Model Validation functions to ensure long-term resilience and delivery.	Model risk remains a critical priority at DLL and substantial efforts will continue to deliver prescribed improvements and mitigate model risk as we build towards regulatory compliance. The results of redeveloped models are expected to decrease model risk in the coming year. The effectiveness of the efforts will be challenged and assessed by independent model validation. The focus is not solely on credit modelling: In 2023, FEC related models in particular were further enhanced and validated. Rapid development of new available AI technologies and regulations therefore remains an important focus area in 2024. including the integration of the upcoming European Artificial Intelligence (AI) Act in Rabobank's Model Risk.

Environmental risk

As detailed in the Sustainability chapter, sustainability has been identified as a strategic driver and is therefore integrated in DLL's commercial, organizational and operational strategic frameworks. We have further integrated the broader topic of environmental, social and governance risk (ESG) in our strategic risk cycle to ensure a structured incorporation of sustainability risk mitigation and measurable sustainability impact.

We do not consider environmental risk as a stand-alone material risk but rather as a risk driver, potentially impacting one or more of our existing material risks. This "outside" in impact could potentially give rise to financial, reputational or regulatory impact for DLL. In addition to the outside-in impact, DLL (directly or through its suppliers or clients) can also impact ESG (the so-called "inside-out" impact), which in turn can result in risks and opportunities.

In line with the financial industry as a whole, we continue to place a significant emphasis on this area and remain on a maturity curve. Compliance, Legal and Risk (CLR) has developed an approach and roadmap based upon compliance with key regulation such as the ECB Climate Guidelines and CSRD. DLL made strong progress during 2023 in incorporating and embedding environmental-related factors into our overall governance and risk management frameworks. This will remain a key priority for the CLR domain during 2024 in keeping with both regulatory and societal expectations, and DLL's long-term strategy.

Risk identification and assessment

In 2022, we delivered detailed materiality assessments which identified credit and asset risk, alongside operational and compliance Risk, as being materially impacted by ESG factors.

We have sought to further expand the depth and detail of these assessments, and conducted a double materiality assessment in line with the principles of CSRD for the first time in 2023. We have taken an integrated double materiality approach to determine the outside-in impact of sustainability topics on DLL and its suppliers/clients, and the inside-out impact on sustainability topics by DLL and its suppliers/clients. For more information, see the Sustainability section.

A key focus in maturing our risk assessments is on deepening our understanding of transmission channels so that appropriate mitigation strategies can be implemented.

Climate risk heatmaps

DLL utilizes climate risk heatmaps to assess physical and transition risks. During 2023 we continued to mature these heatmaps and their existing use cases in the credit journey. Alongside investigating additional areas, these can help our understanding and mitigation of climate risk.

The heatmaps include the risk of physical events such as extreme weather conditions, including drought, hailstorms, wildfires, and floods, based on weather models. They also include transition risk events (e.g. policy changes, consumer behavior or new technology), which will be expanded further in future iterations.

– The heatmaps identify risks through a qualitative risk classification on geographical location, sector and time horizon (near 5 year; medium 10 year and long 30 year) for specific risk events. The outcomes of these heatmaps are used to assess impacts across our climate risk landscape. For instance:

– Input for the sector sensitivity / vulnerability process,
– Determining IFRS 9 provisions through management adjustments,
– Input for stress testing / scenario analysis,
– Input for the strategy as outlined in the sector regions plans.
– As a basis for credit decisioning
– Determining supplier exposure.

Risk appetite
In 2023 we expanded the incorporation of ESG within our risk appetite, setting quantitative limits for the first time. As part of the Group Risk Appetite Statement, these limits now apply to clients who do not comply with the updated sustainability policy framework and global vendors who are not committed to a Road to Paris model. Further limits are set on Scope 1 and 2, and Scope 3 emissions and on the physical and transition risk exposures within our global portfolio. Regular breach management processes are in place to determine what action to take when a risk indicator threshold is likely to be breached or has been breached. Further limits will be set in the future.

Credit risk
We saw some impact from specific environmental events during 2023 and are closely monitoring emerging impacts of El Niño weather patterns in DLL's Latin America portfolio, though no material adverse credit profile impact has yet been seen across the wider portfolio.

We continue to deliver upon our 2021 roadmap to embed ESG in risk management. For credit risk it centers around four themes:

- ESG risk assessments: We assess both the sustainability performance of our customers (which includes compliance with DLL's sustainability policies, and the impact of sustainability/ESG on customer creditworthiness. We consider double materiality assessments, the climate risk heatmaps, progress on the Road to Paris and scenario analyses. These determine the level of risk based on country, sector, time horizon (short, medium, long) and events.
- Sector/asset strategy: Climate risk is incorporated with DLL's sector and/or asset visions and strategies by using the climate risk heatmaps as input. In turn, the enhanced sector / asset visions and strategies (vulnerable sectors) can provide input for the customer credit journey and for determining (additional) provisioning.
- Credit risk assessment: Covers customer credit journey, IFRS provisioning, forecasting, and stress testing activities. ESG risk assessments (Double materiality, heatmaps, scenario analyses, ESG risk score) and vulnerable sectors serve as input for quantifying ESG risk for the customer credit journey.
- Portfolio strategy: Incorporates ESG risk in pricing, acceptance criteria and underwriting criteria.

In parallel and conjunction with our ESG roadmap, CLR has taken ownership of the risk-reward-sustainability Strategic Transformation Pillar. Our aim is to ensure that sustainability factors are incorporated into our credit and customer journey so that we fully support DLL's commercial objective of being a Transition Partner of Choice while striking a healthy risk appetite balance.

Asset risk
Transition risk, in particular the shifting regulatory and societal views on internal combustion engine assets, creates the risk that DLL will not recover the full residual value (RV) of certain leased assets. While DLL's geographical spread, short tenor profile and wide range of material asset types does mitigate this risk, the potential for stranded assets within our portfolio is considered alongside the degradation of collateral values.

Assets in inventory are reviewed and depreciated throughout the year according to country-specific practices. The ESG focus in collateral valuation is primarily on transition risk. Physical risk has previously been assessed as not being a material risk for DLL's asset/collateral holdings. In considering transition risk impacts, we consider elements such as: Policy and legal risk, technology development, market change and shifts in consumer sentiment.

While many of the considerations with regards to sustainability are similar to those we have navigated in the past, we will continue to expand the breadth and scope of sustainability factors in our collateral valuation processes into 2024.

Non-financial risk
During 2023 we worked to understand in detail how environmental risk will impact our operational risk profile, noting business continuity, third-party, data and reputational risk as areas of focus. We continue to develop the full breadth of data necessary across all components of the environmental risk management framework and will incorporate environmental considerations within our non-financial risk policies and control framework in 2024.

As we mature our approach to ESG in general, a focus area is ensuring that underlying processes and policy stances are fully embedded within our existing risk and control frameworks. During 2023, continuing into 2024, we have developed a number of specific policy and procedure documents, as well as incorporating consideration of ESG into all regular policy document reviews. Dedicated processes, such as financed emission calculations, "greenwashing" and vendor assessments all carry operational risk, and appropriate controls have been implemented to mitigate the risk of process failure.

As detailed in the Sustainability chapter, in 2023 we established a dedicated Sustainable Asset Review Committee to review and approve the classification of assets. It provides advice to internal approving bodies on the appropriateness of the sustainability criteria and the resulting level of risk for the bank.

During 2023, we established a robust process to ensure that sustainability communications are appropriate, reflecting both our desire to develop more sustainable products and assets and to ensure fair treatment of our partners and end users based on our treating clients fairly principles. We also need to comply with a range of existing and upcoming "greenwashing" legal and regulatory requirements, including additional ESG-specific disclosures, which bring increasing litigation, regulatory and reputational risks for non-compliance. While we already have a number of "anti-greenwashing" processes in place covering customer communications and product governance to name a few, we have recently assigned ownership of this risk to our Compliance function who will continue to develop DLL's "anti-greenwashing" framework in 2024. The framework will cover policy, procedures, training, oversight and reporting.

Plans for 2024 and beyond

We remain committed to a detailed roadmap primarily derived from ECB Climate Guideline Expectations. Particular areas of focus in 2024 will be :

- to deliver the necessary data and data architecture to support reporting;
- to expand the incorporation of environmental risk in our credit journey;
- to deliver a model vision to incorporate environmental factors in IFRS 9;
- to perform stress testing and credit modeling;
- to develop a comprehensive risk and control framework across all non-financial risks including greenwashing.

We recognize a need to expand consideration of biodiversity factors and will seek to expedite our maturity in this area, leveraging tools and expertise already developed in the climate space. Assessing biodiversity-related risks, opportunities, impacts and dependencies is complex. We therefore follow relevant external guidance (such as the United Nations Principles for Responsible Banking Nature Target Setting Guidance, and the guidance of the Finance for Biodiversity Foundation), starting with so-called practice targets. The purpose of these practice targets is to help strengthen the consideration of biodiversity in our steering and decision-making and over time to firmly embed them in our business-as-usual processes, all the while gathering information and preparing to set so-called impact targets.

Data availability remains a challenge for the identification and assessment of ESG risk. Asset data and granular geographical data will be key enablers to understand the impact of business on the environment. Further data quality improvements are expected to occur including the mandatory information due to be disclosed by clients, business partners/associated persons as part of their own CSRD implementation. We will continue to follow and adopt PCAF guidance on refinements to methodologies for calculating financed emissions.

CLR top 5 priorities for 2024

1. **Maturing our models, and 3LOR legal, risk and compliance frameworks**
2. **Building the CLR workforce of the future and fostering DLL's risk culture**
3. **Elevating proactive risk management and reporting**
4. **Incorporating the risk-reward-sustainability balance throughout DLL**
5. **Enabling key transformations and organization change capacity**

Compliance

Introduction
Since DLL is a credit institution headquartered in the Netherlands, and it is bound by Dutch and European laws and regulations. Where there is a legal requirement that prevents local compliance with (parts of) this framework and/or there is a higher standard that must be applied locally, these stricter rules prevail. DLL's Compliance function considers applicable principles, guidelines, and other regulatory requirements. In the Netherlands these include the Financial Supervision Act (*Wft*) and the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*), and internationally the Basel Committee on Banking Supervision (BCBS), Capital Requirements Directive (CRD), European Banking Authority (EBA) and General Data Protection Regulation (GDPR).

DLL is firmly committed to conducting business with integrity and in compliance with the letter and the spirit of the law, as well as other generally accepted rules and standards of business conduct of the countries and communities in which we operate. Acting responsibly and professionally enables us to build a rock-solid company and contribute to the welfare and prosperity of our customers and the society we live in, thus helping us in our "Partnering for a better world" purpose. As a minimum requirement, being compliant with relevant laws and regulations is always of the utmost importance, and is expected by our customers and society in general.

Compliance's mission is to contribute to the trust that stakeholders and society 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 responsibility, and partnering with the business.

A global mandate to do the right thing
As part of the second line of responsibility, the Compliance function acts as a partner to the business in enabling DLL to achieve its strategic goals in a compliant manner. It supports management in its responsibility to become and remain compliant with the external and internal rules related to the compliance themes specified above. It also aims to maximize adherence to our Code of Conduct in the context of compliance risk.

In other words, the Compliance function helps DLL and its members, customers, and business partners to "do the right thing" by following principles such as:
- Compliance starts at the top.
- Management is the owner of compliance.
- Compliance requires each member to behave in a compliant manner.
- An effective Compliance function exists at all levels of the organization.
- Adherence to the global Code of Conduct and compliance policies is mandatory.

The Compliance function has a global mandate, which means none of DLL's activities or entities, nor the activities of branches, subsidiaries, joint ventures, or outsourced activities are excluded from its scope of review or inquiry.

Independence
The Compliance function must be able to perform its responsibilities without undue influence and based on its own initiative and professional judgment. It is independent from the business and administrative or control functions. Therefore, Compliance Officers are not authorized to assume commercial or operational activities in their area of control. The Head of Group Compliance reports to DLL's CEO, is a member of the Compliance, Legal and Risk Management Team chaired by the CRO, and has a functional reporting line to the Rabobank Chief Compliance Officer. At Group level, the DLL Compliance department is made up of four teams: Financial Crime Compliance; the Global Privacy Office; CCO and Corporate Center Compliance; and the Core Conduct Compliance team. As established in our Compliance Charter, both the DLL AML Officer and the DPO (Data Protection Officer) also have direct escalation lines to DLL's CEO.

To safeguard Compliance's independent position in the network, Regional Chief Compliance Officers have a primary reporting line to Regional Managers and a strong secondary reporting line to the Head of Group Compliance. Country Compliance Officers have a primary reporting line to Country Managers and a secondary reporting line to Regional Chief Compliance Officers. In case of major incidents or other urgent matters, the Head of Group Compliance will ensure that the boards, Rabobank Compliance and, where appropriate, the regulator, are informed immediately.

Compliance risk

Compliance risk is defined as "The risk of impairment of DLL's integrity due to unlawful, unethical, or inappropriate conduct. Such conduct can damage the rights and interests of our customers as well as the reputation of DLL, leading to legal or regulatory sanctions and/or financial loss."

Unlawful, unethical, or inappropriate conduct in the context of compliance risk involves the failure to comply with DLL's internal standards, rules, or codes, as well as external laws, regulations and codes applicable to our activities. In addition, it includes acting beyond the boundaries of what is considered morally or socially acceptable according to universal standards or acting with a lack of dignity and respect toward our stakeholders, even if such conduct is not formally prohibited.

To obtain insight into the extent to which the above risks manifest themselves in DLL's day-to-day activities, we have documented and assessed a detailed description of these risks, how they may occur and be mitigated as part of compliance risk management. For example, we conducted a systematic integrity risk analysis.

Within DLL, compliance risk has been divided into the following three main compliance categories: Financial Crime (money laundering, terrorist financing, breach of sanctions, fraud, and bribery and corruption); Data Privacy (including records management); and Conduct (conflicts of interest, treating customers fairly, corruption, market abuse and competition).

DLL's consolidated residual risk value improved following further implementation efforts and maturation, especially in the area of financial crime. These included:
- the establishment of a new first line Financial Economic Crime department;
- further rollout and development of our customer due diligence system ROCK;
- investments in transaction monitoring, and
- ongoing focus on quality improvements.

External fraud risk continues to be elevated due to DLL's business model, mainly due to the rise in identity theft and more sophisticated fraud schemes. Other areas that require ongoing attention include implementation challenges regarding the Ultimate Beneficial Ownership requirements in the U.S., and more specific data challenges relating to transaction monitoring and remediations in some specific countries.

In terms of data privacy, a solid governance and policy framework is in place, with supporting systems and processes implemented globally. Further quality improvements are ongoing, driven by the DLL DPO, as well as a network of first line Privacy Executives and Coordinators. We are investing in improvements in records management, but privacy issues around data transfers still require attention. In the broad area of conduct compliance and culture, DLL is building on its Code of Conduct, and is investing in a culture which fosters psychological safety and empowerment, supported by the Compliance-owned Speak-Up policies and processes. We are continuing to strengthen our Treating Customers Fairly framework to meet and anticipate on the evolving expectations in terms of consumer protection, and similar regulations in additional market segments, with a focus on commission payments and complaints handling. With the growing importance of sustainability, and in line with DLL's strategy, 'greenwashing' is very high on the agenda as a compliance theme.

Our target operating model defines the specific requirements for the compliance framework in more detail. The target operating model is one of the building blocks of an effective approach to managing compliance risk, and links to documents such as the Compliance Charter, policies and procedures, reports, and plans. To manage compliance risks appropriately, we have established a compliance monitoring framework that sets out a consistent risk-based approach to the monitoring activities of DLL with respect to compliance related processes, controls and the reporting of the results of these activities.

Remuneration

DLL's compensation and benefits programs are competitive and compliant to enable us to attract and retain the desired talent. Our Remuneration policy is designed to drive the right behaviors that support organizational growth, and to create a high-performance culture and a truly engaged workforce.

DLL Remuneration policy

DLL's Remuneration policy falls within the framework of the Rabobank Group Remuneration Policy, which enables a fair and globally consistent approach to remuneration within the framework of the DLL job classification system and applies to all DLL entities around the world with local variations as necessary. These relate to the application of local legislation, national collective labor agreements or local labor market practices, which allows us to be both locally competitive and compliant. DLL's total reward structure includes fixed and variable remuneration elements that are aligned with local regulations and labor markets, including pension programs as applicable.

No member received total remuneration above EUR 1 million in 2023 (same as in 2022).

The remuneration packages for the Executive Board are subject to review and approval by the Supervisory Board.

Rabobank Group Remuneration Policy

The Rabobank Group Remuneration Policy details the principles and guidelines of Rabobank's vision on remuneration. It also takes into account requirements under external legislation and regulations, 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 group entities like DLL, which has reflected this in its own Remuneration policy. It supports solid and effective risk management processes, and discourages employees from taking undesirable risks, while encouraging them to consider the longer-term impact on the interests of both Rabobank Group and its clients. The annual performance appraisal and remuneration cycle supports acting in the interests of our long-term continuity and financial strength.

Variable remuneration

In 2023, EUR 83 million (2022: EUR 67 million) of total remuneration was variable for all DLL entities. The risk-controlling measures described below apply to members with variable remuneration. Variable remuneration is capped for all roles in all countries and DLL does not grant guaranteed variable remuneration, in line with regulatory restrictions.

In the Netherlands, variable remuneration is capped to 20% of the member's fixed income. Elsewhere, the level of fixed income, variable pay and benefits is based on the local practices of the respective country. Variable remuneration is typically awarded based on a balanced mix of qualitative and quantitative objectives, and cannot be higher than 100% of a member's fixed salary. DLL's performance objectives are focused on achieving results, bringing our core values into practice and contributing to the personal development of members. These objectives do not contain targets that encourage behavior that is not in the best interest of our vendor partners or end users.

Ex-ante test

Every year, DLL's Executive Board and Rabobank's Managing Board validate whether payment of the proposed variable remuneration is justified, based on Rabobank Group's qualifying capital and solvency ratio. This ex-ante test centers on the question of whether DLL and/or Rabobank can make the payments without incurring adverse financial consequences. The test is submitted for approval to the Supervisory Boards of both DLL and the Rabobank Group.

Claw back

In exceptional circumstances, the Managing Board of Rabobank can withdraw an awarded variable remuneration with retroactive effect, 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 scenarios as laid down in the Rabobank Group Remuneration Policy. No claw back was applied to any variable remuneration in 2023.

In addition to the measures stated above, the following general prohibitions also apply:

- Personal hedging strategies are not permitted under any circumstances whatsoever.
- Variable remuneration must reflect the quality of an employee's performance. We do not reward employees for failure or misconduct.

Identified Staff

Members who could have a significant impact on DLL's risk profile are designated as Identified Staff. In 2023, 78 roles within DLL (excluding Supervisory Board members) were deemed to belong to this category. In general, these members are not eligible for variable remuneration. In exceptional cases where they are eligible, their incentive is governed by the principles laid down in the Rabobank Group Remuneration Policy. As is the case for all other members, Identified Staff must meet a proper balance of performance objectives. Incentives for Identified Staff, if applicable, are specifically subject to performance measurements at DLL group, business unit, and individual levels.

Supervisory Board

Fee structure

In 2023, the Supervisory Board consisted of four members. Of these, two external Supervisory Board members receive direct compensation from DLL based on their board responsibilities. The other two members are employed by Rabobank and the compensation for their Supervisory Board activities is included in the remuneration they receive from Rabobank in their capacity as employees. The total amount of remuneration for the external Supervisory Board members in 2023 was EUR 223,000 (2022: EUR 227,000).

Executive Board

Remuneration package

The primary remuneration package for Executive Board members consists of fixed pay and pension entitlements. Additionally, they receive fringe benefits in line with market practice. As of 2016, Executive Board members are no longer eligible for variable remuneration.

Pension

In the Netherlands, the Rabobank pension scheme applies to Executive Board members and qualifies as a collective defined contribution scheme. As of January 1, 2023, the maximum income on which Executive Board members may accrue pension is EUR 128,810. Any income exceeding this amount is not pensionable. In line with local practice and to compensate for the pension cap, members of the Executive Board receive an individual supplemental retirement allowance. In the U.S. the member of the Executive Board does not participate in a pension scheme but is eligible for a DLL 401K match. He also receives fixed compensation from the 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. None of the Executive Board members received a severance payment in 2023 (2022: none).

Executive Board remuneration

In 2023, the remuneration of members of the Executive Board totaled EUR 3,868,000 (2022: EUR 3,627,000). None of the Executive Board members received total remuneration above EUR 1 million in 2023 (same as in 2022).

There were zero Deferred Remuneration Notes (DRNs) outstanding with the members of the Executive Board at year-end 2023 (2022: none) related to variable remuneration granted prior to 2016. See note 2.4 of the Consolidated Financial Statements for more information on DRNs.

Corporate **governance**

Corporate structure

DLL

DLL is structured as a matrix organization, consisting of global business units, regional organizations and group functions. The majority of DLL's group functions are located at our headquarters in Eindhoven, the Netherlands, which provides direction, coordination, and support to the regional organizations and business units. Group functions are responsible for ensuring a strong foundation of DLL's business and global strategic development, including financial stability, a reliable IT infrastructure, solid internal controls and regulatory compliance. This responsibility includes defining our focus areas, and implementing and monitoring DLL's risk control framework and strategic prioritizations.

The foundation of our organizational group structure is captured in our corporate governance framework, which supports us in achieving our objectives. De Lage Landen International B.V. is DLL's holding company and has a banking license under Dutch law. The company is located and has its statutory seat in Eindhoven. DLL has subsidiaries and branch offices in more than 25 countries on most continents.

Since DLL has a Dutch banking license, our governance includes a Supervisory Board, 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-statement in respect of De Lage Landen International B.V. and one of its Dutch subsidiaries, assuming liability for the debts arising from the 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.

Management structure

DLL has a two-tier board structure consisting of an Executive Board and a Supervisory Board. Several subsidiaries have supervisory boards in place, mainly made up of DLL Executives or Senior Managers.

Executive Board

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

The Executive Board is responsible for strategy setting and steering, and managing the company, in line with the articles of association and the Executive Board Charter. The Executive Board consists of six members who are appointed and dismissed by shareholders at Annual General Meetings. 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, including customers, shareholders, members, regulators and the communities in which we operate. In doing so, the Executive Board takes into consideration that ESG risk factors may drive DLL's prudential, operational and reputational risks.

Certain strategic and key actions or decisions to be taken require approval of the Executive Board. For more information about the Executive Board members, see Chapter Who we are.

The roles and responsibilities of the Executive Board are set out in more detail in the Executive Board DLL International Charter, as approved by the Supervisory Board.

Supervisory Board

Our Supervisory Board oversees the management by the Executive Board and the general conduct of business. The Supervisory Board also monitors compliance with the law, the articles of association, and other relevant rules and regulations. In doing so, the Supervisory Board takes into consideration that ESG risk factors may drive DLL's prudential, operational and reputational risks.

Key decisions of the Executive Board, including decisions on the strategy, annual plans and related budgets, are subject to approval by the Supervisory Board.

The Supervisory Board consists of four members, who are appointed and dismissed by the shareholder of De Lage Landen International B.V. Chair and Vice-chair are appointed by the Supervisory Board upon nomination of Rabobank.

The roles and responsibilities of the Supervisory Board are set out in the Supervisory Board DLL International Charter as approved by DLL's shareholder. The Supervisory Board report includes more information about the (members of the) Supervisory Board and its supervision in 2023.

Conduct and integrity

Good corporate governance entails a solid corporate governance framework with a clear organizational structure, and being in control through a well-structured risk and control framework. However, good governance should also be reflected in soft elements. These can be found in our values and culture, and in the integrity, conduct, and tone of voice of members throughout the company, starting from the top. Wherever we do business, our members speak in the same tone of voice and conduct themselves in the same way when doing business because DLL is 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 values.

Banker's oath

The Dutch banking community, including DLL, considers it important that everyone working 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. By taking the banker's oath, our Supervisory Board, Executive Board and other members working in the Netherlands declare, among other things, that they are aware of their role in society and that they put the interests of the customer first when performing their assigned work.

Furthermore, they confirm that they uphold the Code of Conduct for the banking sector. Breaking the banker's oath has consequences: Disciplinary law is applicable if its rules are not adhered to. By taking the banker's oath, members submit to this law.

Regulatory framework and supervision

De Lage Landen International B.V., DLL's holding company, has a banking license in the Netherlands 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. DLL passports this license and established branches in Germany, Italy, Portugal, and Spain, to offer financial products. Several of our entities 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.

The most important regulations and guidelines that apply to De Lage Landen International B.V. are:
- Capital Requirements Directive (CRD)
- Capital Requirements Regulation (CRR)
- ECB regulation
- EBA Guidelines
- Dutch act on financial supervision (*Wft*)
- Dutch decree on prudential regulation
- Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*)
- Dutch Civil Code

As a Dutch bank and part of Rabobank, we adhere to the majority of the Dutch Banking Code and take the relevant areas into account in our governance framework.

Furthermore, since DLL's shares are not publicly traded, we are not required to comply with the Dutch Corporate Governance Code 2022. However, we do take the general principles of this code into account in our governance framework.

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 consolidated entities whose information is included in its financial statements; and
- The management report describes the principal risks that DLL faces.

M. Janse, *COO and interim CEO (as from April 1, 2024)*
I. Eddini, *CHRO*
N. Garnett, *CCO*
Y.E. Hoefsmit, *CRO*
G.T.R. Raison, *CFO*

Eindhoven, April 25, 2024

Supervisory Board report

Report of the **Supervisory Board**

General
The Supervisory Board was fully engaged with DLL throughout 2023 and kept appraised of its efforts to adapt to the changing economic conditions. The Supervisory Board was pleased that DLL successfully managed to simplify the structure of the organization and continued with its efforts to enhance empowerment throughout the company.

Overall, the Supervisory Board was satisfied with the level of engagement and communication with the Executive Board. The Supervisory Board received insights and provided input on the key transformation areas and was kept informed about the progress of the sustainability and energy transition strategies. The Supervisory Board was proud to see DLL's transition to helping its partners realize their own sustainability aspirations, leading to continued growth and success in the future.

In May, the Supervisory Board gave a favorable opinion to the shareholder regarding the appointment of Grégory Raison as Chief Financial Officer (CFO) and member of the Executive Board. Grégory received the necessary regulatory approvals in October 2023.

The Supervisory Board expressed its gratitude and appreciation to Carlo van Kemenade, who took up a new challenge as Director Retail Netherlands of Rabobank effective April 1, 2024.

Starting at DLL in 1990, Carlo was appointed to DLL's Executive Board as COO of DLL in 2013. After leaving the organization to lead Rabobank's mortgage provider Obvion for three years, he rejoined DLL as CEO and Chairman of the Executive Board in 2022. Over the course of his career, Carlo has held a variety of senior and executive leadership positions at DLL, and played a formative role in the careers of many of our leaders and members. He was of paramount importance in the strategy refresh that positions DLL for future success in the vendor finance and equipment leasing industry. The Supervisory Board thanked Carlo for his many years of outstanding service to DLL and wished him all the best in his new leadership position within the wider Rabobank Group.

Composition and members of the Supervisory Board
The Supervisory Board consists of four members, two of whom are (former) members of the Managing Board of Rabobank, DLL's shareholder. The Supervisory Board also has two external members, who bring specific knowledge, an outside-in view and (international) experience to the table.

Rabobank representative Bart Leurs stepped down from the Supervisory Board in August, and he was replaced by Els Kamphof in October. This changed the composition of the Supervisory Board to:
- Berry Marttin, Chairperson (former member of the Rabobank Managing Board)
- Els Kamphof, appointed on October 25, 2023 (member of the Rabobank Managing Board)
- Annelies Bouma (external member)
- Ron De Feo (external member)

Roles and responsibilities of the Supervisory Board
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. The Supervisory Board does not have subcommittees. The full Board performs the roles and responsibilities of a Risk, Audit, Nomination and Remuneration Committee according to applicable governance regulations. The roles and responsibilities of the Supervisory Board are described in more detail in the Supervisory Board Charter.

Supervisory Board meetings
The Supervisory Board has at least four regular meetings per year. These meetings are also attended by Executive Board members. In 2023, the Supervisory Board had five formal meetings. One of these was dedicated to the independent auditor's report on the 2022 financial statements and Annual Report. The Supervisory Board discussed and approved the 2022 financial statements at the April meeting.

The Supervisory Board met both virtually and in person in 2023. In April, the Supervisory Board and Executive Board gathered at the Germany office to meet face-to-face, and they met at the U.S. office in Wayne, Pennsylvania, in September to see more aspects of the organization's operations. The other meetings were hybrid sessions hosted by Rabobank in Utrecht and DLL in Eindhoven.

In addition, a number of Exceptional Supervisory Board meetings were held to address urgent business matters, including the review of the strategy refresh and organizational design, and specific acquisition opportunities. The Supervisory Board also received periodic updates on a variety of topics including commercial and financial developments, workforce wellbeing, compliance-related matters and engagement initiatives.

At the formal meetings, the Supervisory Board reviewed commercial, financial and operational performance, as well as risk, internal audit, compliance, human resources and regulatory matters. The comprehensive quarterly reports prepared by the Executive Board facilitated the review of each of these matters. To underscore the importance of compliance and internal audit matters, the Heads of Group Compliance and Internal Audit attended the relevant segments of each meeting to provide background information and explanations as needed.

The Supervisory Board monitored major projects and strategic initiatives as outlined in the quarterly reports. In addition to the regular yearly agenda items, the Supervisory Board addressed a wide range of matters in 2023, including:

- Future Model Landscape project, where significant effort is being made to update the Group's risk modeling and analytics capabilities in line with regulatory requirements. The Supervisory Board received updates throughout the year on this important initiative.
- Sustainability, which received attention from various different perspectives because it is and will continue to be a major theme for DLL. The new sustainability strategy will be reviewed at the beginning of 2024 and will provide more insight into DLL's role in transitions related to climate, energy, food and agri, risk management and reporting.
- The data strategy, which outlines DLL's ambitious goals to become a data-driven company.
- Quarterly updates on the development of the portfolio and capital relative to the requirements set by the shareholder and its capital management strategy, as well as regulatory capital requirements.
- The main risk indicators, including updates on the main credit exposures and the development of its (credit) impairments.
- The Group risk appetite statement, which defines the type and level of risk, both financial and non-financial, that DLL is willing to accept relative to achieving its objectives. DLL continues to integrate climate risk – physical risk and transition risk – into risk appetite setting and risk management. New regulations impacting the risk position were also shared with the Supervisory Board when relevant.
- The 2023 Top Risk Report as a part of the annual risk control self-assessment cycle. This report addresses the main risks to realizing DLL's strategic objectives.
- Progress made in upgrading the Compliance function, Anti-Money Laundering (AML) efforts and the compliance framework. The Supervisory Board discussed the results of the annual systematic integrity risk assessment on inherent and residual compliance risks, which is part of the compliance plan, as well as relevant mitigating controls and considerations. A session on financial economic crime was held to equip the Supervisory Board with the necessary knowledge and skills to navigate the evolving landscape of financial crime and compliance.
- DLL communicated relevant developments in the internal audit function to the Supervisory Board. The audit results, trends in audit findings and progress in resolving these findings were reported every quarter. In December, the Supervisory Board approved the 2024 internal audit plan.
- The Supervisory Board continued to pay attention to succession planning and diversity at the level of the Executive Board and senior management.

External independent auditor
The independent auditor's report on the 2022 financial statements was extensively discussed, with a focus on the key audit observations, the control environment and areas for further improvement in the internal control framework.

The Supervisory Board approved Pricewaterhouse Coopers' (PwC) engagement as independent auditor for the year ending December 31, 2023, and approved the scope of the engagement as proposed. The 2023 audit plan was discussed with the PwC team at the September meeting. The Chairman of the Supervisory Board also had one-on-one meetings with PwC.

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 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 in the financial sector, the duty of care toward the client, integrity, risk management, financial reporting and audits.

In 2023, the learning program paid specific attention to financial economic crime, environmental social and governance (ESG), and cybersecurity.

Proposal to the general meeting of shareholders and conclusion
In accordance with the relevant provisions of DLL's Articles of Association, the Supervisory Board reviewed the 2023 Annual Report and the financial statements 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 2023 financial statements.

The Supervisory Board proposes to the general meeting of DLL's shareholders to adopt the financial statements of 2023.

B.J. Marttin, *Chairman*
A.E. Bouma, *member*
R. De Feo, *member*
E.G. Kamphof, *member (as from October 25, 2023)*

Utrecht, April 25, 2024

Financial statements **2023**

Consolidated financial statements

Contents

Consolidated statement of **financial position**

In millions of euros	Notes	2023[1]	2022[1]
Assets			
Cash and cash equivalents	3.6	144	402
Accounts receivable and other short-term assets	4.3	783	698
Derivatives	3.4	88	182
Due from banks	3.5	432	1,104
Due from customers	1.1	42,104	37,907
Fixed assets under operating lease	1.2	2,385	2,563
Other intangible assets	4.1	3	5
Current tax receivable		162	120
Deferred tax assets	2.6	236	143
Other assets	4.3	175	193
Assets in disposal group held for sale	4.2	19	-
Total assets		**46,531**	**43,317**

1 As on December 31

In millions of euros	Notes	2023[1]	2022[1]
Liabilities			
Short-term loans and overdrafts	3.2	6,202	6,309
Accounts payable and other short-term liabilities	4.4	898	748
Issued debt securities	3.3	2,999	2,095
Provisions	4.5	127	132
Derivatives	3.4	55	66
Long-term borrowings	3.2	30,580	28,789
Current tax payables		69	69
Deferred tax liabilities	2.6	185	186
Other liabilities	4.4	658	547
Liabilities in disposal group held for sale	4.2	1	-
Total liabilities		**41,774**	**38,941**
Equity			
Share capital and share premium	3.1	1,233	1,233
Retained earnings	3.1	2,913	2,562
Other reserves	3.1	16	53
Total equity attributable to equity holders of the parent		**4,162**	**3,848**
Non-controlling interests		595	528
Total equity		**4,757**	**4,376**
Total liabilities and equity		**46,531**	**43,317**

1 As on December 31

Consolidated statement of **profit or loss**

For the year ended December 31			
In millions of euros	Notes	2023	2022
Interest income	2.1	2,644	1,865
Interest expense	2.1	(1,336)	(639)
Net interest income	2.1	**1,308**	**1,226**
Revenue from operating leases		904	922
Depreciation and other operating lease expenses		(660)	(696)
Net operating lease income		**244**	**226**
Gains/(losses) from financial instruments	2.2	(42)	(34)
Fee and other income	2.3	287	321
Fee expenses		(29)	(31)
Total net income		**1,768**	**1,708**
Staff costs	2.4	(673)	(613)
Other operating expenses	2.5	(343)	(346)
Total operating expenses		**(1,016)**	**(959)**
Credit losses and other impairments	1.3	(170)	(262)
Profit before tax		**582**	**487**
Income tax expense	2.6	(144)	(144)
Profit for the year		**438**	**343**
Profit for the year attributable to:			
Shareholder of the parent		349	271
Non-controlling interests		89	72

Consolidated statement of **other comprehensive income**

For the year ended December 31			
In millions of euros	Notes	2023	2022
Profit for the year		**438**	**343**
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent years			
Employee benefits			
Remeasurement of post-employment benefit reserve, before tax		-	11
Income tax effect	2.6	-	(2)
		-	**9**
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent years			
Foreign currency translation differences (expense)/ income during the year		(40)	26
		(40)	**26**
Other comprehensive (expense)/income for the year, net of tax		(40)	35
Total comprehensive income for the year, net of tax		**398**	**378**
Total comprehensive income attributable to:			
Shareholders of the parent		314	292
Non-controlling interests		84	86

Consolidated statement of **changes in equity**

In millions of euros	Notes	Share capital and share premium	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance on January 1, 2022		**1,233**	**2,282**	**41**	**3,556**	**498**	**4,054**
Profit for the year		-	271	-	271	72	343
Other comprehensive income		-	9	12	21	14	35
Remeasurement of post-employment benefit reserve, net of tax		-	9	-	9	-	9
Fair value changes of derivatives designated for net investment hedging, net of tax		-	-	(98)	(98)	-	(98)
Exchange differences on translation of foreign operations		-	-	110	110	14	124
Total comprehensive income		**-**	**280**	**12**	**292**	**86**	**378**
Dividends	3.1	-	-	-	-	(56)	(56)
Balance on December 31, 2022		**1,233**	**2,562**	**53**	**3,848**	**528**	**4,376**
Balance on January 1, 2023		**1,233**	**2,562**	**53**	**3,848**	**528**	**4,376**
Profit for the year		-	349	-	349	89	438
Other comprehensive income		-	2	(37)	(35)	(5)	(40)
Remeasurement of post-employment benefit reserve, net of tax		-	-	-	-	-	-
Fair value changes of derivatives designated for net investment hedging, net of tax		-	-	55	55	-	55
Exchange differences on translation of foreign operations		-	2	(92)	(90)	(5)	(95)
Total comprehensive income		**-**	**351**	**(37)**	**314**	**84**	**398**
Dividends	3.1	-	-	-	-	(35)	(35)
Issue of share capital		-	-	-	-	18	18
Balance on December 31, 2023		**1,233**	**2,913**	**16**	**4,162**	**595**	**4,757**

Consolidated statement of **cash flows**

For the year ended December 31			
In millions of euros	Notes	2023	2022
Cash flows from operating activities			
Profit before tax		**582**	**487**
Adjustments to reconcile profit before tax to net cash flows			
Depreciation of fixed assets under operating lease	1.2	661	697
Impairment of fixed assets under operating lease	1.2	(1)	(1)
Gain on disposal of fixed assets under operating lease		(42)	(50)
Depreciation of fixed assets for own use	4.3	22	24
Amortization and impairment of intangible assets	4.1	2	2
Net foreign exchange differences	2.2	16	34
Unrealized losses/(gains) and losses from derivatives		32	(14)
Movements in provisions	4.5	2	20
Credit losses and other impairments	1.3	170	262
Interest income	2.1	(2,644)	(1,865)
Interest expenses	2.1	1,336	639
		136	**235**
Net change in assets and liabilities			
Due from customers		(4,811)	(3,064)
Purchase of fixed assets under operating lease	1.2	(1,110)	(876)
Proceeds from sale of fixed assets under operating lease		438	376
Due from banks		672	1,775
Short-term loans from banks and overdrafts		(106)	(183)
Other assets		77	(42)
Other liabilities		262	160
		(4,442)	**(1,619)**
Interest received		2,644	1,948
Interest paid		(1,314)	(600)
Income tax paid		(277)	(297)
Other		9	(1)
Net cash flows from operating activities		**(3,380)**	**(569)**

In millions of euros	Notes	2023	2022
Cash flow from investing activities			
Purchase of fixed assets for own use	4.3	(32)	(34)
Proceeds from sale of fixed assets for own use		-	1
Purchases of intangible assets	4.1	(1)	(2)
Net cash flows from investing activities		**(33)**	**(35)**
Cash flow from financing activities			
Drawdowns of long-term Rabobank borrowings		(9,618)	(11,154)
Repayments of long-term Rabobank borrowings		12,475	12,211
(Drawdowns)/repayments of other long-term borrowings		(679)	385
Issue of debt securities		2,497	796
Repayments of debt securities		(1,494)	(1,482)
Equity contributions received		7	-
Dividends paid		(35)	(56)
Net cash flows from financing activities		**3,153**	**700**
Net (decrease)/increase in cash and cash equivalents		(260)	96
Net exchange differences		2	1
Cash and cash equivalents on January 1		402	305
Cash and cash equivalents on December 31	3.6	**144**	**402**

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 December 31, 2023, were authorized for issue in accordance with a resolution of the Executive Board (EB) on April 25, 2024.

DLL is a privately held limited liability company (in Dutch, 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 with a statutory seat in Amsterdam, the Netherlands. Rabobank is the parent and the ultimate controlling party of DLL. Information on other related party relationships is provided in note 4.6.

DLL offers customers various financial solution products, mainly being leasing and lending, with presence in over 25 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.

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 the following DLL entities, that are part of the consolidation:
- De Lage Landen International B.V.
- De Lage Landen Vendorlease B.V.

As of January 2024, the 403 declaration for De Lage Landen Vendorlease B.V. has been revoked. This means that the liabilities of De Lage Landen Vendorlease B.V. as on December 31, 2023 remain covered.

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 (EU) and the applicable articles of Book 2 of the Dutch Civil Code.

All figures are presented in euros with values rounded to the nearest million, except when indicated otherwise.

The EB considers it appropriate to adopt the going concern basis of accounting in preparing these financial statements based on a financial forecast analysis and the equity position that supports the going concern assumption. The EB assessed the liquidity, solvency and expected profitability of the Company going forward, as well as the regulatory capital requirements, and concluded that the company is expected to meet all of its obligations in the next 12 months as from the date of these financial statements.

The policies applied are the same as the previous financial year, with the exception of the policies stated in ii. Basis of preparation.

New and amended standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that apply in the current financial year

IFRS 17 Insurance Contracts
IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The IASB also published amendments to IFRS 17, including a scope exclusion for credit card contracts and similar contracts that provide insurance coverage, and an optional scope exclusion for loans with death waivers. Other than a small reinsurance subsidiary, DLL does not have an insurance business but sells insurance products as a broker, in which case it does not run the insurance risk. Therefore, DLL has decided not to apply IFRS 17 for its reinsurance activities, as the impact of applying IFRS 17 would not lead to material differences in the financial statements. DLL continues to account for its reinsurance activities on the basis of IFRS 4.

Amendments to IAS 12
In December 2021, the Organisation for Economic Co-operation and Development (OECD) published "Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two)." The rules are designed to ensure that large multinational enterprises within the scope of the rules pay a minimum level of tax on the income arising in a specific period in each jurisdiction where they operate. In general, the rules apply a system of top-up taxes that brings the total amount of taxes paid on an entity's excess profit in a jurisdiction up to the minimum rate of 15%. The rules need to be passed into national legislation based on each country's approach. In the Netherlands, the Pillar Two legislation is effective as of January 1, 2024. The rules will impact current income tax when the legislation comes into effect. Applying the OECD Pillar Two model rules and determining their impact on the financial statements is complex and poses a number of practical challenges.

Having considered all of the potential challenges, the IASB made narrow-scope amendments to IAS 12 in May 2023. The amendments (a) provide a temporary exception from accounting for deferred taxes arising from legislation enacted to implement the OECD's Pillar Two model rules, and (b) introduce additional disclosure requirements. The amendments related to deferred tax must be applied immediately and retrospectively in accordance with IAS 8. Entities must further disclose the fact that they have applied the exception. Disclosures about the known or reasonably estimable exposure to Pillar Two income taxes are included in paragraph 4.9.

Other Amendments to IFRS

Minor amendments have been made to IAS 1, IAS 8 and IAS 12 that relate to the disclosure of accounting policies, the definition of accounting estimates, and deferred tax related to assets and liabilities arising from a single transaction. The implementation of these amendments did not affect profit or equity.

New and amended standards issued by IASB and adopted by the EU that do not yet apply in the current financial year

Minor amendments have been made to IAS 1 and IFRS 16 which will be effective for annual periods beginning on or after January 1, 2024. The amendments relate to the classification of liabilities as current or non-current, non-current liabilities with covenants, and lease liabilities in a sale-and-leaseback transaction. Although these new requirements are currently being analyzed and their impact is not yet known, DLL does not expect the implementation of these amendments to affect profit or equity.

Amended standards issued by the IASB but not yet adopted by the EU that do not yet apply in the current financial year

Minor amendments have been made to IAS 7 which will be effective for annual periods beginning on or after January 1, 2024. The amendments relate to disclosure requirements around supplier finance arrangements. Minor amendments have also been made to IAS 21 regarding the lack of exchangeability between currencies, which will be effective for annual periods beginning on or after January 1, 2025. Although these new requirements are currently being analyzed and their impact is not yet known, DLL does not expect the implementation of these amendments to affect profit or equity.

Basis of preparation cash flow statement

Cash and cash equivalents include cash, cash in transit and deposits at 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 profit or loss 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 balances due from customers and fixed assets under operating lease. Investment activities include acquisitions and disposals of subsidiaries and investments in property, plant and equipment for own use. 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.

iii. Basis of consolidation

These consolidated financial statements comprise the financial statements of the Group and its subsidiaries as on December 31, 2023. The Group structure on December 31, 2023, is presented in note 4.8.

The financial statements comply with IFRS as adopted by the EU.

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.

Profit or loss and total comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests 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 20% to 50% of the voting rights. Share of profit from associates is 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 Group companies 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 interests;
- 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. Key judgments and estimates

The tables that follow summarize the key judgments made and key estimates used in the preparation of these consolidated financial statements.

Key judgments	Notes
Classification of leases and loans to customers	1.1
Consolidation of special-purpose vehicles	3.3

Key estimates	Notes
Residual value reassessment	1.2
Allowance for credit losses	1.3
Fair value of derivatives	3.4

v. 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.

On January 10, 2024, DLL signed a share purchase agreement for the sale of its Hungarian operations. The sale is expected to close later in 2024. This has no impact on the classification of Hungarian operations in the December 31, 2023 balance sheet, as it is a non-adjusting event.

On January 24, 2024, DLL completed the sale of its Turkish operations, which were held for sale on December 31, 2023.

1. Portfolios

1.1. Due from customers

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

In millions of euros	2023[1]	2022[1]
Finance lease receivables	17,337	16,904
Loans to customers	25,204	21,398
	42,541	**38,302**
Allowance for impairment finance lease receivables	(214)	(237)
Allowance for impairment loans to customers	(223)	(158)
	(437)	**(395)**
Total due from customers	**42,104**	**37,907**

1 As on December 31

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

In millions of euros	2023	2022
LifeTech	10,296	10,371
Construction, transportation and industrial equipment	10,804	9,137
Food and agricultural equipment	21,408	17,906
Other	(404)	493
Total due from customers	**42,104**	**37,907**

Fair value of amounts due from customers

On December 31, 2023, the fair value of amounts due from customers was EUR 41,274 million (2022: EUR 36,625 million). The fair value was estimated using a discounted cash flow model where the discount rate is determined by a market-related credit risk spread (Level 2) over cost of funds and the relevant market interest rate extrapolated from a market yield curve. The credit spreads are based on those charged by DLL to customers on new leases and loans provided.

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 portfolios hedged

DLL applies a macro fair value hedge accounting model for the interest rate risk in the fixed-rate EUR and USD finance lease receivables and loans to customer portfolios. The difference between amortized cost and fair value (basis adjustment) for assets that have been designated for macro fair value hedge accounting is included in amounts due from customers and amounted to EUR (26) million as of December 31, 2023 (2022: EUR (82) million).

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 of December 31, 2023, EUR 3,752 million (2022: EUR 2,692 million) of assets have been pledged in various funding transactions.

During 2023, DLL conducted three new securitization transactions in the U.S. The net movement in pledged assets also contains the regular redemption in securitized assets, which are detailed in note 3.3.

Unguaranteed residual value

The value of unguaranteed residual values included in the carrying amount of finance lease receivables on December 31, 2023, was EUR 2,642 million (2022: EUR 2,622 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. Residual values are reassessed regularly in line with the methodology applied to operating leases as described in note 1.2.

Investment in finance leases

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

In millions of euros	2023[1]	2022[1]
Less than 1 year	6,377	6,172
More than 1, less than 5 years	11,638	11,167
More than 5 years	864	765
Gross investment in leases	**18,879**	**18,105**
Unearned finance income	(1,756)	(1,438)
Net investment in leases	**17,123**	**16,667**

1 As on December 31

The table below summarizes the remaining maturity of DLL's net investment in finance leases.

In millions of euros	2023[1]	2022[1]
Less than 1 year	6,256	6,076
More than 1, less than 5 years	10,209	9,984
More than 5 years	659	606
Net investment in leases	**17,123**	**16,667**

1 As on December 31

Key judgment: classification of a finance lease, operational lease and loans to customer

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. Contracts where the end user has legal ownership of the asset and DLL provides financing are considered to be loans.

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

Accounting policy for amounts due from customers

A. Finance leases

- 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).
- The net investment in finance leases is presented net of allowance for impairment. Refer also to note 1.3, Credit risk management, for 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 to 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. 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. The assets under operating lease comprise a wide range of assets such as trucks, forklifts, tractors and copiers.

In millions of euros	2023	2022
Cost	4,317	4,351
Accumulated depreciation and impairment	(1,754)	(1,667)
Carrying amount on January 1	**2,563**	**2,684**
Purchases	1,110	876
Transfer to inventories	(138)	(82)
Disposals	(396)	(321)
Depreciation	(661)	(697)
Impairment	1	1
Other movements	(35)	29
Net exchange differences	(59)	73
Cost	4,095	4,317
Accumulated depreciation	(1,710)	(1,754)
Carrying amount on December 31	**2,385**	**2,563**

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

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

In millions of euros	2023[1]	2022[1]
Less than 1 year	615	632
More than 1, less than 5 years	824	821
More than 5 years	25	33
Total minimum lease payment	**1,464**	**1,486**

1 As on December 31

Assets under operating lease pledged

As on December 31, 2023, DLL pledged EUR 564 million (2022: EUR 252 million) of assets under operating lease as collateral under term financing received from banks in the U.S. 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, are determined at inception date of the contract and are adjusted during the contract period when required. Consequently, residual values are influenced by actual and future asset market prices and are therefore subject to management estimation at inception date of the contract and during the contract period. 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.

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.
- 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

- The cost of the asset comprises the purchase price and any costs directly attributable to bringing the asset to the location and in the 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 and 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 useful 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 of the operating lease asset.

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 toward DLL. DLL aims to maintain a credit portfolio with a manageable risk profile in order to limit the impact of credit losses on the profitability and reputation of the company. 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.

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 3.4 - 3.6 and 4.3).

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:

- a Global Credit Committee (GCC) operating at a global level; and
- a Local Credit Committee (LCC) operating at country level.

Authority limits are granted to the GCC by DLL's EB, who in turn is granted authority by Rabobank. Decisions for exposures above GCC authority require an approval from Rabobank. Authority limits for LCCs and the Group Risk department within DLL are granted and reviewed annually by the Global Risk Committee (GRC) under authority of DLL's EB.

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 exposures as well as collective provisions; and
- customer ratings (i.e., probability of default [PD], loss given default [LGD] and exposure at default [EAD] calculations, resulting in an appropriate collectively determined impairment provision).

Within DLL, Compliance, Legal and Risk (CLR) 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 more frequent reviews.

DLL has policies in place to restrict or prohibit certain counterparty types, assets or industries, which limits 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 summarize DLL's credit risk exposures in its finance lease, loans and operating lease portfolios.

	2023[1]		2022[1]	
In millions of euros	Maximum exposure	Collateral coverage (%)	Maximum exposure	Collateral coverage (%)
Due from customers	42,104	100%	37,907	100%
Fixed assets under operating lease	2,385	101%	2,563	102%
Total exposure	**44,489**	**100%**	**40,470**	**100%**

1 As on December 31

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;
- credit insurance obtained externally by DLL for selected portfolios; and
- loss pools, which offer funded and unfunded security provided by vendors for specifically defined risks and vendor programs.

Credit risk concentration
At group level, DLL manages whether concentration of credit risks is within DLL's 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 on December 31, 2023, was EUR 1,686 million, comprising 4% of the total portfolio (2022: EUR 1,500 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 Local Risk Appetite Statements.

DLL's internal customer rating
In the financing approval process, DLL uses the Rabobank Risk Rating (RRR), which reflects the risk of failure or the PD of the customer over a period of one year. The table under "Credit risk exposure within quality categories of portfolio assets" shows the credit quality of the portfolio-related balance sheet items after deduction of the credit impairment allowance. The quality categories are determined on the basis of the internal RRR. The RRR 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. 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 defaulted exposure. The "vulnerable" category consists of performance ratings that are not (yet) classified as defaulted.

Credit risk exposure within quality categories of portfolio assets
The customer base of DLL mainly consists of small-sized and medium-sized enterprises, which is also reflected in the following table that presents portfolio exposures, including operating leases, by underlying customer risk rating.

In millions of euros	Due from customers	FAOL[1]	Total exposure
December 31, 2023			
(Virtually) no risk	752	164	916
Adequate to good	40,333	2,119	42,452
Vulnerable	373	75	448
Defaulted	646	27	673
Total exposure	**42,104**	**2,385**	**44,489**
December 31, 2022			
(Virtually) no risk	595	165	760
Adequate to good	36,589	2,327	38,916
Vulnerable	189	36	225
Defaulted	534	35	569
Total exposure	**37,907**	**2,563**	**40,470**

1 Fixed assets under operating lease

The following table shows the credit quality of the financial assets subject to impairment. The net carrying amount of the financial assets, excluding operating leases, also represents the maximum exposure to credit risk on these assets.

	Non-credit impaired		Credit impaired	
	Subject to 12-month ECL	Subject to lifetime ECL	Subject to lifetime ECL	Total net exposure
Net carrying amount in millions of euros	Stage 1	Stage 2	Stage 3	
December 31, 2023				
(Virtually) no risk	677	75	-	752
Adequate to good	33,424	6,909	-	40,333
Vulnerable	193	180	-	373
Defaulted	-	-	646	646
Total net exposure	**34,294**	**7,164**	**646**	**42,104**

	Non-credit impaired		Credit impaired	
	Subject to 12-month ECL[1]	Subject to lifetime ECL	Subject to lifetime ECL	Total net exposure
Net carrying amount in millions of euros	Stage 1	Stage 2	Stage 3	
December 31, 2022				
(Virtually) no risk	506	89	-	595
Adequate to good	30,452	6,138	-	36,590
Vulnerable	71	117	-	188
Defaulted	-	-	534	534
Total net exposure	**31,029**	**6,344**	**534**	**37,907**

1 Expected credit loss (ECL)

DLL also assesses credit quality of its portfolio within the following categories, which in turn drive the provisioning methodology:
- **Neither past due nor impaired (performing)** are current receivables within portfolios that are considered to be of good credit quality.

- **Past due but not impaired (performing)** are overdue balances for which no credit loss is anticipated.
- **Impaired (non-performing)** 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 following table further analyzes credit quality of the portfolio (including aging analysis of past due but not impaired assets).

In millions of euros	Due from customers
As on December 31, 2023	
Neither past due nor impaired	39,706
Past due but not impaired	1,752
< 30 days	1,021
30 to 60 days	359
61 to 90 days	220
> 90 days	152
Impaired[1]	646
Total exposure	**42,104**
As on December 31, 2022	
Neither past due nor impaired	35,925
Past due but not impaired	1,448
< 30 days	984
30 to 60 days	275
61 to 90 days	65
> 90 days	124
Impaired[1]	534
Total exposure	**37,907**

1 Impaired category illustrates the gross amount of receivables individually determined to be impaired, after deducting the impairment allowance.

Allowance for credit 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. In the statements of financial position, DLL presents the allowance for impairment together with the gross balance of respective assets as their carrying amount. Given the number of uncertainties (e.g., probability of default, loss given default and macroeconomic developments) involved in estimation of allowance for impairment, it is considered by management to be a key estimate in preparation of these financial statements.

IFRS 9 establishes three different stages for measuring and recognizing expected credit losses (ECLs). DLL implemented these three-stage expected credit-loss impairment models, which involve a significant degree of management judgment.

Impairment methodology

After DLL enters into a lease contract or grants a loan, it conducts continued credit management; closely monitors payment behavior; and, for larger and/or higher-risk exposures, periodically assesses 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 on creditworthiness of a customer, DLL monitors the exposures more frequently and maintains them on a watch list.

At initial recognition, an allowance is formed for the amount of the expected credit losses from possible defaults in the coming 12 months (12-month ECL). If credit risk increased significantly since origination (but remains non-credit-impaired), an allowance will be required for the amount that equals the ECLs 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, albeit with a PD of 100%. Financial instruments become credit-impaired when one or more events have occurred that had a detrimental impact on estimated future cash flows.

The total loan impairment allowance consists of three components:

- **Allowance for non-credit-impaired exposures** is determined as a collective provision for the portion of the portfolio that is not impaired and has a credit risk that either has not increased significantly since origination (stage 1) or has increased significantly since origination (stage 2).
- **Specific allowance for impaired exposures (stage 3)** is 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 (stage 3)** is determined for impaired exposures that are not individually significant.

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.

An account is written off if and when the assets have been recovered, guarantees have been claimed other collateral has been capitalized, and it is clear that no more recoveries can be expected in the near future.

Credit risk models used

Two fundamental drivers of the IFRS 9 impairments requirements are: a) the methodology for the measurement of 12-month and lifetime ECLs; 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, DLL utilizes point-in-time PD and LGD models for the majority of the portfolio in scope. Three macroeconomic scenarios (a baseline-downside, baseline and baseline-upside scenario for unemployment) are incorporated into these models and probability-weighted in order to determine the expected credit losses.

DLL uses internal models to estimate PD and LGD parameters as key inputs to its provision calculations. Different modeling 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. All models of DLL 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.

b) Stage determination criteria

In order to allocate financial instruments in scope to 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. The criteria for allocating a financial instrument to stage 3 align with the criteria for assigning a defaulted status, for example 90 days past-due status, or if a debtor is likely to become unable to pay its credit obligations without liquidation of collateral by DLL. It should be noted that not all instruments which are over 90 days past-due are considered defaulted, for instance in case of a dispute. In order to allocate financial instruments between stages 1 and 2, DLL uses criteria such as days-past-due status, special asset management status and deterioration of the PD since origination.

For portfolios without individual PDs or with PDs that are not updated on a frequent basis such that an assessment of the change in PD is not possible, a collective assessment on groups of financial instruments with shared credit risk characteristics is made.

Composition of credit losses and other impairments

The following table presents the composition of credit losses and other impairments in profit or loss arising from allowance for impairments of due from customers.

In millions of euros	2023	2022
Charge for the year	209	306
Recoveries	(39)	(44)
Total credit losses and other impairments	**170**	**262**

Composition of allowances for impairment

The following table presents movements in allowances for impairment as well as the different stages. In 2023, one top-level adjustment for Billing and Collection of EUR 8 million is included in the allowance for impairment (2022: EUR 19 million to reflect the impact of governmental measures in certain vulnerable sectors and certain portfolios; EUR 19 million was specifically provided in relation to a portfolio in Russia). Refer to key estimates.

	Subject to 12-month ECL	Subject to lifetime ECL non-credit impaired	Subject to lifetime ECL credit impaired	Total
In millions of euros	**Stage 1**	**Stage 2**	**Stage 3**	**2023**
Balance on January 1, 2023	**66**	**122**	**207**	**395**
Charge for the year	65	9	4	78
Written off	-	-	(149)	(149)
Disposal	-	(19)	-	(19)
Net exchange differences	(0)	(0)	(2)	(2)
Stage transfers and remeasurements	(36)	7	163	134
Balance on December 31, 2023	**95**	**119**	**223**	**437**

	Subject to 12-month ECL	Subject to lifetime ECL non-credit impaired	Subject to lifetime ECL credit impaired	Total
In millions of euros	**Stage 1**	**Stage 2**	**Stage 3**	**2022**
Balance on January 1, 2022	**67**	**124**	**234**	**425**
Charge for the year	44	3	15	62
Written off	-	-	(109)	(109)
Disposal	-	(192)	(1)	(193)
Net exchange differences	1	-	3	4
Stage transfers and remeasurements	(46)	191	72	217
Other	-	(4)	(7)	(11)
Balance on December 31, 2022	**66**	**122**	**207**	**395**

The following table presents an overview of the significant changes in the net carrying amount of loans and advances to customers during the period that contributed to changes in the total impairment allowance. The amounts represented under other changes mainly represent the change in staging, and for 2022, it also includes the impact of the top-level adjustment on the ECL.

	Subject to 12-month ECL	Subject to lifetime ECL non-credit impaired	Subject to lifetime ECL credit impaired	Total
In millions of euros	**Stage 1**	**Stage 2**	**Stage 3**	**2023**
Balance on January 1, 2023	**31,029**	**6,344**	**534**	**37,907**
New loans and advances originated	21,812	207	41	22,060
Loans and advances that have been derecognized	(14,069)	(3,194)	(34)	(17,297)
Write-offs	-	-	(149)	(149)
Other changes	(4,478)	3,807	254	(417)
Balance on December 31, 2023	**34,294**	**7,164**	**646**	**42,104**

	Subject to 12-month ECL	Subject to lifetime ECL non-credit impaired	Subject to lifetime ECL credit impaired	Total
In millions of euros	**Stage 1**	**Stage 2**	**Stage 3**	**2022**
Balance on January 1, 2022	**29,932**	**4,333**	**461**	**34,726**
New loans and advances originated	19,083	240	58	19,381
Loans and advances that have been derecognized	(12,666)	(3,593)	(53)	(16,312)
Write-offs	0	0	(109)	(109)
Other changes	(5,320)	5,364	177	221
Balance on December 31, 2022	**31,029**	**6,344**	**534**	**37,907**

Judgments and estimates on model-based impairment allowances on financial assets
DLL applies the three-stage ECL impairment model for measuring and recognizing expected credit losses, which involves a significant degree of management judgment. The impairment methodology results in the recognition of allowances measured at an amount equal to 12-month expected credit losses (stage 1); allowances measured at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets (stage 2); and financial assets that are credit-impaired (stage 3). We use estimates and management judgment in determining the expected credit loss in model-based impairment allowances for the following elements.

Significant increase in credit risk
Judgment is required to transfer assets from stage 1 to stage 2. To demonstrate the sensitivity of the ECL to the PD thresholds, an analysis was prepared, which assumed all financial assets were below the PD threshold and apportioned a 12-month ECL. On the same asset base, an analysis was made that assumed all financial assets were above the PD threshold and apportioned a lifetime ECL. These analyses resulted in ECLs of EUR 165 million and EUR 311 million, respectively, compared to current ECL of EUR 214 million.

Forward-looking information and macroeconomic scenarios
The macroeconomic scenarios applied in 2023 were different to those applied in 2022. During 2023, the macro-economic outlook for many countries in which DLL is active deteriorated, mainly as a result of the ongoing geopolitical unrest and their impact on global supply chains and energy prices. In response, DLL added a significant amount to its stage 1 and 2 provisions for ECLs.

Estimating expected credit losses for each stage and assessing significant increases in credit risk use information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions (forward-looking information). DLL uses three, probability-weighted, macroeconomic scenarios (consisting of a baseline scenario, a baseline-downside scenario, and a baseline-upside scenario) in its ECL models to determine the expected credit losses. The baseline macroeconomic scenario is considered the most likely at a 60% (December 31, 2022: 60%) likelihood, compared to 20% (December 31, 2022: 10%) likelihood for the upside scenario and 20% (December 31, 2022: 30%) likelihood for the downside scenario.

Upside and downside scenario
We used the upside and downside scenario that is provided by the National Institute Global Econometric Model (NiGEM). The procedure for the formulation involves two steps:
1. Apply the stochastic function of NiGEM to run 1,000 scenarios starting in the first quarter, where the upside and downside scenarios may differ from the baseline, and ending in the final quarter of the RaboResearch delivery. NiGEM uses historical residuals (randomly chosen) from the model equations to give shocks during the forecast period (Monte Carlo simulation). The result is the distribution of macroeconomic outcomes based on the historical variance of the world-trade loss.
2. Identify the two scenarios that represent the 20% upper scenarios and the 20% lower scenarios of the distribution.

An analysis on the sensitivity of key forward-looking macroeconomic inputs used in the ECL modeling process for stage 1 and stage 2 provisioning and the probability weights applied to the scenarios are presented below, where the weighted amount of EUR 214 million mentioned represents the ECL recognized on the balance sheet.

In millions of euros	ECL unweighted	Probability	Weighted ECL December 31, 2023	Weighted ECL December 31, 2022
Unemployment				
Upside	192	20%		
Baseline	214	60%	214	187
Downside	238	20%		

Measurement of expected credit losses
The PD, LGD and EAD are used to estimate expected credit losses as inputs for the ECL models. When unexpected external developments or data quality issues are not sufficiently covered by these ECL models, an adjustment will be made based on judgments and estimates. The mentioned inputs also require estimates in the following way:
- PD: The probability of default is an estimate of the likelihood of default over a given time horizon.
- LGD: The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that DLL would expect to receive, including cash flows expected from collateral and other credit enhancements.
- EAD: The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after reporting date due to prepayment.

To demonstrate the sensitivity of the ECL for changes in these parameters, the table below shows the impact on the ECL in the baseline scenario resulting from changes in PD and LGD (collateral value).

In millions of euros	Impact on ECL per December 31, 2023	Impact on ECL per December 31, 2022
PD rating 1-notch deterioration (PD)	126	93
PD rating 1-notch improved (PD)	(71)	(54)
Collateral value down by 10% (LGD)	29	21
Collateral value up by 10% (LGD)	(29)	(21)

Key estimate: allowance for impairment
Determining a provision requires a significant degree of judgment, 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 geopolitical developments. 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 that involve various assumptions and factors regarding the creditworthiness of the lessees/borrowers, expected future cash flows, and the value of collateral.

As on December 31, 2023, management recorded a top-level adjustment of EUR 8 million (2022: EUR 38 million). The amount for 2023 fully relates to the Billing and Collection portfolio. DLL concludes that the defaulted portfolio and subsequent stage 3 provisioning are probably understated. In early 2023, DLL sold Cargobull Finance Russia, which means DLL no longer has any operation in Russia. As such, a management adjustment is no longer required for Russia (2022: EUR 19 million).

Credit-related commitments

DLL has credit-related commitment risk arising through its ordinary business activities. Such obligations expose DLL to similar risks as leases/loans even though these unfunded commitments are not recognized on the 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	2023[1]	2022[1]
Undrawn credit facilities	6,333	6,296
Irrevocable quotations	5,969	2,522
Total credit-related commitments	**12,302**	**8,818**

1 As on December 31

Undrawn credit facilities

DLL may, in a number of cases, provide customers with preset credit facilities from which customers can draw. This balance represents the undrawn portfolio of the credit facilities. Drawn amounts are part of the portfolio on balance.

Irrevocable quotations

Quotations are offers for a loan or lease sent to customers. A quotation is irrevocable when the combination of local terms and conditions and local laws and regulations determine that DLL is required to honor the quote, unless specific conditions apply that allow DLL to step out of the deal that is quoted.

2. Performance

2.1. Interest income and expense

In millions of euros	2023	2022
Interest income		
Interest income from amounts due from customers	2,449	1,799
Interest income from loans to Rabobank	48	29
Interest income from derivatives with Rabobank	73	2
Other interest income	74	35
	2,644	**1,865**
Interest expense		
Interest expense on borrowings from Rabobank	(951)	(456)
Interest expense on derivatives with Rabobank	(44)	(15)
Interest expense on other borrowings	(203)	(131)
Interest expense on debt securities issued	(99)	(34)
Other interest expense	(39)	(3)
	(1,336)	**(639)**
Net interest income	**1,308**	**1,226**

Accounting policy for interest revenue and expense

For financial instruments measured at amortized cost, interest-bearing financial assets classified as measured at fair value, and derivatives carried at fair value through profit or loss, interest income and expense are 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.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

2.2. Gains/(losses) from financial instruments

In millions of euros	2023	2022
Gains/(losses) from derivatives held for trading	(36)	10
Foreign exchange differences	(16)	(34)
Gains/(losses) from financial assets designated for macro fair value hedge accounting	56	(118)
Gains/(losses) on derivatives used to hedge the interest risk on the portfolio	(46)	108
Total losses from financial instruments	**(42)**	**(34)**

Gains/(losses) from derivatives

Gains/(losses) from derivatives relate to derivative transactions that are undertaken by DLL for risk-mitigation purposes. DLL uses derivative financial instruments to mitigate interest rate risk as well as foreign exchange risk to which DLL is exposed. All derivative transactions are therefore undertaken for risk-mitigation purposes. International Financial Reporting Standards (IFRS) 9 does not offer a solution for fair value hedge accounting for a portfolio hedge of interest rate risk. DLL opted to use the accounting policy choice of IFRS 9 to continue to apply the International Accounting Standards (IAS) 39 European Union (EU) carve-out for such portfolio hedge accounting.

DLL applies a foreign net investment hedging model, which reduces the volatility of the gains/(losses) reflected in other comprehensive income. Refer to note 3.4.

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 the 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 Group entities.

Foreign exchange differences

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

2.3. Fee and other income

In millions of euros	2023	2022
Net early termination income	47	54
Other lease-related fee income	79	92
Insurance administrative fee income	84	80
Other income	58	80
Net reinsurance income	19	15
Total fee and other income	**287**	**321**

Net early termination income

Net early termination income is income arising from gains on lease contracts that were terminated earlier than the agreed contract period by the customer and for which compensation was charged.

Other lease-related fee income

Other lease-related fee income includes lease syndication fees, brokerage commissions and documentation fees. Syndication fees relate to income generated by syndicating lease contracts to third parties. Brokerage commissions are commissions received for originating a contract. 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) as well as processing fees for small contract changes.

Insurance administrative fee income

Insurance administrative fee income is income that DLL receives with regard to insurance contracts for its customers with third-party insurers and damage waiver products.

Other income

Other income is related to various sources of income, including the result of assets sold end-of-lease. The movement in other income is mainly related to the decreased result on assets sold at end-of-lease and losses recognized on the value of assets held for resale.

Net reinsurance income

Net reinsurance income is related to the reinsurance activities of DLL RE Designated Activity Company. 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. Net early termination income is recognized when contracts are early terminated.

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 costs

In millions of euros	2023	2022
Short-term employee benefits	491	447
Wages and salaries	391	366
Social security costs	75	53
Temporary staff	25	28
Other short-term benefits	129	115
Pension – defined contribution plans	35	35
Other long-term employee benefits	18	16
Total staff costs	**673**	**613**

The average number of full-time equivalents (FTEs) (both internal and external) for DLL was 5,548 (2022: 5,612) of whom 1,036 (2022: 928) were employed in the Netherlands.

DLL's remuneration policy consists of fixed and variable remuneration components and various fringe benefits. According to DLL's remuneration policy, in the Netherlands, variable remuneration (excluding any sign-on bonuses and buyouts) may not exceed 20% of the fixed income. Outside of the Netherlands, the fixed income, variable pay and benefits are based on the local market of the respective country. In no case is the variable income 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 periodical contributions. Other long-term employee benefits are DLL's deferred bonus scheme (i.e., variable remuneration to Identified Staff) and medical insurance and expenses.

Identified Staff

For employees who have a material influence on the risk profile of DLL (Identified Staff), no variable income is granted as of last year. Up to then, variable remuneration was partly deferred in line with European Banking Authority (EBA) regulations (a minimum of 40%). The direct portion of variable remuneration (50%) is unconditional, whereas the deferred portion (50%) is conditional. Each year one-third of the deferred variable remuneration becomes unconditional, and it's awarded in the form of an underlying instrument, i.e., the Deferred Remuneration Note (DRN). The variable remuneration is accounted for in accordance with IAS 19 employee benefits. The direct portion of the variable remuneration is recognized in the performance year, whereas the deferred portion is recognized over a period of multiple years. The recognition of DRNs in the 2023 accounts relates to grants made before 2022, and new grants are no longer made.

On December 31, 2023, a liability of EUR 0.7 thousand was recognized (2022: EUR 5 thousand) in respect to the instrument portion of the variable remuneration of the Identified Staff. No new variable compensation was awarded in 2023 (2022: none).

Key management personnel

Key management personnel of DLL consist of the members of the Executive Board (EB) and the Supervisory Board (SB). DLL does not provide any loans, advance payments or guarantees to members of the EB and the SB.

DLL did not pay any termination benefits to key management personnel in 2023 (2022: none).

Compensation of the EB members

in thousands of euros	2023	2022
Fixed pay and regular benefits	3,726	3,490
Post-employment benefits	142	137
Total EB compensation	**3,868**	**3,627**

Compensation for EB members consists of fixed pay and pension entitlements. They are also entitled to a package of fringe benefits. EB members are not eligible for variable remuneration as of 2016.

On December 31, 2023, a liability of zero (2022: zero as well) in instruments (DRNs) for EB members was recognized. At December 31, 2023, there were no DRNs outstanding for the EB members (same as in 2022).

EB members on the Dutch payroll participate in a defined contribution pension scheme. As of January 1, 2023, the maximum income on the basis of which the members of the EB can build up pension is EUR 128,810. Any income exceeding this amount is not pensionable.

Compensation of the SB members

The SB consists of four members. Two board members receive direct compensation from DLL based on their SB responsibilities. The other SB members are employed by Rabobank and are compensated in that capacity by Rabobank. They do not receive an extra compensation for their SB responsibilities. The total amount of remuneration for the external SB members in 2023 was EUR 223 thousand (2022: EUR 227 thousand).

2.5. Other operating expenses

In millions of euros	2023	2022
Administration expenses	165	176
Administrative charges from parent company	60	64
Depreciation and amortization	24	26
IT-related cost	94	80
Total other expenses	**343**	**346**

The following table indicates the composition of amounts expensed regarding the independent auditor and its network, included in administration expenses.

In millions of euros	2023	2022
Audit of financial statements	8	7
Other audit services	1	1
Permitted tax services	1	1
Other permitted (non-audit) services	-	-
Total expenses	**10**	**9**

The fees listed above relate to the procedures performed for DLL and its consolidated group entities by PricewaterhouseCoopers Accountants N.V. (PwC) and other member firms in the global PwC network, including their tax services and advisory groups. The audit fees relate to the audits of group and local financial statements, regardless of whether the work was performed during the financial year. Next to the statutory audit of these financial statements, our independent auditor, PwC, renders the following services to De Lage Landen International B.V. and its controlled entities: 1) review of the financial statements for one of its controlled entities; 2) audit and review procedures related to the (semi)annual financial reporting toward the parent company; 3) audit procedures in relation to the regulatory returns to be submitted to the regulators; 4) agreed-upon procedures on the filing with the Single Resolution Board; and 5) assurance procedures in relation to information provided to the Dutch Central Bank in relation to the Deposit Guarantee Scheme.

The fees of PwC for the aforementioned services amounted to EUR 2 million (2022: EUR 2 million).

Administrative expenses

Administrative expenses include costs of traveling, marketing and advertising, consultancy fees, recovery and collection, and the independent auditor's remuneration.

Administrative charges from parent

Rabobank recharges several costs and services that are directly attributable to DLL. These include certain central head office costs but also the charges for bank taxes and resolution levies that all banks are required to pay. These are paid by Rabobank for all Rabobank group entities collectively and are subsequently charged to various group entities, including DLL.

Depreciation and amortization

Depreciation and amortization expenses relate to usage of DLL-owned buildings and equipment as well as the amortization of intangible assets. The amount for 2023 was EUR 24 million (2022: EUR 26 million).

IT-related costs

IT-related costs include hardware rent, software rent, and maintenance costs, as well as costs of developing software and maintenance costs 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 that have been incurred but have not yet been invoiced.

2.6. Income taxes

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 millions of euros	2023	2022
Current tax charge for the year	232	285
Deferred tax credit for the year	(88)	(143)
Origination and reversal of temporary differences	(89)	(142)
Effect of changes in tax rates	1	(1)
Adjustments for prior years	-	2
Tax expense for the year	**144**	**144**

Reconciliation of the total tax charge

The effective tax rate for 2023 was 25% and is lower than the statutory rate that would arise using the Dutch corporate tax rate. The effective tax rate is explained as follows.

In millions of euros	%	2023	%	2022
Operating profit before taxation		582		487
Applicable tax rate	25.8	150	25.8	126
Increase/(decrease) in taxes resulting from:				
Tax-exempt income	(3)	(15)	(5)	(24)
Tax rate differences	2	9	2	12
Non-deductible expenses	2	14	8	37
Recognition of previously unrecognized tax losses	-	(1)	-	-
Other permanent differences	-	-	1	5
Adjustments of previous years	-	-	-	2
Adjustments due to changes in tax rates	-	1	-	-
Other tax items	(2)	(14)	(2)	(14)
Total income tax	**25**	**144**	**30**	**144**

The "Other tax items" mainly comprise tax benefit due to deductability of State taxes for Federal tax in the U.S. and uncertain tax provisions.

The Group's reconciliation of the total tax charge is based on the Dutch domestic tax rate, with a reconciling item in respect to 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 25.8% (2022: 25.8%). The following table shows a reconciliation of the tax expense and the accounting profit multiplied by the domestic tax rate.

In millions of euros	2023	2022
Profit before income tax	**582**	**487**
Tax-exempt income	(59)	(86)
Non-deductible expenses	47	145
Non-recognizable fiscal losses	-	18
Utilization of previously unrecognized tax losses	(3)	(1)
Local tax credits	(24)	(29)
Other	(2)	(3)
Taxable income	**541**	**531**
Tax calculated using applicable tax rates	148	145
Adjustments due to changes in tax rates	1	-
Adjustments for previous years	-	2
Other adjustments	(5)	(3)
Tax expense for the year	**144**	**144**

The effect of changes in tax rate was EUR 1 million in 2023 (2022 no change). DLL has uncertain tax positions in several countries. If outflow of cash is deemed probable, a current tax liability is recognized. 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 (charge)/credit		Other comprehensive income (charge)/credit	
In millions of euros	2023[1]	2022[1]	2023[1]	2022[1]	2023[1]	2022[1]
Deferred tax assets						
Leases	100	50	67	152	-	-
Allowance for impairment	106	71	36	12	-	-
Provisions	7	6	1	2	-	-
Fixed assets for own use	1	1	-	-	-	-
Uncertain tax positions	-	(4)	(4)	-	-	-
Other	-	(8)	25	2	-	-
Net operating losses	22	27	(2)	8	-	-
Total deferred tax assets	**236**	**143**	**123**	**176**	**-**	**-**

1 As on December 31

	Deferred tax assets/(liabilities)		Profit or loss (charge)/credit		Other comprehensive income (charge)/credit	
In millions of euros	2023[1]	2022[1]	2023[1]	2022[1]	2023[1]	2022[1]
Deferred tax liabilities						
Leases	(203)	(197)	(25)	(17)	-	-
Allowance for impairment	14	11	4	3	-	-
Uncertain tax positions	1	1	-	-	-	-
Other	(3)	(13)	(5)	(16)	-	-
Net operating losses	6	12	(9)	(3)	-	-
Total deferred tax liabilities	**(185)**	**(186)**	**(35)**	**(33)**	**-**	**-**
Net deferred tax liabilities	**51**	**(43)**	**-**	**-**	**-**	**-**
Net result on deferred taxes	**-**	**-**	**88**	**143**	**-**	**-**

1 As on December 31

Unrecognized deferred tax assets
A deferred tax asset of EUR 16 million for unused amounts (2022: EUR 8 million) has not been recognized in the balance sheet, since there are no sufficient future taxable profits expected to utilize these tax losses. These carry-forward losses relate to various tax jurisdictions, and their term to maturity is more than three years.

The movement in the net deferred tax liabilities
The movement in the net deferred tax liabilities can be summarized as follows:

In millions of euros	2023	2022
Net deferred tax liabilities on January 1	**(43)**	**(173)**
Profit or loss credit	88	143
Other comprehensive Income credit	-	(3)
Net exchange differences	1	(8)
Other	5	(2)
Net deferred tax liabilities on December 31	**51**	**(43)**

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 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.

Tax 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 realization 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 27 million (2022: EUR 39 million) of which EUR 6 million is expected to be recovered within a year (2022: EUR 21 million).

3. Funding and Liquidity

3.1. Equity and capital management

Components of equity

Share capital and share premium
On December 31, 2023, DLL's authorized capital was EUR 454 million (2022: EUR 454 million), divided into 950 ordinary A shares and 50 ordinary B shares (2022: 950 A and 50 B). The nominal value of each share is EUR 454 thousand (2022: EUR 454 thousand). EUR 98 million (2022: EUR 98 million) is issued and paid up, consisting of 215 ordinary A shares (A1-A215) and 2 ordinary B shares (B1 and B2). Additional paid-in capital (share premium) on the outstanding shares amounts to EUR 1,135 million (2022: EUR 1,135 million). For the years 2023 and 2022, there is no difference in shareholders' rights related to the class A and class B shares.

Retained earnings
Retained earnings represents DLL's 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 movement of the spot elements in the hedge instruments used in a hedge relationship are recognized as FCTR. Movements in FCTR are recorded as a component of other comprehensive income in the period in which they arise. The hedging reserve on December 31, 2023, amounts to EUR 54 million (2022: EUR 0 million); and the translation reserve on December 31, 2023, amounts to EUR (38) million (2022: EUR 54 million).

Dividends
In 2022 and 2023, no dividends were paid to the sole shareholder Coöperatieve Rabobank U.A.

Capital management
The Executive Board (EB) of DLL is responsible for DLL Group capital management within the framework as set by Rabobank Group. It is the responsibility of the EB to manage the physical capital levels to ensure sufficient capital is held to meet capital requirements in such a way that DLL's strategic objectives in terms of profitability are met as well. Note that DLL on sub-consolidated group level doesn't have tools to increase physical capital other than through profit retention or requesting equity contribution from the shareholder, Rabobank. Capital requirements and capital levels are managed actively through DLL's risk strategy, risk appetite and balance sheet management. On a quarterly basis, capital reporting on a DLL sub-consolidated level is shared with and discussed in DLL's Global Risk Committee as part of the quarterly EB report. In addition, every quarter, a regulatory capital sign-off meeting is scheduled in which sign-off on regulatory required capital is managed and in

which DLL's capitalization level is monitored. Finally, DLL prepares a yearly internal capital adequacy assessment process (ICAAP) report, which is part of Rabobank's ICAAP report in which DLL's capital position is monitored from both a regulatory and economic perspective.

Regulatory capital requirements

In the European Union (EU), capital requirements for banks (i.e., credit institutions) are set in the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD). The CRR and the CRD are the EU legal translation of the banking guidelines suggested by the Basel Committee on Banking Supervision (BCBS). The CRR and the CRD define capital requirements for banks as the absolute minimum amount of capital required to cover the (financial) risks that a bank faces. DLL is under supervision of the European Central Bank (ECB).

Due to the organizational structure of DLL, according to CRR article 22, DLL must, on a sub-consolidated basis, meet certain CRR capital requirements.

The following table presents DLL's regulatory capital and capital adequacy ratios.

In millions of euros	2023[1]	2022[1]
Common Equity Tier 1 capital (CET1)	3,729	3,494
Tier 1 capital (T1)	3,729	3,494
Total capital	3,729	3,506
Risk-weighted assets	31,647	27,887
CET1 ratio	11.78%	12.53%
T1 ratio	11.78%	12.53%
Total capital ratio	11.78%	12.57%

1 As on December 31

During 2022, DLL successfully delivered and received ECB approval for a model Return to Compliance (RtC) plan. This plan entails a self-imposed RWA add-on which is updated every quarter. The risk-weighted-assets (RWA) add-on for December 2023 equals EUR 5,491 million and is incorporated in DLL's total sub-consolidated RWA amount of EUR 31,647 million. Refer to note 1.3 for a description of credit risk management and to note 3.7 for a description of market and liquidity risk management.

Regulatory capital buffers

The next table shows the minimum regulatory capital requirements and capital buffers based on the CRR and the CRD applicable for December 31, 2023.

	CET1	Tier 1	Total capital
Minimum (requirement)	4.50%	6.00%	8.00%
Pillar 2	0.00%	0.00%	0.00%
Total SREP capital requirement ratio (TSCR)[1]	**4.50%**	**6.00%**	**8.00%**
Capital conservation buffer	2.50%	2.50%	2.50%
Institution-specific countercyclical buffer	0.49%	0.49%	0.49%
Systemic buffer	0.00%	0.00%	0.00%
Overall capital requirement ratio (OCR)	**7.49%**	**8.99%**	**10.99%**

1 Supervisory Review and Evaluation Process

As explained in the table above, there is no specific Pillar Two requirement issued by the supervisor for DLL. There is also no Pillar Two guidance issued by the supervisor.

Note that DLL does not qualify as a Global Systemically Important Institutions (G-SII) or an Other Systemically Important Institutions (O-SII), and therefore the following buffers equal 0%:

– The G-SII buffer
– The O-SII buffer

The actual capital ratios of DLL exceed the minimum required (TSCR and OCR) capital ratios.

3.2. Short-term loans and long-term borrowings

In millions of euros	2023[1]	2022[1]
Short-term loans and overdrafts		
Short-term loans from Rabobank	5,850	6,195
Other short-term loans	352	114
	6,202	**6,309**
Long-term borrowings		
Long-term borrowings from Rabobank	28,088	25,802
Other long-term borrowings	2,492	2,987
	30,580	**28,789**
Total short-term loans and long-term borrowings	**36,782**	**35,098**

1 As on December 31

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

DLL receives the majority of its funding from its parent, Rabobank, through individually agreed long- and short-term loans, which are part of a long-term multi-currency facility with no end date. DLL acts within the limits of this facility, amounted to EUR 36,500 million (2022: EUR 36,600 million). For maturity analysis of loans drawn under this facility, refer to note 3.7. While these tranches are mainly fixed-tenor loans, the specific terms of these loans (currency, maturity and interest rate) are individually agreed upon.

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

– A long-term funding program from the National Bank for Economic and Social Development (BNDES) in Brazil is aimed at supporting financing of local industry, with a total facility of EUR 1,159 million, a drawn amount of EUR 1,059 million (2022: EUR 950 million), and a maturity ranging from 1 to 10 years. The carrying amount as on December 31, 2023, was EUR 1,021 million (2022: EUR 926 million), an annually pre-fixed rate of 1.10% to 14.81%, or post-fixed rate of 1.11% to 4.59% plus Brazilian Long-term Interest Rate (5.86% for the year ended December 31, 2023) (2022: 6.7%).

- Long-term borrowing from the European Investment Bank (EIB) was received for the purpose of supporting small-sized and medium-sized borrowers with a total facility amount of EUR 545 million (2022: EUR 1,088 million) and a maturity ranging from 1 to 4 years. The carrying amount as on December 31, 2023, was EUR 545 million (2022: EUR 1,088 million), with interest rates ranging from 0% to 3.43% (2022: 0.04% to 5.15%).
- Long-term collateralized financing was received in the U.S. from multiple financial counterparties, with a maturity ranging from 1 to 5 years. The carrying amount as on December 31, 2023, was EUR 528 million, with interest rates ranging between 1% and 4.35% (2022: EUR 594 million, 1% to 3.82%). DLL pledged operating lease receivables in the U.S. as collateral for this financing and for the financing of debt securities (note 3.3) in the amount of EUR 564 million (2022: EUR 252 million), as well as finance receivables in the amount of EUR 3,679 million (2022: EUR 2,595 million); refer to note 1.1 and note 1.2.

Management monitors all contractual covenants regarding funding. In neither 2023 nor 2022 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 on December 31, 2023, was EUR 29,626 million (2022: EUR 27,311 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

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 capitalized 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 a 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 and long-term loans and borrowings are derecognized when the obligations of DLL under the respective contract are discharged (for instance, by repayment of all amounts due) or canceled 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	2023[1]	2022[1]
Securitization transactions		
DLL 2019-1 LLC	-	17
DLL 2019-2 LLC	-	4
DLL 2019-3 LLC	-	2
DLLAA 2021-1 LLC	242	460
DLLAD 2021-1 LLC	324	549
DLLMT 2021-1 LLC	260	527
DLLST 2022-1 LLC	227	536
DLLAA 2023-1 LLC	782	-
DLLAD 2023-1 LLC	576	-
DLLMT 2023-1 LLC	588	-
Total issued debt securities	**2,999**	**2,095**

1 As on December 31

DLL attracts external funding through securitizations as part of its overall funding strategy. The fair value of issued debt securities on December 31, 2023, was EUR 2,836 million (2022: EUR 1,407 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.

Key judgment: consolidation of special-purpose vehicles (SPV)
Control over an SPV is usually not evidenced by direct shareholding/voting rights but rather by indirect factors that require significant judgment.

DLL decides whether the financial information of an SPV should be included in the consolidated financial statements on the basis of an assessment of its control 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 prescribed 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 EIR method. Please refer to note 4.10 for a description of the EIR method.

3.4. Derivatives

DLL uses derivative financial instruments with Rabobank to mitigate interest rate risk as well as foreign exchange risk to which DLL is exposed. All derivative transactions are therefore undertaken for risk-mitigation purposes. There is no collateral posted or received regarding derivatives.

International Financial Reporting Standards (IFRS) 9 does not offer a solution for fair value hedge accounting for a portfolio hedge of interest rate risk. DLL opted to use the accounting policy choice of IFRS 9 to continue to apply the International Accounting Standards (IAS) 39 EU carve-out for such portfolio hedge accounting.

Net investment hedges
DLL uses foreign forward-exchange contracts to hedge the currency translation risk of net investments in foreign operations. On December 31, 2023, hedge instruments with a nominal amount of EUR 2,484 million (2022: EUR 2,194 million) were designated as net investment hedges. These resulted in an exchange gain of EUR 55 million for the year (2022: loss EUR 98 million), which were recorded in equity. For the years ended December 31, 2023, and December 31, 2022, DLL reported no material ineffectiveness resulting from the net investment hedges. To measure effectiveness, on a monthly basis prospective and retrospective testing is performed.

Macro fair value hedges
DLL uses interest rate swaps to manage the interest rate risk of the assets with a fixed-rate nature in both local and foreign currencies, such as finance leases and loans. DLL has implemented a macro fair value hedging model for EUR and USD. This hedge accounting model is a 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, it 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, it compares fair value movement over the period due to actual movement of interest rate curves.

The model runs the tests on a monthly basis and is effective if the results are within the effectiveness range as defined by IAS 39.

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. The ineffectiveness for the year ended December 31, 2023, was EUR (6) million (2022: EUR (10) million).

The result on the hedging instrument amounted to EUR (46) million (2022: EUR 108 million), with the negative result from the hedged position to be allocated to the hedged risk, amounting to EUR 56 million (2022: EUR (118) million). Refer to note 2.2.

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 are 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 executed by DLL's Treasury that operates within the DLL control framework, which ensures sufficient governance and control within the process. The resulting fair values are reviewed and signed off on appropriately 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 measured 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:
- 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
- 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:

- formal documentation of the hedging instrument, the hedged item, the objective of the hedge, the hedging strategy and the hedge relationship;
- documentation of the assessment and analysis of the source of hedge ineffectiveness and how the hedges ratio is determined (IFRS 9);
- effectiveness of 80% to 125% (IAS 39) in covering changes in the hedged item's fair value to the hedged risks during the entire reporting period;
- continuous effectiveness from the moment of the hedge's inception; and
- an economic relationship between the hedged item and hedging instrument (IFRS 9).

Changes in the fair value of derivatives that are designated as fair value hedges and are effective in terms of the hedged risks are recognized in the statement of profit or loss in 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 amortized through profit and loss over the relevant interest repricing period. Refer to note 2.2.

The hedging instruments used to hedge net investments in foreign operations are measured at fair value, with changes in the fair value (to the extent that they are effective) being recognized 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.

Interbank Offered Rate (IBOR) reform

DLL has met all regulatory targets in relation to the London Interbank Offered Rate (LIBOR) reform. DLL transitioned all legacy USD LIBOR loans to Secured Overnight Financing Rate (SOFR)-based lending in its USD portfolio during 2023. Additionally, all USD LIBOR-based derivatives were transitioned to SOFR. Overall, the IBOR reform had limited impact on DLL.

Notionals and measure-at-fair-value derivatives

	2023[1]			2022[1]		
In millions of euros	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Derivatives held for trading	3,493	40	(50)	3,814	83	(61)
Derivatives held for hedging	2,554	48	(5)	3,713	99	(5)
Total derivative financial assets/(liabilities)	**6,047**	**88**	**(55)**	**7,527**	**182**	**(66)**
Derivatives held for trading						
Foreign exchange forwards[2]	533	3	-	204	1	(1)
Cross-currency swaps	1,904	26	(29)	1,493	34	(27)
Interest rate swaps	1,056	11	(21)	2,117	48	(33)
Total derivative held for trading	**3,493**	**40**	**(50)**	**3,814**	**83**	**(61)**
Derivatives designated as fair value hedge						
Interest rate swaps	1,505	46	-	2,457	91	-
Total derivatives designated as fair value hedge	**1,505**	**46**	**-**	**2,457**	**91**	**-**
Derivatives designated as foreign net investment hedge						
Foreign exchange forwards[2]	1,049	2	(5)	1,256	8	(5)
Total derivatives designated as foreign net investment hedge	**1,049**	**2**	**(5)**	**1,256**	**8**	**(5)**
Total derivative financial instruments	**6,047**	**88**	**(55)**	**7,527**	**182**	**(66)**

1 As on December 31
2 Including non-deliverable forwards

Maturity profile and average interest rate of hedging instruments in fair value hedges

		Remaining maturity		
In millions of euros	Notional amounts	Less than 1 year	1 to 5 years	Longer than 5 years
As on December 31, 2023				
Hedging instrument - hedge of finance lease receivables and loans	1,505	53	1,197	255
Average fixed interest rate	0.34%	0.22%	0.34%	1.37%
As on December 31, 2022				
Hedging instrument - hedge of finance lease receivables and loans	2,457	67	1,787	603
Average fixed interest rate	0.21%	-0.01%	0.26%	0.44%

Designated hedging instruments in fair value hedges of interest rate risk

In millions of euros	Carrying amount derivative financial assets	Carrying amount derivative financial liability	Change in fair value used for calculating hedge ineffectiveness
As on December 31, 2023			
Hedge of finance lease receivables and loans	1,453	52	(60)
As on December 31, 2022			
Hedge of finance lease receivables and loans	2,455	2	106

Designated hedged items in fair value hedges of interest rate risk

In millions of euros	Carrying amount	Accumulated amount of fair value hedge adjusted on the hedged item included in the carrying amount of the hedged item	Change in fair value used for calculating hedge ineffectiveness	Accumulated amount for fair value hedge adjustments remaining for any hedged item that has ceased to be adjusted for hedging gains and losses
As on December 31, 2023				
Finance lease receivables and loans	1,510	47	54	-
As on December 31, 2022				
Finance lease receivables and loans	2,461	89	(115)	-

Hedge ineffectiveness of fair value hedges amounts to EUR (6) million (2022: EUR (10) million) and is included in the statement of profit or loss on the line item losses from financial instruments.

Net investment hedges

DLL uses forward currency contracts to hedge a portion of the currency translation risk of net investments in foreign operations. For the changes in the value of the hedging instrument recognized in other comprehensive income and the amount reclassified from the net investment hedge reserve to profit or loss, reference is made to note 3.1. Hedge ineffectiveness amounts to EUR 39 thousand (2022: EUR 4 thousand) and is included in the statement of profit or loss on the line item losses from financial instruments.

2023	Remaining maturity per reporting date		
In millions of euros	Less than 1 year	1 to 5 years	More than 5 years
Maturities			
Notional amount of hedging instrument	2,484	-	-

	Notional amount	Carrying amount		Changes in the value of the hedging instrument recognized in other comprehensive income
In millions of euros		Assets	Liabilities	
Designated hedging instruments				
Foreign exchange derivatives	2,484	2,474	2,484	(55)
Foreign exchange loans	-	-	-	Included in foreign exchange derivatives

In millions of euros	Change in value used for calculating hedge ineffectiveness	Foreign currency translation reserve for continuing hedges	Remaining foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied
Designated hedged items			
Net investment	92	36	2

2022	Remaining maturity per reporting date		
In millions of euros	Less than 1 year	1 to 5 years	More than 5 years
Maturities			
Notional amount of hedging instrument	2,194	-	-

	Notional amount	Carrying amount		Changes in the value of the hedging instrument recognized in other comprehensive income
In millions of euros		Assets	Liabilities	
Designated hedging instruments				
Foreign exchange derivatives	2,194	2,183	2,194	98
Foreign exchange loans	-	-	-	Included in foreign exchange derivatives

In millions of euros	Change in value used for calculating hedge ineffectiveness	Foreign currency translation reserve for continuing hedges	Remaining foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied
Designated hedged items			
Net investment	(110)	(57)	3

3.5. Due from banks

In millions of euros	2023	2022
Loans to and receivables from Rabobank	304	973
Loans to and receivables from other banks	128	131
Total loans to and receivables from banks	**432**	**1,104**

The loans to and receivables from Rabobank relate to liquidity management and are both short-term and long-term balances of both fixed and floating loans issued primarily in USD and EUR. These loans bear interest rates ranging between (0.60)% and 5.98% (2022: between (0.63)% and 5.53%).

For all amounts 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 on December 31, 2023, was EUR 349 million (2022: EUR 1,001 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 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 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 EIR method, less allowance for impairment. Refer to note 4.10 for a 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	2023	2022
Current account Rabobank and its related entities	60	267
Current account other banks	84	135
Cash and cash equivalents	**144**	**402**

Cash and cash equivalents with Rabobank do not bear material credit risk, as Rabobank has a 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. All cash is directly available for use for DLL.

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 comprise 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 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, high-quality bonds and investments held, 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 that are 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 mainly Rabobank and also some third-party banks. 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 matched-funding, taking into account the equity that is deployed, to all asset-financing businesses from an interest rate perspective. Interest rate exposures on certain finance lease and loan 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 and loan 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 macro fair value hedge accounting for interest rate risk on its derivative portfolio.

Interest rate risk sensitivity analysis

DLL assesses interest rate risk sensitivity through monthly calculation of an Earnings at Risk (EatR) sensitivity analysis, which measures the short-term effects of adverse interest rate movements in terms of net interest income. Nine scenarios are tested (EatR interest rates up, EatR interest rates down, DNB interest rates down, curve steepening, curve flattening, Down Instant, Up Instant, DNB Down Instant, DNB Up Instant) and analyzed per currency.

The scenarios are analyzed for movement in the fixed rate (five year) and floating rate (one month) over a one- to five-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 in the one-year time horizon, with a specific loss limit of EUR 60 million set for all scenarios that yield a negative result, excluding the DNB scenarios. This limit is monitored on a monthly basis and any breaches are reported to DLL's ALCO.

The monthly level of EatR is monitored by Group Treasury. Month on month, there is some variation in terms of the total number. In 2023, the level of EatR increased to a down scenario percentage of the total interest income of 3.4% (2022: 3.4%) and a steepening percentage of total interest income of 1.7% (2022: 2.9%). The EatR values on December 31, 2023, and December 31, 2022, are therefore representative of the entire respective years. DLL's total EatR for the down scenario on December 31, 2023, across currencies and aggregating the impact of both fixed and floating interest impacts, was EUR 45 million (2022: EUR 41 million), while the steepening scenario was EUR 23 million (2022: EUR 35 million).

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 rate gap. This interest rate gap is monitored monthly against an overall limit. Interest rate risk is also managed at country level using a similar gap analysis per time bucket and monitored by Group Treasury. On December 31, 2023, DLL's PV01 on the net interest rate gap was negative EUR 333 thousand (2022: negative EUR 299 thousand). 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 and loan 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]	< 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	No contractual maturity
As on December 31, 2023							
Interest-bearing assets							
Cash	144	144	-	-	-	-	-
Due from banks	432	276	40	99	17	-	-
Due from customers	42,104	10,107	1,227	8,624	20,776	1,370	-
Fixed assets under operating lease	2,385	185	158	610	1,408	24	-
Assets in disposal groups held for sale	19	-	-	-	-	-	19
	45,084	**10,712**	**1,425**	**9,333**	**22,201**	**1,394**	**19**
Interest-bearing liabilities							
Short-term loans and overdrafts	(6,202)	(5,403)	(798)	(1)	-	-	-
Issued debt securities	(2,999)	(132)	(261)	(985)	(1,621)	-	-
Liabilities in disposal groups held for sale	(1)	-	-	-	-	-	(1)
Long-term borrowings	(30,580)	(1,605)	(1,845)	(7,159)	(18,759)	(1,212)	-
	(39,782)	**(7,140)**	**(2,904)**	**(8,145)**	**(20,380)**	**(1,212)**	**(1)**
Derivatives							
Interest rate swap – net floating-rate notional	1,083	959	124	-	-	-	-
Interest rate swap – net fixed-rate notional	(1,083)	(66)	(38)	(590)	(333)	(56)	-
Foreign exchange derivative net	(1)	1	(2)	-	-	-	-
Cross-currency swap – net floating-rate notional	71	148	7	(84)	-	-	-
Cross-currency swap – net fixed-rate notional	(65)	(2)	(7)	(36)	(17)	(3)	-
	5	**1,040**	**84**	**(710)**	**(350)**	**(59)**	**-**
Net interest-bearing position	**5,307**	**4,612**	**(1,395)**	**478**	**1,471**	**123**	**18**

1 Except in the case of derivatives that are presented at notional value rather than carrying amount.

In millions of euros	Carrying amount[1]	< 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years
As on December 31, 2022						
Interest-bearing assets						
Cash	402	402	-	-	-	-
Due from banks	1,104	650	349	68	37	-
Due from customers	37,907	8,678	1,818	7,893	18,300	1,218
Fixed assets under operating lease	2,563	78	254	675	1,523	33
	41,976	**9,808**	**2,421**	**8,636**	**19,860**	**1,251**
Interest-bearing liabilities						
Short-term loans and overdrafts	(6,309)	(5,764)	(530)	(15)	-	-
Issued debt securities	(2,095)	(97)	(193)	(733)	(1,072)	-
Long-term borrowings	(28,789)	(2,229)	(1,751)	(6,131)	(17,541)	(1,137)
	(37,193)	**(8,090)**	**(2,474)**	**(6,879)**	**(18,613)**	**(1,137)**
Derivatives						
Interest rate swap – net floating-rate notional	3,271	2,927	344	-	-	-
Interest rate swap – net fixed-rate notional	(3,271)	(146)	(142)	(1,415)	(1,525)	(43)
Foreign exchange derivative net	(43)	(44)	1	-	-	-
Cross-currency swap – net floating-rate notional	241	236	5	-	-	-
Cross-currency swap – net fixed-rate notional	(226)	(7)	(18)	(72)	(123)	(6)
	(28)	**2,966**	**190**	**(1,487)**	**(1,648)**	**(49)**
Net interest-bearing position	**4,755**	**4,684**	**137**	**270**	**(401)**	**65**

1 Except in the case of derivatives that 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 forward foreign exchange contracts and/or foreign currency debts to hedge the currency translation risk of material net investments in foreign operations. For the majority of the net investments in foreign operations, hedges are conducted to mitigate movements of the CET1 ratio. The only investment in foreign operations with an exposure above EUR 2.5 million where no hedge is in place is DLL's investment in Argentina; for that a decision was made by DLL's ALCO to not hedge this exposure.

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's ALCO.

Foreign exchange risk sensitivity analysis
The following table indicates the currencies to which DLL had the largest exposures on December 31, 2023, on its monetary assets and liabilities, and on its forecasted 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.

DLL uses a Foreign Net Investment (FNI) hedging model, which is applied for all major currencies. That does result in the potential volatility in the equity of DLL.

In millions of euros	Change in currency rate in %[1]	Effect on profit for the year	Effect on equity	Total effect
As on December 31, 2023				
USD	+/- 4%	0/0	(39)/42	(39)/42
BRL	+/- 5%	0/0	(8)/9	(8)/9
GBP	+/- 2%	0/0	(3)/3	(3)/3
AUD	+/- 5%	0/0	(10)/11	(10)/11
CAD	+/- 4%	0/0	(5)/6	(5)/6
As on December 31, 2022				
USD	+/- 7%	2/(2)	(67)/77	(65)/75
BRL	+/- 9%	0/0	(11)/13	(11)/13
GBP	+/- 2%	0/0	(3)/3	(3)/3
AUD	+/- 3%	0/0	(6)/6	(6)/6
CAD	+/- 5%	0/0	(6)/6	(6)/6

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.

DLL applies a policy of matched 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 matched-funded sources, including borrowings, DLL's own equity (less intangibles), non-controlling interests and other 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 an individual level.

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 on December 31, 2023, was on a maximum of 0.09% during a monthly time bucket over the forward-looking maturity of the assets and liabilities (2022: 1.46%).

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 BNDES in Brazil and EIB in Europe. In 2023, DLL executed three asset-backed securitization transactions in the U.S. and is investigating other similar opportunities for the future.

The table that follows reflects the carrying amounts of DLL's assets and liabilities at contractual maturities except for certain finance lease and loan portfolios where DLL uses expected maturity as they exact maturity is not known. 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 on December 31, 2023							
Assets							
Cash	144	144	-	-	-	-	-
Accounts receivable and other short-term assets	783	90	434	259	-	-	-
Derivatives	88	5	3	12	10	-	58
Due from banks	432	276	40	99	17	-	-
Due from customers	42,104	3,834	6,521	9,529	20,958	1,262	-
Fixed assets under operating lease	2,385	185	158	610	1,408	24	-
Other intangible assets	3	-	-	-	-	-	3
Current tax receivable	162	-	-	-	-	-	162
Deferred tax asset	236	-	-	-	-	-	236
Other assets	175	-	-	-	-	-	175
Assets in disposal groups held for sale	19	-	-	-	-	-	19
	46,531	**4,534**	**7,156**	**10,509**	**22,393**	**1,286**	**653**
Liabilities							
Short-term loans and overdrafts	(6,202)	(3,348)	(1,553)	(1,301)	-	-	-
Accounts payable and other short-term liabilities	(898)	-	(898)	-	-	-	-
Issued debt securities	(2,999)	(132)	(261)	(985)	(1,621)	-	-
Provisions	(127)	-	-	-	-	-	(127)
Derivatives	(55)	-	(3)	(1)	(16)	-	(35)
Long-term borrowings	(30,580)	(751)	(1,388)	(7,520)	(19,638)	(1,283)	-
Current tax payable	(69)	-	-	-	-	-	(69)
Deferred tax liability	(185)	-	-	-	-	-	(185)
Other liabilities	(658)	-	-	-	-	-	(658)
Liabilities in disposal groups held for sale	(1)	-	-	-	-	-	(1)
	(41,774)	**(4,231)**	**(4,103)**	**(9,807)**	**(21,275)**	**(1,283)**	**(1,075)**
Net liquidity balance	**4,757**	**303**	**3,053**	**702**	**1,118**	**3**	**(422)**

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 on December 31, 2022							
Assets							
Cash	402	402	-	-	-	-	-
Accounts receivable and other short-term assets	698	76	375	247	-	-	-
Derivatives	182	5	5	9	12	1	150
Due from banks	1,104	303	16	636	149	-	-
Due from customers	37,903	3,474	3,972	8,103	20,822	1,532	-
Fixed assets under operating lease	2,567	78	254	675	1,527	33	-
Other intangible assets	5	-	-	-	-	-	5
Current tax receivable	120	-	-	-	-	-	120
Deferred tax asset	143	-	-	-	-	-	143
Other assets	193	-	-	-	-	-	193
	43,317	**4,338**	**4,622**	**9,670**	**22,510**	**1,566**	**611**
Liabilities							
Short-term loans and overdrafts	(6,309)	(3,183)	(1,427)	(1,699)	-	-	-
Accounts payable and other short-term liabilities	(748)	-	(748)	-	-	-	-
Issued debt securities	(2,095)	(98)	(193)	(733)	(1,071)	-	-
Provisions	(132)	-	-	-	-	-	(132)
Derivatives	(66)	(3)	(2)	(1)	(11)	-	(49)
Long-term borrowings	(28,789)	(692)	(920)	(6,798)	(19,112)	(1,267)	-
Current tax payable	(69)	-	-	-	-	-	(69)
Deferred tax liability	(186)	-	-	-	-	-	(186)
Other liabilities	(547)	-	-	-	-	-	(547)
	(38,942)	**(3,976)**	**(3,290)**	**(9,231)**	**(20,194)**	**(1,267)**	**(983)**
Net liquidity balance	**4,375**	**362**	**1,332**	**439**	**2,316**	**299**	**(372)**

The following table 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 was immediate.

In millions of euros	Total	On demand	< 3 months	3 to 12 months	1 to 5 years	> 5 years	No contractual maturity
As on December 31, 2023							
Undiscounted financial liabilities							
Short-term loans and overdrafts	(6,253)	(3,367)	(1,574)	(1,312)	-	-	-
Accounts payable[1]	(849)	-	(849)	-	-	-	-
Issued debt securities	(3,177)	(143)	(279)	(1,053)	(1,702)	-	-
Long-term borrowings	(32,987)	(832)	(1,550)	(8,208)	(21,049)	(1,348)	-
Financial liabilities in disposal groups held for sale	(1)	-	-	-	-	-	(1)
	(43,267)	**(4,342)**	**(4,252)**	**(10,573)**	**(22,751)**	**(1,348)**	**(1)**
Non-trading gross-settled derivatives							
Derivative assets							
Contractual amounts receivable	2,264	741	173	1,202	143	5	-
Contractual amounts payable	(2,203)	(730)	(168)	(1,180)	(119)	(6)	-
	61	**11**	**5**	**22**	**24**	**(1)**	**-**
Derivative liabilities							
Contractual amounts receivable	1,075	483	444	19	128	1	-
Contractual amounts payable	(1,147)	(483)	(448)	(36)	(178)	(2)	-
	(72)	**-**	**(4)**	**(17)**	**(50)**	**(1)**	**-**
Net balance	**(43,278)**	**(4,331)**	**(4,251)**	**(10,568)**	**(22,777)**	**(1,350)**	**(1)**

1 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 on December 31, 2022						
Undiscounted financial liabilities						
Short-term loans and overdrafts	(6,359)	(3,197)	(1,440)	(1,722)	-	-
Accounts payable[1]	(694)	-	(694)	-	-	-
Issued debt securities	(2,130)	(101)	(198)	(749)	(1,082)	-
Long-term borrowings	(30,385)	(859)	(1,329)	(7,355)	(19,575)	(1,267)
	(39,568)	**(4,157)**	**(3,661)**	**(9,826)**	**(20,657)**	**(1,267)**
Non-trading gross-settled derivatives						
Derivative assets						
Contractual amounts receivable	2,095	640	285	1,004	157	9
Contractual amounts payable	(2,107)	(629)	(284)	(1,014)	(171)	(9)
	(12)	**11**	**1**	**(10)**	**(14)**	**-**
Derivative liabilities						
Contractual amounts receivable	876	482	141	17	234	2
Contractual amounts payable	(784)	(487)	(142)	(16)	(137)	(2)
	92	**(5)**	**(1)**	**1**	**97**	**-**
Net balance	**(39,488)**	**(4,151)**	**(3,661)**	**(9,835)**	**(20,574)**	**(1,267)**

1 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.

4. Other

4.1. Other intangible assets

In millions of euros	Other	Total
Cost	24	24
Accumulated amortization and impairment	(19)	(19)
Carrying amount as on January 1, 2023	**5**	**5**
Purchases	1	1
Amortization	(2)	(2)
Disposal	(1)	(1)
Closing balance	**3**	**3**
Cost	18	18
Accumulated amortization and impairment	(15)	(15)
Carrying amount as on December 31, 2023	**3**	**3**
Cost	155	155
Accumulated amortization and impairment	(150)	(150)
Carrying amount as on January 1, 2022	**5**	**5**
Purchases	2	2
Net exchange differences	-	-
Amortization	(2)	(2)
Closing balance	**5**	**5**
Cost	24	24
Accumulated amortization and impairment	(19)	(19)
Carrying amount as on December 31, 2022	**5**	**5**

Accounting policy for other intangible assets

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 (planning and investigation); and development (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 intangible assets 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. Disposal group held for sale

Disposal group held for sale: DLL Türkiye
As of May 3, 2022, the DLL Türkiye operations were available for sale. A share purchases agreement was signed on December 21, 2023 and the sale was completed on January 26, 2024. The transaction resulted in a loss recognized by DLL.

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

In millions of euros	2023[1]	2022[1]
Assets		
Due from customers	-	28
Other assets	19	1
Total assets	**19**	**29**
Liabilities		
Borrowings	(18)	(27)
Other liabilities	(0)	(2)
Total external liabilities	**(18)**	**(29)**
Funding from DLL	(2)	(3)
Total liabilities	**(20)**	**(32)**
Net assets disposed	**(1)**	**(3)**

1 As on December 31

For each class of assets and liabilities, the accounting policies as disclosed in the relevant section of the financial statements apply.

4.3. Accounts receivable and other assets

In millions of euros	2023[1]	2022[1]
Accounts receivable and other short-term assets		
Prepayments	90	76
VAT to be claimed	77	58
Inventory	145	110
Accounts receivable	212	206
Bond portfolio	259	248
	783	698
Other assets		
Fixed assets for own use	108	99
Investments in associates	25	25
Other	42	69
	175	193
Total other assets	**958**	**891**

1 As on December 31

Inventory
Inventory represents new assets that are part of our Commercial Finance portfolio as well as 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.

Prepayments and value added tax (VAT) represent non-interest-bearing assets that are settled on a short term.

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

Accounts receivable typically have a maturity of 30-90 days. On December 31, 2023, there were no material accounts receivable aged beyond 90 days (2022: none). Furthermore, due to the short-term nature of these accounts receivable, their carrying amount is assumed to approximate their fair value.

Bond portfolio
The fair value bond portfolio comprises investments in U.S. money market funds, Dutch government bonds, Scandinavian government bonds and an Argentinian money market fund. The investments in bonds issued by the Dutch and Scandinavian governments amount to EUR 60 million (2022: EUR 58 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 of the reporting date (Level 1). Revaluation of these assets measured at fair value is recognized in a reserve in equity (via other comprehensive income). Investments in U.S. money market funds amount to EUR 186 million (Level 1) (2022: EUR 161 million). These investments are held as part of securitization transactions issued. In 2023, DLL Argentina invested EUR 13 million of excess cash in a local money market fund (2022: EUR 29 million). The funds invest in AAA-rated instruments. The amount invested by DLL Argentina of excess cash relates to level 1 of the fair value hierarchy.

Fixed assets for own use
Fixed assets for own use represent land and buildings as well as office, other equipment and right-of-use assets used by DLL. DLL did not realize any gains or losses from the disposal of these assets during 2023. The table that follows presents key movements in the fixed assets balances.

In millions of euros	Land and buildings	Equipment	Right-of-use assets	Total
Cost	89	91	59	239
Accumulated depreciation and impairment	(58)	(48)	(33)	(139)
Carrying amount as on January 1, 2023	**31**	**43**	**26**	**100**
Disposals	-	(3)	3	-
Purchases	1	15	16	32
Depreciation	(2)	(8)	(12)	(22)
Net exchange rate differences	(1)	(1)	-	(2)
Cost	88	89	66	243
Accumulated depreciation and impairment	(59)	(42)	(34)	(135)
Carrying amount as on December 31, 2023	**29**	**47**	**32**	**108**
Cost	86	78	60	224
Accumulated depreciation and impairment	(53)	(52)	(29)	(134)
Carrying amount as on January 1, 2022	**33**	**26**	**31**	**90**
Disposals	-	(6)	5	(1)
Purchases	-	32	2	34
Depreciation	(4)	(8)	(12)	(24)
Net exchange rate differences	1	-	-	1
Cost	89	91	59	239
Accumulated depreciation and impairment	(58)	(48)	(33)	(139)
Carrying amount as on December 31, 2022	**31**	**43**	**26**	**100**

Right-of-use assets

DLL has several lease contracts as a lessee, predominantly related to property used as offices and cars for employees. The consolidated statement of financial position shows the following amounts relating to leases:

In millions of euros	2023[1]	2022[1]
Other leases	1	-
Property lease	26	20
Car lease	5	5
Total right-of-use assets	**32**	**25**
Total lease liabilities	**34**	**28**

1 As on December 31

Additions to right-of-use assets during 2023 were EUR 16 million (2022: EUR 2 million). The consolidated statement of profit or loss shows the following amounts relating to right-of-use assets:

In millions of euros	2023	2022
Property lease	8	8
Car lease	4	4
Depreciation charge of right-of-use assets	**12**	**12**
Interest expense	1	1
Expenses relating to short-term leases	-	-
Expense relating to low-value assets	-	-
Expense relating to variable lease payments not included in lease liabilities	-	-

The total cash outflow for leases in 2023 was EUR 13 million (2022: EUR 14 million).

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. The share of profit of associates attributable to DLL is included in other income.

Other assets

Other assets mainly consist of capitalized commissions and non-lease receivables related to operating lease contracts (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 prepayments and VAT

Prepayments and VAT are carried at nominal value due to their short-term nature.

Accounting policy for inventory

Inventory of new assets is valued at cost.

Inventory of assets for resale is valued at the lower of cost and net realizable value. 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. The net realizable value is the estimated selling price in the ordinary course of remarketing, less estimated selling costs.

Accounting policy for bond portfolio and money market funds

Financial assets measured at fair value include government bonds that are held to meet liquidity requirements in Sweden and money market funds held in the U.S. and Argentina.

Unrealized gains or losses are recognized in other comprehensive income and adjusted in the fair value 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 fair value financial assets is reported as interest income using the effective interest rate (EIR) method. Refer to note 4.10 for a description of the EIR method.

Accounting policy for fixed assets for own use

All items classified 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 life to the estimated residual value, as follows:

Type of asset	*Years*
Land	Indefinite
Own buildings	40 years
Equipment	3 to 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 right-of-use assets

DLL as a lessee recognizes a right-of-use asset representing its right to use the underlying leased asset and a corresponding liability representing its obligation to make lease payments at the date at which the leased asset is available for use. Each lease payment is allocated between the lease liability and interest expense. The interest expenses are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the lease term on a straight-line basis.

The right-of-use asset is measured at an amount equal to the lease liability, adjusted by the lease payments made at or before the commencement date less any lease incentives received and any initial direct costs and restoration costs. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. DLL recognizes the right-of-use assets as part of the line item property and equipment and the lease liability as part of line item other liabilities in the consolidated statement of financial position.

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	2023[1]	2022[1]
Accounts payable and other short-term liabilities		
Accounts payable	761	610
Accrued expenses	88	84
VAT Payable	49	54
	898	**748**
Other liabilities		
Deferred income	213	182
Net defined benefit plan liability	14	15
Lease liabilities	34	28
Other	397	322
	658	**547**
Total other liabilities	**1,556**	**1,295**

1 As on December 31

Accounts payable
Accounts payable are non-interest-bearing short-term obligations due from DLL that 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 has three defined benefit pension plans in the U.K., Belgium and Sweden.

In millions of euros	2023[1]	2022[1]
DLL U.K.		
Plan assets	10	10
Plan liabilities	(10)	(10)
Net defined benefit plan liability	-	-
DLL Belgium		
Plan assets	2	2
Plan liabilities	(2)	(2)
Net defined benefit plan liability	-	-
DLL Sweden		
Net defined benefit plan liability	(14)	(15)
Total net defined benefit plans liabilities	**(14)**	**(15)**

1 As on December 31

DLL U.K.
The defined benefit plan in the U.K. 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 runoff scheme with no active members and only deferred members and retired members on December 31, 2023. DLL has a constructive obligation to fund any deficits on the plan in relation to its (former) staff.

DLL Belgium
DLL Belgium has several benefit plans. Some of these plans qualify as a defined benefit plan, while others have defined benefit elements. These plans are administrated by two insurance companies: Vivium Verzekeringen and KBC. Several of the plans are closed to new members and are therefore runoff schemes.

DLL has a constructive obligation to fund any defined benefit obligations in relation to its (former) staff.

DLL Sweden
The defined benefit plan in Sweden is an unfunded plan. 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 2023, there were no material changes to underlying assumptions.

The 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) on December 31, 2023 (nor on December 31, 2022).

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 the DLL Sweden pension plan), DLL Belgium (for the DLL Belgium pension plans) or the management of Rabobank London Branch (for the DLL U.K. pension plan).

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

Accounting policy for accounts payable and other short-term liabilities
Accounts payable and ohter short-term liabilities 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 deferred income
Deferred income reflects receipts from customer prior to the due date. When a prepayment is received, DLL recognizes deffered income in the balance sheet until the due date, when the liability is released towards the income statement.

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 (where applicable) 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 comprise current service costs, past service costs, gains and losses on curtailments, and non-routine settlements recognized directly in profit or loss in staff expenses.

Accounting policy for lease liabilities
Lease liabilities are measured at the present value of the lease payments.

The lease payments comprise the following payments for the right to use the underlying assets during the lease term that are not paid at the commencement date:
- fixed payments less any lease incentives received;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the incremental borrowing rate is used, being the rate that DLL would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. DLL defines the incremental borrowing rate as the internal funding rate (FTP rate) plus an asset-specific premium.

Accounting policy other liabilities
Other liabilities reflect unsettled obligations towards third parties.

4.5. Provisions

In millions of euros	2023[1]	2022[1]
Provision for restructuring	9	26
Provision for tax and legal claims	13	16
Other provisions	13	-
	35	**42**
Insurance-related provisions	92	90
Total provisions	**127**	**132**

1 As on December 31

Provision for restructuring
Provisions for restructuring consist of future payments relating to redundancy and other costs directly attributable to a reorganization program. The outflow is expected to occur next year.

Provision for tax and legal claims
Tax claims contain provisions related to potential interest and penalties on uncertain tax positions. This provision is based on the best possible estimates of the outcomes that take into account fiscal advice where available. Legal claims contain 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.

Other provisions
The other provision represent a program under which members can request reimbursement for investments to make their household more sustainable.

Changes in provisions (other than insurance provisions, which are presented separately in the table that follows) were:

In millions of euros	Provision for restructuring	Provision for tax and legal claims	Other provisions	Total
As on January 1, 2023	**26**	**16**	**-**	**42**
Added	5	2	13	20
Released/reclassified	(15)	(3)	-	(18)
Utilized	(7)	(2)	-	(9)
As on December 31, 2023	**9**	**13**	**13**	**35**
As on January 1, 2022	**12**	**13**	**-**	**25**
Added	21	(1)	-	20
Released/reclassified	(4)	4	-	-
Exchange rate differences	-	1	-	1
Utilized	(3)	(1)	-	(4)
As on December 31, 2022	**26**	**16**	**-**	**42**

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 incurred but not reported

[IBNR] reserve). These reserves arise from reinsurance activities carried out by DLL through its subsidiary DLL RE Designated Activity Company 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 programs underwritten by insurance companies insuring risks related to assets, leases and financing provided by DLL.

Insurance-related provisions comprised:

In millions of euros	2023[1]	2022[1]
Unearned premium reserve	77	73
Loss reserves	15	17
Total insurance-related provisions	**92**	**90**

1 As on December 31

The analysis of the remaining maturity of the insurance-related provisions is included in note 3.7.

Over 75% (2022: over 72%) of total premiums written are related to reinsurance of physical damage of motor vehicles (predominantly agricultural equipment).

Changes in insurance-related provisions are presented in the following table.

In millions of euros	2023[1]	2022[1]
Unearned premium reserve		
Opening balance	**73**	**64**
Premiums written	31	28
Premiums earned	(24)	(23)
Exchange differences	(3)	4
Closing balance	**77**	**73**
Loss reserve		
Opening balance	**17**	**18**
Movement in provision	(2)	(1)
Closing balance	**15**	**17**

1 As on December 31

The total amount of premiums written by DLL RE was EUR 31 million (2022: EUR 28 million). The total amount of claims paid of EUR 5 million (2022: EUR 9 million) is included in total fee and 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 receive 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 DLL RE Board of Directors.

DLL RE's underwriting strategy is to reinsure insurance products associated with 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 actuarial techniques for calculating loss reserves.

Accounting policy for provisions

Provisions other than insurance-related are recognized at nominal value when DLL has a legal or constructive obligation and future cash outflows associated with settlement of that obligation are probable and can be reliably estimated. Expense relating to provisions is recorded in the profit or loss. Provisions for legal claims and make-good obligations are recognized when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Insurance-related provisions

Unearned premium reserve is the unexpired portion of 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 IBNR losses. The outstanding claims provision represents the estimated ultimate cost of settling all claims arising from events that 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 i Corporate information for further details).

Companies under common control
These are all companies that are controlled by the Rabobank Group.

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

Key management personnel
Key management personnel of DLL comprise members of DLL's Executive Board (EB) and members of DLL's Supervisory Board (SB).

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

It should be noted that in Belgium, DLL has defined benefit plans administered by two insurance companies: Vivium Verzekeringen and KBC; these are not related parties.

From time to time, DLL enters into transactions with its related parties. All related-party transactions were made at arm's length on normal commercial terms and conditions and at market rates. Information about such transactions and associated balances, income and expenses is 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
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
Disposal group held for sale	4.2
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

4.7. Commitments and contingencies

Commitments

Financial guarantees, undrawn irrevocable credit facilities and irrevocable quotations
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. Next to that, DLL gives quotes for new contracts, which may be irrevocable under local laws and regulations and/or local terms and conditions. Even though these obligations are not recognized on the 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). The exposures to these instruments are disclosed in note 1.3.

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.

On December 31, 2023, DLL had no material unresolved legal claims and disputes (2022: 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 but lower than probable, 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 on a regular basis to determine whether an outflow of funds is 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 legal operating entities as on December 31, 2023. There were no changes to the group structure in the key operating entities compared to prior year.

Country of incorporation	Entity name	Principal activities	% equity interest December 31, 2023
Australia	De Lage Landen Pty Limited	Vendor financing	100
Brazil	Banco De Lage Landen Brasil S.A.	Vendor financing	75.6
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.A.S.	Vendor financing	51
Germany	De Lage Landen Leasing GmbH	Vendor financing	100
Ireland	DLL Ireland Designated Activity Company	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
United States of America	Mahindra Finance USA LLC	Vendor financing	51

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

		2023[1]				2022[1]			
Group entity	Country	%	Dividends paid to NCI	NCI entity stake	Profit allocated to NCI	%	Dividends paid to NCI	NCI entity stake	Profit allocated to NCI
Individually material for the Group:									
AGCO Finance S.A.S.	France	49%	-	142	16	49%	1	126	16
AGCO Finance LLC	United States	49%	19	91	26	49%	12	87	27
De Lage Landen Participações Limitada	Brazil	24%	-	94	10	21%	-	58	9
Philips Medical Capital, LLC	United States	40%	6	27	3	40%	6	31	6
Cargobull Finance Holding B.V.	Netherlands	49%	-	56	5	49%	23	52	(2)
Mahindra Finance USA LLC	United States	49%	-	86	8	49%	-	81	6
AGCO Finance United Kingdom	United Kingdom	49%	5	31	6	49%	3	29	6
AGCO Finance B.V.	Netherlands	49%	-	31	1	49%	-	27	(3)
Other individually immaterial NCIs			5	37	14		11	37	7
Total			**35**	**595**	**89**		**56**	**528**	**72**

1 As on December 31

Summarized financial information of subsidiaries that have material NCIs is provided in the tables that follow.

Summarized statement of financial position for AGCO Finance S.A.S.

In millions of euros	2023[1]	2022[1]
Assets		
Due from customers	2,217	1,978
Other assets	141	118
Total assets	**2,358**	**2,096**
Liabilities		
Borrowings	1,951	1,766
Other liabilities	117	73
Total liabilities	**2,068**	**1,839**
Net assets	**290**	**257**
Non-controlling interests share of net assets	**142**	**126**

1 As on December 31

Summarized profit or loss and other comprehensive income for AGCO Finance S.A.S.

In millions of euros	2023[1]	2022[1]
Interest income from customers	74	53
Profit for the year	33	33
Other comprehensive income	-	-
Profit allocated to non-controlling interests	**16**	**16**

1 As on December 31

Summarized statement of financial position for AGCO Finance LLC.

In millions of euros	2023[1]	2022[1]
Assets		
Due from customers	3,264	2,705
Other assets	96	181
Total assets	**3,360**	**2,886**
Liabilities		
Borrowings	2,943	2,554
Other liabilities	231	154
Total liabilities	**3,174**	**2,708**
Net assets	**186**	**178**
Non-controlling interests share of net assets	**91**	**87**

1 As on December 31

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

In millions of euros	2023[1]	2022[1]
Interest income from customers	172	114
Profit for the year	54	55
Other comprehensive income	-	-
Profit allocated to non-controlling interests	**26**	**27**

1 As on December 31

Summarized statement of financial position for DLL Participações Limitada.

In millions of euros	2023[1]	2022[1]
Assets		
Due from customers	2,715	1,917
Other assets	62	153
Total assets	**2,777**	**2,070**
Liabilities		
Borrowings	2,375	1,779
Other liabilities	116	106
Total liabilities	**2,491**	**1,885**
Net assets	**286**	**185**
Non-controlling interests share of net assets	**94**	**58**

1 As on December 31

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

In millions of euros	2023[1]	2022[1]
Interest income from customers	279	159
Profit for the year	17	23
Other comprehensive income	-	-
Profit allocated to non-controlling interests	**10**	**9**

1 As on December 31

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

In millions of euros	2023[1]	2022[1]
Assets		
Due from customers	415	464
Other assets	61	68
Total assets	**476**	**532**
Liabilities		
Borrowings	395	433
Other liabilities	14	22
Total liabilities	**409**	**455**
Net assets	**67**	**77**
Non-controlling interests share of net assets	**27**	**31**

1 As on December 31

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

In millions of euros	2023[1]	2022[1]
Interest income from customers	28	26
Profit for the year	8	16
Other comprehensive income	-	-
Profit allocated to non-controlling interests	**3**	**6**

1 As on December 31

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

In millions of euros	2023[1]	2022[1]
Assets		
Due from customers	54	118
Other assets	129	140
Total assets	**183**	**258**
Liabilities		
Borrowings	61	143
Other liabilities	7	9
Total liabilities	**68**	**152**
Net assets	**115**	**106**
Non-controlling interests share of net assets	**56**	**52**

1 As on December 31

Summarized statement of financial position for Mahindra Finance USA LLC.

In millions of euros	2023[1]	2022[1]
Assets		
Due from customers	1,057	1,049
Other assets	45	47
Total assets	**1,102**	**1,096**
Liabilities		
Borrowings	910	927
Other liabilities	18	5
Total liabilities	**928**	**932**
Net assets	**174**	**164**
Non-controlling interests share of net assets	**86**	**80**

1 As on December 31

Summarized statement of financial position for AGCO Finance United Kingdom.

In millions of euros	2023[1]	2022[1]
Assets		
Due from customers	705	647
Other assets	32	30
Total assets	**737**	**677**
Liabilities		
Borrowings	653	605
Other liabilities	20	13
Total liabilities	**673**	**618**
Net assets	**64**	**59**
Non-controlling interests share of net assets	**31**	**29**

1 As on December 31

Summarized statement of financial position for AGCO Finance B.V.

In millions of euros	2023[1]	2022[1]
Assets		
Due from customers	197	178
Other assets	63	53
Total assets	**260**	**231**
Liabilities		
Borrowings	191	172
Other liabilities	5	4
Total liabilities	**196**	**176**
Net assets	**64**	**55**
Non-controlling interests share of net assets	**31**	**27**

1 As on December 31

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

In millions of euros	2023[1]	2022[1]
Interest income from customers	2	6
Profit/(loss) for the year	11	(5)
Other comprehensive income	-	-
Profit/(loss) allocated to non-controlling interest	**5**	**(2)**

1 As on December 31

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

In millions of euros	2023[1]	2022[1]
Interest income from customers	69	54
Profit for the year	16	12
Other comprehensive income	-	-
Profit allocated to non-controlling interests	**8**	**6**

1 As on December 31

Summarized profit or loss and other comprehensive income for AGCO Finance United Kingdom.

In millions of euros	2023[1]	2022[1]
Interest income from customers	41	29
Profit for the year	13	12
Other comprehensive income	-	-
Profit allocated to non-controlling interests	**6**	**6**

1 As on December 31

Summarized profit or loss and other comprehensive income for AGCO Finance B.V.

In millions of euros	2023[1]	2022[1]
Interest income from customers	8	6
Profit/(loss) for the year	3	(7)
Other comprehensive income	-	-
Profit/(loss) allocated to non-controlling interest	**1**	**(3)**

1 As on December 31

4.9. Country-by-country reporting

DLL is active across more than 25 countries, grouped in 5 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 lending and/or leasing, except for Ireland, where DLL's central Treasury and reinsurance activities are located. In the table, the guidance of and definitions from the Organisation for Economic Co-operation and Development (OECD)/G20 Base Erosion and Profit Shifting Project on country-by-country reporting are applied.

The effective tax rate amounts to 28,5%, while the nominal tax rate in the Netherlands is 25,8%.

As on December 31, 2023 (in millions of euros)

Geographic location	Revenues	Average number of FTEs	Profit/ (loss) before taxes	Income taxes
Country				
Netherlands				
Netherlands	(55.6)	1,036	(228.4)	159.4
Rest of Europe				
Germany	116.9	421	43.7	(20.5)
France	97.7	170	56.9	(17.8)
Ireland	74.6	92	56.3	(7.7)
United Kingdom	108.9	300	59.8	(14.9)
Spain	42.1	145	18.5	(1.5)
Italy	84.2	194	44.6	(18.3)
Portugal	5.0	22	1.9	(0.5)
Austria	3.7	1	0.9	(0.4)
Switzerland	4.6	8	1.4	(0.4)
Sweden	32.4	170	3.9	(4.4)
Norway	24.5	59	9.3	(3.0)
Finland	6.1	19	1.7	(0.4)
Denmark	18.4	40	3.8	(2.1)
Russia	0.1	0	19.1	(0.0)
Poland	17.4	105	6.0	(2.6)
Hungary	5.6	35	2.5	(0.4)
Türkiye	2.6	10	(0.6)	(0.1)
Belgium	16.7	56	3.4	(1.7)
North America				
United States	761.4	1,612	321.1	(115.9)
Canada	118.4	280	58.1	(22.2)

As on December 31, 2023 (in millions of euros)

Geographic location	Revenues	Average number of FTEs	Profit/ (loss) before taxes	Income taxes
Latin America				
Brazil	100.4	281	13.6	(43.7)
Argentina	(12.0)	15	(13.7)	4.4
Mexico	18.1	82	7.6	(4.5)
Chile	14.7	38	6.8	(2.4)
Asia Pacific				
Australia	126.5	222	68.7	(20.4)
New Zealand	21.5	13	10.9	(3.0)
China	0.2	3	(0.7)	1.1
India	1.4	73	2.6	(0.2)
Singapore	2.8	18	(0.2)	-
South Korea	9.0	29	2.5	1.1
United Arab Emirates	0.2	-	0.1	-

As on December 31, 2022 (in millions of euros)

Geographic location	Revenues	Average number of FTEs	Profit/ (loss) before taxes	Income taxes
Country				
Netherlands				
Netherlands	(40.6)	928	(258.1)	49.3
Rest of Europe				
Germany	101.1	401	30.6	(10.2)
France	81.3	162	52.1	(12.9)
Ireland	105.6	92	(61.2)	15.6
United Kingdom	94.6	295	48.8	(9.3)
Spain	38.1	139	17.0	(7.1)
Italy	76.5	187	48.7	(12.0)
Portugal	4.4	25	1.1	0.7
Austria	4.2	3	2.9	(0.7)
Switzerland	3.8	9	0.6	(0.1)
Sweden	30.0	164	5.0	0.8
Norway	25.0	55	13.0	(2.9)
Finland	5.7	19	1.8	(0.4)
Denmark	16.3	38	5.3	(1.1)
Russia	17.8	80	(8.3)	(2.3)
Poland	18.3	108	7.1	(1.6)
Hungary	4.7	34	0.8	(0.1)
Türkiye	2.9	20	0.2	(0.3)
Belgium	15.9	53	5.5	(1.5)
North America				
United States	747.7	1,580	390.1	(91.9)
Canada	103.6	256	57.8	(14.7)

As on December 31, 2022 (in millions of euros)

Geographic location	Revenues	Average number of FTEs	Profit/ (loss) before taxes	Income taxes
Latin America				
Brazil	79.6	263	27.2	(8.6)
Argentina	(2.7)	14	(2.9)	1.0
Mexico	14.2	88	6.2	(3.5)
Chile	11.8	34	6.1	(1.7)
Asia Pacific				
Australia	108.4	193	70.5	(21.1)
New Zealand	21.0	12	12.1	(3.4)
China	2.1	10	(1.7)	(0.5)
India	4.1	305	3.0	(1.4)
Singapore	3.0	19	0.9	-
South Korea	8.8	27	3.1	(0.9)
United Arab Emirates	0.1	-	0.0	-

OECD Pillar Two model rules
De Lage Landen International B.V. is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the Netherlands at the end of 2023 and will come into effect from January 1, 2024. Since the Pillar Two legislation was not effective at the reporting date, De Lage Landen International B.V. has no related current tax exposure.De Lage Landen International B.V. applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

De Lage Landen International B.V. is in the process of assessing its exposure to the Pillar Two legislation when it comes into effect. Under the legislation, De Lage Landen International B.V. is obliged to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. Due to the complexities in applying the legislation and calculating the GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable.

After an assessment of the current state of Pillar Two the average effective tax rate in 2 of 31 countries (Hungary [DLL signed a share purchase agreement for the sale of its Hungarian operations, the sale is expected to close later in 2024] and Ireland as their statutory tax rate is below 15%) is estimated to be below 15% based on 2023 financial data. Note that 2023 financial data is indicative but not representative for 2024, the first Pillar Two reporting year. Based on this assessment of Pillar Two exposure we estimate the Pillar Two impact to be low. De Lage Landen International B.V. continues to review and implement Pillar Two legislation in 2024 and onwards.

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 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).
- All resulting exchange differences are recognized in other comprehensive income (within the foreign currency translation reserve [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 the 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 the case of absence of a principal 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 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 a financial instrument) or settlement date (the date on which the instrument is actually delivered). All financial instruments that are measured at amortized cost are recognized by DLL at settlement date. Financial 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 through 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 (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.

Appendix

C1 – List of acronyms

AGCO	*AGCO Finance*
ALCO	*Asset and Liability Committee*
BCBS	*Basel Committee on Banking Supervision*
BNDES	*National Bank of Economic and Social Development*
CET1	*Common Equity Tier 1*
CGU	*Cash Generating Unit*
COVID-19	*Coronavirus Disease 2019*
CRD IV	*Capital Requirements Directive IV*
CRR	*Capital Requirements Regulation*
DAC	*Designated Activity Company*
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*
EBA	*European Banking Authority*
ECB	*European Central Bank*
ECL	*Expected Credit Loss*
EIR	*Effective Interest Rate*
ESMA	*European Securities and Markets Authority*
EU	*European Union*
EURIBOR	*Euro Interbank Offered Rate*
FCTR	*Foreign Currency Translation Reserve*
FNI	*Foreign Net Investment*
FTE	*Full-Time Equivalent*
FX	*Foreign Exchange*
GBU	*Global Business Unit*
GCC	*Global Credit Committee*
G-SII	*Global Systemically Important Institutions*
GRC	*Global Risk Committee*
IAS	*International Accounting Standards*
IASB	*International Accounting Standards Board*
IBOR	*Interbank Offered Rate*
ICAAP	*Internal Capital Adequacy Assessment Process*
IFRS	*International Financial Reporting Standards*
LCC	*Local Credit Committee*
LGD	*Loss given default*
LIBOR	*London Interbank Offered Rate*
MDB	*Multilateral Development Bank*
NCI	*Non-controlling interests*
NiGEM	*National Institute Global Econometric Model*
OCI	*Other Comprehensive Income*
OCR	*Overall capital requirement ratio*
OECD	*Organisation for Economic Co-operation and Development*
O-SII	*Other Systemically Important Institutions*
PD	*Probability of default*
PwC	*PricewaterhouseCoopers Accountants N.V.*
RC	*Rabobank Certificate*
RRR	*Rabobank Risk Rating*
RtC	*Return to Compliance*
RWA	*Risk-weighted assets*
S&P	*Standard & Poor's*
SB	*Supervisory Board*
SPV	*Special-purpose vehicle*
SREP	*Supervisory Review and Evaluation Process*
TSCR	*Total SREP capital requirement ratio*
VAT	*Value Added Tax*

Company financial statements

Contents

Company statement of **financial position**

(Before profit appropriation) as on December 31			
In millions of euros	Notes	2023	2022
Assets			
Cash and cash equivalents	2	85	156
Loans to banks	3	36	66
Loans to subsidiaries	4	1,119	1,710
Due from customers	5	5,343	4,985
Derivatives	7	7	12
Investments in subsidiaries	8	5,786	5,468
Investments in associates	9	25	25
Other intangible assets	10	3	4
Tangible fixed assets	11	64	73
Other assets	12	349	368
Total assets		**12,817**	**12,867**
Liabilities			
Borrowings	13	8,401	8,602
Deposits from customers	14	1	15
Derivatives	7	4	3
Other liabilities	15	230	377
Provisions	16	19	22
Total liabilities		**8,655**	**9,019**
Equity			
Share capital	24	98	98
Share premium	24	1,135	1,135
Revaluation reserves	24	54	(1)
Legal and statutory reserves	24	(39)	53
Other reserves	24	2,565	2,292
Unappropriated result	24	349	271
Total equity		**4,162**	**3,848**
Total liabilities and equity		**12,817**	**12,867**

Company statement of **profit or loss**

For the year ended December 31			
In millions of euros	Notes	2023	2022
Interest income	17	276	185
Interest expense	17	(245)	(105)
Net interest income	17	**31**	**80**
Fee income		22	20
Fee expenses		(14)	(15)
Gains/(losses) from financial instruments		26	(88)
Other operating income	18	143	147
Total operating income		**208**	**144**
Result from subsidiaries		**464**	**455**
Staff costs	19	(174)	(143)
Depreciation, amortization, and impairment of tangible fixed and intangible assets	11	(19)	(20)
Other operating expenses	21	(159)	(168)
Credit losses	6	(2)	(42)
Total operating expenses		**(354)**	**(373)**
Profit before tax		**318**	**226**
Income tax	20	31	45
Profit after tax		**349**	**271**

Notes to the **company financial statements**

1. General

These company financial statements are prepared for De Lage Landen International B.V. (DLL, Chamber of Commerce 17056223, seated in Eindhoven and incorporated and domiciled in the Netherlands) for the year ended December 31, 2023, 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 (EU), pursuant to the provisions of Article 362, subsection 8, Part 9, Book 2, of the Dutch Civil Code. Reference is made to the accounting policies as set out in the relevant sections of the consolidated financial statements, with the exception regarding the measurement of interests held in group companies, as these are measured at net asset value and the measurement of loans from and to group companies, which are measured at amortized cost.

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 part of the Rabobank Group.

The branches of DLL in Italy, Germany, Spain and Portugal are included in the statement of financial position and the statement of profit or loss in these company financial statements.

DLL offers customers various financial solution products, mainly being leasing and lending.

DLL has had a banking license in the Netherlands since 1988 and is regulated by the European Central Bank (ECB) and the Dutch Central Bank (De Nederlandsche Bank or DNB).

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 the following DLL entities, that are part of the consolidation:
– De Lage Landen International B.V.
– De Lage Landen Vendorlease B.V.

As of January 2024, the 403 declaration for De Lage Landen Vendorlease B.V. has been revoked. This means that the liabilities of De Lage Landen Vendorlease B.V. as on December 31, 2023, remain covered.

Basis of preparation

In these company financial statements, DLL applied the accounting policies it used in its consolidated financial statements prepared under IFRS as adopted by the EU.

The Executive Board (EB) considers it appropriate to adopt the going concern basis of accounting in preparing these financial statements based on a forecast analysis and the equity position that supports the going concern assumption.

The company financial statements provide comparative information for the year ended December 31, 2023, as required for financial statements prepared in full accordance with the provisions in Part 9, Book 2, of the Dutch Civil Code.

Risk exposure on financial instruments

DLL manages risks at various levels within the organization. At the highest level, the EB (under the supervision of the Supervisory Board [SB]) determines the risk strategy it will pursue, the risk appetite, the policy framework, as well as the limits. The SB regularly assesses the risks attached to the activities and portfolio of DLL. The Chief Risk Officer, as a member of the EB, is responsible for the risk management policy within DLL. DLL considers risks at company level the same as risks at consolidated level. We therefore refer to section 1.3 Credit risk management and 3.7 Market and liquidity risk management of the consolidated financial statements.

2. Cash and cash equivalents

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	2023[1]	2022[1]
Current account DLL group entities	80	152
Other banks	5	4
Total cash and cash equivalents	**85**	**156**

1 As on December 31

Current accounts with DLL group entities represents intra-group treasury balances that are readily available.

3. Loans to banks

The following table provides an overview of movements of loans to banks.

In millions of euros	2023[1]	2022[1]
Opening balance	66	1,692
Loans issued	-	5,906
Loans repaid	(28)	(7,562)
Interest accrued	(2)	(6)
Interest received	2	6
Exchange differences	(2)	30
Closing balance	36	66

1 As on December 31

The maturity of these loans is as follows:

In millions of euros	2023[1]	2022[1]
More than 1 year, less than 5 years	36	-
More than 5 years	-	66
Total loans to banks	36	66

1 As on December 31

In 2022, DLL realigned balances due to Rabobank and due from Rabobank (shareholder and primary financier). As a result, both the balance due to Rabobank and due from Rabobank decreased significantly.

DLL issued a USD deferral deposit in the amount of EUR 36 million (2022: EUR 66 million). The deposit matures in 2028, has a fair value of EUR 36 million (2022: EUR 66 million) and has an interest of 4.41% (2022: 4.41%).

4. Loans to subsidiaries

The following table provides an overview of movements of loans to subsidiaries.

In millions of euros	2023[1]	2022[1]
Opening balance	1,710	1,585
Loans issued	2,868	3,019
Loans repaid	(3,419)	(2,951)
Interest accrued	47	26
Interest received	(48)	(24)
Exchange differences	(39)	55
Closing balance	1,119	1,710

1 As on December 31

The maturity of these loans is as follows:

In millions of euros	2023[1]	2022[1]
Less than 3 months	301	181
More than 3 months, less than 1 year	63	404
More than 1 year, less than 5 years	730	1,042
More than 5 years	25	83
Total loans to subsidiaries	1,119	1,710

1 As on December 31

The loans to subsidiaries have a fair value as on December 31, 2023, of EUR 1,014 million (2022: EUR 1,582 million).

The Subordinated Loan to its subsidiary in Brazil amounted to EUR 71 million (2022: EUR 74 million), with an interest rate of 5.92% (2022: 5.92%) and a remaining maturity of 8 years. The payment of any amounts of principal or interest due and payable under the Subordinated Loan is subordinated to DLL Brazil's other obligations of other present and future creditors of DLL Brazil whose claims are not similarly subordinated, except for obligations with respect to the Borrower's Common Equity Tier I and Additional Tier I Capital.

5. Due from customers

DLL's main portfolio includes 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 Germany, Italy, Portugal and Spain. The balance on December 31 comprised the following.

In millions of euros	2023[1]	2022[1]
Finance lease receivables	2,549	2,516
Loans to customers	2,859	2,537
	5,408	5,053
Allowance for impairment[2]	(65)	(68)
Total due from customers	5,343	4,985

1 As on December 31
2 For a description of credit risk management policies and governance as well as policies for the allowance for impairments, refer to note 1.3 of the consolidated financial statements.

Unguaranteed residual value

The value of unguaranteed residual values on December 31, 2023, was EUR 366 million (2022: EUR 325 million).

Investment in finance leases

The following table summarizes outstanding gross investment in finance lease receivables as well as unearned finance income.

In millions of euros	2023[1]	2022[1]
Less than 1 year	994	970
More than 1 year, less than 5 years	1,597	1,553
More than 5 years	73	73
Gross investment in leases	2,664	2,596
Unearned finance income	(112)	(87)
Net investment in leases	2,552	2,509

1 As on December 31

Fair value changes of finance receivable portfolios hedged

DLL applies a macro fair value hedge accounting model for the interest rate risk in the fixed-rate 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 EUR (14) million as on December 31, 2023 (2022: EUR (38) million).

6. Credit losses

The following table presents the composition of credit losses and other impairments in profit or loss arising from allowance for credit impairments of due from customers.

In millions of euros	2023	2022
Charge for the year	4	44
Recoveries	(2)	(2)
Total credit losses	2	42

7. Derivatives

The following table provides an overview of derivatives.

In millions of euros	2023[1]	2022[1]
Derivative assets at fair value through profit or loss		
Cross-currency swaps	4	5
Total derivative assets at fair value through profit or loss	**4**	**5**
Derivative assets designated as foreign net investment hedge		
Foreign exchange forwards (including non-deliverable forwards)	3	7
Total derivative assets designated as foreign net investment hedge	**3**	**7**
Total derivative assets	**7**	**12**

1 As on December 31

In millions of euros	2023[1]	2022[1]
Derivative liabilities at fair value through profit or loss		
Total derivative liabilities at fair value through profit or loss	**-**	**-**
Derivative liabilities designated as foreign net investment hedge		
Foreign exchange forwards (including non-deliverable forwards)	(4)	(3)
Total derivative liabilities designated as foreign net investment hedge	**(4)**	**(3)**
Total derivative liabilities	**(4)**	**(3)**
Derivative notional amounts		
Foreign exchange forwards (including non-deliverable forwards)	1,119	1,030
Cross-currency swaps	1,160	968
Interest rate swaps	-	-
Total derivative notional amounts	**2,279**	**1,998**

1 As on December 31

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. DLL applies a foreign net investment hedging model, which reduces the volatility of the gains/(losses) reflected in the statement of profit or loss. The gains/(losses) from derivatives for the year ended December 31, 2023, were EUR 23 million (2022: EUR (37) million).

For more detailed information on the treatment of derivatives, please refer to note 3.4 of the consolidated financial statements.

8. Investments in subsidiaries

Investments in subsidiaries are valued at net asset value. A full list of subsidiaries and associates is presented in note 25. Movements in investments in subsidiaries are as follows:

In millions of euros	2023[1]	2022[1]
Opening balance	**5,468**	**4,989**
Investments	80	23
Disposals	-	(78)
Dividends	(147)	(32)
Result for the year	464	455
Exchange rate differences	(85)	103
Other	6	8
Closing balance	**5,786**	**5,468**

1 As on December 31

On December 21, 2023, DLL signed a share purchase agreement for the sale of its Turkish operations. On January 24, 2024, the sale was completed. The Turkish operations are included in the investment in subsidiaries as of December 31, 2023, as the sale was not yet completed.

On January 10, 2024, DLL signed a share purchase agreement for the sale of its Hungarian operations; the sale is expected to close later in 2024.

9. Investments in associates

A full list of associates is presented in note 25. Movements in investments in associates are as follows:

In millions of euros	2023[1]	2022[1]
Opening balance	**25**	**24**
Acquisitions and investments	-	1
Closing balance	**25**	**25**

1 As on December 31

10. Other intangible assets

The following table provides a reconciliation of the carrying amount of other intangible assets at the beginning and end of the period.

In millions of euros	Other
Cost	8
Accumulated amortization and impairment	(4)
Net book value as on January 1, 2023	**4**
Amortization	(1)
Net book value as on December 31, 2023	**3**
Cost	140
Accumulated amortization and impairment	(136)
Net book value as on January 1, 2022	**4**
Purchases	2
Amortization	(2)
Net book value as on December 31, 2022	**4**

11. Tangible fixed assets

Tangible fixed assets represent the following four categories: fixed assets under operating lease, land and buildings, equipment, and right-of-use assets. 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, equipment, and right-of-use assets, please refer to note 4.3 of the consolidated financial statements.

The following table presents changes in the carrying amount of total fixed assets.

In millions of euros	2023[1]	2022[1]
Fixed assets under operating lease	40	48
Land and buildings	7	8
Equipment	13	14
Tangible fixed assets	**60**	**70**
Right-of-use assets	4	3
Total tangible fixed assets	**64**	**73**

1 As on December 31

The table below summarizes future minimum lease payments under non-cancelable operating leases for which DLL acts as a lessor (fixed assets under operating leases).

In millions of euros	2023[1]	2022[1]
Less than 1 year	10	11
More than 1 year, less than 5 years	11	12
More than 5 years	-	-
Total minimum lease payment	**21**	**23**

1 As on December 31

The following table provides a reconciliation of the carrying amount of total fixed assets at the beginning and end of the period.

In millions of euros	FAOL[1]	Land and buildings	Equipment	Right-of-use assets	Total
Cost	80	39	24	8	151
Accumulated depreciation	(32)	(31)	(10)	(5)	(78)
Carrying amount as on January 1, 2023	**48**	**8**	**14**	**3**	**73**
Additions	15	-	3	1	19
Disposals	(11)	-	-	1	(10)
Depreciation charge	(12)	(1)	(3)	(2)	(18)
Cost	68	39	26	9	142
Accumulated depreciation	(28)	(32)	(13)	(5)	(78)
Carrying amount as on December 31, 2023	**40**	**7**	**13**	**4**	**64**
Cost	88	39	15	9	151
Accumulated depreciation	(31)	(30)	(8)	(5)	(74)
Carrying amount as on January 1, 2022	**57**	**9**	**7**	**4**	**77**
Additions	12	-	10	1	23
Disposals	(9)	-	-	-	(9)
Depreciation charge	(12)	(1)	(3)	(2)	(18)
Cost	80	39	24	8	151
Accumulated depreciation	(32)	(31)	(10)	(5)	(78)
Carrying amount as on December 31, 2022	**48**	**8**	**14**	**3**	**73**

1 Fixed assets under operating lease

12. Other assets

The following table describes the composition of the other-assets balance.

In millions of euros	2023[1]	2022[1]
Receivables group companies	77	130
Current tax receivables	114	78
Prepayments	31	38
Transitory assets	1	1
VAT to be claimed	9	20
Deferred tax assets	32	38
Other	85	63
Total other assets	**349**	**368**

1 As on December 31

In general, other assets consist of current assets, with the exception of deferred tax assets that can have a settlement period of more than one year.

Deferred tax assets in DLL are recognized for deductible temporary differences, unused tax losses and unused tax credits. Recognition takes place, based on budgets and forecasts, 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. DLL does not have any unrecognized tax losses.

Receivables group companies include current accounts with subsidiaries that are repaid within 12 months of the reporting date. Subsidiaries in Germany represent the entities with the major part of these current accounts.

The other category mainly consists of assets held for sale.

13. Borrowings

The following table provides an overview of borrowings.

In millions of euros	2023[1]	2022[1]
Short-term loans and overdrafts		
Short-term loans from Rabobank	2,180	2,125
Short-term borrowings from the group companies	175	-
Other short-term loans	88	85
	2,443	**2,210**
Long-term borrowings		
Long-term borrowings from Rabobank	108	141
Long-term borrowings from the group companies	5,261	5,086
Other long-term borrowings	589	1,165
	5,958	**6,392**
Total borrowings	**8,401**	**8,602**

1 As on December 31

Short-term loans and overdrafts represent primarily balances outstanding under overdraft facilities from Rabobank and other banks where DLL has current accounts.

Long-term borrowings from the group companies includes mainly 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 (0.59)% and 4.51% (2022: between (0.69)% and 4.22%). The long-term borrowings from group companies have a fair value as on December 31, 2023, of EUR 5,164 million (2022: EUR 4,845 million).

Other long-term borrowings are long-term loans received by DLL from third parties and bear an interest rate between 0.00% and 3.43% (2022: between 0.00% and 3.43%). The other long-term borrowings have a fair value of EUR 570 million (2022: EUR 1,128 million).

The following table provides an overview of movements of long-term borrowings.

In millions of euros	2023[1]	2022[1]
Opening balance	**6,392**	**6,448**
Loans borrowed	14,594	9,567
Loans repaid	(14,995)	(9,719)
Interest paid	(113)	(40)
Interest accrued	117	45
Exchange differences	(37)	91
Closing balance	**5,958**	**6,392**

1 As on December 31

The table below summarizes the aging of the total borrowings.

In millions of euros	2023[1]	2022[1]
Less than 1 year	3,740	3,420
More than 1 year, less than 5 years	2,820	2,725
More than 5 years	1,841	2,457
Total borrowing	**8,401**	**8,602**

1 As on December 31

14. Deposits from customers

Deposits from customers mainly consist of one-year interest-bearing deposits from retail customers.

15. Other liabilities

The following table provides an overview of the items comprising other liabilities.

In millions of euros	2023[1]	2022[1]
Payables to group companies	-	156
Accounts payable to suppliers	108	107
Accrued expenses	35	30
Staff-related expenses	26	23
Current tax liabilities	18	14
Deferred income	16	13
Lease liabilities	4	3
Other	23	31
Total other liabilities	**230**	**377**

1 As on December 31

In general, other liabilities consist of current liabilities, with the exception of deferred income and lease liabilities that can have a settlement period of more than one year.

Payables to group companies include current accounts with subsidiaries that are repaid within 12 months of the reporting date.

16. Provisions

The following table presents the composition of the balance for provisions as on 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	2023[1]	2022[1]
Provision for restructuring	3	16
Provision for tax claims	3	6
Other provisions	13	-
Total provisions	**19**	**22**

1 As on December 31

Changes in provisions were as follows:

In millions of euros	Restructuring	Tax claims	Other provisions	Total
As on January 1, 2023	**16**	**6**	**-**	**22**
Additions	-	-	13	13
Released	(13)	(3)	-	(16)
As on December 31, 2023	**3**	**3**	**13**	**19**
As on January 1, 2022	**1**	**2**	**-**	**3**
Additions	15	-	-	15
Released	-	(1)	-	(1)
Other	-	5	-	5
As on December 31, 2022	**16**	**6**	**-**	**22**

17. Interest income and expense

The following table provides an overview of interest income and expenses.

In millions of euros	2023	2022
Interest income		
Interest income from finance leases	110	92
Interest income from loans to customers	118	66
Interest income from loans to banks	1	1
Interest income from subsidiaries	47	26
Other interest income	-	1
	276	**185**
Interest expense		
Interest expense on borrowings from Rabobank	(76)	(25)
Interest expense on other borrowings	(51)	(52)
Interest expense on subsidiaries	(90)	(28)
Interest expense on derivatives	(28)	-
	(245)	**(105)**
Net interest income	**31**	**80**

Interest expense on borrowings from Rabobank increased mainly because of increasing interest due to market economic circumstances.

18. Other operating income

The following table provides an overview of other operating income.

In millions of euros	2023	2022
Administration income from subsidiaries	122	121
Other operating income	21	26
Total other operating income	**143**	**147**

Administrative income from subsidiaries includes the central overhead and other costs that are recharged to DLL subsidiaries in accordance with the DLL transfer pricing policy. Other operating income is portfolio-related income, such as income operating lease, income commercial finance and result on lease assets sold.

19. Staff costs

The following table provides an overview of staff costs.

In millions of euros	2023	2022
Short-term employee benefits	117	93
Wages and salaries	76	67
Social security costs	26	11
Temporary staff	15	15
Other short-term benefits	46	39
Pension-defined contribution plan expenses	10	10
Other long-term employee benefits	1	1
Total staff costs	**174**	**143**

The average number of staff full-time equivalents (FTEs) at DLL was 1,252 (2022: 1,112) of whom 844 (2022: 719) were employed in the Netherlands.

Key management personnel of DLL comprise members of the EB and members of the SB. For compensation of the EB and the SB, please refer to note 2.4 of the consolidated financial statements.

Neither DLL nor any of its group companies has granted any loans, guarantees or advances to the members of the EB or SB.

DLL participates in the Rabobank Pension Fund for its Dutch pension plan. The scheme is a collective defined contribution plan with a pensionable age of 68 and a target annual accrual of 1.7%. Each year, DLL pays pension contributions to the Rabobank Pension Fund based on a fixed system that aims to achieve the target pension accrual for services provided during the year of service based on a conditional career-average plan with a conditional indexation. DLL complies with all its pension obligations by paying the annual pension premium and therefore has no financial liabilities with regard to underlying membership years and already-accrued pension rights. The Dutch pension plan qualifies as a defined contribution plan under International Accounting Standards (IAS) 19. DLL's obligation is limited to the premium payments owed, less previously made payments.

20. Income tax

The following table summarizes the amounts of tax (credit)/expense recognized in profit or loss.

In millions of euros	2023	2022
Current tax credit for the year	(38)	(33)
Deferred tax charge/(credit) for the year	7	(11)
Origination and reversal of temporary differences	7	(11)
Effect of changes in tax rates	-	-
Adjustments for prior years	-	(1)
Tax credit for the year	**(31)**	**(45)**

The following table shows a reconciliation of the tax (credit)/expense and the accounting profit multiplied by the domestic tax rate.

In millions of euros	2023	2022
Profit before income tax	**318**	**226**
Tax-exempt income	(13)	(39)
Non-deductible expenses	30	117
Local tax credits	(6)	(12)
Other	-	1
Taxable income	**329**	**293**
Tax calculated using applicable tax rates	(31)	(41)
Adjustments for prior years	-	(1)
Other adjustments	(1)	(3)
Tax credit for the year	**(32)**	**(45)**

The taxable income is including results of all foreign subsidiaries, whereas the tax calculated using applicable rates is based on the results of the branches only.

For an anylsis of the income tax per country, reference is made to note 4.9.

21. Other operating expenses

The following table provides an overview of other operating expenses.

In millions of euros	2023	2022
Administration expenses	61	76
IT-related cost	60	49
Administrative charges - Rabobank	38	43
Total other operating expenses	**159**	**168**

22. Independent auditor remuneration

Included in other operating expenses are amounts that DLL owed to its independent auditor, PricewaterhouseCoopers Accountants N.V. For details on these fees and their composition, please refer to note 2.5 of the consolidated financial statements.

23. 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.

On December 31, 2023, DLL had no material unresolved legal claims (2022: none) where a negative outcome and a respective cash outflow was possible (the probability is higher than "remote" but lower than "probable"). Legal claims contain 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 too complex to reasonably predict. 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.

Undrawn irrevocable credit facilities, irrevocable quotations and guarantees issued

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 the 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). Since 2022, DLL discloses its irrevocable quotations. Quotations are offers for a loan or lease sent to customers. A quotation is irrevocable when the combination of local terms and conditions and local laws and regulations determine that DLL is required to honor the quote, unless specific conditions apply that allow DLL to step out of the deal that is quoted.

There are no irrevocable facilities (2022: none) and no guarantees issued (2022: none) as per December 31, 2023, for De Lage Landen International B.V. The irrevocable quotations amount to EUR 1,434 million (2022: EUR 136 million).

Master Guarantee Agreement
In 2016, DLL and Rabobank signed a Master Guarantee Agreement under which DLL may agree to guarantee specific obligations of any Group entity owed toward Rabobank. The only obligations presently subject to the Master Guarantee Agreement are the obligations of the Group's treasury function, DLL Ireland DAC, and De Lage Landen Finansal Kiralama A.S. (DLL Türkiye) under a loan facility agreement with Rabobank, and a current account facility agreement between DLL Ireland DAC and Rabobank. The maximum amount of the obligations subject to the Master Guarantee Agreement at year-end 2023 is EUR 17,945 million (2022: EUR 19,299 million). As part of the sale of DLL Türkiye, this loan facility was sold/transferred to DLL International effective January 26, 2024, and therefore, as part of that transaction, the guarantee was terminated at that date.

Fiscal unity
DLL is 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.

No other material contingencies exist.

24. Shareholders' equity

Share capital and share premium
On December 31, 2023, DLL's authorized capital was EUR 454 million (2022: EUR 454 million), divided into 950 ordinary A shares and 50 ordinary B shares (2022: 950 A and 50 B). The nominal value of each share is EUR 454 thousand (2022: EUR 454 thousand). EUR 98 million (2022: EUR 98 million) is issued and paid up, consisting of 215 ordinary A shares (A1-A215) and 2 ordinary B shares (B1 and B2). Additional paid-in capital (share premium) on the outstanding shares amounts to EUR 1,135 million (2022: EUR 1,135 million). For the years 2023 and 2022, there is no difference in shareholders' rights related to the class A and class B shares.

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 that is different from the presentation currency are translated into the presentation currency, all resulting exchange differences are recognized in legal and statutory reserves, which is the sole item comprising the legal reserve. The following table provides an overview of the movements of the legal reserves.

In millions of euros	2023[1]	2022[1]
Opening balance	**53**	**(57)**
Exchange differences on translation of foreign operations, net of tax	(92)	110
Closing balance	**(39)**	**53**

1 As on December 31

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

DLL uses a Foreign Net Investment hedging model to hedge the Common Equity Tier 1 capital (CET1) ratio. The hedge effectiveness is tested by comparing the changes in fair value of the hedged items against the changes in fair value of the hedge instruments, both prospectively and retrospectively. The model runs the tests on a monthly basis and is effective if the results are within the effectiveness range as defined. In 2023, the hedge relations were highly effective within the effectiveness range, based on International Financial Reporting Standards (IFRS) 9 regulations. In 2023, an amount of EUR (55) million (2022: EUR 98 million) in the revaluation reserves was accounted for due to changes in the fair value of financial instruments used as net investment hedges. This revaluation is tax exempted. Please refer to note 3.4 of the consolidated financial statements.

The Company appropriates prior-year profits into other reserves if no resolution is adopted on the distribution. On a proposal by the EB, the General Meeting of Shareholders allocates the profits of the year and declares distributions from the profits or distributions from the reserves to the shareholders, subject to the EB's approval. The EB proposes to the General Meeting of Shareholders to add the profit for the year ended December 31, 2023, to the other reserves. This proposal is not reflected in the statement of financial position.

The following table presents the composition of shareholders' equity and a reconciliation of opening and closing balances for the years ended December 31, 2022, and 2023.

In millions of euros	Share capital	Share premium	Revaluation reserves	Legal and statutory reserves	Other reserves	Unappro-priated result	Total equity
Balance on January 1, 2022	**98**	**1,135**	**88**	**(57)**	**1,798**	**494**	**3,556**
Appropriation of results	-	-	-	-	494	(494)	-
Profit for the year	-	-	-	-	-	271	271
Remeasurement of post-employment benefit reserve, net of tax	-	-	9	-	-	-	9
Fair value changes of derivatives designated for net investment hedging, net of tax	-	-	(98)	-	-	-	(98)
Exchange differences on translation of foreign operations, net of tax	-	-	-	110	-	-	110
Total amount recognized in equity	**-**	**-**	**(89)**	**110**	**-**	**271**	**292**
Dividends	-	-	-	-	-	-	-
Balance on December 31, 2022	**98**	**1,135**	**(1)**	**53**	**2,292**	**271**	**3,848**
Balance on January 1, 2023	**98**	**1,135**	**(1)**	**53**	**2,292**	**271**	**3,848**
Appropriation of results	-	-	-	-	271	(271)	-
Profit for the year	-	-	-	-	-	349	349
Remeasurement of post-employment benefit reserve, net of tax	-	-	-	-	-	-	-
Fair value changes of derivatives designated for net investment hedging, net of tax	-	-	55	-	-	-	55
Exchange differences on translation of foreign operations, net of tax	-	-	-	(92)	**2**	-	(90)
Total amount recognized in equity	**-**	**-**	**55**	**(92)**	**2**	**349**	**314**
Dividends	-	-	-	-	-	-	-
Balance on December 31, 2023	**98**	**1,135**	**54**	**(39)**	**2,565**	**349**	**4,162**

The legal and statutory reserves consist of the translation reserve on foreign subsidiaries, and cannot be paid out to the shareholder.

25. List of subsidiaries

The below list contains the names, registered office and (in)direct capital interest of all subsidiaries of De Lage Landen International B.V.

Name	Registered office	% Capital
AGCO Capital Argentina S.A.	Buenos Aires, Argentina	51
AGCO Finance AG	Zürich, Switzerland	51
AGCO Finance B.V.	Eindhoven, the Netherlands	51
AGCO Finance Canada, Ltd	Regina, Canada	51
AGCO Finance Designated Activity Company	Dublin, Ireland	51
AGCO Finance GmbH, Landmaschinenleasing	Vienna, Austria	51
AGCO Finance Limited	Watford, United Kingdom	51
AGCO Finance Limited	Te Awamutu, New Zealand	51
AGCO Finance LLC	Johnston, United States of America	51
AGCO Finance N.V.	Mechelen, Belgium	51
AGCO Finance Pty Limited	Sydney, Australia	51
AGCO Finance S.A.S.	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	75.6
BSE-DLL Solar Trust	Wilmington, United States of America	100
Cargobull Commercial Solutions, S.L.U.	Madrid, Spain	51
Cargobull Finance A/S	Søborg, Denmark	51
Cargobull Finance AB	Stockholm, Sweden	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 Sp. z o.o.	Warsaw, Poland	51
CBSC Capital Inc.	Brampton, Canada	51
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

Name	Registered office	% Capital
De Lage Landen Co., Ltd	Seoul, Republic of Korea	100
De Lage Landen Commercial Finance Inc.	Burlington, 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 Financial Services Canada Inc.	Burlington, Canada	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, Türkiye	100
De Lage Landen Leasing AG	Zürich, Switzerland	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.	Mechelen, Belgium	100
De Lage Landen Leasing Polska S.A.	Warsaw, Poland	100
De Lage Landen Leasing S.A.S.	La Défense, France	100
De Lage Landen Limited	Watford, United Kingdom	100
De Lage Landen Limited	Te Awamutu, New Zealand	100
De Lage Landen Participações Limitada	Porto Alegre, Brazil	75.6
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
De Lage Landen Remarketing Solutions B.V.	Eindhoven, the Netherlands	100
De Lage Landen Renting Solutions S.r.l.	Milano, Italy	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 Company One B.V.	Eindhoven, the Netherlands	100
DLL Corretora de Seguros Ltda.	São Paulo, Brazil	75.6
DLL Equipment Trading Middle East and Africa FZE	Dubai, United Arab Emirates	100
DLL Finance LLC	Johnston, United States of America	100
DLL Global Business Services Private Limited	Mumbai, India	100

Name	Registered office	% Capital
DLL Ireland Designated Activity Company	Dublin, Ireland	100
DLL Leasing Argentina S.A.	Buenos Aires, Argentina	100
DLL Leasing Designated Activity Company	Dublin, Ireland	100
DLL Leasing S.A. de C.V.	Huixquilucan, Mexico	100
DLL Polska Corporate Sp. z o.o. in liquidation	Warsaw, Poland	100
DLL Polska Participations Sp. z o.o. in liquidation	Warsaw, Poland	100
DLL Re Designated Activity Company	Dublin, Ireland	100
DLL U.S. Holding Company, Inc.	Wilmington, United States of America	100
DLL U.K. Equipment Finance Holdings Limited	London, United Kingdom	100
DLLAA 2021-1 LLC	Wayne, United States of America	100
DLLAA 2023-1 LLC	Wayne, United States of America	100
DLLAD 2021-1 LLC	Wayne, United States of America	100
DLLAD 2023-1 LLC	Wayne, United States of America	100
DLLMT 2021-1 LLC	Wayne, United States of America	100
DLLMT 2023-1 LLC	Wayne, United States of America	100
DLLST 2022-1 LLC	Wayne, United States of America	100
DLLST 2024-1 LLC	Wayne, United States of America	100
INQUIETO, MOVING ATTITUDE, S.L.	Madrid, Spain	20
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
Philips Medical Capital, LLC	Wayne, United States of America	60
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	100

26. 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.

On January 10, 2024, DLL signed a share purchase agreement for the sale of its Hungarian operations, the sale is expected to close later in 2024.

On January 24, 2024, DLL completed the sale of its Turkish operations, which were held for sale on December 31, 2023.

On behalf of the Executive Board
M. Janse, *COO and interim CEO (as from April 1, 2024)*
I. Eddini, *CHRO*
N. Garnett, *CCO*
Y.E. Hoefsmit, *CRO*
G.T.R. Raison, *CFO*

B.J. Marttin, *Chairman*
A.E. Bouma, *member*
R. De Feo, *member*
E.G. Kamphof, *member (as from October 25, 2023)*

Eindhoven, April 25, 2024

Other information

Independent auditor's report

Independent auditor's report

To: the general meeting and the supervisory board of De Lage Landen International B.V.

Report on the audit of the financial statements 2023

Our opinion

In our opinion:

- the consolidated financial statements of De Lage Landen International B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code; and
- the company financial statements of De Lage Landen International B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2023 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 2023 of De Lage Landen International B.V., Eindhoven. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the following statements 2023: the consolidated statement of profit or loss, the consolidated statements of other comprehensive income, changes in equity and cash flows; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2023;
- the company statement of profit or loss for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework 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.

NLE00023359.1.1

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards 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 Union 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 regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

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 several industries for equipment and technology assets. The Group has operations in more than 25 countries. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'.

In note IV 'Key judgements and estimates' of the consolidated financial statements, the Company describes the main areas of judgement and estimates in applying accounting policies. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the executive board made important judgements in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We paid attention to the key assumptions, (amongst others, forward-looking information, expected lifetime, probability of default, loss given default, unbiased scaling factor and staging) related to the significant accounting estimate in the measurement of balances due from customers. In these considerations, we also paid attention to the assumptions underlying the physical and transition risk related to climate change. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the measurement of balances due from customers, we considered this matter a key audit matter as set out in the section 'Key audit matters' of this report.

De Lage Landen International B.V. - NLE00023359.1.1

Page 2 of 16

Furthermore, we paid attention to the key assumptions (in particular discounting) related to the significant accounting estimate in the application of macro fair-value hedge accounting and the measurement of the derivatives. We have considered this as a key audit matter in view of the complexity of hedge accounting, the magnitude of the notional amounts, and the estimation uncertainty.

De Lage Landen International B.V. assessed the possible effects of climate change on its financial position, refer to the section 'Risk management and compliance – environmental risk' of the management report. We discussed De Lage Landen International B.V.'s assessment and governance thereof with management and evaluated the potential impact on the financial position, including underlying assumptions and estimates, underlying the measurement of the credit impairment allowances relating to balances due from customers (credit risk). The expected effects of climate change are not considered a key audit matter.

Other areas of focus, that were not considered as key audit matters, were the assessment of compliance with laws and regulations and our procedures in response to the risk of fraud.

In view of the importance of the information technology ('IT') environment to our audit of the financial statements, we, with the support of our IT specialists, assessed the IT environment. We addressed information technology general controls ('ITGCs'), which are the policies and procedures used by the Group to ensure that IT operates as intended and provides reliable data for financial reporting purposes. The IT environment of the Group has been assessed in the context of, and where relevant for, the audit of the financial statements.

We ensured that the audit teams at both group and component level included the appropriate skills and competences that 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 (Ireland). We therefore included experts and specialists in the areas of, amongst others, IT, taxation, credit risk provisioning, regulatory reporting, forensics, valuation of financial instruments, macro-economic forecasting, as well as employee benefits in our team.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: €31 million (2022: €25 million).

Audit scope

- The group engagement team was responsible for the coordination, direction and supervision of the group audit and conducted audit work on the Dutch components in scope.
- We performed audit work on eighteen individually significant components in thirteen countries, and held site visits in the United States, Germany, Sweden, and United Kingdom.
- Audit coverage: 94% of consolidated assets, 93% of consolidated net income and 92% of consolidated profit before tax.

Key audit matters

- Measurement of balances due from customers.
- Application of macro fair-value hedge accounting and measurement of derivatives.

De Lage Landen International B.V. - NLE00023359.1.1

Page 3 of 16

pwc

Materiality

The scope of our audit was 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 judgement 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	€31 million (2022: €25 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 5% weighted average of profit before tax of the current year and previous two years, all equally weighted.
Rationale for benchmark applied	We used profit before tax as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that profit before tax is the most relevant metric for the financial performance of the Group. Furthermore, we utilised a 5% threshold, based on our professional judgement, noting it is within the range of commonly acceptable thresholds. The applied multi-year average benchmark for materiality is in response to considerable economic trends and volatility in the profit before tax over the recent years attributable to the ongoing geopolitical issues, such as the Russian invasion in Ukraine. In view of the significant impact of the expected credit losses on the current and prior years' result and the inherent considerable estimation uncertainty of this item, we consider a three-year average of profit before tax an appropriate benchmark. Using our professional judgement, we determined materiality for this year at €31 million, which equates to approximately 5% of the current year's profit before tax.
Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €3 million and €25 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 any misstatement identified during our audit above €1.55 million (2022: €1.25 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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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, in aggregate, performed sufficient work on the financial statements to enable us to provide 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 component level by the group engagement team and by each component auditor.

Eighteen components in thirteen countries were subject to full scope audits of their financial information for consolidation purposes, as we considered those components individually financially significant to the Group. In total, in performing these procedures, we achieved the following coverage on the consolidated financial statements line items:

Consolidated net income	93%
Consolidated total assets	94%
Consolidated profit before tax	92%

None of the remaining components individually represented more than 1.5% of total group net income, total assets or profit before tax. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

For the individually financially significant Dutch components, the group engagement team performed the audit work. For the locations where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

All components in scope for group reporting are audited by PwC member firms. We performed, amongst others, the following procedures:

- we issued detailed audit instructions to the component auditors prescribing the scope of work to be performed, our risk assessment, other areas of audit focus, materiality to be applied and the reporting requirements to the group engagement team regarding the financial information;
- we closely collaborated with our component teams during 2023 and 2024 to date and had ongoing interactions with them, regarding, amongst others, developments affecting the components, our audit instructions, their audit approach and audit findings regarding the control environment, accounting, and other matters;
- we assessed the component auditor's reports and discussed observations with the component auditors and with group management;

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- we reviewed selected working papers for a selection of component auditors; and
- we conducted site visits physically with local management together with the component audit teams in the United States, Germany, Sweden and United Kingdom. During these meetings, we discussed the strategy and financial performance of the local businesses, the audit plan of the component auditors and execution thereof and other relevant audit topics.

The group engagement team performed the audit work on the group consolidation, financial statement disclosures and various specific items at group level where central functions, such as IT, reporting, control, risk, tax, legal, compliance and internal audit are located. Areas included in the audit procedures performed by the group engagement team, amongst others, were:

- entity level controls;
- certain aspects of group-wide managed credit risk provisioning;
- residual value reassessment of fixed assets under operating leases and finance leases;
- measurement of derivatives and the application of macro fair value hedge accounting; and
- measurement of the provisions for uncertain tax exposures.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the (consolidated) financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Group, its environment, its business model, and the components of the internal control system. This included management's risk assessment process, management's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and, in particular, the fraud risk assessment in the systematic integrity risk assessment, as well as, the code of conduct, whistle-blower procedures and incident registration, including follow-up measures taken. We evaluated the design and implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks. We performed inquiries with a selection of members of the executive board and senior management (including compliance, legal, finance, control, risk and internal audit) to evaluate their fraud awareness, the Group internal control environment in relation to fraud, the 'tone at the top' and entity-level controls.

We asked members of the executive board as well as the internal audit, legal, compliance, finance, control and risk departments and the supervisory board whether they are aware of any actual or suspected fraud. They informed us about two cases with a financial impact above €1.55 million where external parties falsified information to obtain assets from the company. Based on this, we updated our fraud risk assessment.

The compliance, legal and risk management departments investigate, amongst others, reported internal integrity, conduct, and fraud matters. We assessed the process that the Company has in place and discussed the investigation approach. In cooperation with forensics experts, we assessed managements' investigation approach, procedures performed, findings and conclusions regarding (potential) external fraud incidents with a financial impact above €1.55 million.

De Lage Landen International B.V. - NLE00023359.1.1

Page 6 of 16

pwc

This included an evaluation of the respective (financial) impact and potential internal involvement including override of controls as well as remediation. As part of these procedures, we inspected internal and external information, including investigation reports.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risk	***Our audit work and observations***
The risk of management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls, including risks of potential misstatements due to fraud, based on an analysis of potential interests of management. In this respect, we gave specific consideration to: • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • possible management bias in management estimates; • significant transactions that are outside the normal course of business for the Company; and • (potential) fraud incidents with a financial impact above our threshold for misstatements of €1.55 million. In assessing fraud risk and discussing and evaluating the aspects incentive/pressure, opportunity, and rationalisation, we considered the authenticity of documentation, the validity of respective data used, the reasonability of assumptions, and the accuracy of calculations made in relation to management's estimates as part of our fraud related audit work. We also considered the risk of management override of controls in relation to our audit work on IT systems and the IT environment.	We evaluated the design and implementation of the internal control measures in the processes of generating and recording journal entries and the accounting for estimates. We paid specific attention to the access safeguards in the relevant IT systems and the possibility that these may lead to violations of the segregation of duties. We concluded that, in the context of our audit of the financial statements, we could rely on the internal control procedures relevant to this risk. We selected journal entries based on risk criteria and conducted specific audit activities for these entries. These procedures include, amongst others, inspection of the entries with source documentation. We also tested the appropriateness of the journal entries made as part of the consolidation process. Furthermore, we performed fraud-related specific audit work on important estimates made by management. In this context, we paid specific attention to the following estimates: • the measurement of loan loss provisions for the balances due from customers; and • the measurement of assets under operating lease. In cooperation with forensics experts, we assessed managements' investigation approach, procedures performed, findings and conclusions regarding (potential) external fraud incidents with a financial impact above €1.55 million. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls. We identified no significant transactions outside the normal course of business.

De Lage Landen International B.V. - NLE00023359.1.1

Page 7 of 16

pwc

We incorporated an element of unpredictability in our audit. We reviewed lawyer's letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations. Whenever we identified any indications of fraud, we re-evaluated our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

As disclosed in section 'ii Basis of preparation' in the consolidated financial statements, the executive board performed their assessment of the Company's ability to continue as a going concern for at least twelve months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate the executive board's going-concern assessment included, amongst others:

- considering whether the going-concern assessment included all relevant information of which we were aware as a result of our audit and inquired with management regarding the most important assumptions underlying their goingconcern assessment. These assumptions include the capital, solvency and liquidity position, financial performance (actual and projected), the current macro-economic environment and uncertainties;
- being a global operating vendor finance company with a Dutch banking license, evaluating the developments in respect of funding, liquidity and solvency of the Company and, where applicable, assessing these in light of the prudential requirements imposed by the Dutch Central Bank;
- evaluating the 2024 budget in comparison with last year and current developments, as well as the 2024-2028 mid-term plan, including cash flows, funding, and all relevant information of which we became aware as a result of our audit; and
- performing inquiries of management as to its knowledge of going-concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to the executive board's assumptions and judgements used in the application of the going-concern assumption.

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 identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Due to the nature of the Group, key audit matters do not significantly change year over year, except for the key audit matters relating to the disposal of the Russian operations, as all significant Russian operations were disposed in 2022, and the measurement of assets under operating lease, which is considered as an elevated risk. This risk is mitigated from a consolidated perspective due to the relative size of the portfolio compared to the leasing and loans portfolios, the highly diversified asset classes involved and the extensive geographical spread.

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Key audit matter	*Our audit work and observations*
Measurement of balances due from customers *reference to notes 1.1 and 1.3 in the consolidated financial statements* Balances due from customers amounting to €42,104 million are included in the consolidated statement of financial position. This line item consists of finance lease receivables and loans to customers. The Group is exposed to credit risk in relation to these balances. To account for the expected credit losses, credit impairment allowances are recognised. In accordance with IFRS 9, management distinguishes the following credit impairment allowances: • Performing finance leases and loans (stage 1) – €95 million as at year-end 2023. • Underperforming finance leases and loans (stage 2) – €119 million as at year-end 2023. • Credit impaired finance leases and loans (stage 3) – €223 million as at year-end 2023. The stage 1, 2 and 'small ticket' stage 3 (exposures below €250,000) credit impairment allowances are based on quantitative models. The 'large ticket' stage 3 credit impairment allowance is based on individual management judgement, including relevant governance and guidelines (such as authorisations and monitoring by the global risk committee). Determining credit impairment allowances requires a significant degree of management judgement based on aspects such as: • Judgement in determining key parameters for the model based credit impairment allowances (e.g. probability of default and loss given default). • Expectations relating to macro-economic scenarios, which include determining the relevant macro-economic variables and the assignment of appropriate risk weights to the different scenarios. • Judgement in assessing the 'large ticket' stage 3 credit impairment allowance (including forward-looking information and the valuation of underlying collateral). • The distinction between stage 1 performing finance leases/loans and stage 2 underperforming finance leases/loans (exposures with a significant increase in credit risk) for non-defaulted contracts.	*Controls design and operating effectiveness* We evaluated the design of the relevant internal controls and tested the operating effectiveness of these controls regarding: • Governance in relation to the development, validation, implementation and maintenance of the IFRS 9 models. • Accuracy and completeness of portfolio data that is used in the calculation of the stage 1, 2 or 3 credit impairment allowances. • Methodology and controls applied in determining and measuring significant increase in credit risk. • Review and approval process regarding the outcome of the models and the adjustments, if any, applied to the outcome of the models. We tested the IT environment and relevant IT applications that support data, models, and reports utilised to determine the measurement of balances due from customers. We focused on the data lineage of contract and relevant default data used for model parameters and the client exposure allocation to stage 1, 2 or 3. For the controls that were operating effectively, we placed appropriate reliance for the purpose of our audit. For controls that were not designed properly or not operating effectively, impact assessments were made, and additional substantive audit procedures were performed. *Substantive audit procedures* We inquired with management throughout the year on credit risk developments in the various industry sectors and jurisdictions. We tested management's process for credit impairment allowances, including their considerations for the current macro-economic environment, outlook and uncertainties. With the assistance of our experts and specialists, we performed, amongst other, the procedures outlined below: • Assessed whether the IFRS 9 model methodology is in line with market and industry practices and, as such, is fit for purpose. • Tested the appropriateness of the collective stage 3 model updates including proper implementation.

Key audit matter	Our audit work and observations
• The distinction between stage 2 underperforming finance leases/loans and stage 3 credit impaired finance leases/loans and the identification of respective qualitative credit impairment triggers. • Judgement to determine top level adjustments in case the credit impairment allowance models do not capture sufficiently specific macro-economic aspects In certain finance lease contracts, the Group is exposed to residual value risk. For these finance leases a process is in place to determine and monitor residual values throughout the contractual period. Measurement of balances due from customers is an area that is subject to a higher risk of material misstatement due to error or fraud, given the relevance and overall size of these balances and related credit impairment allowances, in combination with the significant level of management judgement, the high complexity and subjectivity of the models used, the sensitivity to assumptions applied, and an inherent high estimation uncertainty. Hence, we considered the measurement of balances due from customers to be a key audit matter in our audit.	• Tested the reconciliation of relevant financial data between contract management systems, general ledgers and the financial statements. • Tested on a sample basis critical data elements (e.g. exposure data, significant increase of credit risk, past days due). • Replicated the stage 1, 2 and collective stage 3 credit impairment allowance outcome based on the determined IFRS 9 methodology. • Evaluated the reasonableness of the forecasted macro-economic scenarios, the probability weights assigned to the plus, baseline and minus scenarios and validated the relevant macro-economic variable (unemployment rate) with external market sources as a benchmark. • Assessed the back testing procedures on the outcome of the IFRS 9 models (comparison of predicted losses versus the observed losses). • Assessed the correlation analysis between the year-on-year change in unemployment rate and observed losses. • Performed sensitivity analysis on relevant parameters (such as probability of default, loss given default and macro-economic scenarios). • Assessed the reasonableness of management's top level adjustments by obtaining supporting evidence to verify that these adjustment were necessary to address model limitations. Specifically, for these adjustments we have exercised professional scepticism in our audit given the significance and subjective nature of these item. • Tested on a sample basis the large ticket stage 3 credit impairment allowances and evaluated whether management's key judgements were reasonable by assessing, for example, projected cash flows and underlying assumptions. • Evaluated whether the disclosures, as included in note 1.1 and 1.3 to the consolidated financial statements, are adequate and in accordance with EU-IFRS disclosure requirements, specifically in view of the high estimation uncertainty. We note that the procedures performed in relation to this key audit matter implicitly and explicitly address the fraud risk of management override of controls (e.g. top level adjustments).

Key audit matter	Our audit work and observations
	We evaluated whether judgements and decisions made by management in making this accounting estimate were indicative of possible management bias. Based on the procedures performed, we have not identified indicators of possible management bias. Our audit procedures did not result in findings that would materially affect the measurement of balances due from customers, or the disclosures.
Application of macro fair-value hedge accounting and measurement of derivatives *reference to note 3.4 in the consolidated financial statements* Management makes use of interest rate derivatives to manage the interest rate risk linked to the floating rate loans used to fund an essentially fixed rate portfolio of finance leases and loans to customers in accordance with IAS 39. The fair value of the derivates (assets) are amounting €88 million and the derivates (liabilities) are amounting €55 million as per 31 December 2023. By applying macro fair-value hedge accounting for the €- and US $-positions, the Group recognised the results of the hedged items and hedging instruments in the profit or loss account simultaneously, to the extent the hedge relationship is effective. The €- and US $- hedge accounting models to determine the change in fair value of the hedged items and hedging instruments and the amount of (in)effectiveness, are complex in nature. The fair value of derivatives is determined using valuation techniques that are based on discounted cash flow models using market observable inputs in the discounting and forward curves. In view of the magnitude of the hedged portfolio, the complexity of macro fair-value hedge accounting, the potential significant impact on recognising ineffectiveness in the statement of profit or loss, and the implicit valuation uncertainty of the derivatives, we considered the application of macro fair-value hedge accounting and the measurement of derivatives to be a key audit matter in our audit.	*Controls design and operating effectiveness* We evaluated the design of the relevant internal controls and tested the operating effectiveness of the controls regarding the macro fair-value hedge accounting and the measurement of interest rate derivatives. We focused on the adequacy of hedge documentation, the monthly effectiveness testing, the controls in place to ensure proper recording of the derivative transactions, the valuation techniques, models and assumptions applied to ensure compliance with IAS 39. For the controls that were operating effectively, we placed appropriate reliance for the purpose of our audit. For controls that were not designed properly or not operating effectively, impact assessments were made and additional substantive audit procedures were performed. *Substantive audit procedures* We tested methodologies and models used by the Group for determining hedge effectiveness on the basis of the IAS 39 requirements. We evaluated the results of the hedge effectiveness tests for the €- and US $-hedge accounting models. In addition, we tested the accuracy and completeness of the contract information included in the models with the associated finance lease/loan contracts and respective derivatives. Key elements covered in our substantive testing were the notional amounts, maturities and underlying interest, and currency rates. We validated the hedge documentation and the effectiveness testing conducted throughout the year by management. We tested whether the hedge effectiveness is within the bandwidth during the year as defined by IAS 39.

Key audit matter	Our audit work and observations
	The results of the hedge relationships as recorded in the statement of profit or loss were reconciled to the output of the hedge accounting models. We tested the measurement of derivatives by repricing a sample of individual derivatives based on our independent valuation model. Evaluated whether the disclosures, as included in note 3.4 to the consolidated financial statements, are adequate and in accordance with EU-IFRS disclosure requirements. Our audit procedures did not indicate findings that would materially affect the measurement of derivatives, the effectiveness of hedges or the application of macro fair-value hedge accounting or the disclosures.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

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 all the information regarding the directors' report and the other 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 the 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 procedures 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 De Lage Landen International B.V. on 9 December 2016 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 18 June 2015. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of eight years.

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 Group, 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 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.

In preparing 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 in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

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 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 and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered 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, 25 April 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.R. Vermeulen RA MSc

Appendix to our auditor's report on the financial statements 2023 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 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 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Articles of association regulation concerning **profit appropriation**

Article 11 of the articles of association determines profit, loss, and distribution on shares. On a proposal by the Executive Board, the General Meeting allocates the profits determined by the adoption of the annual accounts, determines how a shortfall will be accounted for, and declares interim distributions from the profits or distributions from the reserves. Profit or reserves may only be distributed to the extent that the Company's equity exceeds the total amount of the reserves referred to in article 2:216 (1) BW.

Notwithstanding the provisions of article 2:216 (1) BW, a resolution to distribute profits or reserves is subject to the Executive Board's approval. If at the time when the profits are allocated, no resolution is adopted on the distribution or the addition to the reserves of these profits, the profits will be added to the reserves.

Colophon

Published by
DLL

About the Annual Report 2023
DLL has integrated both the financial information and the management report information in the Annual Report 2023.

The Annual Report 2023 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 2023 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 2023 is available on our website: www.dllgroup.com

Contact
DLL has exercised the utmost care in the preparation of the Annual Report 2023. 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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