

## Press and Investor Relations Release

### DEPFA BANK's profits up 51% in the first quarter

- All geographical areas and products contributed to a strong profit growth -

Dublin / Frankfurt, 5 May 2004.

Today DEPFA BANK plc released its first quarter 2004 results. Net profit reached € 125 million, a 51% increase year-on-year and a new record quarterly result. This corresponds to a return on equity after tax of 34%, thereby sustaining the very high level of profitability recorded in 2003. DEPFA BANK is reaffirming its guidance for net profit for the year of more than € 400 million.

Total revenues exceeded the comparable figure for 2003 by 34%, to reach € 193 million in the first quarter 2004. Total net interest income rose by 34% to € 107 million. Interest revenue has been driven by continued strong margin growth. New business in the first quarter was € 12 bn. The especially strong increase in result from sale of assets is closely connected with the negative trading result of € 32 million. For part of its banking book assets DEPFA executed a hedging strategy, which resulted in high profits from sale of assets with the corresponding, but smaller losses from derivatives appearing. Net commission income was flat at € 21 million (2003: € 20 million) and is in line with the quarterly performance during 2003.

Administrative expenditure rose by 26% compared with the first quarter 2003, to € 34 million (+ € 7 million). € 4 million of this increase can be attributed to costs relating to the second share compensation scheme for 2003, which kicked in for the first time. The remainder of the costs relates to recruitment of staff hires in selected areas. The cost/income ratio stood at 18%.

DEPFA's continuing success owes to an acute sense of awareness that it must keep on taking the initiative to maintain and build on its market leadership position. The sale of Deutsche Pfandbriefbank will further streamline the bank's operations and lead the German subsidiary into a more meaningful corporate environment. The transaction does not mark a retreat from the German market. DEPFA will actually strengthen its German coverage out of Frankfurt.

DEPFA is in addition targeting the US as one of its major growth markets. DEPFA expects a total of ca. € 20 billion in US business by the end of the year and to gain the green light for its municipal bond and insurance business in the second half of 2004.

Sources of future growth are by no means confined to the US. DEPFA is continuing to build up its range of investment banking businesses. A privatisation and advisory unit has recently been established to provide the existing customer base with a further range of options to alleviate pressure on public finances.

On 3 May DEPFA BANK successfully carried out a 10 for 1 share split.

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 projects and investment banking solutions for public-sector authorities.

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

**Corporate Communications Contacts:**

Managing Director	Investor Relations	Media Relations
Hanno Strube	Marc Towner	Henrik Hannemann
Phone: +49 69 5006-2020	Phone: +49 69 5006-2077	Phone: +49 69 5006-2189
Hanno.Strube@depfa.com	Marc.Towner@depfa.com	Henrik.Hannemann@depfa.com

**DEPFA BANK plc: Group Figures as per 31 March 2004<sup>1</sup>**

<b>Revenues</b>	<b>1 Jan-31 Mar 2004 € m</b>	<b>1 Jan-31 Mar 2003 € m</b>	<b>Change %</b>
Net interest income	107	80	33.8
Extended net interest income	107	80	33.8
Net commission income	21	20	5.0
Income from sale of assets	97	18	
Trading result	-32	26	
of which from securities	-42	16	
of which derivatives valuation / FAS 133	10	10	
of which interest	-	-	
<b>Total revenues</b>	<b>193</b>	<b>144</b>	<b>34.0</b>
Personnel expenditure	-22	-14	57.1
Other administrative expenditure	-11	-12	-8.3
Depreciation of property and equipment	-1	-1	-
<b>Administrative expenditure</b>	<b>-34</b>	<b>-27</b>	<b>25.9</b>
Other income & expenditure	-	-2	
Provision for loan losses	-	-	-
<b>Net income before tax</b>	<b>159</b>	<b>115</b>	<b>38.3</b>
Income taxes	-34	-29	17.2
<b>Net income after tax</b>	<b>125</b>	<b>86</b>	<b>45.3</b>
Minority interest income	-	-3	
<b>Group net income</b>	<b>125</b>	<b>83</b>	<b>50.6</b>
<b>Portfolio</b>	<b>31 Mar 2004 € m</b>	<b>31 Dec 2003 € m</b>	<b>Change %</b>
Public sector finance	139,046	138,935	0.1
Equity	1,535	1,378	11.4
Total assets	178,609	173,965	2.7
<b>Key ratios</b>	<b>31 Mar 2004</b>	<b>31 Mar 2003</b>	<b>Change %</b>
Cost/income ratio	17.6%	18.8%	
Earnings per share (€)	3.65	2.38	53.4
RoE after tax	34.3%	28.7%	

<sup>1</sup> For US GAAP numbers including separation of discontinued operations please refer to our interim report.