



Deutsche Bank's German Corporate Conference Tokyo, 4th & 5th September 2006

 **DEPFA BANK**

DEPFA BANK: Dublin | Chicago | Copenhagen | Frankfurt | Hong Kong | London | Madrid | New York | Nicosia | Paris | Rome | San Francisco | Tokyo | Warsaw

DEPFA BANK is a specialist provider of financial services to public sector entities worldwide

Pure and Global Focus on Public Sector

- Operates in 14 locations throughout Europe, the US and Asia
- Provides finance and other solutions to financial issues of public authorities
- Total assets of ca. €220 bn

Irish Bank with German Roots

- Incorporated and headquartered in Dublin
- Listed on the Frankfurt Stock Exchange (FSE)
- AA-/Aa3/AA- by Fitch, Moodys and S&P respectively

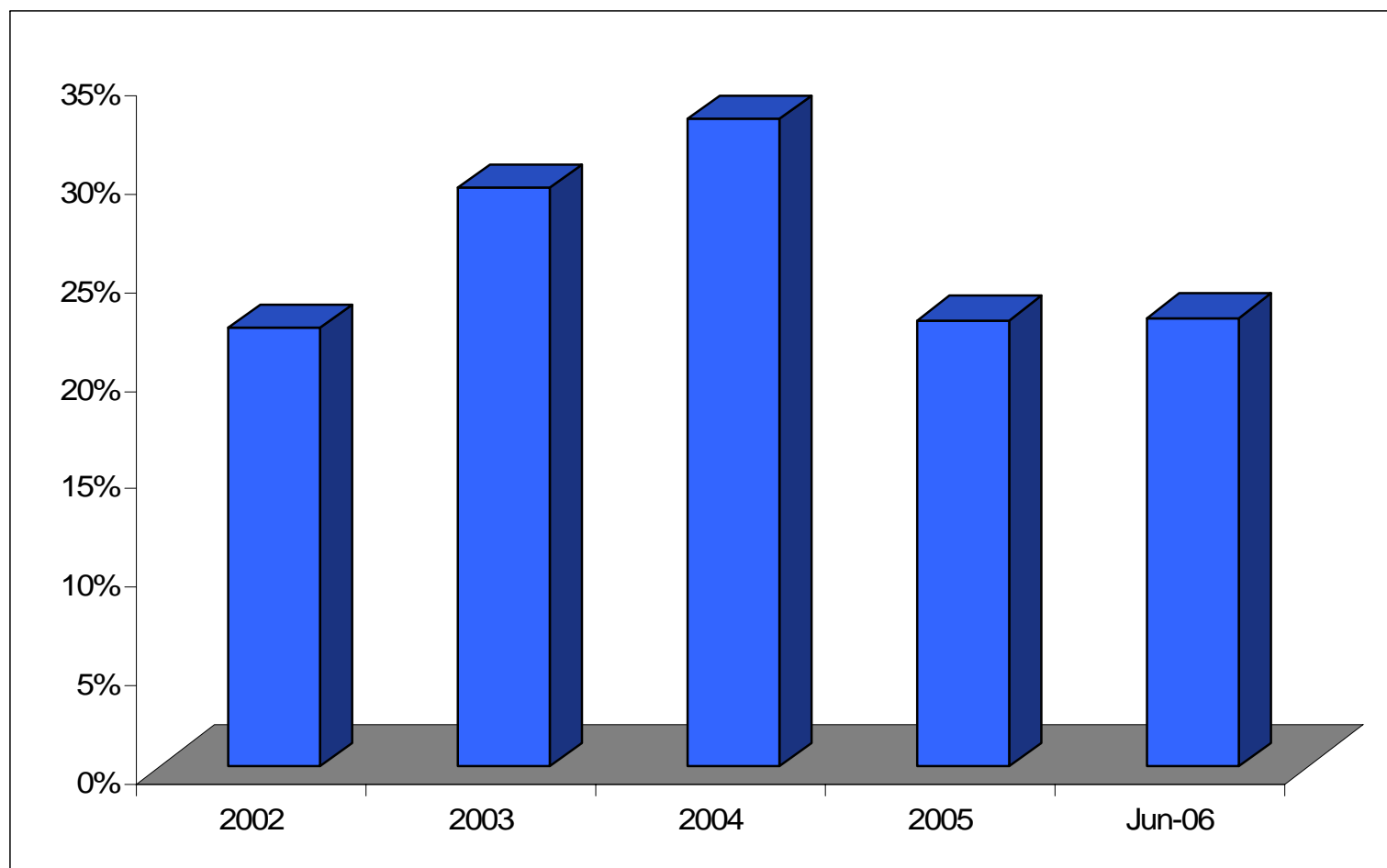
European Specialist Bank with Long-term Organic Growth

Implied Annual Growth from 2002 to 2005

| | |
|---|------------|
| From 2002 to 2005 implied annual Total Asset Growth | 16% |
| From 2002 to 2005 implied annual Net Interest Growth | 12% |
| From 2002 to 2005 implied annual Other Income Growth | 53% |
| From 2002 to 2005 implied annual Profit Growth (after tax) | 26% |
| From 2002 to 2005 implied annual Shareholder Equity Growth | 27% |

Amongst most Profitable European Banks with consistent RoE above 20%

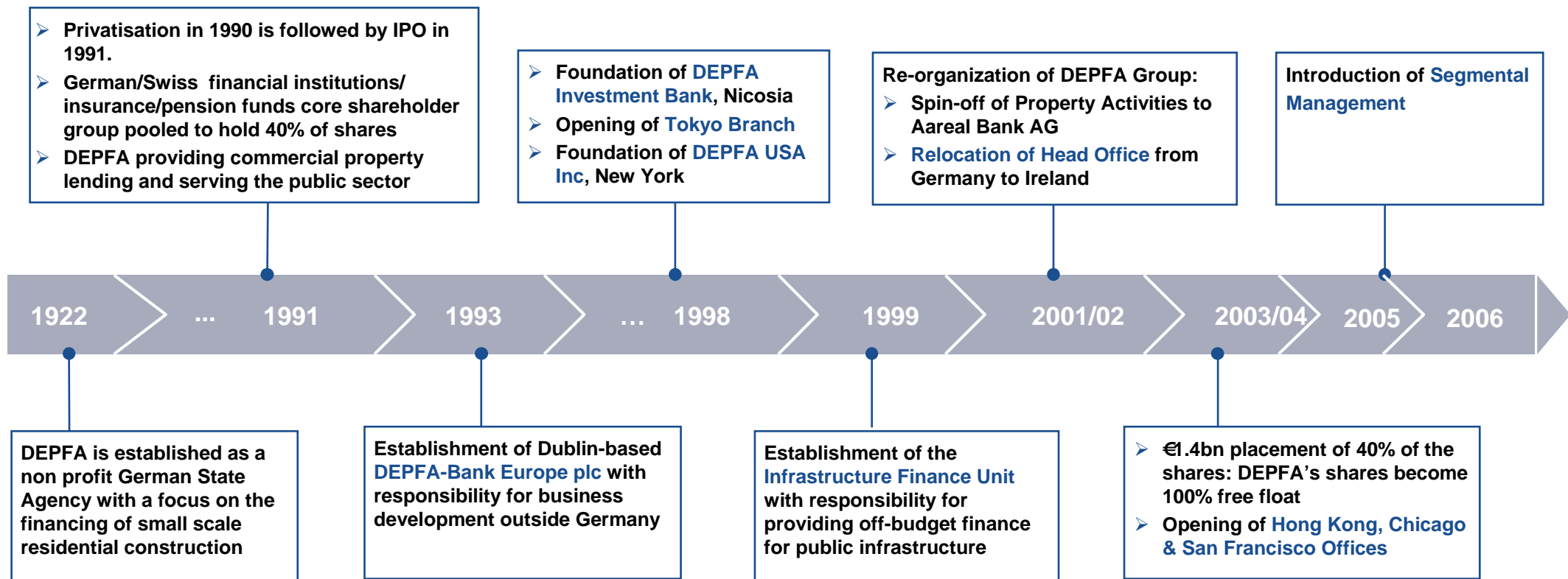
RoE after tax from 2002 to 1H 2006



The Path to Leadership in Modern Global Public Sector Finance

Company History

Since its establishment in 1922, DEPFA has evolved from a state-owned, non profit organisation to a publicly-quoted, value-oriented shareholder provider of financial services to public sector authorities worldwide



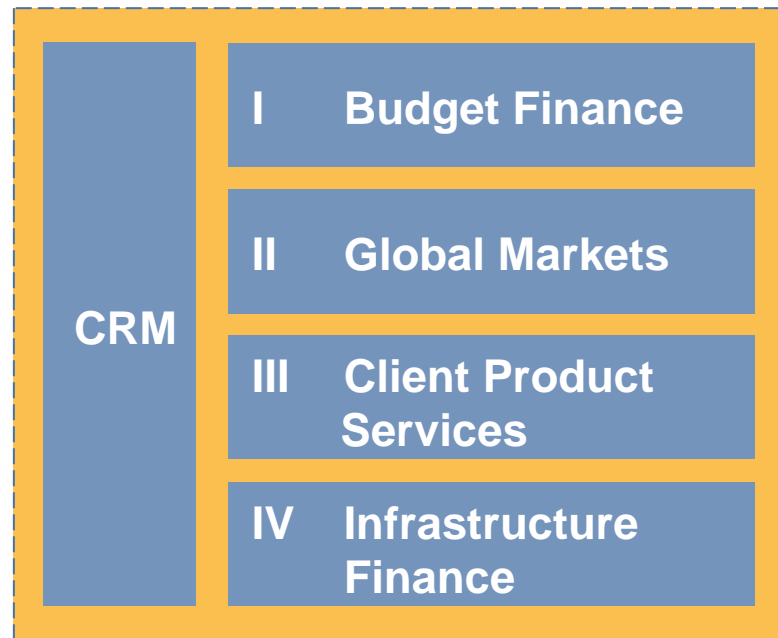
Client-Centric and Innovation-Driven Focus on the Public Sector

Delivering the Capital Markets to the Public Sector (and Vis Versa)

Clients



DEPFA



Markets



Our client relationships are long term



We will still be around tomorrow for the same group of clients

Global trends in the Public Sector are opportunities for DEPFA

1 Clients

Global trends

Budget constraints

Increasing professionalism

Private Sector involvement

DEPFA response

- On/off budget financing
 - Low cost funding platform
-
- New products in existing business Segments
 - Client product services as product factory
 - Build-up global client relationship management
-
- Infrastructure Finance

Clients' needs are covered through a global sales organisation

2 Regions – Global coverage

- 8 regions covered through 16 offices (2 planned)
- 54 resources globally, of which ~ 20 senior marketers
- 8 Regional Coordinators will be responsible for the delivery and execution of regional strategies



- North America (New York City)
- South America (Sao Paulo)
- Central/Eastern Europe (London)
- Western Europe (Dublin/ Network of Offices)
- Mediterranean (Nicosia)
- India (Mumbai)
- Asia ex-Japan (Hong Kong)
- Japan (Tokyo)



Segments

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Mission:

- To be the leading global provider of Public Finance Lending and distribution capacities
- A leading global issuer of short and long term debt instruments

Trends

External

- Increased opportunities in public sector universe globally
- Increased global investor appetite for covered bonds

Internal

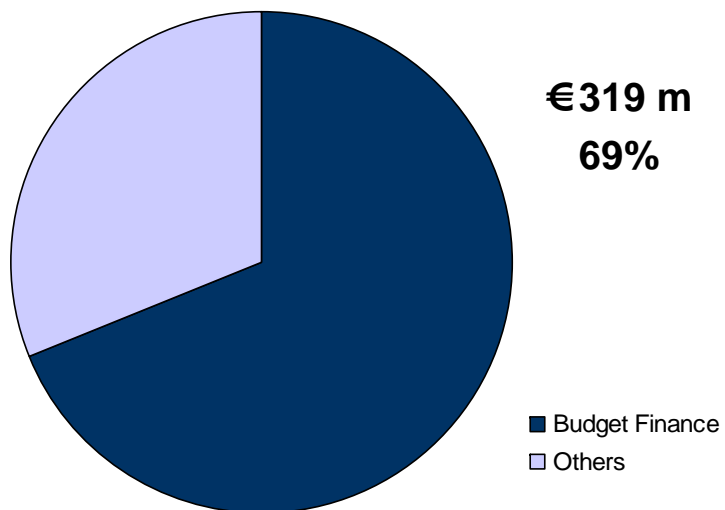
- Increased switch from secondary to primary asset generation with Client Relationship Management as the driving force
- No longer just long term buy and hold investor
- Increased focus on Syndication and Sales

Key drivers

- Stable margin on new asset generation in a similar rated but more diversified portfolio
- Broader range of funding products offered to the investors reducing liquidity risk and attributing to improved funding levels
- Increased name recognition in the market place
- Increased penetration among investors
- Increased skilled and experienced personnel

1st half 2006 Total Operating Income

Others



| | 1st half 2005 | 1st half 2006 | % Change |
|----------------------------|---------------|---------------|----------|
| Net interest income | 141 | 176 | 25 |
| Non-interest revenues | 88 | 143 | 63 |
| Total operating income | 229 | 319 | 39 |
| Operating expenses | -42 | -43 | 2 |
| Profit before taxation | 187 | 276 | 48 |
| Average equity | 1,050 | 1,308 | 25 |
| RoE pre tax | 36% | 42% | |
| | 30.06.2005 | 30.06.2006 | |
| Financing volume (on B/S) | 152,333 | 167,418 | 10 |
| Financing volume (off B/S) | 14,329 | 20,723 | 45 |

Budget Finance

Profit and Loss – Quarter on quarter

| €m | Q1 2005 | Q2 2005 | Q3 2005 | Q4 2005 | Q1 2006 | Q2 2006 | Q2 2006 vs Q2 2005 |
|-------------------------------|------------|------------|------------|------------|------------|------------|-----------------------|
| Net interest income | 71 | 70 | 80 | 88 | 86 | 90 | 29% |
| Non-interest revenues | 35 | 53 | 24 | 20 | 69 | 74 | 40% |
| Total operating income | 106 | 123 | 104 | 108 | 155 | 164 | 33% |
| Operating expenses | -22 | -20 | -20 | -23 | -24 | -19 | -5% |
| Profit before taxation | 84 | 103 | 84 | 85 | 131 | 145 | 41% |

- **Strong increase in net interest income (+ 29% y-o-y), share of total net interest income has risen to 82% vs. 73% in Q2 2005**
- **Margins on new business stable; total margin unchanged ca. 20 bp**
- **New business origination robust to maintain good volume growth: Priority is on improving average margin and high AA2 asset quality of the portfolio.**
- **Continued progress in penetrating United States market, which now represents 15% of total business volume**
- **Flight to quality in the capital markets led to opportunistic sales of lower yielding West European sovereign assets**

Overview

- Mission:**
- To provide off-budget infrastructure financing products for the benefit of our Public Sector clients
 - To build up a good quality infrastructure loan portfolio with an appropriate balance between risk and reward
 - To develop synergies with DEPFA BANK's other core business lines (Budget Finance, CPS)

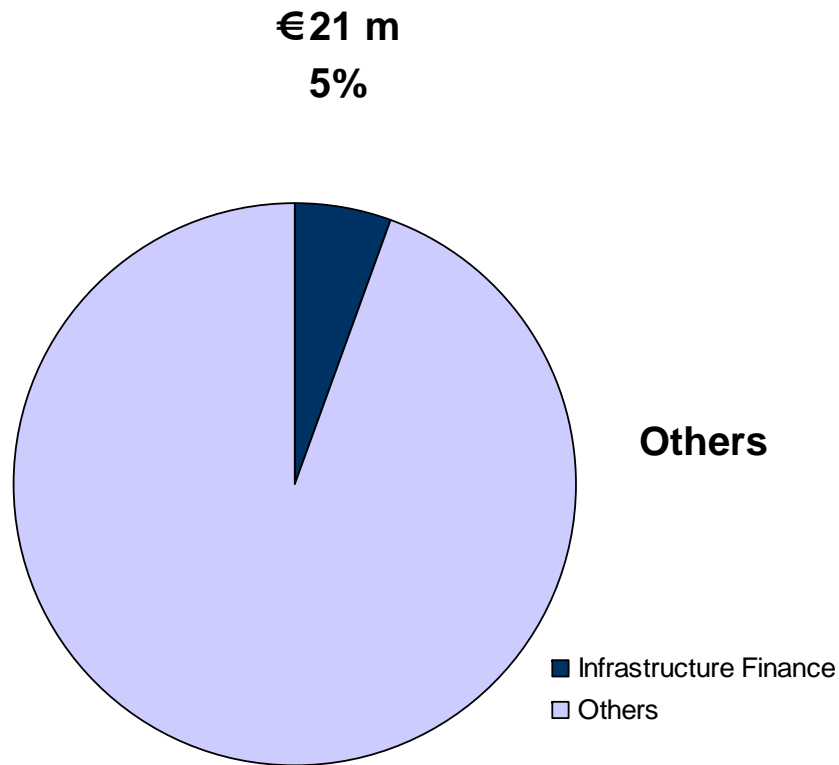
Trends

- **Refinancing of larger deals, or bank's loan portfolios (such as "EPIC" CLO type deals) to release equity**
- **American market becoming very active (but so far mainly roads)**
- **Increasing awareness/interest from institutional investors in the infrastructure sector**
- **Pricing and credit structures under pressure in established PPP markets (e.g., UK, Spain, Portugal)**
- **Increasingly important role of monoline insurers, especially on larger size deals in U.K. European Activity will increase**

Key Drivers

- **Sophisticated deal structuring and underwriting capabilities**
- **Speed of response to clients (important contribution from flexible credit process)**
- **Long-term credit appetite, combined with other products (e.g., advisory, derivatives, mezzanine debt, equity) creates "one-stop" shop capacity**

1st half 2006 Total Operating Income



| | 1st half 2005 | 1st half 2006 | % Change |
|----------------------------|---------------|---------------|----------|
| Net interest income | 10 | 12 | 20 |
| Non-interest revenues | 2 | 9 | 350 |
| Total operating income | 12 | 21 | 75 |
| Operating expenses | -6 | -9 | 50 |
| Profit before taxation | 6 | 12 | 100 |
| Average equity | 112 | 173 | 54% |
| RoE pre tax | 11% | 14% | |
| | 30.06.2005 | 30.06.2006 | |
| Financing volume (on B/S) | 1,629 | 4,057 | 149 |
| Financing volume (off B/S) | 795 | 1,675 | 111 |

Infrastructure Finance

Profit and Loss – Quarter on quarter

Infrastructure Finance

| €m | Q1 2005 | Q2 2005 | Q3 2005 | Q4 2005 | Q1 2006 | Q2 2006 | Q2 2006 vs Q2 2005 |
|-------------------------------|----------|----------|----------|----------|----------|-----------|-----------------------|
| Net interest income | 5 | 5 | 5 | 5 | 6 | 6 | 20% |
| Non-interest revenues | 1 | 1 | 1 | 2 | 2 | 7 | |
| Total operating income | 6 | 6 | 6 | 7 | 8 | 13 | 117% |
| Operating expenses | -3 | -3 | -4 | -4 | -4 | -5 | 67% |
| Impairment losses | 0 | 0 | 0 | -3 | 0 | 0 | |
| Profit before taxation | 3 | 3 | 2 | 3 | 4 | 8 | 167% |

- Increase in total revenues due to increased advisory fees.
- Strong pipeline of deals in the United States, in particular in roads sector as municipalities increasingly embrace concept of PPP to raise finance from existing assets and to regenerate essential infrastructure
- Infrastructure Finance transactions this year have provided significant additional revenue for swap structures that are presented in the Client Product Services
- Second major securitisation of loans of up to €900 m (EPIC II) carried out in July 2006

Recent Securitisation of Infrastructure Assets

EPIC II

- EPIC II builds on the success of the EPIC I UK PFI securitization which closed in November 2004 and which was the first ever securitisation of UK PFI assets
- EPIC II is only the third infrastructure loan securitisation to date and represents an important step forward in the development of this financing tool
- EPIC II with its global, multi-currency portfolio located in North America, Europe, Asia and Australia extends the market for infrastructure CLOs
- As a result of this transaction, DEPFA has substantially reduced the amount of regulatory capital required to support the loans, thereby materially improving the return on equity and at the same time transferring a substantial amount of credit risk
- This transaction will therefore enable DEPFA to increase its already substantial involvement in the PFI/PPP market on a competitive footing
- Additionally, institutional investors and banks now have an alternative means of gaining exposure to the global infrastructure market

Mission: To encompass products and structured transactions that provide an added value for the client

Products

- **Derivatives products**
- **Structured transactions**
- **Reinvestment products**
- **Securitization**
- **Advisory**

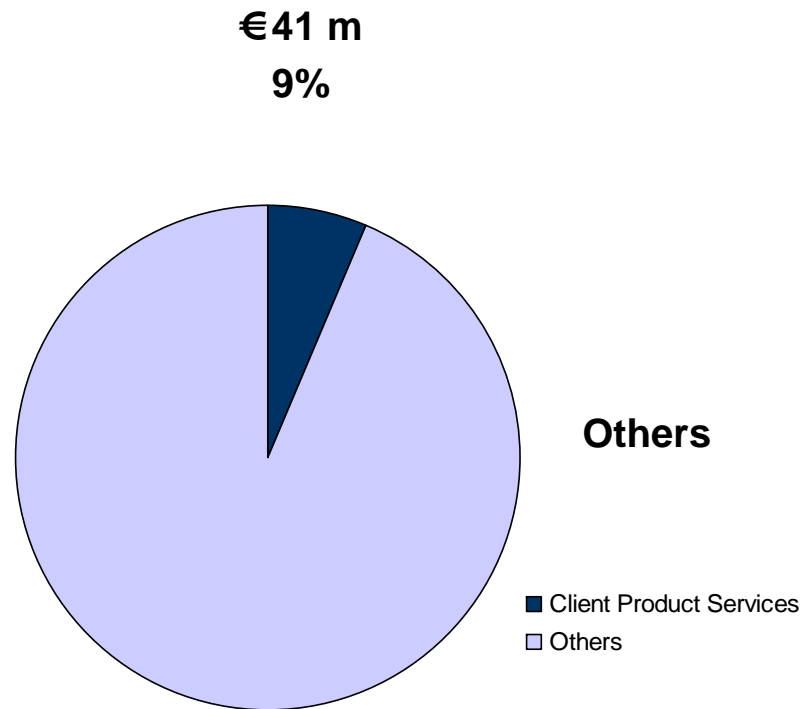
Trends

- **Significant increase in structured loan activity**
- **Portfolio optimisation**
- **Alternative funding (securitisation)**
- **Increased Market share**

Key Drivers

- **Integration with Client Relationship Management/ Infrastructure finance**
- **Acceptance of DEPFA BANK's expanding product capabilities**

1st half 2006 Total Operating Income



| | 1st half 2005 | 1st half 2006 | % Change |
|----------------------------|---------------|---------------|----------|
| Net interest income | 0 | 0 | |
| Non-interest revenues | 6 | 41 | >100 |
| Total operating income | 6 | 41 | > 100 |
| Operating expenses | -7 | -11 | 57 |
| Profit before taxation | -1 | 30 | |
| Average equity | 10 | 30 | |
| RoE pre tax | n/a | > 100% | |
| | 30.06.2005 | 30.06.2006 | |
| Financing volume (on B/S) | 0 | 0 | |
| Financing volume (off B/S) | 0 | 0 | |

Client Product Services

Profit and Loss – Quarter on quarter

Client Product Services

| €m | Q1 2005 | Q2 2005 | Q3 2005 | Q4 2005 | Q1 2006 | Q2 2006 |
|-------------------------------|----------|----------|----------|----------|-----------|-----------|
| Net interest income | 0 | 0 | 0 | 1 | -2 | 2 |
| Non-interest revenues | 4 | 2 | 7 | 8 | 27 | 14 |
| Total operating income | 4 | 2 | 7 | 9 | 25 | 16 |
| Operating expenses | -3 | -4 | -4 | -5 | -6 | -5 |
| Profit before taxation | 1 | -2 | 3 | 4 | 19 | 11 |

- Significant revenue synergies with Budget and Infrastructure Finance
- Volatility in total revenues Q1/Q2 2006 due to large transaction effect
- Guaranteed Investment Contracts (GIC) business is being successfully ramped up with deposits from US municipalities now exceeding US\$ 1 billion

- Mission:**
- Budget Finance activities where Asset/Liability Management is performed on a macro basis
 - Enabling of client based activities (resulting in carry or fees) where some Interest Rate and Credit risk can reside

Trends

External

- Interest rates globally are rising and curves are flattening
- “Emerging” economies with growing similarities with mature markets
- Growing appetite for use of CDS

Internal

- De-emphasis of proprietary trading but focus on asset/liability management to add value to the balance sheet
- Greater integration between Global Markets, Budget Finance and Client Product Services

Key drivers

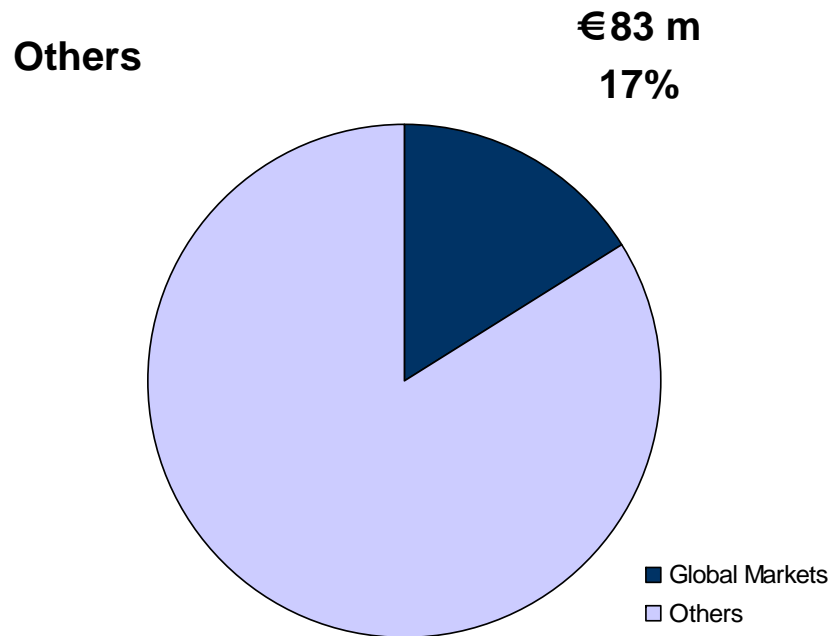
Net interest income

- Carry from macro hedged Budget Finance activities
- Carry from open Interest Rate positions

Non-interest income

- Asset swap options (premium plus MtM)
- BMA (carry plus MtM)
- Credit default swaps (carry plus MtM)

1st half 2006 Total Operating Income



| | 1st half 2005 | 1st half 2006 | % Change |
|----------------------------|---------------|---------------|----------|
| Net interest income | 57 | 41 | -28 |
| Non-interest revenues | 127 | 42 | -67 |
| Total operating income | 184 | 83 | -55 |
| Operating expenses | -19 | -13 | 32 |
| Profit before taxation | 165 | 70 | -58 |
| Average equity | 387 | 737 | 90 |
| RoE pre tax | 85% | 19% | |
| | 30.06.2005 | 30.06.2006 | |
| Financing volume (on B/S) | 9,094 | 13,111 | 44 |
| Financing volume (off B/S) | 0 | 0 | |

Global Markets

Profit and Loss – Quarter on quarter

Global Markets

| €m | Q1 2005 | Q2 2005 | Q3 2005 | Q4 2005 | Q1 2006 | Q2 2006 | Q2 2006 vs Q2 2005 |
|-------------------------------|-----------|------------|------------|-----------|-----------|-----------|--------------------|
| Net interest income | 32 | 25 | 19 | 26 | 22 | 19 | -24% |
| Non-interest revenues | 43 | 84 | 90 | 27 | 26 | 16 | -81% |
| Total operating income | 75 | 109 | 109 | 53 | 48 | 35 | -68% |
| Operating expenses | -10 | -9 | -8 | -7 | -8 | -5 | -44% |
| Profit before taxation | 65 | 100 | 101 | 46 | 40 | 30 | -70% |

- Further fall in contribution of Global Markets to Group profits (Q2: 19% of pre-tax profit vs. 49% in Q2 2005), due to reduced opportunities in current market environment and shift in focus to client driven activities
- Trading gains mainly centre on trading in mature markets sovereign bonds, CDS and BMA Municipal swaps

- Mission:**
- Build the best and most efficient global Client Relationship Management in sector
 - Leverage DEPFA BANK's skills and products

Trends

External

- Scalability of financing structures across geographies
- Increased client sophistication and easier access to debt financing

Internal

- Greater integration between product specialists and relationship managers
- Increased know-how and client insight. Ability to execute "repeat business"

Key drivers

- Ability to cross-sell
- Presence of global network
- Competitive pricing and product specialist support
- Excellence in execution
- Develop client knowledge
- Internal coordination

| | |
|--------------------------------|---|
| Budget Finance | <ul style="list-style-type: none">▪ Stable; high quality; very attractive risk/reward profile versus average banking universe |
| Infrastructure Finance | <ul style="list-style-type: none">▪ Low risk area of project finance compared to respective Investment Bank franchises |
| Client Product Services | <ul style="list-style-type: none">▪ Increasingly competing with pure Investment Bank franchises |
| Global Markets | <ul style="list-style-type: none">▪ Building track-record, expertise, trading pattern over time▪ Reducing gap to established capital markets players |

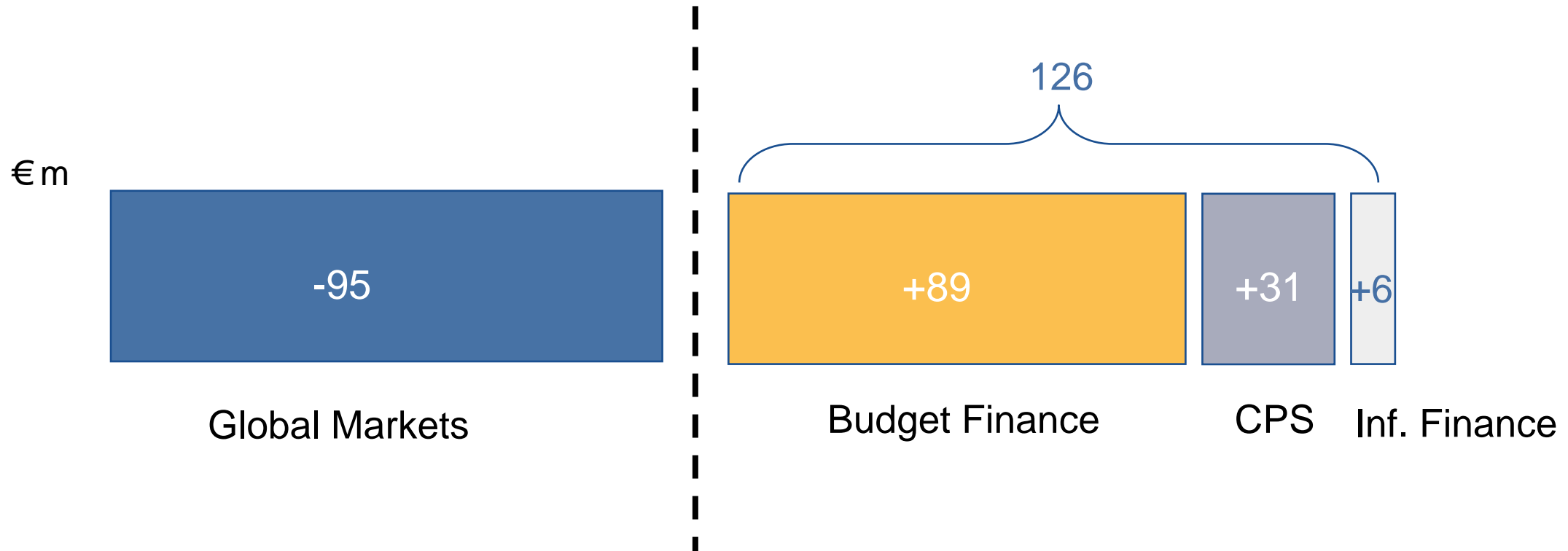


Financials

Group Accounts

Decrease/Increase in segmental pre tax profit contribution

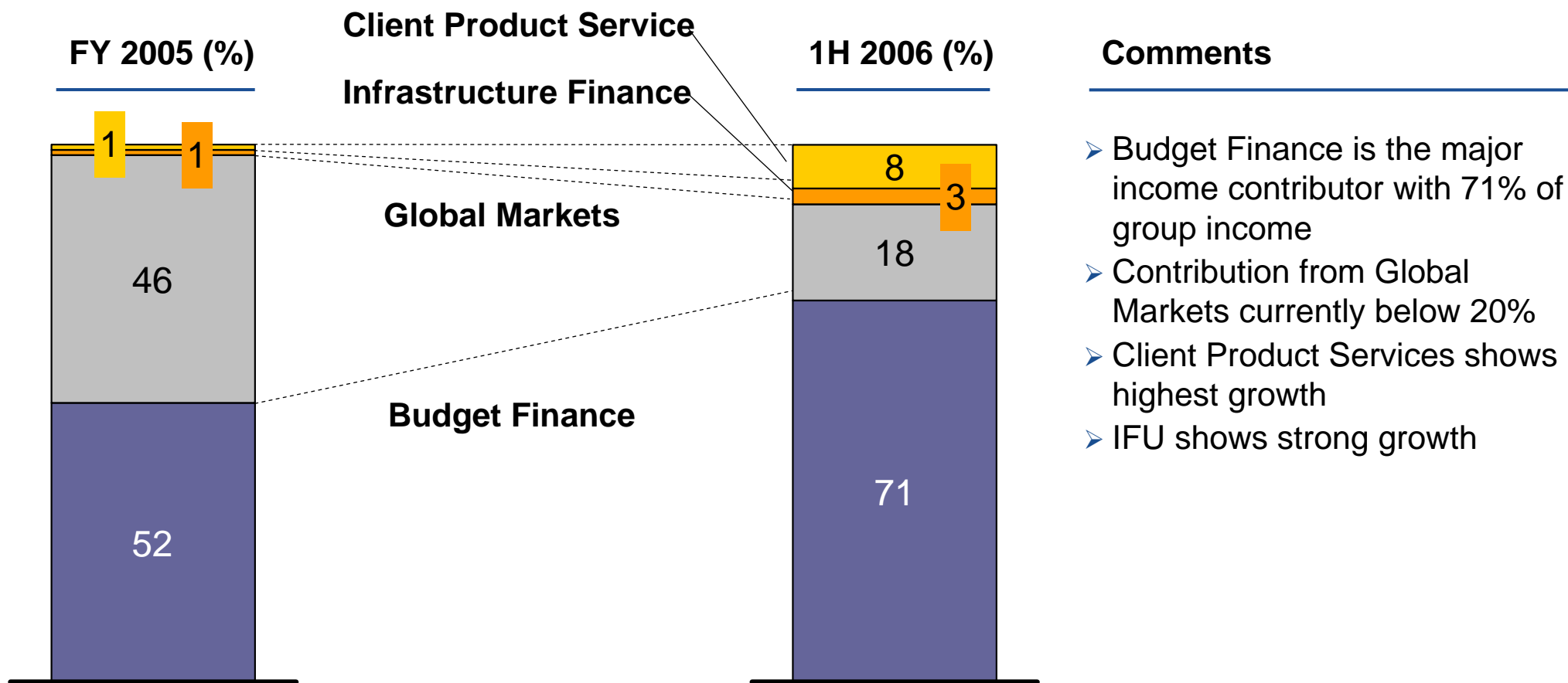
Compensation for shortfall in Global Markets pre-tax profit
1st Half 2006 vs. 1st half 2005



Financials Overview

Earnings mix between segments has changed significantly

- Pre-tax profit -



Financial Overview

Group Quarterly P&L (IFRS)

| | 2006 €m | | 2005 €m | | | |
|---|------------|------------|------------|------------|------------|------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net Interest Income | 110 | 107 | 116 | 100 | 96 | 110 |
| Net fee and commission income | 12 | 5 | 6 | 5 | 5 | 4 |
| Net trading income | 41 | 62 | -3 | 25 | -181 | 45 |
| Gains less losses from financial assets | 67 | 70 | 60 | 93 | 292 | 35 |
| Other operating income | - | - | - | - | 4 | 3 |
| Total operating income | 230 | 244 | 179 | 223 | 216 | 197 |
| Staff costs | -33 | -37 | -33 | -32 | -31 | -36 |
| Administrative expenditure | -19 | -18 | -20 | -20 | -17 | -15 |
| Depreciation and amortisation | -2 | -2 | -2 | -2 | -3 | -2 |
| Other operating expenditure | -2 | -1 | -2 | 1 | -1 | - |
| Operating expenses | -56 | -58 | -57 | -53 | -52 | -53 |
| Impairment losses on loans and advances | - | - | -3 | - | - | - |
| Income before taxes | 174 | 186 | 119 | 170 | 164 | 144 |
| Income tax expense | -34 | -52 | -21 | -38 | -38 | -25 |
| Group net income | 140 | 134 | 98 | 132 | 126 | 119 |

Financing Volumes

Changing view on financing volumes

Portfolio breakdown as of 30/06/2006

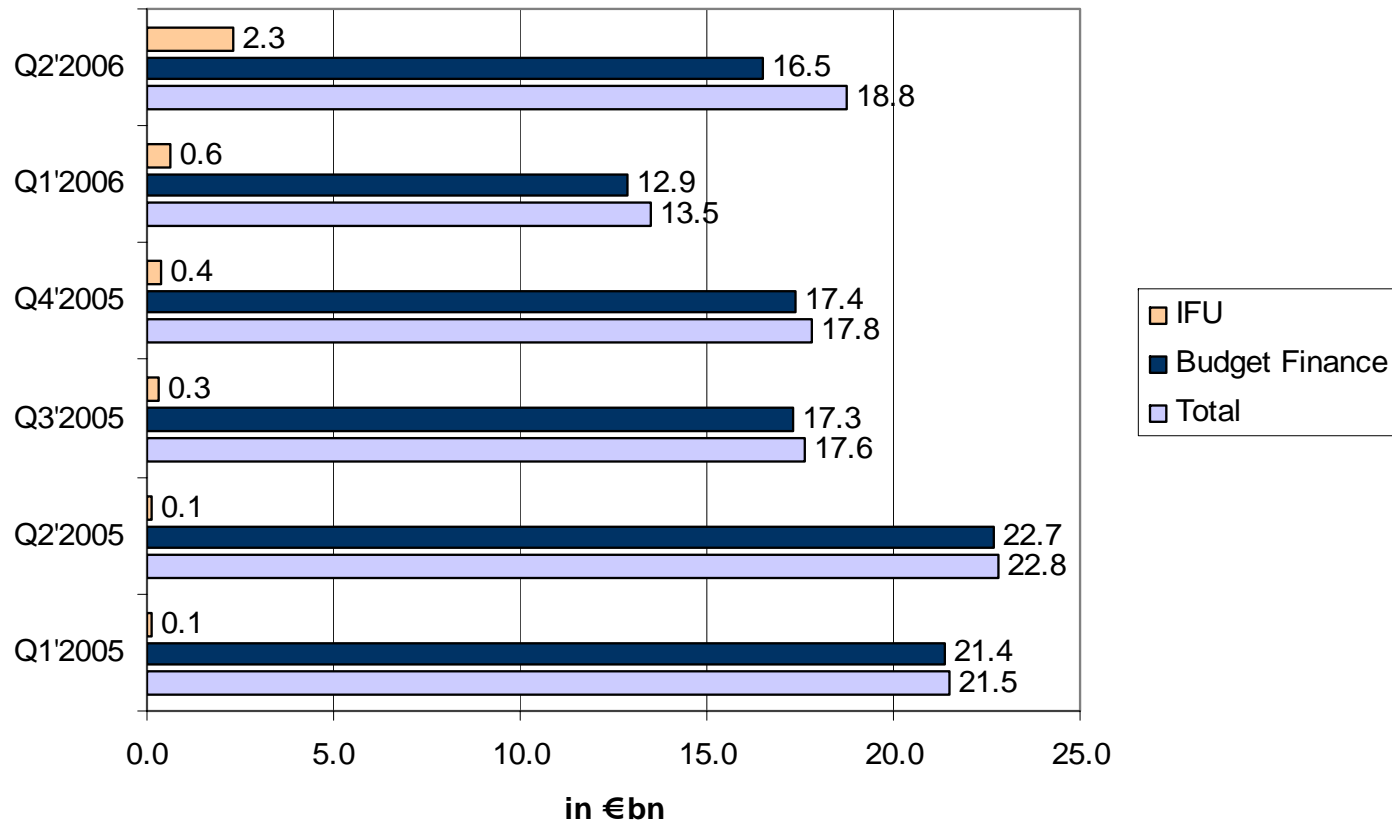
Ongoing we will focus on the development of total financing volume in the client segments

| in €bn | Public Sector finance | Public Sector related | Property | Total |
|--------------------------------|-----------------------|-----------------------|------------|--------------|
| BUDGET FINANCE | 185.3 | 2.8 | 0.0 | 188.1 |
| INFRASTRUCTURE FINANCE | 1.1 | 4.6 | 0.0 | 5.7 |
| CLIENT PRODUCT SERVICES | 0.0 | 0.0 | 0.0 | 0.0 |
| GLOBAL MARKETS | 12.1 | 1.0 | 0.0 | 13.1 |
| CORPORATE CENTRE | 2.8 | 0.0 | 2.1 | 5.0 |
| Total | 201.3 | 8.5 | 2.1 | 211.9 |

In the past the focus was on the development of Public sector finance volumes

New Commitments

New commitments in client segments



Financing volumes

Development of public finance volume (including public sector related)

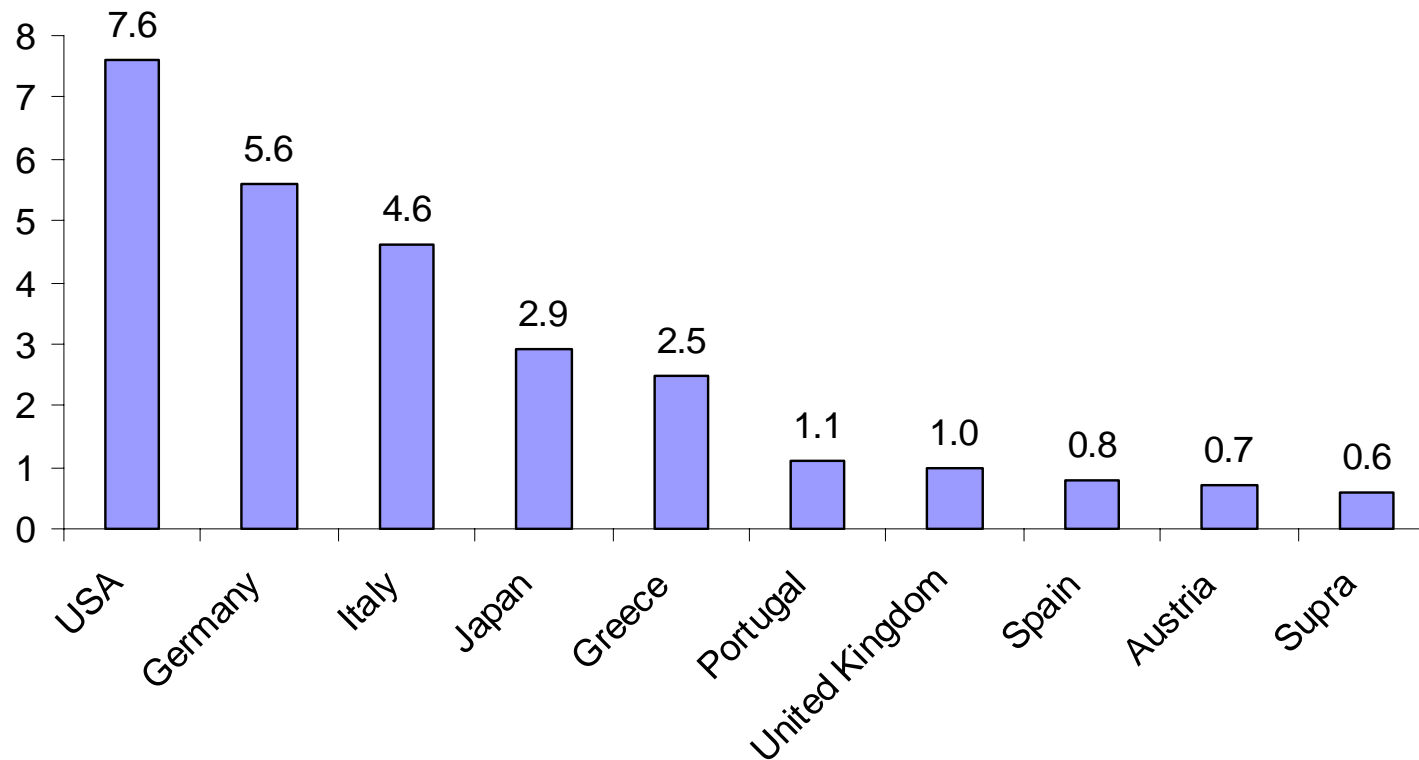
| YTD Summary | Total Drawn €M | Total Undrawn €M | Total Financing Volume €M |
|-----------------------------------|-------------------|---------------------|------------------------------|
| Volume 31/12/2005 | 181,499 | 21,471 | 202,970 |
| New Commitments (drawn & undrawn) | 10,817 | 3,964 | 14,781 |
| Sales | - 4,754 | - | - 4,754 |
| Maturities and other | - 4,393 | - 2,927 | - 7,320 |
| Volume 31/03/2006 | 183,169 | 22,508 | 205,677 |
| New Commitments (drawn & undrawn) | 18,915 | 1,880 | 20,795 |
| Sales | - 9,357 | - | - 9,357 |
| Maturities and other | - 5,298 | - 1,990 | - 7,288 |
| Volume 30/06/2006 | 187,429 | 22,398 | 209,827 |

New commitments

Top 10 countries by new public sector commitments in first half

€bn

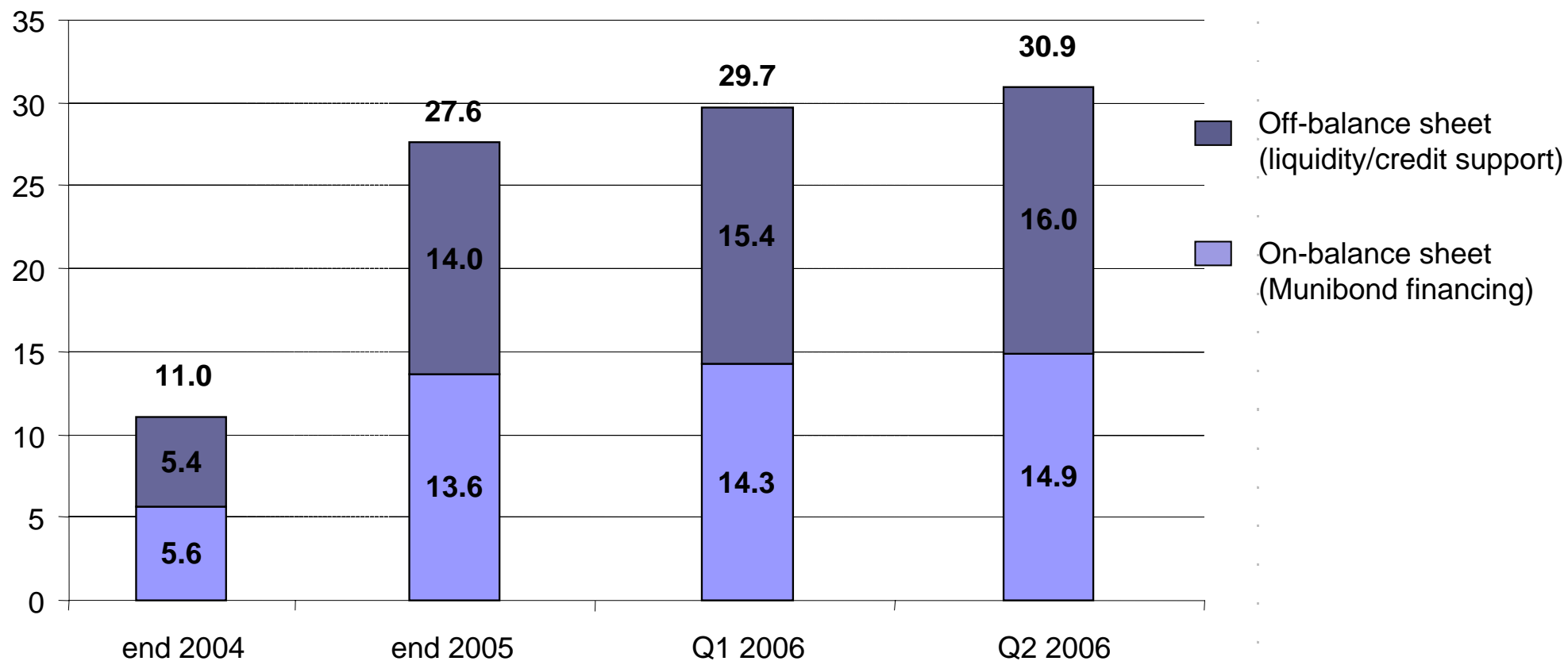
Top ten countries



U.S. Activities

Development of total U.S volumes (on and off balance sheet)

€bn



Development in Equity (IFRS)

| | Share Capital | Share Premium | Retained Earnings | Other reserves | | Total Equity 2006 |
|---|---------------|---------------|-------------------|--|--|-------------------|
| | | | | Unrealised Gains / Losses on Cashflow Hedges | Unrealised Gains / Losses on available for sale securities | |
| Balance at 31/12/05 | 106 | 1,142 | 940 | 2 | 114 | 2,304 |
| Profit | | | 274 | | | 274 |
| Net change in available for sale investments, net of tax | | | | | -21 | -21 |
| Total recognised profit | | | 274 | | -21 | 253 |
| Reduction of equity for own shares purchased | | | -9 | | | -9 |
| Write-back to equity for own shares expensed through income statement | | | 18 | | | 18 |
| Dividends | | | -86 | | | -86 |
| Balance at 30/06/06 | 106 | 1,142 | 1,137 | 2 | 93 | 2,480 |



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