

Press and Investor Relations Release

Another record year for DEPFA BANK

- Net operating profit reaches € 490 million (+32%)
- Additional € 50 million net gains from reserves in preparation for sale of the Pfandbriefbank
- Earnings per share: € 1.58, net RoE at 33%
- Dividend raised from 12 to 17 cents per share
- Changes in the Executive Committee

Dublin / Frankfurt am Main, 15 February 2005

DEPFA BANK plc released its preliminary Group figures for 2004 today. The Group net operating profit amounted to € 490 million, an increase of 32%, which means that DEPFA has once again comfortably beaten its profit target of € 450 million, which had already been revised significantly upwards. A further € 50 million (net) arose from realising reserves in the loan portfolio of DEPFA Deutsche Pfandbriefbank AG. This took the Group's overall net income for 2004 up to € 540 million. This preparatory step in the disposal process is designed to reduce the potential nominal purchase price for any buyer.

The record year has been used to strengthen both the franchise and the balance sheet, a development which will continue in 2005. Shareholders equity has risen from € 1.4 bn to € 1.9 bn, the total regulatory capital from € 2.7 to € 3.2 bn. For 2005 DEPFA BANK is targeting an operating net income result comparable with the exceptionally good level of 2004.

Total revenues in 2004 came to € 841 million, a year-on-year increase of 32%. Extended net interest income rose sharply by 15% to € 427 million, largely on the back of higher margins and volume growth in various regions. Net commission income fell by € 23 million to € 66 million. Higher fee income from US activities (+ € 9 million) was offset by reduced commission revenue from lending activities (- € 29 million). The high result from the sale of assets of € 357 million can be largely attributed to € 85 million of gains being realised from the financing portfolio of the Pfandbriefbank. This type of revenue derived from the placement of assets can be credited in

great part to DEPFA's long term strategy to build up value in its bond portfolio, allowing the bank to realise gains. The balance of the trading result was negative at € -9 million. The core result from bond and derivatives trading showed a profit of € 12 million. The sale of some hedged assets caused a loss on derivatives transactions but resulted in a corresponding gain from the sale of the assets. The technical impact from the valuation of FAS 133 resulted in a loss of € 21 million.

Though administrative expenditure rose by 41% year-on-year to € 162 million, the cost/income ratio remained at an excellent low level of 19.3% on the back of strong revenue growth. Personnel expenditure rose by 54% to € 100 million. New hires in certain product areas were in particular responsible for pushing up personnel expenditure. A total of € 70.4 billion of new business was generated by the end of 2004, which translates into a net overall increase of 10% to € 152.8 billion in the volume of financings provided to the public sector despite € 26 billion of assets being placed in the markets during the course of the year.

DEPFA BANK launched several initiatives in 2004 to help achieve further growth. Firstly, the product range has been built up consistently in response to the growing needs of the public sector for innovative products, customised solutions and a quick response rate to address their budgetary pressure. Examples of new products are credit and liquidity support facilities in the US, advice for debt structuring and for privatisation plans of the public sector as well as new funding products.

Secondly, DEPFA BANK is expanding geographically. In the US the bank generated a volume of € 11 billion by year end and was able to earn revenues well into the two digit million region. It has opened offices in Chicago and San Francisco DEPFA BANK should be ready to start its Financial Guaranty business in the second quarter of 2005. DEPFA also sees potential for growth from its activities in Asia, for example in capital markets transactions, Infrastructure Finance and debt restructuring advisory. The bank continues to retain a strong investment banking capability in Central and Eastern Europe.

DEPFA believes that future growth prospects lie not only in new markets but also in its traditional European home markets where its budget financing and infrastructure financing businesses can continue to expand.

DEPFA will propose an increase in the dividend from 12 cents to 17 cents per share to its Annual General Meeting in Dublin on 3 May of this year.

DEPFA BANK is announcing the following changes in the Executive Committee:

Fulvio Dobrich (57) who spearheaded the Bank's business in the emerging markets and took over the responsibility for the Bank's products last year elected to resign from his DEPFA positions in order to focus upon the establishment of a new emerging market fund. Meanwhile, Fulvio Dobrich will maintain a close working relationship with the Bank which will be a principal investor in the Fund with a substantial commitment. Moreover, Fulvio Dobrich will be retained as a consultant to the Bank.

Fulvio Dobrich began his career with DEPFA BANK in 1998 as a principal founder of DEPFA Investment Bank focusing on public sector emerging markets and making DEPFA Investment Bank one of the most successful profit drivers of the group.

Ali Yousefian (42), Fulvio Dobrich's deputy, will hence forth assume responsibility for emerging markets trading and sales and credit derivatives and will be appointed a member of the Executive Committee.

Andrew Readinger (39) who recently joined the Bank as member of the Executive Committee responsible for financial structuring will take over product areas that directly support treasury activities and client relationship management.

Thomas Kolbeck (52), Vice Chairman, Deputy CEO, will assume the responsibility for Infrastructure Finance, Advisory Services and Credit Enhancement.

In addition, the Bank is in negotiations to further strengthen the Executive Committee with an external candidate.

Company profile:

DEPFA BANK plc is a leading provider of global financial services to the public sector clients worldwide. It is a Dublin-based public limited company, incorporated under Irish law, with a network of subsidiaries and branch offices across Europe, as well as in the US, Japan and Hong Kong. DEPFA's products and services cover the entire range of the public sector's financing needs, from budget financing to the funding of public infrastructure products and investment banking solutions for public-sector authorities. Thanks to the clear focus of its business model DEPFA BANK enjoys a prominent position in an attractive market segment.

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**DEPFA BANK plc: preliminary group figures 2004 according to US-GAAP
(including discontinued operations)**

Revenues	1 Jan – 31 Dec 2004 EUR mn	1 Jan – 31 Dec 2003 EUR mn	Change %
Extended net interest income	427	370	15.4%
Net commission income	66	89	-25.8%
Income from sale of assets	357	104	243.3%
Trading result	-9	74	
of which securities and derivatives trading	12	61	
of which valuation of derivatives	-21	13	
Total revenues	841	637	32.0%
Personnel expenditure	-100	-65	53.8%
Other administrative expenditure	-55	-45	22.2%
Depreciation of property and equipment	-7	-5	40.0%
Administrative expenditure	-162	-115	40.9%
Other income and expenditure	-18	-42	-57.1%
Group net income before taxes	661	480	37.7%
Income taxes	-119	-96	24.0%
Group net income after taxes	542	384	41.1%
Minority interest income	-2	-14	-85.7%
Group net income	540	370	45.9%
Portfolio	31 Dec 2004 EUR mn	31 Dec 2003 EUR mn	Change %
Public sector financing	152,802	138,935	10.0%
Shareholders' equity	1,903	1,378	38.1%
Total assets	190,351	173,965	9.4%
Key figures	1 Jan – 31 Dec 2004	1 Jan – 31 Dec 2003	Change %
Cost/income ratio	19.3%	18.1%	
Earnings per share according to US-GAAP (€)	1.58	1.07	47.6%
RoE after taxes	32.9%	29.4%	

**DEPFA BANK plc: preliminary group figures fourth quarter 2004 according to US GAAP
(including discontinued operations)**

Revenues	Q4 2004 EUR mn	Q4 2003 EUR mn	Change %
Extended net interest income	106	102	3.9%
Net commission income	11	23	-52.2%
Income from sale of assets	179	17	952.9%
Trading result	-37	23	
of which securit. and derivatives trading	-11	18	
of which measurement of derivatives	-26	5	
Total revenues	259	165	57.0%
Personnel expenditure	-28	-16	75.0%
Other administrative expenditure	-17	-16	6.3%
Depreciation of property and equipment	-1	-1	0.0%
Administrative expenditure	-46	-33	39.4%
Other income and expenditure	-10	-8	25.0%
Group net income before taxes	203	124	63.7%
Income taxes	-45	-17	164.7%
Group net income after taxes	158	107	47.7%
Minority interest income	0	-6	
Group net income	158	101	56.4%
Key figures	Q4 2004	Q4 2003	Change %
Cost/income ratio	17.8%	20.0%	
Earnings per share according to US-GAAP (€)	0.46	0.29	+58.6%
RoE after taxes	34.5%	30.4%	