

Press and Investor Relations Release

DEPFA BANK continues 3-year strong profit growth, presenting yet another strong record quarterly result

- € 128 million in net profit in Q2, € 21 billion in new business generated -

Dublin / Frankfurt/Main, 3 August 2004

DEPFA BANK plc presents its financial statements for the second quarter of 2004. The bank maintained its strong long-term growth momentum throughout the second quarter, exceeding even the outstanding first-quarter results, to set yet another record. Net quarterly income totalling € 128 million is equivalent to a return on equity of 33% after taxes. Profits for the first half of 2004 of € 253 million already amount to nearly the full-year results for 2002. DEPFA is confident that it will outperform its initial net profit projections of around € 400 million. The bank increases now its guidance for the full 2004 financial year to profits after taxes of more than € 450 million.

Total revenues in the second quarter of 2004 exceeded the comparable period of the previous year by 23%, to reach € 189 million. Extended net interest income was up 10% to € 104 million, driven mainly by higher interest margins. Income from the sale of assets totalled € 8 million, while the trading result was up strongly, to € 57 million. Net commission income rose by 25% to € 20 million (Q2/2003: € 16 million). New business generated during the second quarter soared to € 21 billion after € 15 billion in the second quarter of 2003.

Administrative expenditure grew by € 14 million, to € 41 million. This increase was predominantly due to variable compensation components for the year 2003, which were recognised in the profit and loss account for the first time in 2004. The remainder of the cost increase relates to strong staff recruitment. The cost/income ratio for the second quarter was 22%.

The growing importance of the US market for DEPFA became evident in the most recent € 3 billion Asset Covered Securities issue, where the take-up by US investors exceeded 20%. In addition to expanding its funding base, DEPFA has focused on developing its business with US authorities in the areas of standby liquidity facilities, credit enhancement for municipal bodies, and debt financing of public-sector budgets.

DEPFA has received several indications of interest for the sale of Deutsche Pfandbriefbank, its German subsidiary. However, the recently announced changes to the legal framework for asset covered bonds may also have positive repercussions on the overall sales process. In this context DEPFA has decided to fully evaluate these opportunities prior to agreeing to a sale. The decision to dispose of Deutsche Pfandbriefbank remains in place.

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 products and investment banking solutions for public-sector authorities.

WKN: 765818 / ISIN: IE 0072559994
Exchange listing: Frankfurt/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: Key Group Figures (second quarter 2004)¹

Revenues	Q2 2004 EUR mn	Q2 2003 EUR mn	Change %
Net interest income	104	100	4.0
Extended net interest income	104	95	9.5
Net commission income	20	16	25.0
Income from sale of assets	8	34	-76.5
Trading result	57	4	
of which securities and derivatives trading	66	16	
of which measurement of derivatives	-9	-7	
of which interest	-	-5	
Total revenues	189	154	22.7
Personnel expenditure	-24	-17	41.2
Other administrative expenditure	-15	-9	66.7
Depreciation of property and equipment	-2	-1	100.0
Administrative expenditure	-41	-27	51.9
Other income and expenditure	-3	-4	-25.0
Provision for loan losses	-	-	
Group net income before taxes	145	123	17.9
Income taxes	-16	-27	-40.7
Group net income after taxes	129	96	34.4
Minority interest income	-1	-3	-66.7
Group net income	128	93	37.6
Portfolio	30 Jun 2004 EUR mn	31 Dec 2003 EUR mn	Change %
Public sector financing	147,346	138,935	6.1
Shareholders' equity	1,586	1,378	15.1
Total assets	180,736	173,965	3.9
Key figures	Q2 2004	Q2 2003	Change %
Cost/income ratio	21.7%	17.5%	
Earnings per share (€)	0.37	0.27	37.0
RoE after taxes	32.8%	30.9%	

¹ Please refer to the Interim Report as at 30 June 2004 for financial data in accordance with US GAAP, including a separate presentation of discontinued operations.

DEPFA BANK plc: Key Group Figures (first half-year 2004)

Revenues	1 Jan – 30 Jun 2004 EUR mn	1 Jan – 30 Jun 2003 EUR mn	Change %
Extended net interest income	211	175	20.6
Net commission income	41	36	13.9
Income from sale of assets	105	52	101.9
Trading result	25	35	-28.6
of which securities and derivatives trading	24	32	
of which measurement of derivatives	1	3	
Total revenues	382	298	28.2
Personnel expenditure	-46	-31	48.4
Other administrative expenditure	-26	-21	23.8
Depreciation of property and equipment	-3	-2	50.0
Administrative expenditure	-75	-54	38.9
Other income and expenditure	-3	-6	
Provision for loan losses	-	-	
Group net income before taxes	304	238	27.7
Income taxes	-50	-56	
Group net income after taxes	254	182	39.6
Minority interest income	-1	-6	
Group net income	253	176	43.8
Portfolio	30 Jun 2004 EUR mn	31 Dec 2003 EUR mn	Change %
Public sector financing	147,346	138,935	6.1
Shareholders' equity	1,586	1,378	15.1
Total assets	180,736	173,965	3.9
Key figures	1 Jan – 30 Jun 2004	1 Jan – 30 Jun 2003	Change %
Cost/income ratio	19.6%	18.1%	
Earnings per share (€)	0.72	0.51	41.2
RoE after taxes	34.1%	29.7%	