

Ireland
Credit Update

Naspa Dublin

Ratings

Foreign Currency	
Long-Term IDR	A+
Short-Term IDR	F1+
Support Rating	1
Sovereign Risk	
Foreign-Currency Long-Term IDR	AA-
Local-Currency Long-Term IDR	AA-

Outlooks

Foreign-Currency Long-Term IDR	Stable
Sovereign Foreign-Currency Long-Term IDR	Stable
Sovereign Local-Currency Long-Term IDR	Stable

Financial Data

Naspa Dublin	31 Dec 08	31 Dec 07
Total assets (USDm)	5,645	6,495
Total assets (EURm)	4,056	4,412
Total equity (EURm)	158	203
Published net income (EURm)	-14	18
Comprehensive income (EURm)	-53	18
Operating ROAA (%)	-0.40	0.42
Operating ROAE (%)	-9.33	7.62
Tier 1 ratio (%)	17.99	17.94

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Related Research

- [S - Finanzgruppe Hessen-Thüringen \(December 2009\)](#)
- [Landesbank Hessen-Thüringen Girozentrale \(July 2009\)](#)

Rating Rationale

- Naspa Dublin's IDRs reflect the extremely high likelihood of support from S - Finanzgruppe Hessen-Thüringen (S-Verbund HT, rated 'A+' /Stable Outlook/'F1+'), and ultimately from S-Verbund HT's owners. Since May 2009, Naspa Dublin has been owned by the Sparkassen- und Giroverband Hessen-Thüringen (SGVHT), a public sector corporation. SGVHT's members are the 50 savings banks in Hessen and Thüringen and their public sector owners (Träger). The savings banks and Landesbank Hessen-Thüringen Girozentrale (Helaba, 'A+' /Outlook Stable/'F1+') are members of S-Verbund HT. SGVHT itself is not a member of S-Verbund HT and therefore does not benefit directly from the ratings for S-Verbund HT.
- Naspa Dublin is invested in a portfolio of highly rated securities. The financial crisis impacted the market value of the securities, but the only exposure with actual impairment was Lehman Brothers. The EUR50m exposure was written down by 90% as at 31 December 2008 and the loss incurred was absorbed by profits and reserves. To support Naspa Dublin's parent, Nassauische Sparkasse – also a member of SGVHT and S-Verbund HT – SGVHT purchased Naspa Dublin in 2009 at book value. Naspa Dublin's financial fundamentals are characterised by good asset quality, high capitalisation and stable earnings. The high proportion of European Central Bank-eligible assets helped secure liquidity through bilateral repo transactions throughout the crisis. In addition, the liquidity is supported by its integration in S-Verbund HT, of which Naspa Dublin is not a member. Naspa Dublin's main business is purchasing and funding high-quality assets (securities of financial institutions and asset-backed securities). The bank's franchise and continuance depends on the support of – and its integration in – S-Verbund HT.

Support

- SGVHT's acquisition of Naspa Dublin occurred because of its role, among others, as a holding company in S-Verbund HT. SGVHT holds the savings banks' ownership interest in Helaba, DekaBank and Landesbank Berlin AG (rated 'AA-' /Outlook Stable/'F1+'). SGVHT provides support to Naspa Dublin due to its status as an unlimited company and the letter of comfort provided by SGVHT. In addition, SGVHT has economical incentives to support Naspa Dublin, as well as an obligation to support its members and their customers. S-Verbund HT's support for SGVHT is based on a combination of the savings banks' legal obligation (§ 7 (2) of SGVHT's statutes) to cover any shortfalls in SGVHT's funds and the savings banks' contractual obligations towards SGVHT (as a result of their assembly's decision to acquire Naspa Dublin and to cover potential losses via S-Verbund HT's reserve fund). The statutes and the assembly's decision do not constitute direct claims from creditors of Naspa Dublin against S-Verbund HT or its members.

Key Rating Drivers

- Any change in S-Verbund HT's IDRs would impact Naspa Dublin's IDRs, as would a weakening in the legal and statutory framework of SGVHT or S-Verbund HT.

Profile

Naspa Dublin is a bank with around EUR4bn of total assets, located in Dublin.

Naspa Dublin
Income Statement

	31 Dec 2008			31 Dec 2007		31 Oct 2006	
	Year End	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	EURm	Earning	EURm	Earning	EURm	Earning
	Original	Original	Assets	Original	Assets	Original	Assets
1. Interest Income on Loans	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Other Interest Income	296.2	212.8	5.32	228.4	5.24	90.8	2.28
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	296.2	212.8	5.32	228.4	5.24	90.8	2.28
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-
6. Preferred Dividends Paid & Declared	n.a.	n.a.	-	n.a.	-	n.a.	-
7. Other Interest Expense	251.5	180.7	4.52	205.0	4.70	80.5	2.02
8. Total Interest Expense	251.5	180.7	4.52	205.0	4.70	80.5	2.02
9. Net Interest Income	44.7	32.1	0.80	23.4	0.54	10.3	0.26
10. Net Gains (Losses) on Trading and Derivatives	-0.1	-0.1	0.00	n.a.	-	n.a.	-
14. Net Fees and Commissions	-0.4	-0.3	-0.01	-0.4	-0.01	-0.3	-0.01
15. Other Operating Income	n.a.	n.a.	-	1.4	0.03	2.8	0.07
16. Total Non-Interest Operating Income	-0.6	-0.4	-0.01	1.0	0.02	2.5	0.06
17. Personnel Expenses	3.3	2.4	0.06	2.4	0.06	1.7	0.04
18. Other Operating Expenses	1.8	1.3	0.03	1.4	0.03	1.3	0.03
19. Total Non-Interest Expenses	5.1	3.7	0.09	3.8	0.09	3.0	0.08
20. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-
21. Pre-Impairment Operating Profit	39.0	28.0	0.70	20.6	0.47	9.8	0.25
22. Loan Impairment Charge	62.5	44.9	1.12	n.a.	-	n.a.	-
23. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-
24. Operating Profit	-23.5	-16.9	-0.42	20.6	0.47	9.8	0.25
30. Pre-tax Profit	-23.5	-16.9	-0.42	20.6	0.47	9.8	0.25
31. Tax expense	-2.9	-2.1	-0.05	2.6	0.06	1.2	0.03
32. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-
33. Net Income	-20.6	-14.8	-0.37	18.0	0.41	8.6	0.22
34. Change in Value of AFS Investments	-53.6	-38.5	-0.96	-64.8	-1.49	n.a.	-
37. Remaining OCI Gains/(losses)	n.a.	n.a.	-	-1.4	-0.03	n.a.	-
38. Fitch Comprehensive Income	-74.2	-53.3	-1.33	-48.2	-1.11	8.6	0.22
39. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-
40. Memo: Net Income after Allocation to Non-controlling Interests	-20.6	-14.8	-0.37	18.0	0.41	8.6	0.22
41. Memo: Dividends Relating to the Period	n.a.	n.a.	-	8.2	0.19	8.5	0.21

Exchange rate

USD1 = EUR0.71855

USD1 = EUR0.67930

USD1 = EUR0.78765

Naspa Dublin
Balance Sheet

	31 Dec 2008			31 Dec 2007		31 Oct 2006	
	Year End	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	EURm	Assets	EURm	Assets	EURm	Assets
	Original	Original	Original	Original	Original	Original	Original
Assets							
A. Loans							
5. Other Loans	6.3	4.5	0.11	44.8	1.02	113.5	2.83
6. Less: Reserves for Impaired Loans/ NPLs	n.a.	n.a.	-	n.a.	-	n.a.	-
7. Net Loans	6.3	4.5	0.11	44.8	1.02	113.5	2.83
8. Gross Loans	6.3	4.5	0.11	44.8	1.02	113.5	2.83
9. Memo: Impaired Loans included above	n.a.	n.a.	-	n.a.	-	n.a.	-
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets							
1. Loans and Advances to Banks	198.0	142.3	3.51	183.3	4.15	91.3	2.28
2. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	3,635.0	90.66
3. Derivatives	4.5	3.2	0.08	n.a.	-	n.a.	-
4. Available for Sale Securities	n.a.	n.a.	-	4,045.4	91.69	n.a.	-
5. Held to Maturity Securities	5,359.7	3,851.2	94.94	86.8	1.97	141.0	3.52
6. At-equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-
7. Other Securities	n.a.	n.a.	-	n.a.	-	0.0	0.00
8. Total Securities	5,364.1	3,854.4	95.02	4,132.2	93.66	3,776.0	94.17
13. Total Earning Assets	5,568.4	4,001.2	98.64	4,360.3	98.83	3,980.8	99.28
C. Non-Earning Assets							
1. Cash and Due From Banks	6.8	4.9	0.12	5.7	0.13	6.5	0.16
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	0.1	0.1	0.00	0.2	0.00	0.2	0.00
7. Current Tax Assets	3.1	2.2	0.05	n.a.	-	n.a.	-
8. Deferred Tax Assets	20.7	14.9	0.37	9.4	0.21	n.a.	-
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	45.9	33.0	0.81	36.5	0.83	22.2	0.55
11. Total Assets	5,645.1	4,056.3	100.00	4,412.1	100.00	4,009.7	100.00
Liabilities and Equity							
D. Interest-Bearing Liabilities							
1. Customer Deposits - Current	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	63.0	45.3	1.12	90.6	2.05	141.0	3.52
4. Total Customer Deposits	63.0	45.3	1.12	90.6	2.05	141.0	3.52
5. Deposits from Banks	5,329.2	3,829.3	94.40	4,080.0	92.47	3,487.2	86.97
6. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-
7. Total Deposits, Money Market and Short-term Funding	5,392.2	3,874.6	95.52	4,170.6	94.53	3,628.2	90.49
8. Senior Debt Maturing after 1 Year	n.a.	n.a.	-	n.a.	-	n.a.	-
9. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-
10. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-
11. Total Long Term Funding	n.a.	n.a.	-	n.a.	-	n.a.	-
12. Derivatives	2.8	2.0	0.05	0.9	0.02	n.a.	-
13. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-
14. Total Funding	5,395.0	3,876.6	95.57	4,171.5	94.55	3,628.2	90.49
E. Non-Interest Bearing Liabilities							
4. Current Tax Liabilities	n.a.	n.a.	-	0.4	0.01	0.1	0.00
9. Other Liabilities	29.4	21.1	0.52	28.4	0.64	113.2	2.82
10. Total Liabilities	5,424.4	3,897.7	96.09	4,200.3	95.20	3,741.5	93.31
F. Hybrid Capital							
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-
G. Equity							
1. Common Equity	364.5	261.9	6.46	276.6	6.27	268.2	6.69
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	-143.8	-103.3	-2.55	-64.8	-1.47	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-
6. Total Equity	220.7	158.6	3.91	211.8	4.80	268.2	6.69
7. Total Liabilities and Equity	5,645.1	4,056.3	100.00	4,412.1	100.00	4,009.7	100.00
8. Memo: Fitch Core Capital	200.0	143.7	3.54	211.8	4.80	268.2	6.69
9. Memo: Fitch Eligible Capital	200.0	143.7	3.54	211.8	4.80	268.2	6.69

Exchange rate

USD1 = EURO.71855

USD1 = EURO.67930

USD1 = EURO.78765

Naspa Dublin

Summary Analytics

	31 Dec 2008	31 Dec 2007	31 Oct 2006
	Year End	Year End	Year End
	%	%	%
	Original	Original	Original
Interest Ratios			
1. Interest Income on Loans/ Average Gross Loans	n.a.	n.a.	n.a.
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	5.09	4.69	2.80
4. Interest Expense/ Average Interest-bearing Liabilities	4.49	4.50	2.70
5. Net Interest Income/ Average Earning Assets	0.77	0.48	0.32
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	-0.31	n.a.	n.a.
Other Operating Profitability Ratios			
1. Non-Interest Income/ Gross Revenues	-1.26	4.10	19.53
2. Non-Interest Expense/ Gross Revenues	11.67	15.57	23.44
3. Non-Interest Expense/ Average Assets	0.09	0.08	0.09
4. Pre-impairment Op. Profit/ Average Equity	15.12	7.49	4.90
5. Pre-impairment Op. Profit/ Average Total Assets	0.66	0.42	0.30
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	160.36	n.a.	n.a.
7. Operating Profit/ Average Equity	-9.13	7.49	4.90
8. Operating Profit/ Average Total Assets	-0.40	0.42	0.30
9. Taxes/ Pre-tax Profit	12.43	12.62	12.24
Other Profitability Ratios			
1. Net Income/ Average Total Equity	-7.99	6.54	4.30
2. Net Income/ Average Total Assets	-0.35	0.37	0.26
3. Fitch Comprehensive Income/ Average Total Equity	-28.78	-17.51	4.30
4. Fitch Comprehensive Income/ Average Total Assets	-1.26	-0.98	0.26
5. Net Income/ Av. Total Assets plus Av. Managed Assets	n.a.	n.a.	n.a.
Capitalization			
1. Fitch Eligible Capital/ Regulatory Weighted Risks	n.a.	n.a.	n.a.
2. Tangible Common Equity/ Tangible Assets	3.56	4.80	6.69
3. Tangible Common Equity/ Total Business Volume	3.54	4.80	6.69
4. Tier 1 Regulatory Capital Ratio	17.99	17.94	n.a.
5. Total Regulatory Capital Ratio	17.99	17.94	n.a.
6. Fitch Eligible Capital/ Tier 1 Regulatory Capital	n.a.	n.a.	n.a.
7. Equity/ Total Assets	3.91	4.80	6.69
8. Cash Dividends Paid & Declared/ Net Income	n.a.	45.56	98.84
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	-17.01	98.84
10. Net Income - Cash Dividends/ Total Equity	n.a.	3.96	0.04
Loan Quality			
1. Growth of Total Assets	-8.06	10.04	58.60
2. Growth of Gross Loans	-89.96	-60.53	-46.34
7. Loan Impairment Charges/ Average Gross Loans	181.78	n.a.	n.a.
8. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	n.a.	n.a.	n.a.
Funding			
1. Loans/ Customer Deposits	9.93	49.45	80.50
2. Interbank Assets/ Interbank Liabilities	3.72	4.49	2.62