

Press and Investor Relations Release

DEPFA BANK expects 2003 profit to exceed previous forecasts

Excellent first quarter: net profit up by 43% to € 83 million

13 May 2003. Dublin / Frankfurt/Main.

DEPFA BANK plc, the public finance specialist, got off to a flying start in 2003 with first quarter net profit reaching € 83 million, a 43% year-on-year increase. This corresponds to a return on equity of 29%. DEPFA's strong earnings performance of 2002 has thus carried on over into the current year and underscores the company's above average level of profitability. DEPFA BANK is reaffirming its profit forecast for 2003 of € 250 million and even considers a result of € 300 million within reach. This success was based above all on an improvement in funding costs and the successful expansion of the product range in investment banking.

Total revenues in the first quarter amounted to € 144 million, a 31% year-on-year increase. Net interest income including interest components from derivatives rose by 18%, to € 80 million. Net commission income of € 20 million was well ahead of the € -1 million result in the previous year. The trading result of € 26 million includes € 16 million from securities trading.

The rise in administrative expenditure by 35% to € 27 million was mainly attributable to accruals for variable compensation. The cost income ratio in the first quarter amounted to 19% but this is expected to be significantly higher for the year as a whole. After the charge for other expenditure of € -2 million profit before tax rose by 26% to € 115 million. In the first quarter 2003 DEPFA generated new business of € 12.4 billion. The overall public finance portfolio increased by 4% to € 115.2 billion.

DEPFA BANK plc has established a US agency to further build up its US business. The agency will provide liquidity standby facilities and credit enhancement for public sector bonds. Overall, some several billion dollars of new business should be generated over the next 12 months. The US agency of DEPFA Bank plc has been assigned a AA- rating (stable outlook) from the major rating agencies Fitch, Moody's and Standard & Poor's.

Company profile

DEPFA BANK plc is one of the leading providers of financial services to the public sector worldwide. It is a public limited company incorporated under Irish law with subsidiaries and branches in many European countries as well as in the US, Japan and Hong Kong. DEPFA's products and services cover the whole range of financing needs of the public sector, from budget financing through infrastructure financing to investment banking. Thanks to the clear focus of its business model DEPFA BANK enjoys a prominent position in an attractive market segment.

Exchange listing: Frankfurt / Main

Stock listing code: 765818 (Reuters; DEPF.DE, Bloomberg DEP GR)

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DEPFA BANK plc: consolidated figures as per 31.3.2003 (US GAAP)

Earnings	31 Mar 2003 EUR m	31 Mar 2002 EUR m	Change %
Total net interest income	80	72	11.1
(Net interest income incl. interest in trading derivatives)	80	68	17.6
Net commission income	20	(1)	
Income from sale of assets	18	43	-58.1
Trading result	26	(4)	
of which securities trading	16	(6)	
of which valuation derivatives/FAS 133	10	6	
of which interest	0	(4)	
Total revenues	144	110	30.9
Personnel expenditure	(14)	(11)	27.3
Other administrative expenditure	(12)	(7)	71.4
Depreciation on fixed assets	(1)	(2)	-50.0
Administrative expenditure	(27)	(20)	35.0
Other income and expenditure	(2)	1	
Provisions for loan losses	0	0	
Net income before tax	115	91	26.4
Income & deferred tax	(29)	(27)	7.4
Net income after tax	86	64	34.4
Profit attributable to minority interests	(3)	(6)	-50.0
Group net income	83	58	43.1
Portfolio	31 Mar 2003 EUR m	31 Dec 2002 EUR m	Change (%)
Public sector financing	115,204	110,503	4.3
Equity	1,178	1,136	3.7
Total assets	150,176	145,847	3.0
Key figures	31 Mar 03	31 Mar 02	Change (%)
Cost/income ratio	18.8%	18.2%	
Earnings per share €	2.38	1.64	45.1
RoE after tax	28.7%	23.6%	

(all figures relate solely to 'continuing operations' and do not include results from 'discontinued operations')