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## Research Update:

# Dutch Bank LeasePlan 'BBB+/A-2' Ratings Placed On Watch Positive On Revised Criteria

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## Research Update:

# Dutch Bank LeasePlan 'BBB+/A-2' Ratings Placed On Watch Positive On Revised Criteria

## Overview

- On Nov. 19, 2013, we published our revised group rating methodology for corporate entities.
- As LeasePlan is 50%-owned by Volkswagen AG, on the same day we labeled the ratings on the bank as "under criteria observation" (UCO).
- We have performed an initial review of the ratings on LeasePlan and placed them on CreditWatch with positive implications.
- We aim to resolve the CreditWatch within the next 90 days.

## Rating Action

On Nov. 26, 2013, Standard & Poor's Ratings Services placed its 'BBB+/A-2' long- and short-term counterparty credit ratings on Dutch bank LeasePlan Corporation N.V. on CreditWatch with positive implications.

## Rationale

The CreditWatch placement follows the publication on Nov. 19, 2013, of our updated methodology for rating members of corporate groups. The methodology articulates the steps in determining an issuer credit rating (ICR) on a member of a corporate group. In particular, this involves assessing the status of an entity relative to other group members and the parent company. One of the main rating considerations is the potential for support from the parent company or group.

As LeasePlan is 50%-owned by German automaker Volkswagen AG (VW AG), we labeled its ratings as "under criteria observation" (UCO) after publication of the revised criteria. We have now performed an initial review of the ratings and placed them on CreditWatch with positive implications. LeasePlan's ICR is currently two notches higher than its SACP of 'bbb-', given our expectation that VW AG would provide extraordinary support to the bank if needed.

## CreditWatch

We aim to resolve the CreditWatch within the next 90 days. We will review the group status of LeasePlan according to our revised Group Rating Methodology. It is likely that we will classify Leaseplan as a strategically important subsidiary of VW AG. According to our criteria, the long-term rating of a strategically important subsidiary is generally capped at one notch below the

group credit profile.

## Ratings Score Snapshot

	To	From
Issuer Credit Rating	BBB+/Watch Pos/A-2	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

### Related Criteria

- Group Rating Methodology, Nov. 19, 2013
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Bank Hybrid Capital Methodology And Assumptions, Nov. 1, 2011
- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Bank Capital Methodology And Assumptions, Dec. 6, 2010

### Related Research

- LeasePlan Corporation N.V., Oct. 24, 2013

## Ratings List

CreditWatch/Outlook Action	To	From
LeasePlan Corporation N.V.		
Counterparty Credit Rating	BBB+/Watch Pos/A-2	BBB+/Stable/A-2
Senior Unsecured	BBB+/Watch Pos	BBB+
Commercial Paper	A-2/Watch Pos	A-2
LeasePlan Australia Ltd.		
Senior Unsecured*	BBB+/Watch Pos	BBB+

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LeasePlan Finance N.V. (Dublin Branch)

LeasePlan New Zealand Ltd.

LeasePlan Australia Ltd.

Commercial Paper\*

A-2/Watch Pos

A-2

\*Guarantor: LeasePlan Corporation N.V.

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