

Press and Investor Relations Release

Record profits for DEPFA BANK in 2003

- DEPFA confirms guidance for double-digit growth -

Dublin / Frankfurt, 16 February 2004

Today DEPFA BANK plc presents its preliminary financial statements for the 2003 business year. The bank has clearly exceeded its original targets for the year, reporting group net income of € 370 million (+57%) and a return on equity of 29%. With this result DEPFA reaps the rewards of its unique business model with a clear focus on public sector clients, and of the proactive business strategy it has adopted in its most important target regions. For the current business year, DEPFA envisages net profit of more than € 400 million, and is committed to maintaining a return on equity of over 20% for the coming years, even on the back of its expanding capital base.

Total revenues exceeded the comparable figure for 2002 by 56%, to reach € 637 million in 2003. Extended net interest income increased substantially by 30% to € 370 million, while net commission income was up by a significant 178% to € 89 million.

Administrative expenditure rose by 19% compared with the previous year, to € 115 million. The cost/income ratio was nevertheless down to 18% due to the strong earnings growth. Net income before tax increased by 56% to € 480 million. With € 67 billion of new business originated up to 31 December 2003, DEPFA's total public sector financing volume rose to € 139 billion – an increase of 23% over 2002.

All of DEPFA's product lines contributed to this impressive result. Budget Finance originated record volumes of new business, with even higher margins than in 2002. Funding costs were further reduced, thanks to DEPFA's excellent capital market standing and the successful launch of Irish Asset Covered Securities (ACS). Investment Banking also had a substantial hand in 2003's record result. DEPFA will boost these revenues over the coming years by continuing to diversify its product range and to expand its geographical reach.

The most significant development in the year 2004 will be in the US where in the medium-term, DEPFA aims to achieve the same degree of market penetration that it enjoys in Europe. To enter the US municipal bond market, the bank is establishing an insurance company, which is expected to commence operations in the second half of the year. Expansion of its US activities will provide DEPFA BANK with additional growth potential in a major market for public finance.

With the placement of the 40.8% stake previously held by DEPFA Holding Verwaltungsgesellschaft in November 2003, DEPFA has become the largest company in the MDAX. With a free float of 100% and market capitalisation of over € 4 billion, DEPFA ranks among the 30 most important companies quoted on the German market.

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.

WKN: 765818 / ISIN: IE 0072559994
Exchange listing: Frankfurt am Main (MDAX)
Quote symbols: DEPF.DE (REUTERS), DEP GR (Bloomberg)

Corporate Communications Contacts:

Managing Director

Hanno Strube

Phone: +49 69 5006-2020

Hanno.Strube@depfa.com

Investor Relations

Marc Towner

Phone: +49 69 5006-2077

Marc.Towner@depfa.com

Media Relations

Henrik Hannemann

Phone: +49 69 5006-2189

Henrik.Hannemann@depfa.com

DEPFA BANK plc: Preliminary Group Figures as per 31 Dec 2003 (according to US GAAP)

Revenues	1 Jan-31 Dec 2003 € m	1 Jan-31 Dec 2002 € m	Change %
Net interest income	359	298	20.5
Extended net interest income	370	285	29.8
Net commission income	89	32	178.1
Income from sale of assets	104	99	5.1
Trading result	85	-21	
of which from securities	61	-1	
of which derivatives valuation / FAS 133	13	-7	
of which interest	11	-13	
Total revenues	637	408	56.1
Personnel expenditure	-65	-47	38.3
Other administrative expenditure	-45	-44	2.3
Depreciation of property and equipment	-5	-6	-16.7
Administrative expenditure	-115	-97	18.6
Other income & expenditure	-42	-4	
Provision for loan losses	0	0	0
Net income before tax	480	307	56.4
Income taxes	-96	-59	62.7
Net income after tax	384	248	54.8
Minority interest income	-14	-12	16.7
Group net income	370	236	56.8
Portfolio	31 Dec 2003 € m	31 Dec 2002 € m	Change %
Public sector finance	138,935	113,130	22.8
Equity	1,378	1,136	21.3
Total assets	173,658	145,847	19.1
Key ratios	31 Dec 2003	31 Dec 2002	Change %
Cost/income ratio	18.0%	23.8%	
Earnings per share (€)	10.69	6.70	59.6
RoE after tax	29.4%	22.3%	