

Research Update:

Naspa Dublin Rated 'A/A-1' On Close Link To Sparkassen-Finanzgruppe Hessen-Thueringen; Outlook Negative

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Research Update:

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Overview

- Naspa Dublin has a very close links to Sparkassen-Finanzgruppe Hessen-Thüringen (SFHT) via its status as a 100% subsidiary of Savings Banks And Giro Association Hesse-Thuringia (SGVHT).
- We view SFHT as a single, cohesive group based on expected mutual support among member banks, underlined by a comprehensive regional framework for cooperation, including a protection scheme.
- We are assigning our 'A/A-1' ratings to Naspa Dublin, reflecting the ratings on SFHT.
- The negative outlook reflects our outlook on SFHT.

Rating Action

On Dec. 21, 2009, Standard & Poor's Rating Services assigned its 'A' long-term and 'A-1' short-term counterparty credit ratings to Naspa Dublin, a 100% subsidiary of the Germany-based Savings Banks And Giro Association Hesse-Thuringia (Sparkassen- und Giroverband Hessen-Thüringen; SGVHT; not rated). The outlook is negative.

Rationale

The ratings on Naspa Dublin reflect the ratings on the Sparkassen-Finanzgruppe Hessen-Thüringen (SFHT; A/Negative/A-1), representing the 50 savings banks in Hesse and Thuringia and their central institution, Landesbank Hessen-Thüringen Girozentrale (Helaba; A/Negative/A-1). We view this as a single, cohesive group based on expected mutual support among member banks, underlined by a comprehensive regional framework for cooperation ("Verbundkonzept"). The Verbundkonzept includes a protection scheme managed by the SGVHT, which aims to ensure the solvency of its member banks in Hesse and Thuringia.

The rating equalization is based on our view that, despite not being a direct member of the SFHT, support would be forthcoming to Naspa Dublin in case of unexpectedly high losses from its security portfolio, allowing the bank to meet all its liabilities in a timely and sufficient manner.

Although the decision to tap the protection scheme's resources will be discretionary, we are of the opinion that SGVHT and SFHT have a strong incentive to use their funds given the longstanding track record of intragroup

solidarity.

Naspa Dublin is an unlimited company under Irish law with limited operating activities but a €4 billion investment portfolio, which is mainly invested in bonds issued by banks and in asset-backed securities.

The SGVHT took over Naspa Dublin from savings bank Naspa Wiesbaden (A/Negative/A-1) effective year-end 2008 and provides a letter of comfort for the liabilities of Naspa Dublin.

The SGVHT is a public law institution under German law. Its members and simultaneous owners are the 50 savings banks in Hesse and Thuringia including Frankfurter Sparkasse, a subsidiary of Helaba, and the 49 municipal owners of the savings banks.

Outlook

The negative outlook reflects our outlook of the SFHT and will move in tandem with any changes on the outlook of the SFHT in the future.

Related Research

Group Methodology For Financial Services Companies, March 19, 2004

FI Criteria: Bank Rating Analysis Methodology Profile, March 18, 2004

Rating Finance Companies, March 18, 2004

Ratings List

New rating

Naspa Dublin

Counterparty credit ratings A/Negative/A-1

Certificate of Deposits A/A-1

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