MOODY'S INVESTORS SERVICE

Credit Opinion: LeasePlan Corporation N.V.

Global Credit Research - 18 Jan 2011

Almere, Netherlands

Ratings

Category	Moody's Rating
Outlook	Stable
Bank Deposits -Dom Curr	A3/P-2
Bank Financial Strength	C
Issuer Rating -Dom Curr	A3
Senior Unsecured	A3
Subordinate -Dom Curr	Baa1
Bkd Commercial Paper	P-2
Other Short Term -Dom Curr	(P)P-2
LeasePlan Finance N.V. (DUBLIN BRANCH)	
Outlook	Stable
Bkd Senior Unsecured	A3
Bkd Commercial Paper	P-2
Bkd Other Short Term -Dom Curr	(P)P-2
LeasePlan Australia Limited	
Outlook	Stable
Bkd Sr Unsec MTN	(P)A3
Bkd Commercial Paper	P-2
Bkd Other Short Term	(P)P-2

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Key Indicators

LeasePlan Corporation N.V. (Consolidated Financials)[1]

	[2]6-10	[2]12-09	[2]12-08	[3]12-07	[3]12-06	Avg.
Total Assets (EUR million)	17,831.14	17,126.21	17,698.81	16,345.33	15,805.45	[4]3.06
Tangible Common Equity (EUR million)	1,692.24	1,567.55	1,393.72	1,256.34	1,222.27	[4]8.47
Total Assets (USD million)	21,841.44	24,571.68	24,602.19	23,897.72	20,841.89	[4]1.18
Tangible Common Equity (USD million)	2,072.84	2,249.03	1,937.34	1,836.83	1,611.74	[4]6.49
PPI / Avg RWA	2.07%	1.98%	1.83%	2.19%	2.11%	[5]1.96%
Net Income / Avg RWA	1.41%	1.24%	1.33%	1.72%	1.44%	[5]1.33%
(Market Funds - Liquid Assets) / Total Assets	62.13%	69.18%	66.46%	70.44%	71.60%	[6]67.96%
Core Deposits / Average Gross Loans	--	1.48%	11.14%	5.72%	2.79%	[6]5.28%
Tier 1 Ratio	13.60%	12.80%	9.80%	8.30%	8.70%	[5]12.07%
Tangible Common Equity / RWA	13.12%	12.29%	9.49%	8.06%	8.55%	[5]11.63%
Cost / Income Ratio	70.85%	69.33%	69.68%	65.70%	67.12%	[6]68.54%
Problem Loans / Gross Loans	--	0.69%	0.34%	0.30%	0.33%	[6]0.42%
Problem Loans / (Equity + Loan Loss Reserves)	--	5.86%	3.54%	3.00%	3.12%	[6]3.88%

Source: Moody's

[1] All ratios are adjusted using Moody's standard adjustments [2] Basel II; IFRS [3] Basel I; IFRS [4] Compound Annual Growth Rate based on IFRS reporting periods [5] Basel II & IFRS reporting periods have been used for average calculation [6] IFRS reporting periods have been used for average calculation

Opinion

RECENT CREDIT DEVELOPMENTS

On 7 January 2011, Moody's affirmed LeasePlan's A3 long-term debt and deposit ratings and changed the outlook to stable from negative. At the same time, the bank's BFSR was affirmed at C with a stable outlook. The Prime-2 short-term debt and deposit ratings were also affirmed.

The change in outlook reflects Moody's belief that the heightened level of risks resulting from the wholesale funding profile of the institution has stabilized, reflecting liquidity actions taken by management and improved capital market conditions. LeasePlan's ongoing reliance on confidence-sensitive wholesale funding nevertheless remains a constraint on its ratings. The revision of the outlook to stable also reflects the resilience of LeasePlan's commercial operations in a depressed macro-economic environment in most of the countries where the institution operates. In Moody's view, LeasePlan's leading position in a number of developed markets is one of its key credit strengths.

For more details, please refer to Moody's Press Release dated 7 November 2011.

SUMMARY RATING RATIONALE

Moody's assigns a bank financial strength rating (BFSR) of C with stable outlook to LeasePlan Corporation N.V. (LeasePlan), which translates into a baseline credit assessment (BCA) of A3. The rating derives from the company's sizeable global car leasing franchise, not only in the Netherlands but also in other European markets, Australasia and the US, as well as its well-diversified client portfolio and solid financial fundamentals. The rating is, however, constrained by the company's near-total reliance on wholesale funding sources and its mono-line nature.

LeasePlan's global local currency (GLC) deposit ratings are A3/P-2, based solely on its BCA of A3, and do not incorporate any probability of systemic or parental support. VW Bank (C-/A2 Stable/P-1) - a 100%-owned subsidiary of VW Financial Services (unrated) and thus indirectly of VolksWagen AG (VW, A3 stable/P-2) - owns 50% of the company, while the remaining shares are owned by Fleet Investments B.V., an investment company.

Moody's notes VW regards LeasePlan very much as a financial investment and as such the company is operationally and managerially independent from its owners. Thus, in VW Bank's IFRS accounts, LeasePlan is accounted for as an investment under the equity method.

Credit Strengths

- Leading fleet and vehicle management company

- Geographically diversified franchise with strong foothold in the Netherlands and other European markets, as well as in Australasia and the US

- Good risk management and proven ability to adapt residual values to market changes

Credit Challenges

- Reliance over wholesale funding sources and debt capital markets

- Monoline type of business focused on car leasing and fleet management

- High sensitivity of revenues to the evolution of the second-hand car market prices and residual values

- Potential reduced attraction of leasing to corporate customers due to future changes in accounting principles.

Rating Outlook

The outlook on LeasePlan's BFSR and long-term deposits and debt ratings were revised to stable from negative on 7 January 2011. The rating action reflects Moody's belief that the heightened level of risks resulting from the wholesale funding profile of the institution, while still being a challenge for this institution, has stabilized.

Furthermore, the previously-assigned negative outlook also incorporated Moody's concerns of the potential impact a prolonged depreciation of second-hand car market prices would have on LeasePlan's residual value risks. In this respect, Moody's notes the ability of the bank to partly mitigate risks through a set of factors, including extension of existing lease, setting lower residual values on new production. For more details, please refer to the Risk Positioning section of this report.

What Could Change the Rating - Up

The BFSR and long-term deposit ratings carry a stable outlook. Moody's cautions however that LeasePlan's ongoing reliance on confidence-sensitive wholesale funding remains a constraint on its ratings and that thus an upward pressure on the BFSR is unlikely in the short to medium-term.

That being said, upward pressure on the BFSR could arise from a combination of the following elements:

- A significant reduction of the reliance on wholesale funding, notably by shifting further towards funding sources considered by Moody's as more stable and more predictable

- A continued improvement of the institution's risk profile, notably by maintaining strict origination and monitoring criteria and being able to mitigate the bank's profitability from future second-hand car market downturns

- The maintenance of a leading market positions and bargaining power with suppliers/car manufacturers

An upgrade of the BFSR would very likely result in a similar upgrade of the long-term ratings.

What Could Change the Rating - Down

The BFSR could be downgraded in the event of a perception by Moody's of a heightened risk profile. This could be the case in the event of, inter alia:

- A deterioration of the bank's liquidity profile, notably by a higher reliance on wholesale funding, a failure to successfully replace state guaranteed debt or higher than anticipated liquidity gaps

- A deterioration of the bank's financial fundamentals that could be detrimental to its loss absorption capacity

- A weaker risk management resulting from inter alia more aggressive residual values, less stringent origination criteria or diminished mitigating factors

- A weaker franchise or geographical diversification

A downgrade of the BFSR would likely result in a similar downgrade of the long-term ratings.

Recent Results and Company Events

For the first half of 2010, LeasePlan recorded a net profit of EUR90 million, up by 50% from EUR61 million during the same period in 2009. Total operating income was up by 18% y-o-y, and resulted from improved interest margin as well as a recovery of results from terminated contracts. At end-June 2010, LeasePlan's total assets were up 4% and stood at EUR17.8 billion. In February 2010, LeasePlan launched its internet saving bank and has broaden its funding base and slightly reduced its reliance on pure wholesale markets and government guaranteed funding. For more details, please refer to the Liquidity section of this report.

In December 2010, LeasePlan announced it had signed a EUR1.475 billion 3-year committed credit facility with a consortium of 16 banks. This facility replaces the previous EUR1 billion committed credit facility. The total committed lines extended to LeasePlan currently stand at EUR3.1 billion and include another committed line from VW of EUR1.4755 billion maturing also in December 2013. For more details, please refer to the Risk Positioning and Liquidity sections of this report.

In May 2009, Olayan Group and Mubadala Development Company, which each had a stake of 25% in LeasePlan, agreed to sell their stakes to Fleet Investments B.V. (owned by German banker Friedrich von Metzler). The sale was effective on 1 February 2010.

DETAILED RATING CONSIDERATIONS

Detailed considerations for LeasePlan's currently assigned ratings are based on the latest financial report available (2009 year-end figures) as well as on the information publicly disclosed by LeasePlan for the first half of 2010.

Bank Financial Strength Rating

Moody's assigns a BFSR of C to LeasePlan, which is based on the company's sizeable global car leasing franchise, not only in the Netherlands but also in other European markets, Australasia and the US, as well as its well-diversified client portfolio.

Furthermore, the BFSR also reflects our belief that LeasePlan's reliance on wholesale funding sources and the mono-line nature of the firm, coupled with the risk of downward pressure on its profitability due to potential negative residual value performance and the higher cost of risk, exert some constraint on its financial strength.

As a point of reference, the assigned BFSR of C is in line with the outcome of Moody's bank financial strength scorecard. Moody's is cognizant of the shortcomings the bank financial strength scorecard may display for certain banks and is of the opinion that the scorecard does not fully capture the business and financial risks, notably the residual value risk, inherent in car leasing activities. As a result, the scorecard-derived BFSRs has been adjusted accordingly.

In this respect, it is to be noted that while the principal methodologies used for rating LeasePlan is Moody's "Bank Financial Strength Ratings: Global Methodology" published in February 2007. Moody's also considered the factors specific to leasing companies, and has for example adjusted the asset quality factors. For more details, please refer to the Asset Quality section of this Credit Opinion.

Qualitative Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

LeasePlan is the world's leading fleet and vehicle management company with 1.3 million cars under management and a consolidated lease portfolio of more than EUR13 billion at year-June 2010. It has a dominant position in key markets: in the Netherlands, where it has around 19% of the car fleet leasing market, thereby making it the second-placed firm. LeasePlan also has a leading position in Australia, Belgium, Italy and Spain. It is also within the top three car leasing companies in the US, the UK and Germany and ranks fourth in France. In 2009, most of LeasePlan's revenue were generated in Western Europe (over 67% of total revenues), with the Netherlands accounting for around 15%. We expect geographic diversification in terms of revenue and assets to remain somewhat similar in the medium-term.

Over the past years, competition had intensified in car leasing and fleet management, especially as more players - usually banks - had entered this segment and markets have been maturing. However, Moody's notes that, more recently, some competitors exited certain markets in Europe due to more difficult funding conditions. Outside of Europe, LeasePlan's main competitor is GE Capital while in Europe its main competitors are leasing companies backed by major financial institutions (e.g. Arval and ALD Automotives, owned by BNP Paribas and Société Générale, respectively) or the captive finance arms of auto companies as well as smaller local competitors. We believe LeasePlan benefits from a strong position and is able to successfully target large corporate customers thanks to a broad geographic presence and an extensive distribution capacity.

With operations in 30 countries globally, LeasePlan displays excellent geographic diversification which is reinforced by recent franchise development internationally. It has expanded its activities worldwide over the past few years with the successful integration of acquired businesses or through joint ventures. Moody's believes that these acquisitions have been helpful in reinforcing and consolidating LeasePlan's already strong franchise globally.

The mono-line nature of the firm, while a function of its focus on a core, defensible franchise, is however a rating constraint. The company holds a banking licence, but is essentially a car leasing company and subsidiary activities are related to and largely driven by this core purpose.

Moody's views LeasePlan's large fleet scale as a competitive advantage. The scale of operations drives internal cost efficiencies and influences the ability to demand rebates and bonuses from suppliers. Also, the information received from large-scale operations enables more accurate predictions of maintenance and usage levels of leased vehicles. Moody's expects LeasePlan's already strong global franchise to remain one of the company's key strengths.

That being said, Moody's notes the request for comment made in August 2010 by the IASB and FASB on proposed changes in accounting principles for lease operations, both for lessors and lessees. While car leasing and fleet management activities are not the most exposed lease categories, Moody's will closely monitor the accounting principles as set in the final version to be implemented in mid-2011 and assess the resulting impact over car leasing companies' P&L and the overall attractiveness of car leasing for corporate lessees going forward.

The scorecard outcome of C is commensurate with LeasePlan's franchise value, in our view.

Factor 2: Risk Positioning

Trend: Neutral

In early 2009, Moody's had revised its outlook on LeasePlan's BFSR and long-term ratings to negative from stable, to reflect Moody's perception at the time of a heightened risk profile as a result of the sharp deterioration of the macro-economic environment and of the financial markets.

More particularly, the revision in outlook was triggered by the challenges LeasePlan encountered in the fields of residual value risk and funding and liquidity risks. Both aforementioned risk factors - including their evolution since the change in outlook of early 2009 - are discussed below, in addition to credit concentration.

Residual value risk:

Residual value risk (asset revaluation risk) is among the largest risks faced by LeasePlan. It arises from the uncertainty on the future market value of automobiles and the risk that the car price settled at the beginning of a lease might differ from the vehicle's true value at the end of the contract. Termination losses can occur if the market prices of used cars fall (due to changes in local taxation, economic conditions or market structure) below the book value of the vehicle on the day it is written off the balance sheet (i.e. it is sold on the second hand car market). This risk is mainly borne on operational leases.

Historically, the company had generated small profits on terminated contracts, but in Q4 2008, the company started booking termination losses, mainly as a result of the sharp decline in second-hand car market prices. Since then, second-hand car market prices have remained under pressure and we expect them to remain at similar levels for the short-to-medium term.

While it is part of operational leasing activities to take residual value risk, managing it effectively is key in maintaining potential residual value risk within the firm's risk appetite. In this respect, we note that LeasePlan has been actively taking measures to adapt to the lower second-hand car market prices.

These actions, coupled with the structural short-duration of car leases (between three to four years) and a slight improvement of the market prices (yet below pre-crisis levels), have enabled LeasePlan to partly mitigate the effect of a prolonged depression in the second-hand car market prices. In Moody's view, older operational lease vintages (up to 2008) are most sensitive to a further decline in second-hand car market prices in that the residual values set at inception were based on pre-crisis market prices. Conversely, the contractual residual value set on most recent vintages (from H1 2009) was based on more recent and severely depressed market prices.

In analyzing the residual value risk for LeasePlan, Moody's has therefore used several scenarios which assessed the impact by vintages of a mild to severe further deterioration of the second hand market prices. Based on this scenario analysis, Moody's believes that LeasePlan is well positioned to absorb a material worsening in termination losses

Credit risk:

In LeasePlan's operations, credit risk stems from the inability of a lessee to make contractually agreed lease payments. As this risk is mostly correlated to corporate defaults, in estimating the credit loss on finance leases and on the NPV of future cashflows, we used the approach described in Moody's special comment entitled "Moody's Approach to Estimating Dutch Banks Credit Losses" published in October 2009. Moody's notes that the leased vehicles remain owned by LeasePlan, which allows it to partly mitigate potential credit losses.

In terms of concentration, LeasePlan's top 20 group exposures (as defined under Moody's BFSR methodology, and including interbank) are sizeable relative to both its Tier 1 capital and pre-provision income, especially due to the bank's large exposures to financial institutions. That said we positively note that the concentration to customers (lessees) remains limited, owing to the large size of the bank's franchise as well as its good geographical and industry diversification. We also positively note that most single-credit exposures tend to be highly rated European or international companies, with whom LeasePlan has established strong relationships. The largest part of LeasePlan's credit exposure is to large corporate, while it is less exposed to SMEs, which we consider as more risky individually although more granular. In terms of industry concentrations, excluding the exposure to financial institutions, LeasePlan's exposures to other industries are diversified. LeasePlan has no trading book or assets classified as "available-for-sale".

Funding and Liquidity:

The bank historically relied on wholesale funding sources and debt capital markets to refinance its assets. This funding profile is supported by a "matched funding" strategy, which consists of issuing liabilities for maturities that match or exceed the maturity profile of leased assets in a run-off scenario.

This matched funding policy was, however, significantly challenged in 2008 when financial markets were severely disrupted. LeasePlan's limited access to wholesale market funding which started in September 2008 led it to seek state, central bank and parental assistance in order to fund new lease origination rather than go into run-off. In September 2008, the bank's ultimate parent company, Volkswagen AG, supplied LeasePlan with a EUR 1.5 billion three-year committed line, initially maturing in end-September 2011 (the line was subsequently renewed for EUR1.475 billion and will mature in December 2013). Additionally, the bank made extensive use of the Dutch government guarantee scheme between H2-2008 and H1-2009, which represented ca. 1/3 of its balance sheet. While evidencing the need for external support at the time, these guaranteed issuances nonetheless allowed the Dutch institution to maintain its production and secure funding needs in the short-term. It also enabled the bank to lengthen its matched funding policy, enabling the recurring generation of new lease contracts to clients to be met and therefore overcome the liquidity crisis.

Since then, LeasePlan has recently demonstrated its ability to tap again senior unsecured and markets without recourse to the Dutch guarantee scheme. Indeed, since the second-half of 2009, LeasePlan managed to place over EUR 1.85 billion of unguaranteed long-term notes (as a combination of public and private placement), with maturities of between two and five years. Following the short-term measures just outlined, LeasePlan has recently made substantial efforts to diversify its funding sources. The most significant of which include the launch of an internet savings bank called "LeasePlan Bank" in February 2010, and the use of its "Bumper" securitization programs. This resulted in a slight improvement of its funding diversification. That being said, wholesale funding remains the main source of funding for LeasePlan (please refer to the Liquidity section below for detailed percentages). Moreover, while internet based deposits add to the diversification of funding sources, we caution that they are more volatile and price-sensitive than traditional branch deposits. Please refer to the Liquidity section of this Credit Opinion for more information on recent developments regarding the bank's liquidity.

The overall scorecard outcome of D (with a neutral trend) for risk positioning is in our view a fair representation of LeasePlan's risk positioning.

Factor 3: Regulatory Environment

Please refer to Moody's most recent Banking System Outlook for on the Netherlands, published in July 2010, to obtain a detailed discussion of the regulatory environment.

Factor 4: Operating Environment

Trend: Neutral

This factor is common to all Dutch banks. Refer to Moody's most recent Banking System Outlook on the Netherlands, published in July 2010, to obtain a detailed discussion of the operating environment.

Given the increasing weight of the company's non-Dutch operations, Moody's believes that assessing LeasePlan's an overall operating environment score using a weighted average of the scores for the countries in which it has operations is a better representation.

Quantitative Factors (50%)

The quantitative scores are based on averages of the last three-year financial statements (2009-2007), except for ratios linked to Basel II information, which only takes into account 2008 and 2009 financials. The trends reflect the latest figures published for H1 2010.

Factor 5: Profitability

Trend: Neutral

LeasePlan's total income arising from interest, nearly all of which stems from the lease portfolio, has consistently accounted for around 30% of the bank's total operating income. Interest income has been continuously under pressure over the past years, with LeasePlan's net interest margin down from 1.9% in 2007 to 1.6% in June-2010. In this respect, Moody's views LeasePlan's strong and diverse sources of non-interest income - mainly composed of management fees, rebates and bonuses from car manufacturers and suppliers, as well as insurance revenue, which has steadily increased over the past few years - as a key strength and a mitigating factor against interest margin pressure. Moody's believes that LeasePlan's scale and market shares should continue to enhance its negotiating power for discounts and bonuses from car suppliers in particular. In addition, the company's ability to manage its cost structure has been a critical factor in maintaining its relative profitability.

Overall pre-provision income as a percentage of risk-weighted assets has been stable in recent years. Since the floor reached in 2008 at 1.8%, pre-provision income as a percentage of risk-weighted assets improved to 2% in 2009, primarily driven by risk-weighted assets relief. In H1-2010, this ratio was slightly above 2%, more in line with LeasePlan's pre-crisis profitability levels (Moody's calculations).

Looking ahead, we expect LeasePlan's profitability to continue to be constrained by both difficult market conditions implying higher than pre-crisis cost of funds, and competitive pressure in its main fleet leasing markets. LeasePlan has been able to pass on some of its rising costs to its clients but, it may find it harder to do so fully going forward. This should continue to translate into renewed pressure on net interest margins and, thus, overall profitability, which could be mitigated by the diversification of other income sources.

The marked deterioration of the automotive market across LeasePlan's franchise started during H2-2008, notably via the decrease in second-hand car prices, which resulted in negative termination results in 2008 and 2009, especially in the UK, the Netherlands and Spain. However, LeasePlan has the ability to lessen its negative termination results by using risk mitigation factors. (For more details please refer to the Risk positioning section of this report). We positively note that LeasePlan has extensively used these mitigating factors to alleviate the negative termination results since end 2008.

Although second-hand car prices have stabilized since then, and started to recover in 2010, Moody's cautions that market prices are unlikely to pick up materially and are expected to stay below pre-crisis level in the short-to-medium term. We expect this to result in a continued pressure on residual value performance in 2011, as older vintages of the portfolio mature.

Furthermore, the continued challenging macro-economic environments in countries where LeasePlan operates, such as in the US, Spain or the UK, is likely to result in prolonged higher risk costs, potentially affecting the firm's net income in the short-to-medium term.

The scorecard generates a score of C, which is in line with our own view over-the-cycle. In the near-term, we anticipate that LeasePlan's net interest margins and termination income will remain pressured by adverse economic conditions, especially in Europe.

Factor 6: Liquidity

Trend: Improving

At end-June 2010, LeasePlan's main sources of funding were:

- Senior unsecured and unguaranteed debt (41% of total funding sources)

- State guaranteed debt (37%)

- Interbank (12%)

- Internet deposits (8%)

- Subordinated debt (2%)

(Total funding sources is defined as the sum of the items listed above.)

As part of its business model, LeasePlan historically relied on wholesale funding to refinance its assets. The institution's profile was significantly challenged in late 2008 as financial markets were closed (for more details on the recent events, please refer to the Risk Positioning section of this report). Since then, the institution has taken several measures to improve its liquidity and funding profile.

The most visible initiative was the launched of an online saving bank at the beginning of 2010 with the goal of building a stable deposit base with a high portion of term-deposits. The bank targeted a EUR 1.5 billion retail deposit collection by end-2011, which approximately represents 10% of its balance sheet. With over EUR 1 billion collected from individual customers since February 2010 (ahead of 2010 targets), LeasePlan announced last September that it would cease accepting new customers. It is our understanding that the amount has growth further since, thereby building its deposit base on existing customers. Although Moody's views internet deposits as less sticky than "traditional" retail deposits, the inclusion of LeasePlan Bank under the Dutch Deposit Guarantee scheme, which guarantees up to EUR 100 000, adds an element of stability. Stability is further enhanced by the fact that around 1/3 of these deposits are term-deposits. In our view, both the "matched funding" structure and the reduction of the reliance to wholesale debt markets are credit positive in the long-term, as regards LeasePlan's liquidity management and funding profile.

That said, these retail deposits won't fully address the bank's dependence over market funding. Instead, LeasePlan's ability to finance itself in the capital markets remains an essential component of its operating model. Without such access, the franchise could be quickly eroded as the institution goes into a "run-off" mode, once all available liquidity sources have been used.

With a balance sheet of EUR 17.8 billion and a lease portfolio of EUR 13.7 billion at end-June 2010, the bank's annual funding requirement is estimated at around EUR 3.5 billion. We positively note that LeasePlan has recently demonstrated its ability to tap again senior unsecured markets without recourse to the Dutch guarantee scheme. Since the second-half of 2009, LeasePlan managed to place over EUR 1.85 billion of unguaranteed long-term notes in the form of public and private placements, with an average maturity comprised between two to five years. We also positively note that LeasePlan reinforced its liquidity profile by issuing longer-dated notes to match the increased maturity profile of contract leases. Despite the significant use of lease contract extensions (to mitigate its residual value risk), the bank's liquidity gaps have not materially changed.

Several standby liquidity facilities safeguard LeasePlan's ability to continue to originate new business in adverse market conditions. These facilities, which have been recently renewed consist of a EUR 1.475 billion line committed from its 50% ultimate shareholder Volkswagen AG (A3/Prime-2 stable) maturing in December 2013 and a committed line from a syndicate of 16 banks which was renewed in December 2010 for 3 years and increased to EUR 1.475 billion (from EUR 1 billion). Neither of them include a material adverse change (MAC) clause.

Further comfort is provided by LeasePlan's ability to refinance via securitisation transactions. At end-June 2010, LeasePlan had securitized ca. EUR 2.5 billion of notes under several securitisation transactions (Bumper 1, 2 and 3). While Bumper 3 notes have been sold to external investors in H1 2010, all other securitized notes have been retained and can be used as collateral with the ECB. During the liquidity crisis in 2008, this ability has been used for up to EUR 1.5 billion and stood at ca. EUR370 million at end-June 2010. LeasePlan plans further securitisations of lease assets within the next 12 months.

While the access to the ECB granted by its banking license has proven invaluable in the current market environment, Moody's considers ECB refinancing as an external source of support and believes it is critical for wholesale funded institutions to be able to refinance directly on the senior unsecured market. Moody's further cautions that the bank will face the challenge of refinancing its government guaranteed debts maturing in 2012 and 2014.

The scorecard outcome for liquidity is D-, reflecting the bank's structural reliance to wholesale debt markets. However, our improving trend on this factor reflects LeasePlan's ability to return to debt capital markets, its proactive liquidity management and matched funding.

Factor 7: Capital Adequacy

Trend: Neutral

LeasePlan's regulatory ratios benefit from the adoption of the advanced methods under Basel II. It disclosed a Tier 1 capital ratio of 13.5% at end-December 2009 on an unfloored Basel II basis. After taking the floor into account (i.e. 80% of Basel I risk-weighted assets), the regulatory Tier 1 ratio stood at 12.8% at end-December 2009 and comprises exclusively core Tier 1 components. Despite a slight increase of risk-weighted assets to EUR12.9 billion from EUR12.7 billion (on a Basel II floored base), LeasePlan's Tier 1 ratio rose to 13.6% as at end-June 2010, mainly due to profit retention and movement in translation and hedging reserves.

Moody's views the bank's capital as adequate to absorb potential termination and credit losses under our stress scenarios.

As a point of reference, the scorecard generates a score of A.

Factor 8: Efficiency

Trend: Neutral

The cost-to-income ratio remains high, at around 69.3% at year-end 2009, and 70.8% in H1-2010. LeasePlan's efficiency ratios are commensurate with those of some European retail banks. While Leaseplan does not have to deal with the expenses that arise from a retail branch network, the group's multi-subsidiary organisation results in a relatively high cost structure overall. LeasePlan's expenses are mainly linked to the nature of its business as the company handles around 1.3 million vehicles with an average new car or ticket value of between EUR 15,000 and EUR 20,000, which is both IT- and staff-intensive. In this respect, we note that LeasePlan has been streamlining its workforce in recent years. The total headcount stabilized at 5,919 at year-end 2009.

LeasePlan's ability to manage its cost structure has been a critical factor in maintaining its relative profitability and Moody's views any reduction in the cost base as an important step towards maintaining its profitability.

That said, given LeasePlan's high dependence on the financial markets, Moody's anticipates that the company's cost of funds will remain high over the medium term due to the higher cost of interest in the debt markets along with non-negligible charges related to the state guarantee on debt issuance. Importantly, the changes in the bank's funding mix, in particular the launch of internet deposits offering attractive yields, will also weight on the cost of funds.

The scorecard outcome of D is a fair representation of the institution's efficiency level. The neutral trend reflects the bank's stabilised profitability but also its limited flexibility to adjust efficiency upward.

Factor 9: Asset Quality

Trend: Neutral

When looking at credit risk in isolation, LeasePlan's asset quality remains strong as credit losses arising from lease contracts have been subdued so far. The company has historically registered a very low level of problem loans and a high recovery rate, the latter being due to the fact that the collateral of cars results in a modest loss given default, historically close to 30%. Additionally, LeasePlan's business is mainly focused on large international corporate clients with traditionally lower default rates than for smaller fleets, and the company has no consumer-related activity, which typically bears a higher risk profile. As such, when using the standard asset quality indicators of the scorecard (NPL % Gross Loans and NPL % [Shareholders' Equity + LLR]) , the score for asset quality would be of A.

We however caution that in the case of LeasePlan, the asset quality factor should also reflect residual value risk, which is one of LeasePlan's main risks. Consequently, we adjusted this A score downward to B to capture the potential residual value risks borne on top of credit risk.

As stated in the Risk Positioning section of this Credit Opinion, we believe that older lease vintages (up to 2008) are most sensitive to a further decline in second-hand car market prices in that the residual values set at inception were based on pre-crisis market prices. Conversely, the contractual residual value set on most recent vintages (from H1 2009) was based on more recent and severely depressed market prices.

In analyzing the residual value risk for LeasePlan, Moody's has therefore used several scenarios which assessed the impact by vintages of a mild to severe further deterioration of the second hand market prices. Based on this scenario analysis, Moody's believes that LeasePlan is well positioned to absorb a material worsening in termination losses.

As mentioned above, Moody's has overridden to B the asset quality score, which would under the standard approach remained at A, to better capture the asset quality of the institution.

Global Local Currency Deposit Rating (Joint Default Analysis)

Moody's assigns a long-term GLC deposit rating of A3 to LeasePlan, with a stable outlook.

This is at the same level as the company's BCA given our assessment that LeasePlan would be unlikely to receive systemic support in the event of distress. Nor do we factor in any support from the main shareholder, VW Bank, which we believe views LeasePlan entirely as a financial investment, as demonstrated by the fact that the company is not a consolidated element of VW Bank's accounts and remains managerially and financially independent.

The Prime-2 short-term rating incorporates the challenges linked to the still high, yet decreasing, reliance over market funding, which are inherent to LeasePlan's structure.

Foreign Currency Deposit Rating

LeasePlan's A3/Prime-2 foreign currency deposit ratings are at the same level as the GLC deposit ratings and are unconstrained given that the Netherlands, in common with other EU members, has a country ceiling of Aaa.

Foreign Currency Debt Rating

LeasePlan's A3/Prime-2 foreign currency debt ratings are at the same level as the GLC deposit ratings are unconstrained given that the Netherlands, in common with other EU members, has a country ceiling of Aaa.

ABOUT MOODY'S BANK RATINGS

Bank Financial Strength Rating

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. BFSRs do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honor its domestic or foreign currency obligations. Factors considered in the assignment of BFSRs include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although BFSRs exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

Global Local Currency Deposit Rating

A deposit rating, as an opinion of relative credit risk, incorporates the BFSR as well as Moody's opinion of any external support. Specifically, Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its deposit obligations. As such, they are intended to incorporate those aspects of credit risk relevant to the prospective payment performance of rated banks with respect to deposit obligations, which includes: intrinsic financial strength, sovereign transfer risk (in the case of foreign currency deposit ratings), and both implicit and explicit external support elements. Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes which make payments to depositors, but they do recognize the potential support from schemes that may provide assistance to banks directly.

According to Moody's joint default analysis (JDA) methodology, the global local currency deposit rating of a bank is determined by the incorporation of external elements of support into the bank's Baseline Credit Assessment. In calculating the Global Local Currency Deposit rating for a bank, the JDA methodology also factors in the rating of the support provider, in the form of the local currency deposit ceiling for a country, Moody's assessment of the probability of systemic support for the bank in the event of a stress situation and the degree of dependence between the issuer rating and the Local Currency Deposit Ceiling.

National scale rating

National scale ratings are intended primarily for use by domestic investors and are not comparable to Moody's globally applicable ratings; rather they address relative credit risk within a given country. A Aaa rating on Moody's National Scale indicates an issuer or issue with the strongest creditworthiness and the lowest likelihood of credit loss relative to other domestic issuers. National Scale Ratings, therefore, rank domestic issuers relative to each other and not relative to absolute default risks. National ratings isolate systemic risks; they do not address loss expectation associated with systemic events that could affect all issuers, even those that receive the highest ratings on the National Scale.

Foreign Currency Deposit Rating

Moody's ratings on foreign currency bank obligations derive from the bank's local currency rating for the same class of obligation. The implementation of JDA for banks can lead to high local currency ratings for certain banks, which could also produce high foreign currency ratings. Nevertheless, it should be noted that foreign currency deposit ratings are in all cases constrained by the country ceiling for foreign currency bank deposits. This may result in the assignment of a different, and typically lower, rating for the foreign currency deposits relative to the bank's rating for local currency obligations.

Foreign Currency Debt Rating

Foreign currency debt ratings are derived from the bank's local currency debt rating. In a similar way to foreign currency deposit ratings, foreign currency debt ratings may also be constrained by the country ceiling for foreign currency bonds and notes; however, in some cases the ratings on foreign currency debt obligations may be allowed to pierce the foreign currency ceiling. A particular mix of rating factors are taken into consideration in order to assess whether a foreign currency bond rating pierces the country ceiling. They include the issuer's global local currency rating, the foreign currency government bond rating, the country ceiling for bonds and the debt's eligibility to pierce that ceiling.

About Moody's Bank Financial Strength Scorecard

Moody's bank financial strength model (see scorecard below) is a strategic input in the assessment of the financial strength of a bank, used as a key tool by Moody's analysts to ensure consistency of approach across banks and regions. The model output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating Factors

LeasePlan Corporation N.V.

Rating Factors [1]	**A**	**B**	**C**	**D**	**E**	**Total Score**	**Trend**
Qualitative Factors (50%)						**C**	
Factor: Franchise Value						**C**	**Neutral**
Market Share and Sustainability			x				
Geographical Diversification	x						
Earnings Stability			x				
Earnings Diversification [2]					x		
Factor: Risk Positioning						**D**	**Neutral**
Corporate Governance [2]							
- Ownership and Organizational Complexity							
- Key Man Risk							
- Insider and Related-Party Risks							
Controls and Risk Management		x					
- Risk Management			x				
- Controls	x						
Financial Reporting Transparency			x				
- Global Comparability	x						
- Frequency and Timeliness			x				
- Quality of Financial Information				x			
Credit Risk Concentration					x		
- Borrower Concentration					x		
- Industry Concentration		x					
Liquidity Management				x			
Market Risk Appetite	x						
Factor: Operating Environment						**B+**	**Neutral**

Economic Stability		**x**					
Integrity and Corruption		**x**					
Legal System	**x**						
Financial Factors (50%)						**C-**	
Factor: Profitability						**C**	**Neutral**
PPI / Average RWA - Basel II			1.91%				
Net Income / Average RWA - Basel II			1.29%				
Factor: Liquidity						**D-**	**Improving**
(Mkt funds-Liquid Assets) / Total Assets					68.69%		
Liquidity Management				x			
Factor: Capital Adequacy						**A**	**Neutral**
Tier 1 Ratio - Basel II	11.30%						
Tangible Common Equity / RWA - Basel II	10.89%						
Factor: Efficiency						**D**	**Neutral**
Cost / Income Ratio				68.24%			
Factor: Asset Quality						**B**	**Neutral**
Problem Loans / Gross Loans	--	--	--	--	--		
Problem Loans / (Equity + LLR)	--	--	--	--	--		
Lowest Combined Score (15%)						**D-**	
Economic Insolvency Override						**--**	
Aggregate Score						**C**	
Assigned BFSR						**C**	

[1] - Where dashes are shown for a particular factor (or sub-factor), the score is based on non public information [2] - A blank score under Earnings diversification or Corporate Governance indicates the risk is neutral