

Ad hoc Meldung

DEPFA BANK plc will sell its German subsidiary Deutsche Pfandbriefbank AG to support further international expansion

Dublin / Frankfurt, 1 March 2004

DEPFA BANK plc, the Dublin based public finance bank, has decided to sell its German subsidiary Deutsche Pfandbriefbank AG. DEPFA anticipates closing the sale by the end of Q3 2004.

The transaction will permit DEPFA to de-leverage its balance sheet and as a consequence strengthen its rating in the medium term. The transaction will also allow DEPFA to further optimize and diversify its portfolio internationally. DEPFA will continue to cover German clients from a representative office in Frankfurt.

DEPFA BANK plc owns 98.25% of Deutsche Pfandbriefbank. A squeeze out of the remaining 1.75% of the shares will be cleared at the shareholder meeting in May this year.

In 2003 Deutsche Pfandbriefbank represented 54% of the Group's total assets. Core capital of € 1.3 bn is tied up in its German business operations. This capital will be freed for the planned expansion outside Germany, e.g. into the U.S. public finance market.

DEPFA BANK plc expects its shareholder equity to increase from € 1.4 bn at the end of 2003 to ca. € 1.8 bn at the end of 2004 through retained earnings. The sale of Pfandbriefbank will lead to an additional one-time profit and a further increase in core capital. Excluding this one-time profit DEPFA foresees a net operational profit of over € 400 m for 2004 and further double-digit growth in its operational results for 2005.