

Press and Investor Relations Release

DEPFA BANK's net profit in Q3 set to fulfil full year 2005 target

Dublin / Frankfurt, 2 November 2005.

DEPFA BANK plc released its third quarter results 2005 today. With a net profit of € 130 m in the third quarter and € 376 m in the first nine months DEPFA is on course to achieve a total net profit above the € 500 m mark for fiscal year 2005. This is an encouraging development as 2005 can clearly be characterised as a year of investments. Over the last 12 months DEPFA added ca. 25% of new employees to its workforce, many of whom are highly qualified product experts or business developers. These measures will make a significant contribution towards achieving DEPFA BANK's profit target of € 600 m in 2006.

Expanding into additional product areas and other regions is essential in achieving the long term objective to be the leading institution in public finance worldwide. By the same token DEPFA is not neglecting ongoing performance and is continuing to pay attention to key financial ratios in order to support the organic growth of the group. Shareholders' equity grew to € 2.2 bn as at 30 September 2005, equivalent to a Tier 1 ratio of 12.5%. Shareholders' equity has more than doubled over the last three years solely through retained earnings.

Total revenues in the third quarter of 2005 reached € 222 m, up 11% compared to third quarter 2004. Net interest income amounted to € 97 m, down € 13 m year-on-year. The reasons for this fall are threefold; firstly a significant amount of high margin assets were placed in the secondary markets, and this led to a reduction of interest-bearing assets and a higher contribution to the income from sale of assets line of € 93 m (+27%). A second reason relates to developments in the yield curve: though income from carry positions play a minor role in the bank's revenue mix a flattening of the yield curve generated slightly less income in 2005 vs. 2004. Thirdly, the maturing of some higher margin assets also affected interest income. The underlying margins in core new business remained stable and DEPFA anticipates interest income to rise again.

Net commission income stood at € 16 m (up 14%) and the trading result amounted to € 16 m. New business volumes reached € 20 bn in the third quarter alone, the total public sector finance portfolio stood at € 172 bn at the end of September 2005.

Administrative expenditure increased by 32% year-on-year to € 54 m but was consistent with the scale of investments that the bank has deliberately undertaken this year. Two thirds of new hires this year are in front office positions and can be seen as additional profit generators for the years to come. The cost income ratio stands at 24.3%, well in line with the target range of mid-20s%.

DEPFA has been in active discussions with Moody's and S&P over the past 12 months in relation to the bank's plans to enter the Financial Guaranty Business. The goal to achieve triple A ratings for this business was based on the clear focus of DEPFA's business model, its triple A rated covered bond programs and the low risk profile of the bank overall. However, preliminary feedback received from the rating agencies indicates that adjustments to the business model will be required to achieve the desired rating. In light of this situation, DEPFA BANK puts its plans for the Financial Guaranty business on hold for the time being.

DEPFA will continue to expand its US banking business that has grown very successfully over the past two years. Total business volumes now exceed US\$ 26 bn, and revenues will make a contribution to the Group of US\$ 50 m this year.

As part of the development of budget financing in Eastern Europe DEPFA BANK will be opening a new office in Warsaw at the end of November.

WKN: 765818 / **ISIN:** IE 0072559994
Exchange listing: Frankfurt (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 92882-271	Phone: +49 69 92882-274	Phone: +49 69 92882-275
Hanno.Strube@depfa.com	Marc.Towner@depfa.com	Henrik.Hannemann@depfa.com

DEPFA BANK plc: group figures in Q 3 2005 (US-GAAP)

Revenues	Q3 2005 EUR mn	Q3 2004 EUR mn	Change
Extended net interest income	97	110	-11.8%
Net commission income	16	14	14.3%
Income from sale of assets	93	73	27.4%
Trading result	16	3	
<i>of which securities and derivatives trading</i>	16	-1	
<i>of which valuation of derivatives</i>	-	4	
Total revenues	222	200	11.0%
Personnel expenditure	-32	-26	23.1%
Other administrative expenditure	-20	-12	66.7%
Depreciation of property and equipment	-2	-3	-33.3%
Administrative expenditure	-54	-41	31.7%
Other income and expenditure	-	-5	
Group net income before taxes	168	154	9.1%
Income taxes	-38	-24	58.3%
Group net income after taxes	130	130	
Minority interest income	-	-1	
Group net income	130	129	0.8%
Portfolio	30 Sep 2005 EUR mn	31 Dec 2004 EUR mn	Change
Public sector financing	172,293	152,802	12.8%
Shareholders' equity	2,206	1,903	15.9%
Total assets	221,942	190,418	16.6%
Key figures	Q3 2005	Q3 2004	
Cost/income ratio	24.3%	20.5%	
Earnings per share (US-GAAP) (€)	0.38	0.38	
RoE after taxes	24.6%	30.9%	

DEPFA BANK plc: group figures for 9M 2005 (US-GAAP)

Revenues	9M 2005 EUR mn	9M 2004 EUR mn	Change
Extended net interest income	315	321	-1.9%
Net commission income	38	55	-30.9%
Income from sale of assets	420	178	136.0%
Trading result	-144	28	
<i>of which securities and derivatives trading</i>	-129	23	
<i>of which valuation of derivatives</i>	-15	5	
Total revenues	629	582	8.1%
Personnel expenditure	-99	-72	37.5%
Other administrative expenditure	-52	-38	36.8%
Depreciation of property and equipment	-7	-6	16.7%
Administrative expenditure	-158	-116	36.2%
Other income and expenditure	6	-8	
Group net income before taxes	477	458	4.1%
Income taxes	-101	-74	36.5%
Group net income after taxes	376	384	-2.1%
Minority interest income	-	-2	
Group net income	376	382	-1.6%
Portfolio	30 Sep 2005 EUR mn	31 Dec 2004 EUR mn	Change
Public sector financing	172,293	152,802	12.8%
Shareholders' equity	2,206	1,903	15.9%
Total assets	221,942	190,418	16.6%
Key figures	9M 2005	9M 2004	
Cost/income ratio	25.1%	19.9%	
Earnings per share (US-GAAP) (€)	1.10	1.12	
RoE after taxes	24.4%	32.5%	