

Netherlands
Credit Update

LeasePlan Corporation NV

Ratings

LeasePlan Corporation NV

Foreign Currency

Long-Term IDR*	A
Short-Term IDR*	F1
Outlook	Stable

Individual	B
Support	4
Support Floor	B+

Sovereign Risk

Foreign Long-Term IDR*	AAA
Local Long-Term IDR*	AAA
Outlook	Stable

* IDR – Issuer Default Rating

Financial Data

LeasePlan Corporation NV

	31 Dec 06	31 Dec 05
Total Assets (USDm)	20,815.8	16,889.0
Total Assets (EURm)	15,805.4	14,316.3
Equity (EURm)	1,371.0	1,208.3
Operating Profit (EURm)*	282.5	256.4
Published Net Income (EURm)	209.5	198.6
Comprehensive Income (EURm)	229.4	235.1
Operating ROAA (%)	1.88	1.96
Operating ROAE (%)	21.91	22.88
Internal Capital Generation (%)	12.75	15.63
Tier 1 Ratio (%)	8.70	8.20

* Continuing operations

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■ Rating Rationale

- The ratings of LeasePlan Corporation NV (LeasePlan) reflect the strength of its vehicle leasing franchise, its good earnings, risk management track records and solid capitalisation. These factors are balanced by its reliance on wholesale sources for its funds. LeasePlan has a relatively short track record with its debt holders. Since it was sold by ABN AMRO Bank in late 2004, LeasePlan has re-financed its ABN AMRO funds, raising EUR12.1bn in the capital markets. It also has about EUR1.4bn of ECP and CD funding. In August/September it has been replacing maturing ECP with deposits from Dutch municipalities and provinces, and drawing on European Central Bank (ECB) repo facilities, given the weaker credit market conditions.
- A EUR1bn securitisation of its Dutch portfolio held on its own books and eligible for repo with the ECB has enhanced liquidity. LeasePlan had drawn EUR237m of this facility at 1 September 2007 to replace some maturing ECP funding. LeasePlan is planning further own-book securitisations in order to keep to its 12 months' liquidity backstop target, in case market conditions do not improve. The bank achieved its target of having a positive cumulative maturity profile in each time band during 2007 and, with EUR4.8bn of liquidity available at 1 September 2007 (credit lines, repo-able securities and cash) can continue for at least 12 months without reducing business volume or accessing capital markets.
- LeasePlan has a track record of steady underlying net income growth, which is expected to continue. Net interest income makes up about 33% of operating income, and hence it should be satisfactorily positioned to cope with possible margin pressure and funding cost increases.
- 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 a bank and manages its leverage by keeping to a target Tier 1 ratio of 8%. At 8.1% at end-H107 (and including no preference shares), LeasePlan is satisfactorily capitalised.

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

- Upside potential for Leaseplan's Long-term IDR could arise from the successful negotiation of the tougher capital market conditions, which would prove the robustness of Leaseplan's business in the eyes of investors; further progress being made in diversifying its funding, liquidity and investor base, including through additional securitisations and the continuation of its favourable profitability, risk management and capital management track records. Although operationally and financially independent from its 50% shareholder, Volkswagen Bank, a subsidiary of Volkswagen AG (rated 'A-'), it is unlikely that Leaseplan's Long-Term IDR could ever be more than two notches higher than Volkswagen's, while the current ownership structure exists. Downside risk for Leaseplan's ratings could arise from material changes to profitability and risk indicators as well as a sustained deterioration in its liquidity position.

■ Profile

- Together with its subsidiaries, LeasePlan is the leading fleet management group in the world, mainly providing operating leases. It has 1.28 million vehicles under management.

4 October 2007