Fitch Ratings

# FITCH AFFIRMS LEASEPLAN AT 'A-', OUTLOOK REVISED TO STABLE

Fitch Ratings-London-28 September 2010: Fitch has today affirmed LeasePlan Corporation NV's (LeasePlan) Long-term Issuer Default Rating (IDR) at 'A-'. The Outlook has been revised to Stable from Negative. The agency has also upgraded the Individual rating to 'B/C' from 'C'. For a full list of rating actions, please refer to the end of this announcement.

LeasePlan's Long- and Short-term IDRs, senior unsecured and unguaranteed debt and Individual ratings reflect the strength of its vehicle leasing franchise, resilient performance during a severe cyclical downturn (as represented by improving profitability and reducing residual value losses since H109), satisfactory liquidity, solid capitalisation and low credit risks. As Fitch believes these core features will be maintained over the medium term, the agency revised LeasePlan's Outlook to Stable and upgraded the Individual rating.

Fitch notes that downside rating risk would arise from weakened liquidity, difficulty in raising non-guaranteed term funding, deterioration in profitability from further large residual value losses or impairment charges, and/or weaker capitalisation. Leaseplan's monoline business, wholesale funding profile and exposure to residual value risks mean higher ratings are unlikely at this stage.

LeasePlan is reliant on wholesale funding, which Fitch still considers a weakness, despite greater diversification emerging within the bank's overall funding base. Following the unprecedented dislocation in wholesale funding markets in H208, LeasePlan, like some other Dutch banks, needed to issue a large amount of government-guaranteed medium-term notes (MTNs). Further use of guaranteed funding is not expected, but would be a concern to the agency and would only likely occur, in Fitch's view, in another severe market dislocation.

LeasePlan's ability to access the unsecured term debt markets resumed in Q309, since when it has issued EUR1.85bn of unguaranteed MTNs (EUR1.5bn benchmark and EUR350m private placement). LeasePlan's most recent public issue earlier this month (EUR500m of five-year notes) is its first new public bond to mature after the maturity of all guaranteed debt.

LeasePlan has reduced reliance on unsecured term debt by increasing securitisations and retail deposits. Fitch views positively LeasePlan's placement of EUR734m of its Bumper 3 securitisation with investors in H110, which bodes well for the company's aim to place further transactions. LeasePlan has been successful in raising a fairly material retail deposit base from an internet-based savings bank launched in Q110; Fitch views this as a highly competitive and price-sensitive market, but notes that this is only projected to provide 10-20% of funding.

Fitch considers LeasePlan's liquidity to be conservatively managed. At 31 July 2010, it had sufficient liquidity to continue in 'business as usual' mode and to meet its obligations for over one year without access to the capital markets. Liquidity is supported by ECB repo-able own-book securitisations, a EUR1.125bn syndicated bank facilities and a EUR1.5bn committed facility from Volkswagen Group ('BBB+'/Positive), which wholly owns LeasePlan's 50% parent, Volkswagen Bank.

Operating profits have improved substantially (H110: EUR122m; H109: EUR12m) as residual value losses and impairment charges continue to moderate from their H109 peak and a greater focus on risk-adjusted returns and fee income feeds through from new business. Fitch expects profitability to remain satisfactory in the medium-term, but closely correlated to Europe's economic outlook.
LeasePlan's lease and receivables book has reduced slightly since end-2008, but Fitch expects volume growth to resume cautiously in H210. Fitch considers credit and residual value risks to be tightly managed by the company to the extent that they fall within the company's control. Impaired receivables remain a low proportion of the total portfolio (end-H110: 0.7%). Fitch considers

LeasePlan's capitalisation to be solid.

The Support Rating floor was affirmed at 'B+' and withdrawn, as Fitch believes that LeasePlan would look to its shareholders for financial support, in case of need, in the first instance. The Support Rating was affirmed at '4', indicating the agency's view of a limited probability for this shareholder support.

LeasePlan is the world's leading fleet management group, with 1.3 million vehicles under management in 30 countries, mainly as operating leases. It holds a banking licence from the Dutch central bank. The group is 50%-owned by Volkswagen Bank and 50%-owned by Fleet Investments B.V., in turn owned by Friedrich von Metzler.

Rating actions taken on Leaseplan today:

Long-term IDR: affirmed at 'A-'; Outlook revised to Stable from Negative
Short-term IDR: affirmed at 'F2'
Senior unsecured debt: affirmed at Long-term 'A-' and Short-term 'F2'
Dutch government guaranteed debt: affirmed at Long-term 'AAA' and Short-term 'F1+'
Subordinated debt: affirmed at 'BBB+'
Individual rating: upgraded to 'B/C' from 'C'
Support rating: affirmed at '4'
Support Rating Floor: affirmed at 'B+'; withdrawn

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Additional information is available at www.fitchratings.com.

Applicable criteria, 'Global Financial Institutions Rating Criteria, dated 16 August 2010, and 'Finance and Leasing Companies Criteria', dated 30 December 2009 are available at www.fitchratings.com.

Applicable Criteria and Related Research:
Global Financial Institutions Rating Criteria
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=547685
Finance and Leasing Companies Criteria
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=493344