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Research Update:

Outlook On Dutch Bank LeasePlan Revised To Stable; 'BBB+/A-2' Ratings Affirmed

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Overview

- We believe the economic outlook for Dutch bank LeasePlan Corporation's core European markets is deteriorating.
- While we view LeasePlan as a strategically important subsidiary of Volkswagen Bank (VW Bank), we consider that the likelihood of future extraordinary support could diminish over time.
- We are therefore revising our outlook on LeasePlan to stable from positive and affirming our 'BBB+/A-2' ratings on the bank.
- The stable outlook reflects our expectations that potential pressure on LeasePlan's stand-alone credit profile or weakening parental support might offset the benefits from any upgrade of VW Bank and Volkswagen AG.

Rating Action

On Oct. 17, 2012, Standard & Poor's Ratings Services revised its outlook on Dutch bank LeasePlan Corporation N.V. (LeasePlan) to stable from positive and affirmed its 'BBB+/A-2' long- and short-term counterparty credit ratings on the bank.

Rationale

The outlook revision reflects our view of the deterioration in the macroeconomic outlook for LeasePlan's core European markets. The outlook revision also acknowledges the likelihood that extraordinary parental support from LeasePlan's 50% owner Volkswagen Bank GmbH (VW Bank; A-/Positive/A-2), which we expect in the short term, may gradually diminish over time.

Our assessment of capital and earnings as "strong" reflects our expectation that our LeasePlan risk-adjusted capital (RAC) ratio before diversification/concentration adjustments will remain in the 10%-11% range over the next 18 months from a pro forma level of 10.2% at the end of 2011. This expectation is based on our view that LeasePlan's retained earnings will remain adequate and sufficient to increase its capital base gradually. Healthy asset margins and high and stable fees should sustain profitability in a volatile funding cost environment. Nevertheless, there is downside risk to these projections. In our opinion, a worsening of macroeconomic conditions in several European countries may adversely affect our projection for LeasePlan's RAC. We also acknowledge that new business volumes could decline in 2012 and residual value charges could increase if the macroeconomic environment further deteriorates in Europe. Our capital projections also factor in a resumed

dividend payout to shareholders in 2012.

We also consider that LeasePlan's strategic importance to VW Bank may diminish over time due to its limited integration with the group and potential lack of alignment with the group's long-term strategic priorities. This may lead us to reduce over time the support we currently incorporate into LeasePlan's ratings. We currently incorporate two notches of uplift above the stand-alone credit profile (SACP), reflecting our belief that VW Bank would provide extraordinary support to LeasePlan in case of stress, as it has done in the past. In our view, LeasePlan is a significant earnings contributor to its parent, and provides good business and geographic diversity to VW Bank's purely captive business model.

Our ratings on LeasePlan also reflect its 'bbb+' anchor, which we assess based on a blended approach of economic risk in the countries where LeasePlan operates, and our assessment of the bank's "weak" business position, "adequate" risk position, "below average" funding, and "adequate" liquidity, as our criteria define these terms.

Outlook

The stable outlook reflects our expectations that potential pressure on LeasePlan's SACP or weakening parental support might offset the benefits of an upgrade of VW Bank and Volkswagen AG (A-/Positive/A-2).

Under our base-case scenario we expect that an upgrade of VW Bank and Volkswagen wouldn't automatically result in an upgrade of LeasePlan's ratings because:

- LeasePlan's RAC ratio might not remain above 10% owing to a deterioration in the economic environment of some European countries, including Southern Europe and The Netherlands; or
- We might consider limiting the uplift for parental support in the medium term because of LeasePlan's limited integration and potential lack of direct alignment with the VW group's long-term strategic priorities, and if we perceived that Volkswagen Bank and the larger Volkswagen group were starting to question the long-term presence of LeasePlan within the group.

We might lower LeasePlan's ratings if, everything else being equal, we considered its importance to the VW Group to be falling, leading us to consider its strategic importance to be only "moderate," as our criteria defines the term.

A positive rating action would only be possible if we perceived a substantial improvement in LeasePlan's capital and funding profile, which we currently see as unlikely.

Ratings Score Snapshot

Issuer Credit Rating	BBB+/Stable/A-2
SACP	bbb-
Anchor	bbb+
Business Position	Weak (-2)
Capital and Earnings	Strong (+1)
Risk Position	Adequate (0)
Funding and Liquidity	Below average and Adequate (-1)
Support	+2
GRE Support	0
Group Support	+2
Sovereign Support	0
Additional Factors	0

Related Criteria And Research

- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Group Rating Methodology And Assumptions, Nov. 9, 2011 Bank Capital Methodology And Assumptions, Dec. 6, 2010
- Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- The Eurozone's New Recession--Confirmed, Sept. 25, 2012

Ratings List

Ratings Affirmed; CreditWatch/Outlook Action

	To	From
LeasePlan Corporation N.V. Counterparty Credit Rating	BBB+/Stable/A-2	BBB+/Positive/A-2

Ratings Affirmed

LeasePlan Corporation N.V. Senior Unsecured Commercial Paper	BBB+ A-2
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LeasePlan Australia Ltd.*

Senior Unsecured Commercial Paper	BBB+ A-2
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LeasePlan Finance N.V. (Dublin Branch)*

Senior Unsecured Commercial Paper	BBB+ A-2
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LeasePlan New Zealand Ltd.*

Commercial Paper

A-2

*Debt guaranteed by LeasePlan Corporation N.V.

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