DEPFA BANK plc
Condensed Consolidated Unaudited Interim Financial Statements as at 30 June 2009

Contents

Directors and other information

Board of Directors
Dr. A. Wieandt* (German) (Chairman) (appointed 5 February 2009)
Ms. M. Better (German)
Dr. J. Bourke*
Mr. J. Campbell (British) (resigned 27 April 2009)
Mr. C. Dunne (Chief Executive)
Mr. T. Glynn
Mr. D. Grehan* (appointed 12 June 2009)
Dr. M. Fell* (German) (resigned 20 January 2009)
Dr. K. Franzmeyer* (German) (appointed 24 February 2009)
Mr. F. Krings* (German) (appointed 5 February 2009)
Mr. S. Rio (French) (appointed 6 February 2009)
Mr. P. Ryan*

* Non-Executive

Audit Committee
Dr. J. Bourke (Chairman)
Mr. P. Ryan
Dr. M. Fell (resigned 20 January 2009)

Secretary & Registered Office
Ms. E. Tiernan
1 Commons Street
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Auditors
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Registered Number
348819

Management Discussion

DEPFA BANK plc 6-month 2009 report

Net interest income increased to € 417 million, compared with € 238 million in the first six months of 2008. The increase in 2009 is mainly attributable to strong income in money market activities. The cuts in interest rates at the beginning of 2009 enabled the DEPFA Group (‘the Group’) to take advantage of lower refinancing costs in conjunction with constant revenues on the asset side of its balance sheet. The US liquidity facilities drawn by customers in 2008 as a result of the financial market crisis continued to have a positive impact on net interest income. On the other hand, net interest income was depressed by the costs of the liquidity support provided by the syndicate from the German financial sector, the Deutsche Bundesbank and the Financial Markets Stabilisation Fund (‘SoFFin’).

Net commission expense amounted to € -195 million compared with net commission income of € 30 million in the corresponding prior year period. The decline is primarily attributable to costs of € -200 million for the liquidity support measures. The very low level of new business and lower income from Capital Markets/Asset Management also had an impact in this respect.

Net trading income in the first half of 2009 amounted to € 79 million, compared with € 41 million in the first half of 2008. The main reason for this was due to an improvement in credit spreads which resulted in gains in the Capital Markets and Asset Management segment.

Net income from financial investments amounts to € - 20 million (H1 2008: € nil). Impairment losses of €15 million (2007: nil) have been recognised on a Commercial Mortgage Backed Securities (‘CMBS’) portfolio. In addition, DEPFA First Albany Securities LLC was deconsolidated in the period after the sale of the company, realising a loss of € 1 million.

The net income from hedge relationships amounted to € -77 million, and was thus lower than the corresponding previous year figure of € -24 million. Two factors are reflected in the net income from hedge relationships. Firstly, hedge inefficiencies within the range of 80 % to 125 % permitted under IAS 39 resulted in expenses of € -62 million (H1 2008: € - 16 million). This expense is primarily an opposite effect resulting from the corresponding revenues in the fourth quarter of 2008. Secondly, a negative valuation result of € -15 million (H1 2008: € - 8 million) resulted from designated at Fair Value through Profit or Loss (dFVTPL) assets and related derivatives. The fair values of these positions hedged against interest risks have deteriorated as a result of credit spread changes.

The balance of other operating income/expenses amounted to € - 3 million (H1 2008: € 3 million), and was mainly attributable to recharges from HRE Group companies.

The charge for provisions for losses on loans and advances amounted to € 28 million (H1 2008: € nil). This is composed of specific provisions € -41 million and a collective loan loss provision reduction of € 13 million. The specific write-downs were concentrated among a small number of infrastructure and public sector exposures and do not signify a broad-based deterioration in credit quality across the Group’s asset portfolio, which continues to be predominantly composed of high quality sovereign and sub sovereign assets in developed markets. In accordance with IAS 39, portfolio-based allowances are created only for receivables for which there are no indications of an individual impairment. Due to the increase in the extent of individual allowances, there was a corresponding decline in the volume of receivables for which it was necessary to create portfolio-based allowances, resulting in the reduction of € 13 million.

General administrative expenses have declined to € 103 million, compared with € 146 million in the first half of 2008. The decline is attributable to lower variable compensation and continues to reflect the downsizing process which is accompanying the process of restructuring the Group. Overall, the workforce has declined to 545 employees, compared with 699 employees as of 31 December 2008.

Other expenses amounted to € - 17 million (H1 2008: nil). A restructuring provision of € 56 million was created in the fourth quarter of 2008 in connection with the strategic refocusing and restructuring of the Hypo Real Estate Group (‘the HRE Group’). As a result of new information, and some locations closing sooner than originally planned, the calculation of the restructuring provision was revised in the second quarter of 2009, and the provision was increased by € 17million.

Pre-tax profit amounted to € 53 million (H1 2008: € 142 million). The high effective tax rate is as a result of taxable profits being generated in high tax jurisdictions, while losses are in low tax jurisdictions.

Taxes on income amounted to € 83 million (H1 2008: € 37 million).

Net loss after taxes amounted to € -30 million in the first half 2009 (H1 2008: net profit € 105 million).

The total assets of the Group declined to € 229 billion as of June 30, 2009, compared with € 249 billion as of 31 December 2008. The decline is attributable to two factors. Firstly, portfolios declined because repayments exceeded the extremely low levels of new business and the drawings of old commitments. Secondly, the decline is as a result of exchange rate factors and the reduction in the level of interest rates. These factors are reflected primarily in the items loans and receivables to customers, financial assets and trading assets. Under loans and receivables to customers, the main decline related to holdings of public sector loans, because the repayments were offset by only a very low level of new business. Under financial assets, holdings of bonds declined; under trading assets, the main decline related to the positive market values of the stand-alone derivatives of the bank book. Impairments recognized in relation to receivables increased as a result of provisions for losses on loans and advances in the first half of 2009.

The shareholders' equity amounted to € 1,654 million as of 30 June 2009, compared with € 7 million as of 31 December 2008.

Since the first quarter of 2009, certain existing hybrid issuances of the Group have had to be recognized as equity instruments in accordance with IAS 32.16. The classification of financial instruments as equity instruments or financial liabilities is determined in accordance with IAS 32.16 depending principally on whether the company has a contractual obligation to make payments under the instruments.

The Group has issued €1.2bn of perpetual subordinated debt in 2004 and 2005 via its issuance vehicles, DEPFA Funding II LP, DEPFA Funding III LP, and DEPFA Funding IV LP. Payment under these hybrid capital instruments is only contractually required if creditors of equal ranking receive interest payments. During 2009 the last equal ranking liability was repaid by the Group and accordingly the Group no longer has a contractual obligation to make interest payments under the hybrid capital instruments. Accordingly the carrying amount of these instruments has been re-categorised to equity from subordinated capital liabilities (€1,136 million).

The AfS revaluation reserve amounted to € -2.1 billion (31 December 2008: € -2.6 billion). This improvement is attributable to improvements in credit spreads. In the fiscal year 2008, in accordance with the IAS 39 amendment “Reclassification of financial assets”, which was adopted by the IASB in October 2008 and endorsed by the EU, the HRE Group reclassified available-for-sale assets with a carrying amount of € 44 billion to the category “Loans and receivables” retrospectively as of 1 July 2008. The AfS reserve after taxes would have been lower by a total of € -4.5 billion without this reclassification (31 December 2008 € -6.6bn).

Total group liabilities amounted to € 227 billion as of 30 June 2009, compared with € 249 billion as of 31 December 2008.

This is mainly due to three main factors. Firstly, the decline in the funded assets reduced the requirements for funding. Secondly, recognised liabilities declined as a result of exchange rate factors and the reduction in the level of interest rates, in particular with regard to derivatives. Thirdly, subordinated capital declined as a result of the fact that the hybrid issuances of the Group were reclassified to shareholders' equity.

Refinancing in the first half of 2009 was affected by the difficult and, in certain cases, illiquid financing and capital markets as well as the specific, extremely difficult situation of the Group and its parent, the HRE Group. In this context, the Group was only able to obtain very low volumes of liquidity on the market on an independent basis. The Group was therefore reliant on indirect support measures (via its parent) of a syndicate from the German financial sector and the Bundesbank with the involvement of the Federal Government as well as SoFFin. Without these measures, the solvency of the HRE Group would not have been assured in the first half of 2009.

Forecast Report

Company-specific background:

Access to the liquidity support and to additional capital by the Group can only be made through the Group's ultimate parent company, Hypo Real Estate Holding AG ('HRE Holding'). In the absence of this continuing support from the parent company, for both current and future funding requirements, the Group would not be in a position to continue in operational existence as a going concern.

The forecasts relating to the future development of the HRE Group are estimates which have been made on the basis of all information available at present. If the assumptions underlying these forecasts fail to materialize, or if risks (such as those addressed in the risk report) occur to an extent which has not been calculated, the actual results may differ considerably from the results which are currently expected.

The existence of most companies in the HRE Group continued to be threatened in the first half of 2009.

The HRE Group assumes that it is a going concern and will continue in operation under the following described conditions (external factors / internal factors). Based on present information, the Management Board considers it currently as predominantly probable that these conditions are in existence or will occur.

External factors:

- The HRE Group will receive further essential liquidity support from SoFFin in respect of terms and total volume. Moreover, the HRE Group will receive necessary capital support from SoFFin to strengthen its capital base. These supports will be granted under reasonable conditions.
- The capital market environment will begin to stabilize from 2010 to 2012, particularly if there is no further serious deterioration of the financial market crisis from unforeseeable consequences, for instance triggered by external shocks such as the collapse of numerous major states or major banks and the crisis of the real estate markets does not result in defaults of loans and securities to an extent which would poses a threat to existence of the Group.
- The interbank market and other short-term unsecured refinancing markets as well as the long-term secured and unsecured refinancing markets will start to recover from 2010. The ratings of the companies in the HRE Group will stabilize or slightly increase. The support by the syndicate from the German financial sector and the Deutsche Bundesbank with the involvement of the German Federal Government as well as SoFFin can be covered by own funding in the following years.

Internal factors:

- The HRE Group succeeds in regaining the confidence of customers and successfully writes new business subject to adequate volumes and adequate margins.
- There are no delays or obstructions of the implementation of the restructuring of the HRE Group that aims to improve efficiency, profitability and streamlining of business processes.
- Work-out or restructuring of non-performing loans throughout the HRE Group can be implemented as currently scheduled.

On 28 March 2009, SoFFin confirmed to HRE Holding and to Deutsche Pfandbriefbank AG (formerly Hypo Real Estate Bank AG) that it intends to stabilize the HRE Holding in a sustainable manner by way of adequate recapitalization and Deutsche Pfandbriefbank AG by further extensions of guarantees.

The precondition for the intended recapitalization of the HRE Group by SoFFin is the acquisition of complete control (100%) over HRE Holding by SoFFin or the German Federal Government.

As the first step towards recapitalizing the HRE Group, SoFFin took up 20 million HRE Holding shares on 28 March 2009 for a price of € 3.00 per share, with shareholders' subscription rights excluded. As the second step of recapitalization of the HRE Group, the shareholders adopted a resolution regarding a capital increase of around € 2.96 billion in return for a cash contribution at the extraordinary general meeting held on 2 June 2009. The shares were issued at the nominal value of € 3.00 specified in the articles of incorporation. Only SoFFin was permitted to take up the new shares out of the capital increase, and the statutory shareholders' subscription rights were excluded. After taking up all shares out of the capital increase on 5 June 2009, SoFFin now holds 90% of the Company's share capital, and will initiate a squeeze-out procedure under the German Law on Stock Companies (Aktienrecht) in order to be able to press on ahead with the restructuring process of the HRE Group after acquiring 100% of all shares.

The Management Board of HRE Holding has provided a commitment to SoFFin that it will take the steps necessary for implementing the recapitalization process. HRE Group is also assessing whether to transfer loans from its real estate business, which are either non-performing or no longer consistent with overall strategy, as well as significant parts of its asset portfolio and the structured security portfolio to a work-out entity.

Risks posing a threat to the continued existence of the Group as a going concern

The future existence of HRE Group is contingent upon the provision of equity to HRE Group and its subsidiaries sufficient to fulfil the supervisory regulations for own funds and sufficient to avoid a situation of insolvency. External liquidity support is necessary to avert insolvency due to illiquidity of the significant subsidiaries of HRE Group or HRE Holding itself. These liquidity supports must be available until HRE Holding and its subsidiaries raise sufficient liquidity on the money and capital markets by themselves and the described restructuring arrangements are implemented as scheduled.

To ensure the future existence of HRE Group it is particularly necessary that:

- SoFFin continues to provide sufficient support in the form of equity capital
- SoFFin and the Deutsche Bundesbank maintain their liquidity support and, if necessary, provide further liquidity assistance until such time as the HRE Group and principal subsidiaries raise liquidity in the capital markets themselves
- increased refinancing with sustainable conditions on the money and capital markets is possible
- the restructuring arrangements are implemented as scheduled
- the appropriate authorities do not take supervisory actions which are unforeseen and which would not permit the HRE Group to fully implement its recovery plan, as well as
- no legal reservations (especially EU-action) will be successfully enforced.

If some of the above criteria are not met, in particular if a crisis situation should occur, whose occurrence based on present information is currently not probable, there will be a negative effect on the net assets, financial position and results of the HRE Group and there will be doubts as to whether some or all companies in the HRE Group will be able to continue in operation as going concerns.

Regulation 8 (3) of the Transparency (Directive 2004/10/EC) Regulations 2007

In accordance with Regulation 8 (3) of the Transparency (Directive 2004/10/EC) Regulations 2007 the related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Bank are noted in note 32 on page 27.

Statement of the directors in respect of the condensed consolidated unaudited interim financial statements

Each of the current directors, whose names are listed on page 2, confirm that to the best of our knowledge:

(a) the condensed consolidated interim financial statements comprising the condensed consolidated income statement, the unaudited condensed consolidated statement of comprehensive income, the unaudited condensed consolidated statement of changes in equity, the unaudited condensed consolidated statement of financial position, the unaudited condensed consolidated statement of cash flows and related notes 1 to 36 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

(b) the interim management discussion includes a fair review of the information required by:

   (i) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

   (ii) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

John Bourke	**Pat Ryan**
Director	**Director**

5 August 2009

Independent Review Report to DEPFA BANK Plc ("the Bank")

Introduction
We have been engaged by the Bank to review the unaudited condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the Unaudited Condensed Consolidated Income Statement, Unaudited Condensed Consolidated Statement of Comprehensive Income, Unaudited Condensed Consolidated Statement of Financial Position, Unaudited Condensed Consolidated Statements of Changes In Equity, Unaudited Condensed Consolidated Cash Flow Statement and the related explanatory notes (Notes 1 -36). We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the consolidated condensed set of financial statements.

This report is made solely to the Bank in accordance with the terms of our engagement to assist the Bank in meeting the requirements of the Transparency (Directive 2004/109/EC) Regulations 2007 ("the TD Regulations") and the Transparency Rules of the Republic of Ireland's Financial Regulator. Our review has been undertaken so that we might state to the Bank those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the TD Regulations and the Transparency Rules of the Republic of Ireland's Financial Regulator.

As disclosed on page 15, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The directors are responsible for ensuring that the unaudited condensed consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility
Our responsibility is to express to the Bank a conclusion on the unaudited condensed consolidated set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the unaudited condensed consolidated set of financial statements in the half-yearly report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU, the TD Regulations and the Transparency Rules of the Republic of Ireland's Financial Regulator.

Emphasis of matter – Going Concern Basis of Accounting

In performing our review, we have considered the adequacy of the disclosures in the "Management Discussion" section on pages 5 to 7 concerning the appropriateness of the going concern basis of accounting in the preparation of the unaudited condensed consolidated interim financial statements of the Bank for the period ended 30 June 2009.

The unaudited condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Bank will continue in operation and meet its debts as they fall due for a minimum period of 12 months from the date of this report. Given its significance, we wish to draw the readers' attention to the underlying assumptions underpinning the application of the going concern basis of accounting to the Bank's unaudited condensed consolidated interim financial statements for the period ended 30 June 2009. Set-out below in our view are the key assumptions.

- The future existence of the Hypo Real Estate Group ("HREG") is contingent on the provision of equity to HREG and its significant subsidiaries sufficient to fulfil the supervisory regulations for own funds and sufficient to avoid a situation of insolvency. External liquidity support is necessary to avert insolvency due to illiquidity of the significant subsidiaries of the HREG or Hypo Real Estate Holding AG ("HRE AG") itself. These liquidity supports must be available until the HREG and its significant subsidiaries raise sufficient liquidity on the money and capital market by themselves and the agreed restructuring arrangements are implemented and until the equity capital increase is performed as scheduled.

- To ensure the future existence of the HREG and its significant subsidiaries it is particularly necessary that:
  - the Financial Markets Stabilisation Fund ("SoFFin") provides sufficient equity capital.
  - SoFFin and the Deutsche Bundesbank maintain their liquidity support and, if necessary, provide further liquidity assistance until such time as HREG and principal subsidiaries raise liquidity in the capital markets themselves.

- increased refinancing with sustainable conditions in the money and capital markets is possible
- the restructuring arrangements are implemented as scheduled
- the appropriate authorities do not take supervisory actions which are unforeseen and which would not permit the HREG to fully implement its recovery plan, as well as
- no legal reservations (especially EU-action) will be successfully enforced.

If some of the above criteria are not met, in particular if a crisis situation should occur, whose occurrence based on present information is currently not probable, there will be a negative effect on the net assets, financial position and results of the HREG and there will be doubt as to whether some or all companies in the HREG will be able to continue in operation as going concerns.

Access to the liquidity support and to additional capital by the Bank can only be made through the Bank's ultimate parent company, HRE Holding AG. In the absence of this continuing support from the parent company for both current and future funding requirements the Bank would not be in a position to continue in operational existence as a going concern. The unaudited condensed consolidated interim financial statements do not include the adjustments that would result if the Bank was unable to continue as a going concern.

KPMG
Chartered Accountants
2 Harbourmaster Place
IFSC
Dublin 1

5 August 2009

Condensed consolidated income statement - unaudited

	Note	1.1-30.06-09 € m	1.1-30.06-08 € m As reclassified
Interest and similar income	4	3,533	4,133
Interest expense and similar expenses	4	-3,116	-3,895
Net interest income		**417**	**238**
Commission income	5	17	44
Commission expense	5	-212	-14
Net fee and commission expense/income		**-195**	**30**
Net trading income	6	79	41
Net expenses/income from financial investments	7	-20	-
Net expenses from hedge relationships	8	-77	-24
Other operating income/expenses	9	-3	3
Total operating revenues		**201**	**288**
Provision for losses on loans and advances	16	-28	-
General administrative expenses	10	-103	-146
Other income/expenses	11	-17	-
Of which restructuring expenses		-17	-
Pre-tax loss / profit		**53**	**142**
Taxes on income	12	-83	-37
Net loss/profit		**-30**	**105**
Attributable to:			
Equity holders of the parent		-30	105

The results above all relate to continuing operations.

Condensed consolidated statement of comprehensive income
For the period from 1 January to 30 June – unaudited

	1.1-30.06-09			1.1-30.06-08		
	Before tax	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Net income/loss	53	-83	-30	142	-37	105
AFS reserve	624	-81	543	-1,335	182	-1,153
Exchange differences	-2	-	-2	-2	-	-2
Total comprehensive income	**675**	**-164**	**511**	**-1,195**	**145**	**-1,050**
Attributable to the equity holders	675	-164	511	-1,195	145	-1,050

Disclosure of components of comprehensive income – unaudited

	1.1-30.06-09	**1.1-30.06-08**
Net income/Loss	-30	105
AFS reserve	543	-1,153
Gains/losses arising in the period	524	-1,154
Reclassification adjustments for gains included in profit or loss	19	1
Cashflow hedge reserve	-	-
Gains/(Losses) arising in the period	18	-6
Reclassification adjustments for gains/losses included in profit or loss	-18	6
Exchange differences	-2	-2
Total	**511**	**-1,050**

Condensed consolidated statement of financial position

	Note	Unaudited 30/06/2009 € m	Audited 31/12/2008 € m
ASSETS			
Cash reserves		1,027	1,011
Trading assets	13	13,195	16,951
Loans and advances to other banks	14	32,180	33,895
Loans and advances to customers	15	112,237	121,666
Allowances for losses on loans and advances	16	-463	-436
Financial investments	17	65,716	70,258
Property, plant and equipment		8	12
Intangible assets		11	10
Other assets	18	4,344	4,899
Income tax assets	19	464	703
Current tax assets		4	*5*
Deferred tax assets		460	698
Total assets		**228,719**	**248,969**
LIABILITIES			
Liabilities to other banks	20	145,859	149,562
Liabilities to customers	21	1,197	2,110
Liabilities evidenced by certificates	22	51,290	59,280
Trading liabilities	23	12,489	16,017
Provisions	24	79	59
Other liabilities	25	14,864	19,362
Income tax liabilities	26	217	364
Current tax liabilities		88	*67*
Deferred tax liabilities		129	*297*
Subordinated capital	27	1,070	2,208
Total liabilities		**227,065**	**248,962**
EQUITY			
Equity attributable to equity holders			
Share capital		106	106
Share premium		1,142	1,142
Capital reserve		300	300
Preferred securities	27	1,136	-
Retained earnings		1,020	1,050
Other reserves		-2,050	-2,591
Available-for-sale		-2,052	-2,595
Currency translation		2	4
Total equity		**1,654**	**7**
Total equity and liabilities		**228,719**	**248,969**

Condensed consolidated cash flow statement - unaudited

	2009 € m	2008 € m
Cash and cash equivalents as of 1 January	**1,011**	**8,426**
Cash flow from operating activities	96	6,385
Cash flow from investing activities	-79	-13,984
Cash flow from financing activities	-	100
Effect of exchange rate changes on cash and cash equivalents	-1	-
Cash and cash equivalents as of 30 June	**1,027**	**927**

Condensed consolidated statement of changes in equity – unaudited

€ m	**Share capital**	**Share premium**	**Preferred Securities**	**Capital reserve**	**Retained earnings**	**Cash flow hedge reserve**	**Available -for-Sale reserve**	**Currency translation**	**Equity**
Balance at 1 January 2008	**106**	**1,142**	**-**	**200**	**1,554***	**-**	**-15**	**-2**	**2,985***
Total comprehensive income	-	-	-	-	105	-	-1,153	-2	**-1,050**
Capital contribution	-	-	-	100	-	-	-	-	**100**
Balance at 30 June 2008	**106**	**1,142**	**-**	**300**	**1,659**	**-**	**-1,168**	**-4**	**2,035**

€ m	**Share capital**	**Share premium**	**Preferred Securities**	**Capital reserve**	**Retained earnings**	**Cash flow hedge reserve**	**Available -for-Sale reserve**	**Currency translation**	**Equity**
Balance at 1 January 2009	**106**	**1,142**	**-**	**300**	**1,050**	**-**	**-2,595**	**4**	**7**
Total comprehensive income	-	-	-	-	-30	-	543	-2	**511**
Reclassification of Hybrid Capital	-	-	1,136	-	-	-	-	-	**1,136**
Balance at 30 June 2009	**106**	**1,142**	**1,136**	**300**	**1,020**	**-**	**-2,052**	**2**	**1,654**

* As restated for the change in accounting policy disclosed in the financial statements for the year ended 31 December 2008.

Notes to the unaudited consolidated financial statements

1. General information

The condensed interim financial statements for the six months ended 30 June 2009 are unaudited but have been reviewed by the auditor whose report is set out on page 9. The financial information presented herein does not amount to statutory financial statements that are required by Section 7 of the Companies (Amendment) Act, 1986 to be annexed to the annual return of the DEPFA Bank plc ('the Bank'). The statutory financial statements for the financial year ended 31 December 2008 were annexed to the annual return and filed with the Registrar of Companies. The audit report under section 163 of the Companies Act 1990 on those statutory financial statements was unqualified but did contain an emphasis of matter relating to the going concern basis of accounting.

The consolidated annual financial statements of DEPFA BANK plc (its statutory financial statements as referred to above) are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU.

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with IAS34 Interim Financial Reporting as adopted by the EU. The financial information contained in the condensed interim financial statements has been prepared in accordance with the accounting policies set out in the last annual financial statements except for the adoption of:

- IAS 1 (Amendment) – Presentation of financial statements

  As a result, the Group now presents in the consolidated condensed statement of changes in equity, only all owner changes in equity. All non-owner changes in equity are now presented in the new primary statement, the condensed consolidated statement of comprehensive income. This presentation has been applied in these condensed consolidated interim financial statements as of and for the 6 month period ended 30 June 2009.

  Comparative information has been re-presented so that it also is in conformity with the revised standard. The change in accounting policy only impacts on presentation.

The following are the other new standards that are effective for the financial year of the Bank ending on 31 December 2009 and that had no impact on the results or financial position of the Group:

- IFRS 8 – Operating segments which has resulted in a change to the reporting segments of the Group
- IAS 23 (Amendment) – Borrowing costs
- IFRS 2 (Amended) – Share based payments: Vesting conditions and cancellations
- IAS 27 (Amendment) – Cost of an investment in a subsidiary, jointly controlled entity or associate
- IAS 32 (Amendment) – Puttable financial instruments and obligations arising on liquidation
- Amendments to IFRS 7 Finanical Instruments: Disclosures – improving disclosures about financial instruments (not yet endorsed by the EU)
- Improvements to IFRS 2008
- IFRIC 12 – Service concession arrangements
- IFRIC 13 – Customer loyalty programmes
- IFRIC 15 – Construction of real estate
- IFRIC 16 – Hedges of a net investment in a foreign operation

The financial statements are prepared on a going concern basis as the directors have assumed that the Group will continue in operation under the conditions described as external and internal factors below. This assumption is predicated on the fact that the HRE Group Management Board considers it highly probable that the conditions outlined below are in existence or will occur as expected. The forecast of the future development of the HRE Group is based on the strategic refocusing and restructuring adopted by the HRE Group Management Board in December 2008 which is described on pages 5 to 7.

External factors:

- The HRE Group will receive further essential liquidity support from SoFFin in respect of terms and total volume. Moreover, the HRE Group will receive necessary capital support from SoFFin to strengthen its capital base. These supports will be granted under reasonable conditions.
- The capital market environment will begin to stabilize from 2010 to 2012, particularly if there is no further serious deterioration of the financial market crisis from unforeseeable consequences, for instance triggered by external shocks such as the collapse of numerous major states or major banks and the crisis of the real estate markets does not result in defaults of loans and securities to an extent which would poses a threat to existence of the Group.
- The interbank market and other short-term unsecured refinancing markets as well as the long-term secured and unsecured refinancing markets will start to recover from 2010. The ratings of the companies in the HRE Group will stabilize or slightly increase. The support by the syndicate from the German financial

sector and the Deutsche Bundesbank with the involvement of the German Federal Government as well as SoFFin can be covered by own funding in the following years.

Internal factors:

- The HRE Group succeeds in regaining the confidence of customers and successfully writes new business subject to adequate volumes and adequate margins.
- There are no delays or obstructions of the implementation of the restructuring of the HRE Group that aims to improve efficiency, profitability and streamlining of business processes.
- Work-out or restructuring of non-performing loans throughout the HRE Group can be implemented as currently scheduled.

If some of the above criteria are not met, in particular if a crisis situation should occur, whose occurrence based on present information is currently not probable, there will be a negative effect on the net assets, financial position and results of the HRE Group and there will be doubt as to whether some or all companies in the HRE Group will be able to continue in operation as going concerns.

Significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2008. The Group's financial and risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2008.

- Reclassification of Hybrid Capital from Debt to Equity

The classification of financial instruments as equity instruments or financial liabilities is determined in accordance with IAS 32.16 depending principally on whether the company has a contractual obligation to make payments under the instruments.

The Group issued €1.2bn of perpetual subordinated debt in 2004 and 2005 via its issuance vehicles, DEPFA Funding II LP, DEPFA Funding III LP, and DEPFA Funding IV LP. Payment under these hybrid capital instruments is only contractually required if creditors of equal ranking receive interest payments. During 2009 the last equal ranking liability was repaid by the Group and accordingly the Group no longer has a contractual obligation to make interest payments under the hybrid capital instruments. Accordingly the carrying amount of these instruments has been re-categorised to equity from subordinated capital (€1,136 million).

- Disposal of DEPFA First Albany Securities LLC

DEPFA First Albany Securities LLC was deconsolidated after the sale of the company to the New York based investment bank Jeffries & Company Inc., on 27 March 2009. A loss of less than € 1 million resulted from the deconsolidation of the company.

- Presentation of Balance sheet and income statement

In order to harmonise the presentation of the financial statements of the Group with that of its parent, the HRE Group, the Group changed the presentation of its balance sheet and income statement for the year ended 31 December 2008. These presentation changes consisted only of reclassifications within assets, liabilities, and the income statement. There were no adjusting items and no accounting policy changes arising from the change in presentation. The reconciliation from the comparative income statement for the period ended 30 June 2008 under the 2008 interim report presentation to the 2009 presentation is outlined in Note 36 to the interim report.

3. Operating segments

The Group has been divided into the three operating and reportable segments, Public Sector & Infrastructure Finance, Capital Markets & Asset Management, and Corporate Centre. These segments are used as the basis of managing the Group.

The operating segment **Public Sector & Infrastructure Finance (PS & IF)** segment incorporates the traditional public finance lending business of DEPFA in the form of bond and loan financing with public sector authorities, as well as Infrastructure Finance. Infrastructure Finance relates to financing of infrastructure projects. DEPFA focuses on essential infrastructure e.g. roads, bridges, tunnels and public buildings. It also includes all of the Group's funding positions which are recharged to other segments at agreed rates.

The operating segment **Capital Markets & Asset Management (CM & AM)** pools the Capital Markets and the Asset Management business of the Group. The platform Capital Markets reflects the majority of trading assets and trading liabilities as well as income from securitisations and customer derivatives. The platform Asset Management mainly consists of the business of Collineo Asset Management, Morrigan TRR Funding LLC and the guaranteed investments contracts (GIC) business.

The column **"Corporate Centre" (CC)** includes consolidation transactions as well as the contributions to earnings of the non-strategic portfolios. In addition, it includes the contributions to earnings of the corporate centres and the board.

The Group's segmental reporting is based on its internal controlling and management information systems. Transactions between segments are carried out on an arm's length basis. Income and expenses are shown such that they reflect the originating unit. The segments operate as autonomous companies with their own equity resources and responsibility for profits and losses. Revenues are allocated by portfolio structures. General administrative expenses are allocated to the appropriate segment.

Segment assets and liabilities are those assets and liabilities that are directly attributable to the operating activities of the segment. A calculated share of equity is allocated to each segment based on the risk profile of the segment assets. Unallocated or surplus equity is retained at the corporate centre.

Expenses incurred centrally, including expenses incurred by support, administrative and back-office functions are charged to the business segments where practical in accordance with their estimated proportionate share of overall activities. Unallocated expenses are retained at the corporate centre.

There are no inter-segment gains and losses. The results below all relate to continuing operations.

	1 Jan – 30 June 2009			
€ m	**Public Sector & Infrastructure Finance**	**Capital Markets & Asset Management**	**Corporate Centre/ Consolidation items**	**Group**
Net interest income	420	31	-34	417
Non interest revenues	-253	24	13	-216
Total Revenues	**167**	**55**	**-21**	**201**
Total Expenditure	**-38**	**-17**	**-65**	**-120**
Impairment losses on loans and advances	-28	-	-	-28
Profit/(Loss) before tax	**101**	**38**	**-86**	**53**
Taxation				-83
Loss for the period				**-30**

	1 Jan – 30 June 2008			
€ m	**Public Sector & Infrastructure Finance**	**Capital Markets & Asset Management**	**Corporate Centre/ Consolidation items**	**Group**
Net interest income	280	29	-69	240
Non interest revenues	27	17	4	48
Total Revenues	**307**	**46**	**-65**	**288**
Total Expenditure	**-62**	**-36**	**-48**	**-146**
Impairment losses on loans and advances				
Profit/(Loss) before tax	**245**	**10**	**-113**	**142**
Taxation				-37
Profit for the period				**105**

4. Net interest income

	1.1-30.06.09 € m	1.1-30.06.08 € m
Interest income and similar income		
Lending and money-market business	2,474	3,184
Fixed-income securities	1,059	949
	3,533	**4,133**
Interest expense and similar expenses		
Deposits	-1,665	-2,829
Liabilities evidenced by certificates	-1,040	-1,142
Derivatives	-393	141
Subordinated capital	-18	-65
	-3,116	**-3,895**
Net interest income	**417**	**238**

Total interest income for financial assets that are not at fair value through profit or loss, amount to €3.5 billion (2008: € 4.0 billion). Total interest expenses for financial liabilities that are not at fair value through profit or loss amount to € 2.7 billion (2008: € 4.0 billion).

5. Net fee and commission expense/income

	1.1-30.06.09 € m	1.1-30.06.08 € m
Fee and commission income		
From customer derivatives	4	3
From other lending operations	13	41
	17	**44**
Fee and commission expense		
From lending operations	-212	-14
	-212	**-14**
Net fee and commission expense/income	**-195**	**30**

None of the above fees arose on either trust or fiduciary activities that result in the holding or investing in assets on behalf of individuals, trusts, retirement benefit plans, and other institutions.

Included in fee and commission expense above is an amount of € 200 million relating to liquidity support measures (2008: nil).

None of the above fee and commission income arose on instruments that have been designated at fair value through profit and loss.

6. Net trading income

	1.1-30.06.09 € m	1.1-30.06.08 € m
from interest rate instruments and related derivatives	26	86
from credit risk instruments and related derivatives	47	-49
from foreign exchange trading	6	4
	79	**41**

7. Net income from financial investments

	1.1-30.06.09 € m	1.1-30.06.08 € m
Income from financial investments	-	3
Expense from financial investments	-20	-3
	-20	**-**

DEPFA First Albany Securities LLC was deconsolidated in the period after the sale of the company, realising a loss of € 1 million. In addition, impairment losses of €15 million (2007: nil) have been recognised on a Commercial Mortgage Backed Securities ('CMBS') portfolio.

Net income from financial assets can be split by financial instrument category as follows:

	1.1-30.06.09 € m	1.1-30.06.08 € m
Investment in Group undertaking	-1	-
Loans and receivables	-15	-
Available-for-sale financial investments	-4	-
	-20	**-**

8. Net income from hedge relationships

	1.1-30.06.09 € m	1.1-30.06.08 € m
Result from fair value hedge accounting	-62	-16
Result from hedged items	4,559	2,118
Result from hedging instruments	-4,621	-2,134
Result from assets designated at fair value through P&L (''dFVTPL'') and related derivatives	-15	-8
Result from dFVTPL assets	-524	-4
Result from derivatives related to dFVTPL assets	509	-4
	-77	**-24**

9. Other operating income/expense

	1.1-30.06.09 € m	1.1-30.06.08 € m
Other operating income		
Recharge income from other group companies	2	-
Net foreign exchange gains	1	3
Other	3	-
Total other operating income	**6**	**3**
Other operating expense		
Recharge expense from other group companies	-9	-
Total other operating expense	**-9**	**-**
Total other operating income/expense	**-3**	**3**

10. General administrative expenses

	1.1-30.06.09 € m	1.1-30.06.08 € m
Personnel expenses	**-46**	**-89**
Wages and salaries	-37	-77
Social security costs	-6	-9
Pension expenses and related employee benefit costs	-3	-3
Other general administrative expenses	**-52**	**-51**
Depreciation/amortisation	**-5**	**-6**
On software	-2	-2
On property, plant and equipment	-3	-4
	-103	**-146**

11. Other Income/Expenses

	1.1-30.06.09 € m	1.1-30.06.08 € m
Restructuring expenses	-17	-
	-17	**-**

12. Taxes on income

	1.1-30.06.09 € m	1.1-30.06.08 € m
Current tax	-91	-38
Deferred tax	8	1
	-83	**-37**

13. Trading assets

	30.06.09 € m	31.12.08 € m
Debt securities and other fixed-income securities		
Bonds and notes	1,171	1,670
Issued by public-sector borrowers	301	506
Issued by other borrowers	870	1,164
Positive fair values from derivative financial instruments (trading book)	3,480	3,044
Interest-based and foreign-currency-based transactions	1,146	888
Others	2,334	2,156
Other trading assets	128	56
Standalone derivatives (non-trading book)	8,416	12,181
Total Trading assets	**13,195**	**16,951**
Of which due from group companies	584	959

Standalone derivatives include mainly derivatives which are economically hedging but which do not meet the detailed hedge accounting criteria under IFRSs.

14. Loans and advances to other banks

Loans and advances to other banks are broken down by type of business as follows:

	30.06.09 € m	31.12.08 € m
Public sector loans	16,714	18,054
Other loans and advances	15,466	15,841
	32,180	**33,895**
Of which due from Group companies	3,303	3,852

Loans and advances to banks are broken down by maturity as follows:

	30.06.09 € m	31.12.08 € m
Repayable on demand	1,418	1,601
With agreed maturities		
Up to 3 months	9,784	10,892
from 3 months to 1 year	2,626	1,402
from 1 year to 5 years	9,325	5,370
from 5 years and over	9,027	14,630
	32,180	**33,895**

The book value on these loans represents the maximum exposure to credit risk on these assets.

15. Loans and advances to customers

Loans and advances to customers are broken down by type of business as follows:

	30.06.09 € m	31.12.08 € m
Public sector	100,317	109,681
Other loans and advances	11,920	11,985
	112,237	**121,666**

Loans and advances to customers are broken down by maturity as follows:

	30.06.09 € m	31.12.08 € m
Unspecified amount	21	31
With agreed maturities		
Up to 3 months	1,405	2,035
from 3 months to 1 year	2,290	2,924
from 1 year to 5 years	18,329	19,281
from 5 years and over	90,192	97,395
	112,237	**121,666**

16. Allowance for losses on loans and advances

Movement in allowance for losses on loans and advances:

Specific allowance for losses on loans and advances	30.06.09 € m	31.12.08 € m
Balance at 1 January	-226	-3
Impairment losses	-33	-214
Foreign exchange retranslation	-7	-9
Total specific allowance for losses on loans and advances	**-266**	**-226**

Collective provision for losses on loans and advances	30.06.09 € m	31.12.08 € m
Balance at 1 January	-210	-4
Additions to collective provision	-	-206
Reduction of collective provision	13	-
Total collective provision for losses on loans and advances	**-197**	**-210**
Total provision for losses on loans and advances	**-463**	**-436**

The total allowance for losses on loans and advances is made up as follows:

	30.06.09 € m	31.12.08 € m
Public sector and infrastructure loans	463	436
	463	**436**

17. Financial investments

	30.06.09 € m	31.12.08 € m
Available-for-sale financial investments	**11,081**	**11,249**
Equity securities and other variable-yield securities	1	3
Debt securities and other fixed-income securities	11,080	11,246
Financial Investments designated at fair value through profit and loss	**3,230**	**3,742**
Debt securities and other fixed-income securities	3,230	3,742
Loans and Receivables financial investments	**51,405**	**55,267**
Debt securities and other fixed-income securities	51,405	55,267
Total	**65,716**	**70,258**

Financial investments, broken down by maturities

	30.06.09 € m	31.12.08 € m
Unspecified amount	146	9
With agreed maturities		
Up to 3 months	431	759
from 3 months to 1 year	1,021	2,799
from 1 year to 5 years	4,783	5,185
from 5 years and over	59,335	61,506
Total	**65,716**	**70,258**

In the financial statements for the year ended 31 December 2008, the Group made use of the IASB amendments to IAS 39 and IFRS 7 and reclassified financial assets as of 1 July 2008. The Group reclassified debt securities and other fixed-income securities out of the categories “trading assets” and “available-for-sale financial investments” into the category “LaR financial investments”. The Group identified assets, eligible under the amendments, for which at 1 July 2008, it had a clear change of intent to hold for the foreseeable future rather than to exit or trade in the short-term. The following table summarises the carrying amount reclassified, the carrying amount and fair value as of 30 June 2009 as well as fair value gains and losses that would have been recognised in the available-for-sale reserve and income statement if the financial assets had not been reclassified:

Reclassifications €m - Group	***Into:***			**Effect if no assets had been reclassified (1 Jan 09 – 30 June 2009)**	
	Loans and Receivables (LaR)				
	1 July 2008	**30 June 2009**			
Out of:	**Carrying Amount**	**Carrying Amount**	**Fair Value**	**Income Statement**	**Available-for-sale Reserve**
Trading assets	2,289	2.535	1,916	136	-
Investment securities – available-for-sale	42,232	48,341	43,135	-	2,033
Total	**44,521**	**50,876**	**45,051**	**136**	**2,033**

As of 1 October 2008, the Bank identified held-for-trading assets that met the definition of the LaR category, including the criteria of not being traded in an active market. In addition the other eligibility criteria were met; specifically, the Bank had a clear intent to hold these assets for the foreseeable future. Therefore, as of 1 October 2008 the Group has reclassified debt securities and other fixed-income securities out of held-for-trading into LaR, with the transfers being recorded at fair value at that date. The following table summarises the carrying amount reclassified, the carrying amount and fair value as of 30 June 2009 as well as fair value gains and losses that would have been recognised in the income statement if the financial assets had not been reclassified:

Reclassifications €m - Group	*Into:*			Effect if no assets had been reclassified (1 Jan 09 – 30 June 2009)	
	Loans and Receivables (LaR)				
	1 October 2008	30 June 2009			
Out of:	Carrying Amount	Carrying Amount	Fair Value	Income Statement	Available-for-sale Reserve
Trading assets	591	530	543	-10	-
Total	**591**	**530**	**543**	**-10**	**-**

The effective interest rates and estimated amounts of cash flows expected to be recovered on reclassified assets at date of reclassification were as follows:

Group				
Out of:	**Highest Effective Interest Rate**	**Lowest Effective Interest Rate**	**Weighted Average Effective Interest Rate**	**Estimated Cash Flows € m**
Trading	21.91%	1.29%	5.12%	4,906
Investment securities – available-for-sale	34.47%	0.25%	4.08%	68,874

18. Other assets

	30.06.09 € m	31.12.08 € m
Positive fair values from derivative financial instruments	4,308	4,843
Hedging derivatives (fair value hedges)	3,778	4,288
Derivatives hedging dFVTPL financial instruments	530	555
Other assets	36	56
	4,344	**4,899**
Of which due to Group Companies	2	35

Balances due from Group companies in the Group balance sheet include amounts receivable from other entities in the HRE Group.

19. Income tax assets

	30.06.09 € m	31.12.08 € m
Current tax assets	4	5
Deferred tax assets	460	698
	464	**703**

20. Liabilities to other banks

Liabilities to other banks by maturities:

	30.06.09 € m	31.12.08 € m
Repayable on demand	110	21
With agreed maturities		
up to 3 months	93,206	133,616
from 3 months to 1 year	32,334	7,029
from 1 year to 5 years	16,835	4,072
from 5 years and over	3,374	4,824
	145,859	**149,562**
Of which due to Group Companies	65,068	60,318

Included under liabilities to banks are amounts due under repurchase agreements.

Balances due to Group Companies in the Group Balance Sheet include amounts payable to other entities in the HRE Group.

21. Liabilities to customers

Liabilities to customers by maturities:

	30.06.09 € m	31.12.08 € m
With agreed maturities		
up to 3 months	210	383
from 3 months to 1 year	161	439
from 1 year to 5 years	195	428
from 5 years and over	631	860
	1,197	**2,110**

22. Liabilities evidenced by certificates

By maturities:

	30.06.09 € m	31.12.08 € m
With agreed maturities		
up to 3 months	995	3,284
from 3 months to 1 year	4,482	4,383
from 1 year to 5 years	21,925	21,540
from 5 years and over	23,888	30,073
Total	**51,290**	**59,280**

23. Trading liabilities

	30.06.09 € m	31.12.08 € m
Negative fair values from derivative financial instruments (trading book)	**2,692**	**2,482**
Interest-rate and foreign-currency transactions	1,248	1,054
Credit-related transactions	1,444	1,428
Others	32	-
Other trading liabilities	1,807	2,970
Standalone derivatives (non-trading book)	7,958	10,565
Total	**12,489**	**16,017**
Of which due to group companies	382	447

Standalone derivatives include mainly derivatives which are economically hedging but which do not meet the detailed hedge accounting criteria under IFRSs.

24. Provisions

	30.06.09 € m	31.12.08 € m
Provisions for pensions and similar obligation	1	1
Restructuring provisions	70	58
Other provisions	8	-
	79	**59**

Other provisions include additions of €8 million for provisions in the lending business (2007: nil).

Development of the restructuring provision:

	2009 € m	2008 € m
At 1 January	58	8
Additions	17	56
Reversals	-	-2
Amounts used	-5	-4
At period end	**70**	**58**

25. Other liabilities

	30.06.09 € m	31.12.08 € m
Negative fair values from derivative financial instruments	14,751	19,212
Hedging derivatives	14,476	19,184
Micro fair value hedge	14,476	19,024
Cash flow hedge	-	160
Derivatives hedging dFVTPL financial instruments	275	28
Other liabilities	108	146
Deferred income	5	4
	14,864	**19,362**
Of which due to Group Companies	52	36

Balances due to Group companies in the Group balance sheet include amounts payable to other entities in the HRE Group.

26. Income tax liabilities

Breakdown	30.06.09 € m	31.12.08 € m
Current tax liabilities	88	67
Deferred tax liabilities	129	297
Net deferred tax balance	**217**	**364**

Income tax liabilities include both provisions and liabilities from current taxes as well as deferred tax liabilities.

27. Subordinated capital

Breakdown	30.06.09 € m	31.12.08 € m
Subordinated liabilities	1,070	1,072
Hybrid capital instruments	-	1,136
	1,070	**2,208**
Of which due to Group Companies	511	511

Subordinated capital, broken down by maturities	30.06.09 € m	31.12.08 € m
With agreed maturities		
up to 3 months	-	-
from 3 months to 1 year	-	-
from 1 year to 5 years	-	-
from 5 years and over	1,070	2,208
	1,070	**2,208**

The Group issued €1.2bn of perpetual subordinated debt in 2004 and 2005 via its issuance vehicles, DEPFA Funding II LP, DEPFA Funding III LP, and DEPFA Funding IV LP. Payment under these hybrid capital instruments is only contractually required if creditors of equal ranking receive interest payments. During 2009 the last equal ranking liability was repaid by the Group and accordingly the Group no longer has a contractual obligation to make interest payments under the hybrid capital instruments. Accordingly the carrying amount of these instruments has been reclassified to equity from subordinated capital (€1,136 million).

28 Assets and liabilities according to measurement categories

	30.06.09 € m	31.12.08 € m
Loans and receivables	195,014	210,433
Available-for-sale	11,080	11,249
Held-for-trading	13,195	16,951
dFVTPL assets	3,577	4,137
Cash reserves	1,027	1,011
Derivatives	4,308	4,843
Other assets	518	345
Total assets	**228,719**	**248,969**
Held-for-trading	12,490	16,017
Financial liabilities at amortised cost	199,417	213,160
Derivatives	14,751	19,212
Other liabilities	407	573
Total liabilities	**227,065**	**248,962**

29 Loans and advances past due but not impaired

At 30 June 2009, the following amounts were noted as being past due. However, no impairment provision was made against these past due amounts as the Group does not consider that there is any issue regarding their recoverability. Such timing issues in receipts of payments due occur frequently in the normal course of business and do not, by themselves impair the quality of the receivable. The total book value in relation to the amounts has also been disclosed to put the size of the amounts in question into context.

Loans past due	**30.06.09 € m**	**31.12.08 € m**
Assets: past due but not impaired (due amount)		
Past due but not impaired less than 90 days	1	4
Past due but not impaired between 3 months and 6 months	96	-
Past due but not impaired between 6 months and 1 year	-	1
Past due but not impaired greater than 1 year	-	-
Total	**97**	**5**
Assets: past due but not impaired (total investment)		
Past due but not impaired less than 90 days	35	435
Past due but not impaired between 3 months and 6 months	96	-
Past due but not impaired between 6 months and 1 year	-	67
Past due but not impaired greater than 1 year	58	-
Total	**189**	**502**
Carrying amount of the individually assessed impaired financial assets		
Loans	356	367
Total	**356**	**367**

Carrying amounts of loans and receivables

	30.06.09 € m	31.12.08 € m
Carrying amount of loans and receivables that are neither impaired nor past due	143,259	154,071
Carrying amount of loans and receivables that are past due but not impaired	189	502
Carrying amount of individually assessed impaired financial loans and receivables	356	367
Total	**143,804**	**154,940**
Of which loans and advances to other banks	32,180	33,895
Of which loans and advances to customers	111,624	121,045

30. Contingent liabilities and commitments

	30.06.09	31.12.08
Contingent Liabilities	**€ m**	**€ m**
Guarantees and indemnity agreements		
Loan guarantees	111	410
Other Commitments		
Irrevocable loan commitments		
Lending business	4,528	5,857
Liquidity facility	2,933	1,918
Total	**7,572**	**8,185**

31. Primary sales and repayments of debt securities including loans

Primary Sales	1.1-30.06.09 € m	1.1-30.06.08 € m
Public sector covered bonds	500	3,433
Other debt securities in issue	-	2,647
Loans	1,970	1,694
	2,470	**7,774**

Repayments	1.1-30.06.09 € m	1.1-30.06.08 € m
Public sector covered bonds	4,221	6,950
Other debt securities in issue	1,332	2,487
Loans	70	3,949
	5,623	**13,386**

Loans consist of borrowings with a maturity of greater than 1 year.

32. Related party transactions

Balances due to and from group companies are disclosed in the notes to the balance sheet. The largest group into which the results of the Bank are consolidated is that headed by HRE Holding. Transactions with group companies consisted of:

	1.1-30.06.09	1.1-30.06.08
Interest and similar income	111	-100
Interest expense and similar charges	-744	113
Commission expense	-200	-
Net trading income	33	-
Net income from financial investments	-	-12
Other operating income	2	-2
General administrative expenses	-11	2

The amounts above arise on intercompany borrowings and lending, and transfers of assets between the Bank and other group entities, as well as recharges for certain services provided. All related party transactions are entered into at an arm's length basis

Key management compensation

Key management consists of the board of directors and executive committee members. Key management compensation consists of short term benefits and post employment benefits.

There have been no loans to members of the Board in 2009 and 2008, nor are there any loans outstanding to members of the Board at 30 June 2009 (31 December 2008: € nil).

Included in key management compensation for the period ended 30 June 2009 is compensation for loss of office of €616,760 (2008: €1,739,000)

33. Average number of employees

	1.1-30.06.09	**1.1-30.06.08**
Average number of employees	552	725

34. Regulatory Capital and Capital Adequacy Ratios in accordance with BIS

	30.06.09	**31.12.08**
Tier I capital	3,745	3,765
Tier II (Supplementary) capital	1,194	1,200
Total Regulatory Capital	**4,939**	**4,965**

	30.06.09	**31.12.08**
BIS Risk Weighted Assets **(€ million)**	53,949	56,477
Tier i capital ratio	6.9%	6.7%
Total capital ratio (Tier I +II)	**9.2%**	**8.8%**

The regulatory capital and capital adequacy ratios were produced in accordance with the Bank for International Settlements' (BIS), Basel II Accord regulations to facilitate International comparisons (standardized approach).

With a Tier I Capital Ratio of 6.9% and a Total capital ratio of 9.2% the Group exceed the minimum required ratios of 4% and 8.5% respectively.

DEPFA BANK plc ('The Company') was in breach of the company only total capital ratio in Q1 2009 with a total capital ratio of 7.96% (Company level minimum ratio is 8%). This breach was reported to the Irish Financial Regulator. Capital ratios were not breached at either a company or group level during Q2 2009.

35. Subsequent events

The Bank has obtained credit risk insurance coverage over the credit risk of certain trading positions. The insurance has been obtained from a number of monoline insurance providers. As a result of the restructuring of a US credit insurer (a so-called "monoline insurer") which took place in July 2009, we expect to see an individual rating improvement and thus a lower probability of default. In consequence, we will revalue the collateral for the insured assets in our portfolio and will probably recognise a positive market value adjustment of the insurance (hedging derivative).

On 20 July 2009 an application was made by HRE Group for the extension of the SoFFin guarantee which expires on 19 August 2009.

Apart from the above, there have been no notable events after 30 June 2009.

36. Reconciliation of the presentation of the 2008 comparative income statement from the 30 June 2008 interim report to the 2009 income statement presentation.

In order to harmonise the presentation of the financial statements of the Group with that of its parent, the HRE Group, the Group changed the presentation of its balance sheet and income statement for the year ended 31 December 2008. These presentation changes consisted only of reclassifications within assets, liabilities, and the income statement. There were no adjusting items and no accounting policy changes arising from the change in presentation. The reconciliation from the comparative income statement for the period ended 30 June 2008 under the 2008 interim report presentation to the 2009 presentation is outlined below:

2008 Presentation for Q2 2008 interim report		**Reclassifications**						**2009 Presentation for Q2 2008 comparative income statement**
Income Statement € m	**Q2 2008 Per Prior Year Interim report**	**Gains on Disposal of Loans (a)**	**Hedge Ineffective-ness (b)**	**Income from Client Deriv-atives (c)**	**Buy-Backs (d)**	**FX Result (e)**	**Q2 2008 Restated under HRE presentation**	**Income Statement € m**
Net interest income	240	-12	-	-	10	-	238	Net interest income
Net fee and commission income	27	-	-	3	-	-	30	Net fee and commission income
Net trading income	22	-	24	-3	-	-2	41	Net trading income
Gains less losses from financial assets	- 12	12	-	-	-	-	-	Net income from financial investments
	-	-	- 24	-	-	-	- 24	Net income from hedge relationships
Other operating income	11	-	-	-	- 10	2	3	Other operating income/expenses
Total Operating Income	**288**	**-**	**-**	**-**	**-**	**-**	**288**	**Total Operating revenues**
Impairment losses on loans and advances	-	-	-	-	-	-	-	Provision for losses on loans and advances
Operating expenses	-146	-	-	-	-	-	- 146	General administrative expenses
		-	-	-	-	-	-	Other income/expenses
Operating Profit / Profit before taxation	**142**	**-**	**-**	**-**	**-**	**-**	**142**	**Pre-tax profit**
Taxation	-37	-	-	-	-	-	- 37	Taxes on income
Profit for the period	**105**	**-**	**-**	**-**	**-**	**-**	**105**	**Net income/loss**

(a) Gains on disposal of loans
Under the presentation in the Q2 2008 interim report, gains and losses on disposal of loans and receivables were reported under 'Gains less losses from financial assets'. The current presentation reports these gains and losses under 'Net interest income'.

(b) Hedge Ineffectiveness
Under the presentation in the Q2 2008 interim report, all hedge ineffectiveness and gains and losses on financial instruments designated at fair value through P&L were reported under the 'Trading result'. The current presentation reports this result under 'Net income from hedge relationships'.

(c) Income from Client Derivatives
Under the presentation in the Q2 2008 interim report, income from Client Derivatives was reported under the 'Trading result'. The current presentation reports this result under 'Net commission income'.

(d) Buy backs
Under the presentation in the Q2 2008 interim report, gains and losses on buy backs of debt securities in issue were reported under 'Other income/expenditure'. The current presentation reports these gains and losses under 'Net interest income'.

(e) FX Result
Under the presentation in Q2 2008 interim report, foreign exchange gains and losses were reported under the 'Trading result'. The current presentation reports this result under 'Other operating income/expense'.