

# RatingsDirect®

---

## Research Update:

# Dutch Bank LeasePlan 'BBB+/A-2' Ratings Affirmed On Continuing Group Support; Outlook Stable

### Primary Credit Analyst:

Rayane Abbas, CFA, Paris (33) 1-4420-7302; rayane.abbas@standardandpoors.com

### Secondary Contact:

Dhruv Roy, London (44) 20-7176-6709; dhruv.roy@standardandpoors.com

## Table Of Contents

---

Overview

Rating Action

Rationale

Outlook

Ratings Score Snapshot

Related Criteria And Research

LeasePlan Corporation N.V., Jan. 8, 2015

Ratings List

## Research Update:

# Dutch Bank LeasePlan 'BBB+/A-2' Ratings Affirmed On Continuing Group Support; Outlook Stable

## Overview

- On April 16, 2015, LeasePlan announced that discussions between its current 100% shareholder, Global Mobility Holding, and a group of investors regarding a potential change of ownership have been terminated.
- We still view LeasePlan as moderately strategic to its ultimate parent, German automaker Volkswagen AG (VW), and continue to assess LeasePlan's stand-alone credit profile at 'bbb'.
- We are consequently affirming our 'BBB+/A-2' ratings on LeasePlan and removing them from CreditWatch negative.
- The stable outlook reflects our expectation that LeasePlan will remain an important investment for VW and that it can maintain its strong capitalization and prevent any deterioration in asset quality.

## Rating Action

On May 21, 2015, Standard & Poor's Ratings Services affirmed its 'BBB+/A-2' long- and short-term counterparty credit ratings on Dutch Bank LeasePlan Corporation N.V. The outlook is stable.

At the same time, we removed the ratings from CreditWatch, where we placed them with negative implications on April 8, 2015.

## Rationale

We have affirmed the ratings because we believe that LeasePlan is likely to continue receiving support from VW should it fall into financial difficulty, and that LeasePlan's stand-alone credit profile (SACP) remains stable at 'bbb'.

We continue to believe that LeasePlan is a "moderately strategic" subsidiary of VW, as our criteria define this term. Following the announcement on April 16, 2015, that discussions on a potential change of ownership have been terminated, we believe that VW, which owns 50% of LeasePlan's 100% shareholder Global Mobility Holding B.V., is now unlikely to divest this stake in the near term. Moreover, we view LeasePlan as a successful investment for VW and believe that both entities maintain strong commercial relationships. However, LeasePlan is not an integral part of VW's long-term strategy or tightly integrated with the group, and there are currently few linkages between

LeasePlan's business activities and those of VW that would induce a long-term commitment of VW's management toward LeasePlan.

In our view, LeasePlan's SACP is stable at 'bbb'. We consider that LeasePlan has a "moderate" business position because the resilience of its business model mitigates its narrow focus on the leasing business in the highly cyclical automotive sector. Among other things, this is due to LeasePlan's adequately diversified revenue streams by geography and sources. In addition, LeasePlan's capital and earnings are "strong" in our opinion because we believe that our risk-adjusted capital (RAC) ratio for the bank will increase toward 12.5%-13.0% by 2016 on the back of above-average profitability that allows for steady organic capital building. Our view of LeasePlan's risk position as "adequate" balances the bank's inherent exposure to residual value risk against a low credit risk profile. We consider LeasePlan's funding to be "below average," given its continued reliance on wholesale funding, despite a diversified funding base; and its liquidity to be "adequate," owing to satisfactory liquidity buffers. We also note that LeasePlan's year-end results for 2014 were in line with our expectations for the year.

## Outlook

The stable outlook reflects our expectation that LeasePlan will remain an important investment for VW and that it can maintain its strong capitalization and asset quality profile.

Under our base-case scenario, we expect LeasePlan to remain within the VW group, and we believe that VW would provide extraordinary support to LeasePlan in the event of stress, although we don't believe such support will be needed in the foreseeable future. We also expect LeasePlan to maintain a RAC ratio higher than 10% and continue to conservatively manage its exposure to residual value risk.

We could lower the ratings on LeasePlan if we no longer considered the bank to be a "moderately strategic" subsidiary of VW. This could happen if we considered LeasePlan's importance to the VW group to be reduced, or if VW started to question LeasePlan's presence within the group. We might also lower the ratings if LeasePlan's SACP were to weaken. This could result from our RAC ratio for LeasePlan falling below 10% due to deterioration in the economic environments of some European countries, or more aggressive capital management, notably if the bank entered into acquisitions.

A positive rating action would be possible if we saw a material improvement in LeasePlan's capital and funding profile, which we currently view as unlikely.

## Ratings Score Snapshot

|                       | To                              | From                            |
|-----------------------|---------------------------------|---------------------------------|
| Issuer Credit Rating  | BBB+/Stable/A-2                 | BBB+/Watch Neg/A-2              |
| SACP                  | bbb                             | bbb                             |
| Anchor                | bbb+                            | bbb+                            |
| Business Position     | Moderate (-1)                   | Moderate (-1)                   |
| Capital and Earnings  | Strong (+1)                     | Strong (+1)                     |
| Risk Position         | Adequate (0)                    | Adequate (0)                    |
| Funding and Liquidity | Below Average (-1) and Adequate | Below Average (-1) and Adequate |
| Support               | +1                              | +1                              |
| GRE Support           | 0                               | 0                               |
| Group Support         | +1                              | +1                              |
| Sovereign Support     | 0                               | 0                               |
| Additional Factors    | None                            | None                            |

## Related Criteria And Research

### Related Criteria

- Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- Group Rating Methodology, Nov. 19, 2013
- Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012
- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Bank Capital Methodology And Assumptions, Dec. 6, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009

### Related Research

## LeasePlan Corporation N.V., Jan. 8, 2015

### Ratings List

| Ratings Affirmed; CreditWatch/Outlook | Action          |                    |
|---------------------------------------|-----------------|--------------------|
|                                       | To              | From               |
| LeasePlan Corporation N.V.            |                 |                    |
| Counterparty Credit Rating            | BBB+/Stable/A-2 | BBB+/Watch Neg/A-2 |
| Senior Unsecured                      | BBB+            | BBB+/Watch Neg     |
| Commercial Paper                      | A-2             | A-2/Watch Neg      |

|  |      |                |
|--|------|----------------|
| LeasePlan Australia Ltd.               |      |                |
| Senior Unsecured                       | BBB+ | BBB+/Watch Neg |
| Commercial Paper*                      | A-2  | A-2/Watch Neg  |
| LeasePlan Finance N.V. (Dublin Branch) |      |                |
| Commercial Paper*                      | A-2  | A-2/Watch Neg  |
| LeasePlan New Zealand Ltd.             |      |                |
| Commercial Paper*                      | A-2  | A-2/Watch Neg  |

\*Guaranteed by LeasePlan Corporation N.V.

**Additional Contact:**

Financial Institutions Ratings Europe; FIG\_Europe@standardandpoors.com

Complete ratings information is available to subscribers of RatingsDirect at [www.globalcreditportal.com](http://www.globalcreditportal.com) and at [spcapitaliq.com](http://spcapitaliq.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

Copyright © 2015 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgement as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription) and [www.spcapitaliq.com](http://www.spcapitaliq.com) (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).