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Banks

The Netherlands
Credit Analysis

LeasePlan Corporation N.V.

Ratings

LeasePlan Corporation N.V.

Foreign Currency	
Long-Term IDR*	A
Short-Term	F1
Outlook	Positive
Individual	B
Support	4
Sovereign Risk	
Foreign Long-Term IDR*	AAA
Local Long-Term IDR*	AAA
Outlook	Stable

* IDR – Issuer Default Rating

Financial Data

LeasePlan Corporation N.V.

	31 Dec 05	31 Dec 04
Total Assets (USDm)	16,889.0	16,160.0
Total Assets (EURm)	14,316.3	11,864.7
Equity (EURm)	1,208.3	1,032.7
Op. Profit (EURm)*	256.4	259.3
Published Net Inc (EURm)	198.6	209.6
Operating ROAA (%)	1.96	n.a.
Operating ROAE (%)	22.88	n.a.
Core Capital/Assets (%)	6.86	7.92
Tier 1 Ratio (%)	8.20	9.50

* Continuing operations

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Rating Rationale

- The Issuer Default Rating ("IDR") of LeasePlan Corporation N.V. ("LeasePlan") reflects the strength of its vehicle leasing franchise, its good earnings and risk management track records and its solid capitalisation. These factors are balanced by its reliance on wholesale sources for its funds.
- LeasePlan has a long track record of stable earnings and steady underlying net income growth, which is expected to continue in FY06.
- LeasePlan's solid franchise brings many benefits including a loyal customer base, an ability to secure rebates/discounts from suppliers and flexibility in disposing of returned vehicles.
- Credit and residual value risks have been well-controlled. Impairment charges typically averaging less than 20bp of the lease portfolio and residual values have been a consistent, if fluctuating, source of profit.
- LeasePlan is dependent on wholesale markets for its funds and has a relatively short track record with its debt holders. Since it was sold by ABN AMRO Bank (rated 'AA-') in late 2004, LeasePlan has embarked on a major funding initiative in order to re-finance ABN AMRO and bridging loan funds. It has raised EUR7bn on the public and private debt markets from more than 400 investors. It also has about EUR2.5bn of money market (including ECP and CD) funding.
- Liquidity is presently supported by a EUR5bn line from ABN AMRO, which amortises from December 2007-June 2009 (EUR3.3bn is un-drawn). The need to replace this drives much of LeasePlan's near- and medium-term funding plans (see below).
- LeasePlan is a bank and manages its leverage by keeping to a target Tier 1 ratio of 8%. Its Tier 1 ratio (which does not include any hybrids/preference shares) and core capital/assets ratio are sound.

Support

- In the event of need, there is a limited probability that support might be provided to LeasePlan by its shareholders or the Dutch authorities.

Rating Outlook and Key Rating Drivers

- LeasePlan's IDR could be upgraded within the next 18 months, if it successfully completes a number of funding and liquidity objectives and continues to demonstrate ready access to a wide investor base and stable profitability and risk indicators. LeasePlan's medium-term funding and liquidity plans include i) a EUR4bn committed syndicated liquidity backstop facility, ii) an own book securitisation of Dutch lease receivables (eligible for repo with the Dutch Central Bank), which will likely be in part drawn upon to pay down some ECP funding and replace the short-term element of the EUR4bn backstop facility, iii) a securitisation programme for up to EUR2bn and iv) achieving positive maturity mismatches across all time bands.
- LeasePlan is 50% owned by Volkswagen AG (rated 'A-') via its Volkswagen Bank subsidiary. LeasePlan's IDR is one notch higher than Volkswagen's and, under the present ownership structure, is unlikely to diverge by more than one additional notch (i.e. two in total).

Profile

- Together with its subsidiaries, LeasePlan is the leading fleet management group in the world, mainly providing operating leases. It has 1.25 million vehicles under management and has leading market shares in many of its countries of operation.

9 October 2006

Profile

- **Leading fleet leasing and management group, managing 1.25 million vehicles worldwide**
- **Regulated by the Dutch Central Bank**

LeasePlan was founded in the Netherlands in 1963. LeasePlan and its subsidiaries have grown to become a leading fleet and vehicle management group, mainly providing operating leases of between two and six years (with an average of 27 months). LeasePlan and its subsidiaries operate in 27 countries, occupying number one positions in 15 countries, notably in the Netherlands, Spain, Belgium, Australia and Italy; top-three positions in the US, Germany and the UK and a top-five position in France. LeasePlan's acquisition in Q305 of Volkswagen's brand-independent Europcar Fleet Services ("EFS") strengthened its franchise in Italy, Spain and Portugal. Of LeasePlan's 1.25 million fleet under management, about 70% is in Europe, 20% in the US and 10% in the rest of the world, mainly Australia. In Europe, 75% of the fleet is in the Netherlands, UK, Italy, France, Spain, Germany and Belgium. Locally, LeasePlan faces competition from subsidiaries of banks, independent importers and dealerships etc.

Its strong international franchise is important, in that it enables LeasePlan to offer large multi-nationals a global solution for their fleet management needs. LeasePlan's ability to retain its largest, multi-national clients is a key strength.

LeasePlan is authorised by the Dutch Central Bank ("DNB") to conduct the business of a credit institution in The Netherlands in accordance with the Dutch Act on the Supervision of Credit Institutions 1992. Two small subsidiaries also hold banking licences, but the group is prudentially regulated on a consolidated basis by the DNB. Debt and bank finance is very largely raised by LeasePlan itself and by LeasePlan Finance N.V. (Dublin branch). LeasePlan Finance's debt securities and bank funding is guaranteed by LeasePlan under a so-called "403 Declaration". A 403 Declaration is revocable at the option of the provider (i.e. Leaseplan), whereupon previously issued notes/bank finance is grandfathered. Only were LeasePlan Finance no longer to be a subsidiary of LeasePlan, would a revocation of a 403 Declaration potentially release LeasePlan from its prior obligations under the 403 Declaration. Local subsidiaries in some jurisdictions may, for various reasons, raise bank funding in their own names, again under guarantee from LeasePlan.

Services and Products: LeasePlan provides mainly operating leases except for in the US where it provides mainly finance leases. LeasePlan and its subsidiaries purchase vehicles, finance them, sometimes insure them via a captive insurance subsidiary (Euro Insurances; 260,000 insured vehicles) and dispose of vehicles. They partly out-source other services such as maintenance management, fuel management, accident management and rentals. In the US, fewer "value added" services are offered. Operating leases come in two forms: "open calculation" and "closed calculation". Under the former product (about 60% of contracts), a customer is given full access to all the information on costs incurred and the customer's account is credited if actual costs are below budget. LeasePlan bears the risk if they exceed budget. This product is only offered to clients with larger fleets and credits are given on fleet performance. Under the closed calculation product, LeasePlan still bears the downside risk, but also benefits from positive variances from budget. In addition, LeasePlan offers a "management only" product for customers who finance their fleet independently (about 25% of vehicles under management).

Ownership: LeasePlan was sold by ABN AMRO Bank in November 2004 to a consortium of Volkswagen Bank, a subsidiary of Volkswagen AG (50%), Olayan (25%), an Athens-based company that invests the wealth of the Saudi Arabia-based Olayan family, and the Mubadala Development Company (25%), an investment company owned by the government of Abu Dhabi. LeasePlan has a joint venture with the latter in the U.A.E. The shareholders own LeasePlan via an intermediary holding company. No party has overall control and the supervisory board of eight members consists of four representatives from Volkswagen Bank and two each from Olayan and Mubadala. No one has a casting vote. LeasePlan is not consolidated in Volkswagen's financial statements. Olayan and Mubadala have put options on their stakes to Volkswagen. We understand that Volkswagen views its stake in LeasePlan as being an attractively yielding investment, providing some revenue diversification. Volkswagen itself is keen to accentuate LeasePlan's financial and operational independence from Volkswagen and has publicly stated this.

LeasePlan differs substantially from the captive finance subsidiaries of the world's leading auto manufacturers in many ways, including:

1. It is car brand-independent. This is business-critical as it enables LeasePlan to offer a wide range of vehicles to customers;

Table 1: Performance (IFRS from 2004)

(EURm)	2005	2004	2003*	2002*	2001*
Net Income	198.6	209.6	192.9	180.2	166.1
Operating Profit	252.8	256.8	248.3	232.4	226.8
Result on Terminated Contracts	41.0	36.0	43.0	39.0	32.0
Total Equity (Consolidated)	1,208.3	1,032.7	1,025.9	891.0	727.5
Total Assets (Consolidated)	14,316.3	11,864.7	10,840.3	10,798.6	10,615.0
Fleet Under Management (No. of Vehicles)	1,225,000	1,090,000	1,074,000	1,089,000	1,107,000
ROAE	17.7	19.8	20.1	22.3	25.3
ROAA	1.5	1.9	1.8	1.7	1.7
“Efficiency Ratio”**	71.6	70.6	68.2	68.5	67.7
Net Impairment Charge/Lease Portfolio	0.15	0.14	0.10	0.19	0.30

* = Dutch GAAP; **operating expenses including amortisation and depreciation of non-lease assets/operating income net of impairment costs
Source: LeasePlan and LeasePlan’s financial statements

2. It is not controlled by Volkswagen and its purpose is not to help finance the sale of Volkswagen’s vehicles. Were it to be controlled by Volkswagen, it is unlikely that it would be able to achieve discounts/rebates from other manufacturers that it is often able to presently; and

3. It does not raise funds for Volkswagen, nor (apart from a small amount of legacy subordinated debt) does it receive funds from Volkswagen.

Performance

- **Track record of steady underlying net income growth**
- **Modestly declining ROE should stabilise to historic >18% levels from 2007 once Europcar Fleet Services acquisition has been absorbed**
- **Labour-intensive business and small ticket sizes drives high cost/asset ratio**

LeasePlan has a long track record of steady underlying net income growth and this is a key strength that underpins its ratings. Its franchise enables it to benefit from bulk purchasing discounts and rebates from some manufacturers and suppliers and the global fleet management solution it can provide to some of its largest multi-national clients means that customer loyalty is very strong. On smaller accounts, LeasePlan faces competition within its countries of operation, and this is best reflected in relatively flat fee income over the past five years, despite a growing fleet. Lease contracts grew by 22% to EUR12.5bn in 2005 (19% if FX-adjusted) in 2005, of which 13pp were organic. Net finance lease receivables totalled EUR2.15bn.

Adjusting for the sale of a subsidiary in 2004 (which generated a net gain on sale), underlying net income grew by 4% in 2005. Operating profit on continuing operations fell very fractionally to EUR254m, so the improvement in underlying net income was due to a lower overall tax rate. The current effective group tax rate is viewed as being sustainable. Operating expenses grew marginally faster than operating income in 2005 (3.7% versus 2.2%), albeit still giving rise to a respectable ROAA of 1.5%. The acquisition of ECFS in Q305 added EUR1.3bn of assets and, partly due to reorganisation costs, nil incremental earnings. Both factors depressed ROAA compared with 2004. The acquisition is likely to be earnings enhancing from 2007, once it has been fully integrated. Operating profits were split 66% eurozone, 14% UK and 20% ROW in 2005. Operating profits fell slightly in the eurozone, due to competitive pressure in the Netherlands and some one-off items in France. LeasePlan’s US operations make a minimal contribution to group earnings for several reasons: 1) its presence in the US is largely because some of its largest European clients have their head offices there; 2) competition is intense from the likes of GE Capital, which has cheaper funding costs; 3) it offers fewer “value added” services than in Europe and ROW and finance leasing is less remunerative because it is lower risk; and 4) it keeps some of the margin from its US business in the treasury centre in Ireland.

Revenue: LeasePlan’s gross profit (before the result on termination of contracts and net of cost of sales – mainly depreciation costs) is split broadly one-third net interest income and two-thirds non-interest income. Cost of sales of EUR2.9bn in 2005 included EUR2.2bn of depreciation costs. Line 6 in the Income Statement of the accompanying spreadsheets (EUR365m in 2005) is net of EUR2.5bn of “lease expenses”, mainly vehicle depreciation. LeasePlan’s interest margin was EUR296m. The margin narrowed slightly to 2.7% from 2.9%, and further modest pressure is likely in the medium term, in the wake of its recent capital markets re-financing activities (see *Funding and Capital*). Non-interest income of EUR574m includes management fee income, net rentals income, net insurance income, income from rebates and bonuses (the latter rising by 12% in 2005) etc. LeasePlan’s result on terminated contracts (i.e. from selling assets at the end of their leases) was EUR36m in 2005, which was equivalent to 4% of the group's gross profit before impairment losses and operating costs. While this result can fluctuate by region, it has been consistently in the EUR30m-EUR40m region over the past 10 years, which is testament to the group's pricing and risk management abilities (see Table 1 - and further commentary in *Risk Management*).

Costs: Staff costs accounted for 60% of operating costs in 2005. At 66% in 2005, LeasePlan has a fairly high cost/income ratio. A cost/assets ratio of 4.7% reflects the labour-intensive nature of its business due to the broad range of services it provides, as well as the relatively low value of the assets it is leasing. LeasePlan monitors its "efficiency ratio" (see Table 1), which was 71% in 2005. In the short term (egg 2006), the cost/income ratio is unlikely to improve due to further integration costs needed in ECFS.

Impairment losses on receivables have been consistently low as a percentage of the portfolio (see Table 1 and *Risk Management*) and were equivalent to just 6% of profits before impairment losses and taxes in 2005.

Outlook: LeasePlan's franchise and the diversification benefits and customer loyalty that this brings means its long-term profitability and earnings profile ought to remain solid and predictable. Its business has an element of counter-cyclicality to it, in that tougher economic conditions tend to make customers extend their contracts (when assets are very largely fully depreciated) and customers are more receptive to outsourcing fleet management.

H106 net income was EUR98.4m (up 11% versus H105). Management expects its track record of continuous, steady growth in net income to continue in 2006, and there is no reason to doubt this. ROAE is expected to decline modestly again in 2006, but should be capable of improving thereafter once ECFS has been fully integrated. In the long term, there are signs that LeasePlan's large Europe-headquartered multi-national clients might be looking to move the basis of their US contracts onto an operating lease model more akin to the highly remunerative model operated by LeasePlan in Europe. Dependent on the competitor reaction, this could benefit group earnings.

■ Risk Management

- **Credit and residual value risks tightly controlled**
- **Interest rate risk is hedged**

LeasePlan primarily faces credit, liquidity and residual value risks, all of which have historically been very tightly controlled. Liquidity risk is a vital risk for any bank, and LeasePlan is no exception, particularly given its reliance on wholesale funds – this risk is covered in more detail in the *Funding and Capital* section below.

Credit risk has historically been very tightly controlled. The group's largest exposures are generally to large corporate customers of a solid credit standing. The portfolio is spread across an array of sectors and geographies, with the 20 largest customers accounting for 15.6% of the lease portfolio at end-Q106 (equivalent to about 160% of end-2005 equity).

LeasePlan uses an internal rating system with 100 grades to score a lessee's credit risk. Limits are set for individual borrowers/lessees, for groups of borrowers/lessees and for industry segments. Small countries have small discretionary limits of their own, after which they have to refer to Head Office. Lower-rated counterparties have to make higher levels of prepayments, have lower residual values priced in and may be asked for additional collateral (egg a parental or bank guarantee). All credits are reviewed at least annually. LeasePlan's credit risk systems have yet to be approved for Basel II compliance, but the bank is aiming for the advanced internal ratings-based approach for credit risk. Given its low historic credit loss rates (see below), it expects a lower Pillar I capital requirement for credit risk under Basel II.

As Table 1 shows, net impairment provisions have historically been extremely low as a percentage of the portfolio. They have also been very low in relation to earnings. The higher net charge in 2001 followed an acquisition. Gross new impairment charges were 22bp in 2005 and 21bp in 2004. Charge-offs in 2005 totalled EUR15.7m (equivalent to 13bp of the lease portfolio), down from EUR19m in 2004 (this includes disputed end of contract wear and tear invoices). Account managers typically have quarterly meetings with their larger clients. A balance sheet allowance of EUR66m was held for impairment losses at end-2005. LeasePlan presently has about EUR21m of invoices that are more than 90 days past due and about EUR40m of other disputed invoices etc. A portfolio "collective allowance" of 5bp-10bp is taken against all lease assets. Allowance cover of impaired assets looks reasonable.

Residual value risk is managed and mitigated in a number of ways and has also been well managed by LeasePlan. Residual value risk is not assumed in the US on finance leases. Residual values have been a consistent source of income for the group (see Table 1). Occasionally, residual value losses have been incurred in some jurisdictions (egg the UK in the late 1990s/early 2000s), but the group's geographical and model diversification has enabled these to be absorbed by residual value profits elsewhere. A team of economists around the world is responsible for tracking and estimating residual values and determining which makes/models are particularly at risk. Because of its geographical reach, LeasePlan is able to make use of national and cross-border re-marketing for assets (particularly if they are left hand drive in Europe). A number of its services (egg fuel and maintenance management) also enable the group to keep a close eye on vehicle maintenance and servicing. Excessive wear and tear is charged for, as are early terminations (the difference between MV and BV, a penalty for the funding cost etc) and mileage variation.

Other Market Risks: Until a year ago, LeasePlan took minimal interest rate risk. Since then, modest gaps have been opened. Countries have small interest rate mismatch limits of 2.5% of interest-bearing assets, after which interest rate risk has to be passed for central management to the treasury centre in Dublin, which has a 5% mismatch limit per bucket. Fitch understands that typically only 2%-3% of lease contracts are not matched by loans with a similar duration. LeasePlan does not take speculative FX risk. Derivative counterparties are of a high quality.

Insurance Risk: LeasePlan's captive insurance subsidiary, Euro Insurances, is regulated in Ireland and writes insurance contracts to cover vehicle damage, third-party liability, passenger indemnity and legal assistance risks. Some of these risks are then ceded. We understand that the combined ratio of Euro Insurances was just 74% in 2005 and that it has never exceeded 100%. Most risks are short-tailed. A balance sheet provision of EUR191m was held against longer-tailed risks (i.e. mainly third party liability) at end-2005.

Operational risk is controlled by risk self-assessments and loss data has been collected now since January 2004, when the group's operational risk policy was also rolled out. Each country has an operational risk co-ordinator and 260 people have access to the loss database. The vast majority of reported losses fall in the EUR5,000 bucket and mainly relate to disputed invoices, ordering, IT problems and insurance and accounting errors. It has 1,000 data points. The total amount of operational losses since January 2004 is EUR13m, which is substantially less than a BIA capital requirement of EUR125m, based on 15% of gross revenues. LeasePlan is aiming to use advanced measurement approaches under Basel II and has used external data to supplement its low-frequency, high-impact events data. Its models are not yet ready for validation by the DNB.

■ Funding and Capital

- **Reliant on wholesale sources of funds**
- **Un-drawn ABN AMRO facility will be replaced with syndicated backstop facility/own book securitisation, to maintain a solid liquidity cushion**
- **Satisfactorily capitalised and self-financing**

When owned by ABN AMRO Bank, LeasePlan was funded by a combination of intra-group and money market funding. Since the change in ownership, LeasePlan has moved quickly to re-finance its ABN AMRO funding in the public and private capital markets. Since December 2004, it has issued EUR7bn in 13 currencies (71% in EUR). More than 400 investors have invested in LeasePlan in the primary market. LeasePlan has a EUR10bn EMTN programme and a AUD2bn programme from which it issued a debut AUD500m bond in April 2006. Structured notes, fully hedged with high quality counterparties, are presently an insignificant source of funds, as are deposits (EUR642m at end-2005), which are mainly sourced from local authorities etc via money brokers. In addition, LeasePlan has an additional EUR2.5bn of CD and ECP funding under USD3bn ECP and EUR2bn Belgian CD programmes. Un-drawn committed lines of around EUR3.6bn are presently available from ABN AMRO (mainly), ING and Rabobank.

LeasePlan estimates that, in the long term, its non-equity funding will be 80%-85% sourced from the capital markets and 15%-20% from the money markets (including CP and CDs). LeasePlan imposes a cap on the level of maximum aggregate monthly money and capital market redemptions at EUR900m. At end-Q106, EUR500m of money market funds matured within one month, EUR500m in 1-2 months, EUR1bn in 2-6 months and the remaining EUR500m in 6-8 months. LeasePlan's EUR7bn of capital market funds are well spread by maturity (17% 1-2 years; 30% 2-3 years; 27% 3-4 years; 23% >5 years).

The diversity and maturity profile of LeasePlan's funding has improved materially over the past 18 months. However, the group is reliant on wholesale sources for its funds and further diversification is desirable. LeasePlan has not yet securitised any of its asset pools. It will be securitising up to EUR1.5bn of its Dutch portfolio through an own book securitisation by the end of 2006 (see below) with a view to establish a separate securitisation programme of up to EUR2bn in the course of 2007 to further diversify funding and enhance liquidity. It will also be accessing the US Private Placement market in Q406.

LeasePlan has a EUR5bn committed bridge facility from ABN AMRO, of which EUR3.3bn was unutilised at end-H106. The ABN AMRO facility will start to amortise from December 2007 and will cease to exist after June 2009. The drawn amount will be re-financed as part of the capital markets funding programme, and the un-drawn amount will initially be replaced by a EUR4bn committed syndicated liquidity backstop facility (split into EUR2bn due December 2007, EUR1bn due December 2008 and EUR1bn due December 2011. An own book securitisation of Dutch lease receivables of up to EUR1.5bn (eligible for repo with the Dutch Central Bank) will then likely be in part (about EUR1bn) drawn upon to pay down up to EUR1bn of ECP funding and replace the short-term element of the EUR4bn backstop facility.

Once the above liquidity measures are in place, LeasePlan will have about EUR1.5bn of ECP or CDs (max EUR2bn) outstanding. Against this, LeasePlan will have a further EUR2bn of committed back-up facilities with maturities of two and five years and about EUR500m of notes available for repo with the DNB. LeasePlan also typically maintains cash balances of about EUR400m and has EUR250m of one and two years committed credit lines (due September 2007) from two leading Dutch banks. LeasePlan has long relationships with a wide number of banks and estimates it has about EUR1.2bn of uncommitted lines available to it from them, which it periodically draws down upon in order to keep their name in the market. Bilateral lines of EUR1bn (about 50% drawn) mainly relate to the group's Czech Republic, Italian, Polish and Slovakian operations.

Covenants: LeasePlan does not have to maintain any financial covenants under the terms of its funding and none of its funding agreements contains MAC clauses.

Liquidity Risk: LeasePlan holds a low level of liquid assets on its balance sheet. However, given the facility available to the group from ABN AMRO, LeasePlan presently has an extremely high level of liquid resources available to it. This will continue to be the case when the ABN AMRO facility is replaced. Being a bank, LeasePlan is required to meet regulatory liquidity limits. Management assesses its liquidity position excluding the ABN AMRO line and, in this respect, the group's liquidity profile has strengthened over the past year. It has yet to reach the targeted position of achieving positive maturity mismatches across all time bands, but should grow into this position in mid 2007 as the group continues with its funding plans. LeasePlan has an existing contingency liquidity plan. The plan is communicated with the DNB and includes phased actions to be undertaken by treasury, the CFO, the management board and, ultimately, the DNB itself. If LeasePlan is unable to attract un-committed funding (egg debt capital markets are closed), LeasePlan will effect its contingency plans. It calculates that under its new liquidity arrangements (see above) it would have sufficient liquidity to continue in a business as usual mode for at least 15 months and on a run-off mode for about four years.

Capital: LeasePlan controls its balance sheet leverage by monitoring and planning to its regulatory capital position. It has a target Tier 1 ratio of 8% against an actual Tier 1 ratio of 8.2% at end-2005. Most leases are 100% risk-weighted. The Tier 1 ratio had been 9.5% at end-2004, but came down following the ECFS acquisition and the implementation of IFRS. LeasePlan's Tier 1 capital contains no preference shares or other innovative Tier 1 instruments and Fitch believes the group to be satisfactorily capitalised. LeasePlan's dividend policy is to pay out EUR130m per annum, provided the group keeps to its 8% Tier 1 target. Mindful of the ECFS acquisition, it paid out EUR60m in 2005. LeasePlan does not have a target risk asset ratio, but is likely to implement one under Basel II. Tier 2 capital consists of EUR240m of cheap, legacy subordinated funds from Volkswagen Bank (previously from ABN AMRO). Volkswagen Bank has the right to call these with five years' notice, whereupon they would start to amortise for regulatory capital purposes. Were they to be called, LeasePlan would re-finance them in the public markets in order to maintain satisfactory headroom over the 8% minimum risk asset ratio requirement. At end-2005, its risk asset ratio was 10%. LeasePlan should have a lower regulatory capital requirement under Basel II, Pillar I as lower requirements against credit risk more than offset expected requirements for operational risk. While Pillar II may claw back some of the capital "freed up", Fitch has been informed that LeasePlan would run with a stronger reported Tier 1 target ratio.

Balance Sheet Analysis

LEASEPLAN CORPORATION NV (c.)

	31 Dec 2005				31 Dec 2004	
	Year End USDm Original	Year End EURm Original	As % of Assets Original	Average EURm Original	Year End EURm Original	As % of Assets Original
A. LOANS						
1. Private	n.a.	n.a.	-	n.a.	n.a.	-
2. Corporate	n.a.	n.a.	-	n.a.	n.a.	-
3. Equipment under operating leases	12,206.8	10,347.7	72.28	18,838.0	8,490.3	71.56
4. Other	3,113.1	2,639.0	18.43	11,759.4	10,532.0	17.21
5. Loan Impairment	77.5	65.7	0.46	58.2	50.7	0.43
6. Loan Impairment (memo)	n.a.	n.a.	-	n.a.	n.a.	-
7. Less: Loans from the Insurance Business	n.a.	n.a.	-	n.a.	n.a.	-
TOTAL A	**15,243.0**	**12,921.0**	**90.25**	**11,701.2**	**10,481.3**	**88.34**
B. OTHER EARNING ASSETS						
1. Loans and Advances to Banks	230.4	195.3	1.36	390.0	584.8	4.93
2. Government Securities	n.a.	n.a.	-	n.a.	n.a.	-
3.Trading Assets	n.a.	n.a.	-	n.a.	n.a.	-
4. Derivatives	26.4	22.4	0.16	11.2	0.0	0.00
5. Other Securities and Investments	82.7	70.1	0.49	53.6	37.0	0.31
6. Equity Investments	18.3	15.5	0.11	14.3	13.0	0.11
7. Insurance	16.6	14.1	0.10	12.8	11.4	0.10
TOTAL B	**374.4**	**317.4**	**2.22**	**481.8**	**646.2**	**5.45**
C. TOTAL EARNING ASSETS (A+B)	**15,617.4**	**13,238.4**	**92.47**	**12,183.0**	**11,127.5**	**93.79**
D. TANGIBLE FIXED ASSETS	**150.1**	**127.2**	**0.89**	**128.0**	**128.8**	**1.09**
E. NON-EARNING ASSETS						
1. Cash and Due from Banks	0.1	0.1	0.00	0.1	0.1	0.00
2. Other	1,121.4	950.6	6.64	779.5	608.3	5.13
F. TOTAL ASSETS	**16,889.0**	**14,316.3**	**100.00**	**13,090.5**	**11,864.7**	**100.00**
G. DEPOSITS & MONEY MARKET FUNDING						
1. Due to Customers - Current	757.5	642.1	4.49	633.1	624.1	5.26
2. Due to Banks < 3 months	933.1	791.0	5.53	768.7	746.3	6.29
3. Due to Banks - 3 months to 5 years	3,304.4	2,801.2	19.57	4,414.4	6,027.5	50.80
4. Commercial Paper	2,240.9	1,899.6	13.27	1,276.4	653.2	5.50
5. Certificates of Deposit	592.4	502.2	3.51	582.8	663.3	5.59
TOTAL G	**7,828.3**	**6,636.1**	**46.37**	**7,675.4**	**8,714.4**	**73.44**
H. OTHER LIABILITIES						
1. Derivatives	15.0	12.7	0.09	6.4	0.0	0.00
2.Trading Liabilities	n.a.	n.a.	-	n.a.	n.a.	-
3. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-
4. Insurance	225.7	191.3	1.33	169.1	146.8	1.24
TOTAL H	**240.7**	**204.0**	**1.42**	**175.5**	**146.8**	**1.24**
I. OTHER FUNDING						
1. EMTN Borrowing	5,315.2	4,505.7	31.47	2,502.9	500.0	4.21
2. Subordinated Debt	284.2	240.9	1.68	240.9	240.9	2.03
3. Other Funding	n.a.	n.a.	-	n.a.	n.a.	-
TOTAL I	**5,599.4**	**4,746.6**	**33.13**	**2,743.8**	**740.9**	**6.24**
J. NON-INTEREST BEARING	**1,794.7**	**1,521.3**	**10.63**	**1,375.6**	**1,229.9**	**10.36**
K. HYBRID CAPITAL						
1. Non-cumulative Hybrid Capital	n.a.	n.a.	-	n.a.	n.a.	-
2. Other Hybrid	n.a.	n.a.	-	n.a.	n.a.	-
L. TOTAL LIABILITIES	**15,463.6**	**13,108.0**	**91.56**	**11,970.0**	**10,832.0**	**91.30**
M. EQUITY						
1. Common Equity	1,387.0	1,175.7	8.21	1,107.0	1,038.3	8.75
2. Minority Interest	2.5	2.1	0.01	1.3	0.4	0.00
3. Revaluation Reserves	36.0	30.5	0.21	12.3	-6.0	-0.05
TOTAL M	**1,425.4**	**1,208.3**	**8.44**	**1,120.5**	**1,032.7**	**8.70**
MEMO:CORE CAPITAL	**1,140.9**	**967.1**	**6.76**	**949.4**	**931.7**	**7.85**
MEMO: ELIGIBLE CAPITAL	**1,140.9**	**967.1**	**6.76**	**949.4**	**931.7**	**7.85**
N. TOTAL LIABILITIES & EQUITY	**16,889.0**	**14,316.3**	**100.00**	**13,090.5**	**11,864.7**	**100.00**
Exchange Rate		USD1 = EUR 0.8477			USD1 = EUR 0.7342	

Income Statement Analysis
LEASEPLAN CORPORATION NV (c.)

	31 Dec 2005		31 Dec 2004	
	Income Expenses EURm Original	As % of Total AV Earning Assts Original	Income Expenses EURm Original	As % of Total AV Earning Assts Original
1. Interest Income	664.5	5.45	595.2	-
2. Interest Expense	368.1	3.02	307.9	-
3. NET INTEREST REVENUE	**296.4**	**2.43**	**287.3**	**-**
4. Net Fees & Commissions	174.9	1.44	171.5	-
5. Net Insurance Revenue	53.5	0.44	48.1	-
6. Other Operating Income	365.0	3.00	332.7	-
7. Personnel Expenses	364.1	2.99	336.8	-
8. Other Operating Expenses	254.6	2.09	223.8	-
9. PRE-IMPAIRMENT OPERATING PROFIT	**271.1**	**2.23**	**279.0**	**-**
10. Loan Impairment Charge	14.7	0.12	14.1	-
11. Other Credit Impairment and Provisions	0.0	0.00	5.6	-
12. OPERATING PROFIT	**256.4**	**2.10**	**259.3**	**-**
13. Other Income and Expenses	n.a.	-	30.7	-
14. PUBLISHED PRE-TAX PROFIT	**256.4**	**2.10**	**290.0**	**-**
15. Taxes	56.7	0.47	68.8	-
16. Profit/(Loss) from Discontinued Operations	-1.1	-0.01	-11.6	-
17. Change in Value of AFS investments	n.a.	-	n.a.	-
18. CurrencyTranslation Differences	24.1	0.20	-6.0	-
19. Other Gains/(Losses) not in Published Net Income	12.4	0.10	0.0	-
20. FITCH COMPREHENSIVE INCOME	**235.1**	**1.93**	**203.6**	**-**
21. Total Gains/(Losses) not in Published Net Income	36.5	0.30	-6.0	-
22. IFRS Dividends included in Fitch Interest Expense	n.a.	-	n.a.	-
23. PUBLISHED NET INCOME	**198.6**	**1.63**	**209.6**	**-**

Ratio Analysis
LEASEPLAN CORPORATION NV (c.)

		31 Dec 2005 Year End EURm Original	31 Dec 2004 Year End EURm Original
I. PERFORMANCE			
1. Net Interest Margin	%	2.43	n.a.
2. Loan Yield	%	5.55	n.a.
3. Cost of Funds	%	3.53	n.a.
4. Costs/Average Assets	%	4.73	n.a.
5. Costs/Income	%	69.73	66.95
6. Pre-Impairment Operating ROAA	%	2.07	n.a.
7. Operating ROAA	%	1.96	n.a.
8. Pre-impairment Operating ROAE	%	24.19	n.a.
9. Operating ROAE	%	22.88	n.a.
II. CAPITAL ADEQUACY			
1. Internal Capital Generation	%	15.63	n.a.
2. Core Capital/Total Assets	%	6.86	7.92
3. Eligible Capital/Regulatory Weighted Risks	%	7.17	n.a.
4. Tier 1 Regulatory Capital Ratio	%	8.20	9.50
5. Total Regulatory Capital Ratio	%	10.00	11.70
6. Free Capital/Equity	%	61.22	69.98
III. LIQUIDITY (year end)			
1. Liquid Assets/Deposits & Money Mkt Funding	%	0.01	0.01
2. Loans/Deposits	%	2,012.30	1,679.43
IV. ASSET QUALITY			
1. Loan Impairment Charge/Gross Loans (av.)	%	0.13	n.a.
2. Total Credit Impairment/Pre-impairment Operating Profit	%	5.42	7.06
3. Loan Impairment/Gross Impaired Loans	%	n.a.	n.a.
4. Individual Loan Impairment/Gross Impaired Loans	%	n.a.	n.a.
5. Impaired Loans Gross / Loans Gross	%	n.a.	n.a.
6. Impaired Loans Net/Eligible Capital	%	n.a.	n.a.
7. Net Charge-offs/Gross Loans (av.)	%	0.1	n.a.