

Press and Investor Relations Release

DEPFA BANK plc agrees to acquire US municipal capital markets business of First Albany Capital Inc.

New York/Dublin/Frankfurt, 6 March, 2007.

DEPFA BANK plc announced today it has signed an agreement under which DEPFA will acquire the US municipal capital markets business of First Albany Capital Inc. DEPFA intends to operate this business through a licensed US broker-dealer, subject to NASD approval. The acquisition will significantly strengthen DEPFA's US franchise through the addition of municipal fixed income underwriting, sales, trading and financial advisory services.

This US municipal capital markets business represents a significant broker-dealer operation comprised of nine offices across the United States. The transaction will take the form of an asset purchase with goodwill of approximately USD 12 million. In addition, DEPFA intends to purchase First Albany's municipal bond inventory which is expected to range in value from USD 150 million to USD 200 million. As part of the transaction, DEPFA will also assume the rights to the "First Albany" name.

DEPFA will enhance its client penetration in the US market, which is the largest public sector market worldwide, by growing its municipal finance franchise and expanding its geographic coverage. The transaction will allow DEPFA to strengthen its coverage of the US municipal marketplace by combining a long-standing team of experienced municipal bond professionals that have a successful track record in underwriting, sales and trading with DEPFA's well-respected client-focused product capabilities and strong capital base. As a result of the transaction, DEPFA expects increased cross-selling opportunities across the entire US public finance market, especially in its key business segments of Client Product Services (CPS), which includes derivatives and structured finance, Budget Finance, which includes liquidity and other credit products and Infrastructure Finance (IFU), which includes Public-Private Partnerships ("PPP").

The closing of the transaction is subject to DEPFA obtaining a US broker-dealer license, regulatory approvals and other customary conditions. The transaction is expected to close in the third quarter 2007 pending such approvals.

"Not only does this transaction complement our existing products and services, it adds expertise and critical mass to DEPFA's US growth, providing the geographic coverage needed to deepen our client service", according to DEPFA CEO Gerhard Bruckermann.

DEPFA's expanded US operations will be based in New York City. DEPFA's broker-dealer business will be operated under the leadership of Kenneth D. Gibbs, currently Head of First Albany's Municipal Capital Markets Group. Ken is a highly respected professional in the US public sector finance industry with 25 years of experience in banking, previously working for Kidder Peabody, CSFB and Lazard. "We are very pleased to augment our management team with such a capable and strategically like-minded professional", said Matthias Mosler, Deputy CEO of DEPFA BANK.

Company Profile:

DEPFA BANK plc is a leading provider of financial services to public sector clients worldwide and has the largest capital base dedicated to meeting the financial needs of the public sector. DEPFA is a Aa3/AA-/AA- rated (by Moody's, S&P, and Fitch, respectively) Dublin-based public limited company, incorporated under Irish law, with a network of subsidiaries and branch offices across Europe, as well as in the Americas and Asia. DEPFA's public finance capabilities cover a full spectrum of products and services, and are targeted at clients across all levels of the public sector. DEPFA finds optimal solutions to its clients' specific needs and requirements, whether they be related to budget financing or funding of public infrastructure projects, advising on the rating process associated with the privatisation of public services, debt restructuring, supporting bond placements or extending credit lines. Its committed focus on the public sector and extensive experience with the financial, political and social requirements involved makes DEPFA both a strong financial partner and an independent advisor to its global client base.

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