

## Press and Investor Relations Release

### DEPFA BANK with yet another record quarterly result

- 9 months net profit already exceeds full year result 2003 -

Dublin / Frankfurt, 3 November 2004

DEPFA BANK plc presents its financial statements for the third quarter of 2004. The net profit of € 129 million even exceeded the outstanding second quarter result, to set yet another record. The net profit of € 382 million after the first nine months 2004 is already exceeding the full-year result for 2003. DEPFA BANK is therefore clearly on course to achieve its net profit projections of more than € 450 million for the full-year.

Total revenues for the third quarter of 2004 amounted to € 200 million, up 15% over the same quarter of 2003. The improvement was driven by a significant increase in net interest income, which climbed 18% higher to € 110 million, and by income resulting from the placement of public-sector assets, which more than doubled (by 109%) to € 73 million. Income from the sale of public-sector assets is generated mainly from two sources. Firstly, DEPFA is continuously optimising its € 148 billion global public finance portfolio, taking into account country allocations and credit spread developments. Secondly, the bank's experience in investment banking enables it to anticipate the future performance of public sector bond prices in specific countries. New business generated during the third quarter was € 18 billion, during the first nine months it amounted to € 51 billion, which is on a par with the very strong performance of last year.

Net commission income for the third quarter amounted to € 14 million, which represents a decline of € 16 million over the same quarter of 2003. Although the trading result has fluctuated somewhat during the course of the year, the overall result of € 28 million after nine months is still at a satisfactory level. Total revenues for the first three quarters of 2004 amounted to € 582 million, which corresponds to an increase of 23%.

Personnel and administrative expenditure has so far risen considerably during 2004. After nine months, costs totalled € 116 million; an increase of 42% year-on-year. DEPFA's organic growth – characterized notably by the expansion of the product range and growth in the US business – has led to an increase in staff levels, rising to 413 over the last 12 months (+17%). Another

important reason for the increase in personnel expenditure is the first-time inclusion of variable costs resulting from the 2003 staff share compensation scheme. Factors which have contributed to the growth in other administrative expenses include project expenditure relating to the planned sale of DEPFA Deutsche Pfandbriefbank AG as well as the move to new premises at some locations. At 20%, the cost/income ratio for the first nine months of 2004 was in line with DEPFA's projections.

DEPFA has boosted net profit by an average annualised rate of appr. 50% over the past three years due in large part to its early strategic foresight in concentrating resources solely towards the requirements of public-sector clients around the world. This specialisation has led to a significant expansion in geographical coverage, as well as in the range of products offered. This will continue to form the heart of DEPFA's strategy in the years to come. The US business has got off to a very successful start and in its first full year of operations is already making a healthy contribution to profits. DEPFA will continue to develop its investment banking activities in Central and Eastern Europe, and increasingly in the Asian markets.

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**DEPFA BANK plc: Key Group Figures (third quarter 2004)<sup>1</sup>**

<b>Revenues</b>	<b>Q3 2004 EUR mn</b>	<b>Q3 2003 EUR mn</b>	<b>Change %</b>
Extended net interest income	110	93	18.3
Net commission income	14	30	-53.3
Income from sale of assets	73	35	108.6
Trading result	3	16	-81.3
of which securit. and derivatives trading	-1	11	
of which measurement of derivatives	4	5	
<b>Total revenues</b>	<b>200</b>	<b>174</b>	<b>14.9</b>
Personnel expenditure	-26	-18	44.4
Other administrative expenditure	-12	-8	50.0
Depreciation of property and equipment	-3	-2	50.0
<b>Administrative expenditure</b>	<b>-41</b>	<b>-28</b>	<b>46.4</b>
Other income and expenditure	-5	-28	-82.1
Provision for loan losses	-	-	
<b>Group net income before taxes</b>	<b>154</b>	<b>118</b>	<b>30.5</b>
Income taxes	-24	-23	4.3
<b>Group net income after taxes</b>	<b>130</b>	<b>95</b>	<b>36.8</b>
Minority interest income	-1	-2	-50.0
<b>Group net income</b>	<b>129</b>	<b>93</b>	<b>38.7</b>
<b>Portfolio</b>	<b>30 Sep 2004 EUR mn</b>	<b>31 Dec 2003 EUR mn</b>	<b>Change %</b>
Public sector financing	148,368	138,935	6.8
Shareholders' equity	1,758	1,378	27.6
<b>Total assets</b>	<b>183,003</b>	<b>173,965</b>	<b>5.2</b>
<b>Key figures</b>	<b>Q3 2004</b>	<b>Q3 2003</b>	<b>Change %</b>
Cost/income ratio	20.5%	16.1%	27.3
Earnings per share according to US-GAAP (€)	0.38	0.27	40.7
RoE after taxes	30.9%	29.6%	4.4

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

**DEPFA BANK plc: Key Group Figures (first nine months 2004)<sup>2</sup>**

<b>Revenues</b>	<b>1 Jan – 30 Sep 2004 EUR mn</b>	<b>1 Jan – 30 Sep 2003 EUR mn</b>	<b>Change %</b>
Extended net interest income	321	268	19.8
Net commission income	55	66	-16.7
Income from sale of assets	178	87	104.6
Trading result	28	51	-45.1
of which securities and derivatives trading	23	43	
of which measurement of derivatives	5	8	
<b>Total revenues</b>	<b>582</b>	<b>472</b>	<b>23.3</b>
Personnel expenditure	-72	-49	46.9
Other administrative expenditure	-38	-29	31.0
Depreciation of property and equipment	-6	-4	50.0
<b>Administrative expenditure</b>	<b>-116</b>	<b>-82</b>	<b>41.5</b>
Other income and expenditure	-8	-34	-76.5
Provision for loan losses	-	-	
<b>Group net income before taxes</b>	<b>458</b>	<b>356</b>	<b>28.7</b>
Income taxes	-74	-79	-6.3
<b>Group net income after taxes</b>	<b>384</b>	<b>277</b>	<b>38.6</b>
Minority interest income	-2	-8	-75.0
<b>Group net income</b>	<b>382</b>	<b>269</b>	<b>42.0</b>
<b>Portfolio</b>	<b>30 Sep 2004 EUR mn</b>	<b>31 Dec 2003 EUR mn</b>	<b>Change %</b>
Public sector financing	148,368	138,935	6.8
Shareholders' equity	1,758	1,378	27.6
<b>Total assets</b>	<b>183,003</b>	<b>173,965</b>	<b>5.2</b>
<b>Key figures</b>	<b>1 Jan – 30 Sep 2004</b>	<b>1 Jan – 30 Sep 2003</b>	<b>Change %</b>
Cost/income ratio	19.9%	17.4%	14.4
Earnings per share according to US-GAAP (€)	1.12	0.77	45.5
RoE after taxes	32.5%	29.7%	9.4

<sup>2</sup> Please refer to the Interim Report as at 30 September 2004 for financial data in accordance with US GAAP, including a separate presentation of discontinued operations.