

Press and Investor Relations Release

Surge in earnings at DEPFA BANK exceeds 2002 targets

Net profit up by 72% to €236 million

Dublin / Frankfurt/Main, 26 March 2003.

DEPFA BANK plc today released its first-ever annual earnings results as an independent Public Finance specialist. According to unaudited figures, DEPFA exceeded its own ambitious targets for the year 2002 with net profit of €236 million and a return on equity of 22.3%. The business model of the new DEPFA, with its strong focus on public-sector clients, allowed the bank to buck the negative trend afflicting the banking industry and to establish itself as one of the most profitable banks. The first quarter of 2003 again looks like producing a record earnings result allowing DEPFA BANK to reaffirm its profit forecast for the current financial year of at least €250 million (after taxes), corresponding to a return on equity of around 20 %.

Total earnings increased by 24 % to €408 million year-on-year. Net interest income including interest components from derivatives rose by 14%, to €285 million. Stripping out interest components from these hedging instruments net interest income amounted to €298 million (up 15%). At €32 million, net commission income for 2002 surpassed the previous year's figure of €3 million by a wide margin. The negative trading result of €21 million included a negative result of €1 million from securities trading.

Administrative expenditure grew by €1 million to €97 million in 2002 with one-off factors to be considered. Firstly, DEPFA's original plans to charge €21 million for performance-based remuneration (in the form of shares granted to employees) to personnel expenditure for the year under review, were not permissible under US GAAP accounting rules. US GAAP does not allow for such a conservative approach. Secondly, administrative expenditure includes a final, non-recurring item relating to the split of the former DEPFA Group, in the amount of €15 million. The cost/income ratio for the year amounted to 23.9%.

Over recent months, the rating agencies have already recognised the strong performance of the new DEPFA. A uniform AA- rating assigned by all three agencies, FITCH, Moody's Investors Service and Standard and Poor's means that DEPFA counts among Europe's top-rated banks.

DEPFA's funding strategy was further reinforced by its extremely successful €4 billion debut issue of triple-A rated Irish Asset Covered Securities (ACS) in February 2003. In summary, all the objectives that the new DEPFA had set itself at the outset have been successfully realised in recent months. On the basis of this positive earnings performance, DEPFA BANK will propose a dividend distribution of €1.00 per share to the Annual General Meeting.

On 24 March 2003, the DEPFA share was admitted to the new MDAX index of the German Stock Exchange. DEPFA is presently the most profitable company listed there and ranks no 9 in terms of free market capitalisation on this index.

Summary profile:

Dublin-based DEPFA BANK is a global leader in Public Finance with a network of offices across many European countries, as well as in the US, Japan and Hong Kong. DEPFA's range of products and services covers all the financing needs of public-sector clients: 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 where only a few participants are truly successful.

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Exchange mnemonic: DEPF.DE (Reuters) / DEP GR (Bloomberg)

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DEPFA BANK plc: Key Group Figures (31 December 2002 / unaudited)

Earnings Data	2002 EUR mn	2001 EUR mn	Change %
Net interest income	298	259	15.0
(Net interest income including interest from derivatives)	(285)	(251)	(13.5)
Net commission income	32	3	
Income from sale of assets	99	27	266.7
Trading result	-21	41	
of which from securities trading	-1	30	
of which valuation of derivatives/FAS133	-7	19	
of which interest	-13	-8	
Total revenues	408	330	23.6
Personnel expenditure	-56	-61	-8.2
Other administrative expenditure	-35	-25	40.0
Depreciation	-6	-10	-40.0
Administrative expenditure	-97	-96	1.0
Other income and expenditure	-4	31	
Operating results	307	265	15.8
Provision for loan losses	0	-12	
Group retained income before taxes	307	253	21.3
Impact of the first-time application of SFAS 133	0	-29	
Income taxes	-59	-56	5.4
Group retained income after taxes	248	168	47.6
Minority interest income	-12	-31	-61.3
Group retained income from continuing operations	236	137	72.4
Portfolio Data	31.12.2002 EUR mn	31.12.2001 EUR mn	Change %
Public sector finance	110,890	120,802	
Property finance	5,787	26,054	
Shareholders' equity	1,133	2,257	
Total assets	143,000	180,899	
Key ratios	31 Dec 2002	31 Dec 2001	Change %
Cost/income ratio (%)	23.9	29.1	
Earnings per share (€)	6.69	3.88	72.4
RoE after taxes (%) (continuing operations)	22.3	14.8	

(The amounts used in this press release relate to continuing operations only and therefore do not include the results of discontinued activities.)