DEPFA BANK plc
9-Month 2006 Results

30 October 2006

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Financials Overview

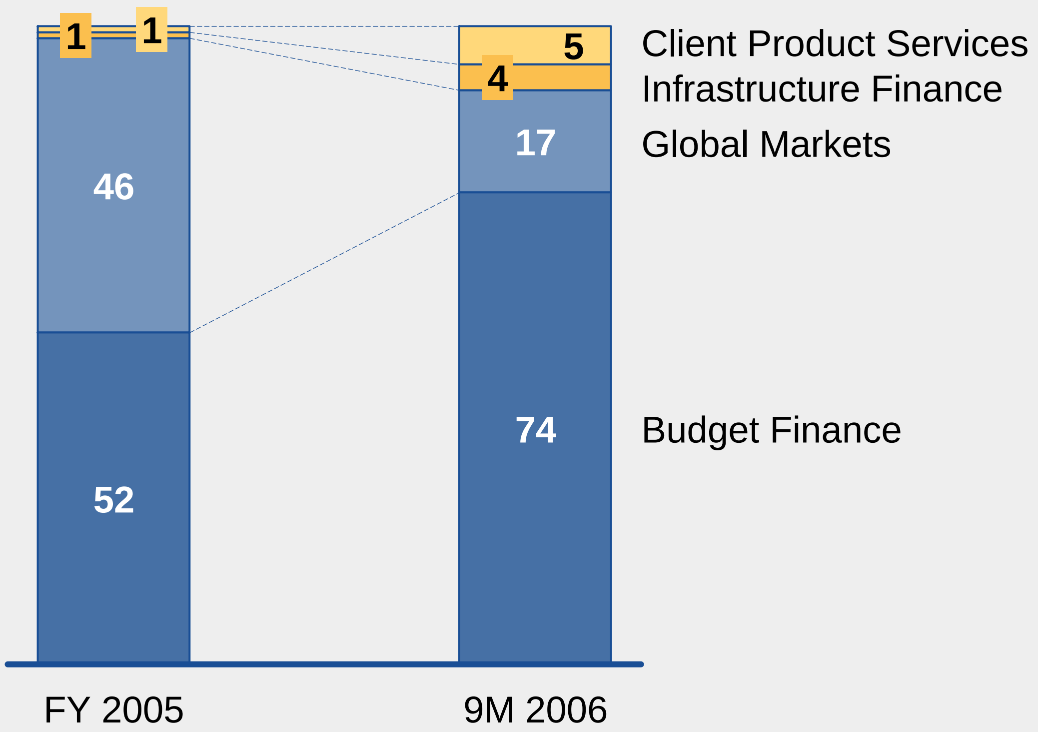
Q3 2006 Results - Key points

- Nine month result is slightly above previous year's levels but has been accompanied by fundamental shift towards high-quality, client driven revenues
- 67% increase in pre-tax profit from client facing segments Budget Finance, Infrastructure Finance and Client Product Services to € 470 m (9M 2006 v 9M 2005)
- Return on Equity (after tax): 21% for 9M 2006, above targeted minimum RoE of 20%
- Dividend set to rise by 60% to 40 cents (from 25 cents); equates to a 28% pay out ratio based on the annualised 9M result, which brings it closer to levels of European banking peers
- DEPFA is committed to the Public Sector Business Model. We see Public Sector Activities growing globally
- DEPFA is exploiting favourable trends: budget constraints, increasing professionalism of public sector counterparties and greater private sector involvement in public infrastructure projects
- Future growth based on organic development: leveraging of strong client base and regional expansion are main pillars

Segment Reporting

Earnings mix between segments has changed significantly

Pre-tax profit (excl. Corporate Centre) – Percent



Comments

- Budget Finance is the major income contributor with 74% of group pre-tax profit
- Contribution from Global Markets currently below 20%
- Client Product Services shows highest growth
- IFU shows strong growth

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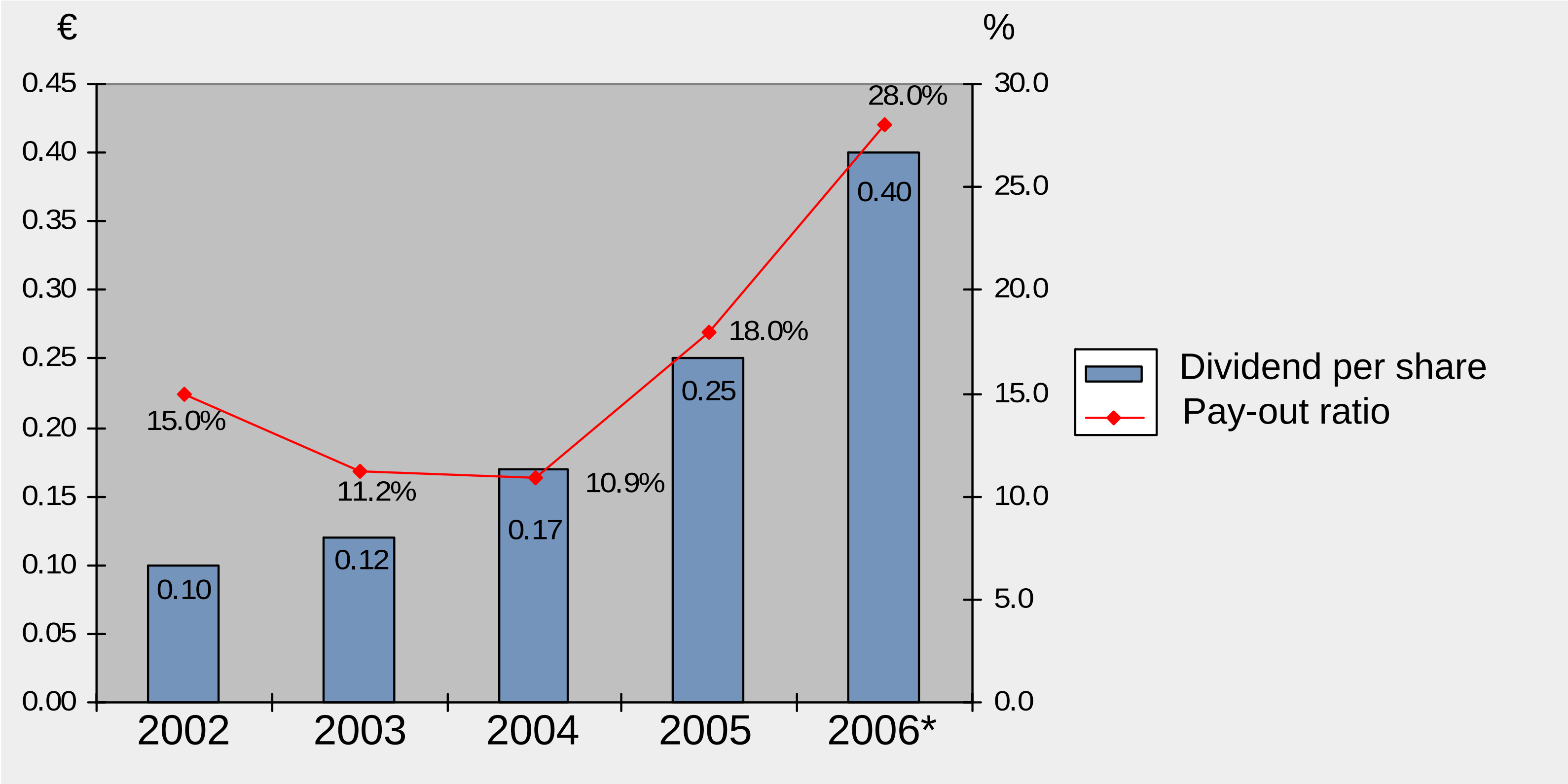
Group Financials

Planned increase in dividend and pay out ratio



* Sep YTD annualised

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Overview

Pre tax profits in €m	Q3 2006	Q3 2005	Change %	9M 2006	9M 2005	Change %
Budget Finance	140	84	67%	416	271	54%
Infrastructure Finance	11	2	>100%	23	8	>100%
Client Product Services	1	3	-67%	31	2	>100%
Global Markets	25	101	-75%	95	266	-64%
Corporate Centre	-43	-20	n.a.	-71	-69	3%
Total Group pre Tax	**134**	**170**	**-21%**	494	478	3%
Total Group after Tax	**110**	**132**	**-17%**	384	377	2%
Cost/Income Ratio	28.3%	23.8%		25.3%	24.8%	
RoE after taxes	17.3%	25.4%		20.8%	24.8%	
Headcount (avg.)	569	511				

Group Financials

Quarter 3 solo 2006 vs. 2005 comparision

	Q3 2006 € m	Q3 2005 € m	Abs. change € m	Change %
Net interest income	101	100	1	1.0%
Net fee and commission income	7	5	2	40.0%
Net trading income	9	25	-16	-64.0%
Gains less losses from financial assets	70	93	-23	-24.7%
Other operating income	0	0	0	
Total operating income	**187**	**223**	**-36**	-16.1%
Staff costs	-32	-32		
Administrative expenditure	-18	-20	2	-10.0%
Depreciation and amortisation	-3	-2	-1	50.0%
Other operating expenditure	0	1	-1	-100%
Operating expenses	**-53**	**-53**		
Profit before taxation	**134**	**170**	**-36**	-21.2%
Taxation	-24	-38	14	-36.8%
Group net income	**110**	**132**	**-22**	-16.7%
Key ratios				
Cost/income ratio	28.3%	23.8%		
EPS (€)	0.32	0.39		
RoE after tax	17.3%	25.4%		
Key balance sheet items	**30.09.2006**	**31.12.2005**		
Financing Volumes	219,111	205,418		
of which drawn	195,587	183,947		
of which undrawn	23,524	21,471		
Shareholders' Capital	2,611	2,304		
Total assets	228,898	228,630		
Leverage	88x	99x		

Group Financials

Quarter 3 YTD 2006 vs. 2005 comparison

	9M 2006 € m	9M 2005 € m	Abs. change € m	Change %
Net interest income	318	306	12	3.9%
Net fee and commission income	24	14	10	71.4%
Net trading income	112	-111	223	n.a.
Gains less losses from financial assets	207	420	-213	-50.7%
Other operating income	0	7	-7	-100.0%
Total operating income	**661**	**636**	**25**	3.9%
Staff costs	-102	-99	-3	3.0%
Administrative expenses	-55	-52	-3	5.8%
Depreciation and amortisation	-7	-7		
Other operating expenses	-3	0	-3	
Operating expenses	**-167**	**-158**	**-9**	5.7%
Profit before taxation	**494**	**478**	**16**	3.3%
Taxation	-110	-101	-9	8.9%
Group net income	**384**	**377**	**7**	1.9%
Key ratios				
Cost/income ratio	25.3%	24.8%		
EPS (€)	1.12	1.10		
RoE after taxes	20.8%	24.8%		

Group Financials

Group Quarterly P&L

€ m	2006			2005				Average Quarter	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2006	2005
Net Interest Income	101	110	107	116	100	96	110	106	106
Net fee and commission income	7	12	5	6	5	5	4	8	5
Net trading income	9	41	62	-3	25	-181	45	37	-29
Gains less losses from financial assets	70	67	70	60	93	292	35	69	120
Other operating income						4	3		2
Total operating income	**187**	**230**	**244**	**179**	**223**	**216**	**197**	**220**	**204**
Staff costs	-32	-33	-37	-33	-32	-31	-36	-34	-33
Administrative expenditure	-18	-19	-18	-20	-20	-17	-15	-19	-18
Depreciation and amortisation	-3	-2	-2	-2	-2	-3	-2	-2	-2
Other operating expenditure	0	-2	-1	-2	1	-1		-1	-1
Operating expenses	**-53**	**-56**	**-58**	**-57**	**-53**	**-52**	**-53**	**-56**	**-54**
Impairment losses on loans				-3					-1
Profit before taxation	**134**	**174**	**186**	**119**	**170**	**164**	**144**	**164**	**149**
Taxation	-24	-34	-52	-21	-38	-38	-25	-36	-31
Group net income	**110**	**140**	**134**	**98**	**132**	**126**	**119**	**128**	**118**

Segment Reporting

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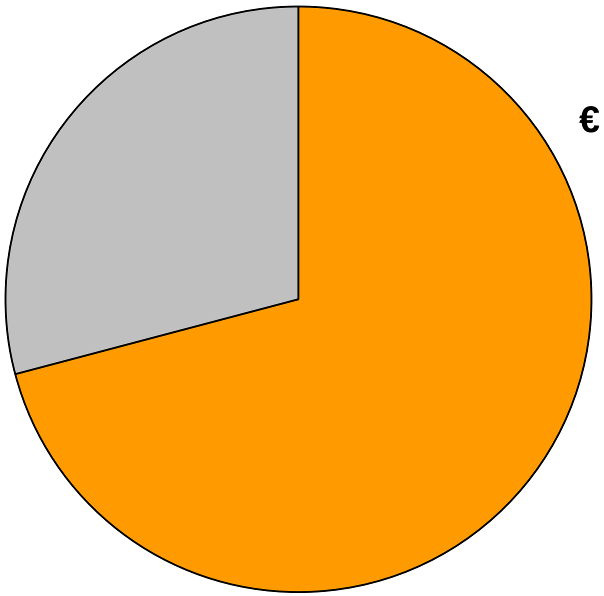
Budget Finance

Financials

9 months 2006 Total Operating Income



€ m	First 9 months 2006	First 9 months 2005	% Change
Net interest income	265	221	20%
Non-interest revenues	213	112	90%
Total operating income	478	333	44%
Operating expenses	-62	-62	0%
Profit before taxation	416	271	54%
Average equity	1,318	1,112	19%
RoE pre tax	42%	32%	
	30.09.2006	31.12.2005	
Financing volume (on B/S)	170,980	165,575	3%
Financing volume (off B/S)	21,971	20,549	7%

Budget Finance

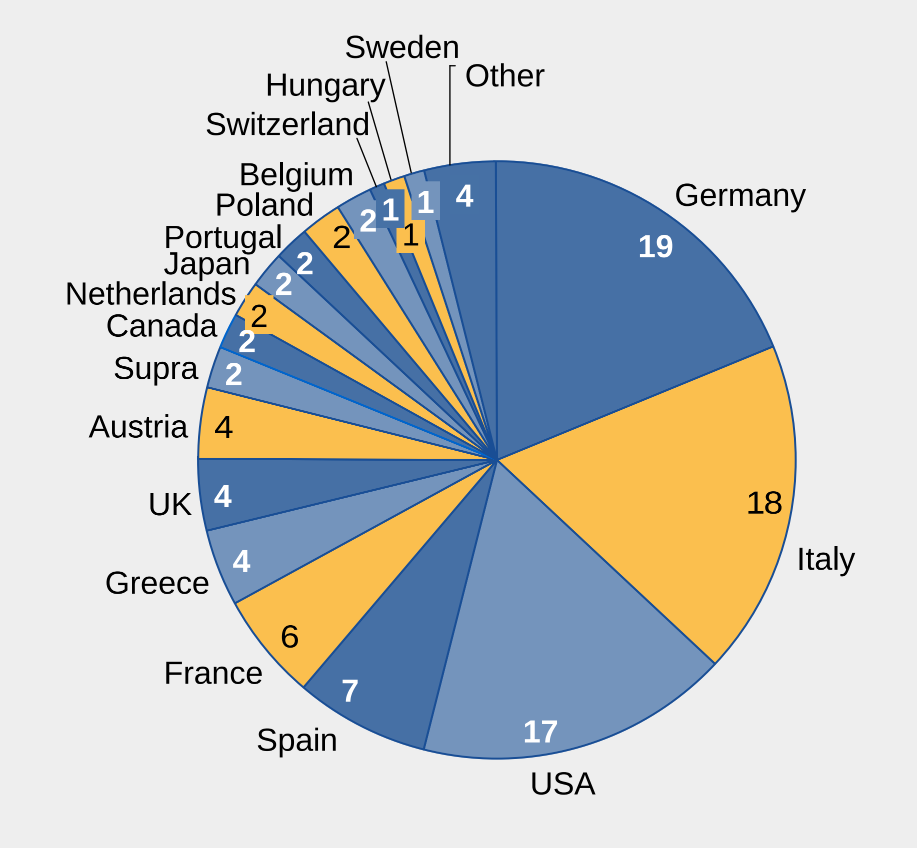
€ m	Total 9M	2006 Q3	2006 Q2	2006 Q1	Total 9M	2005 Q3	2005 Q2	2005 Q1	Change Q3 v Q3	Change 9M v 9M
Net interest income	265	89	90	86	221	80	70	71	**11%**	**20%**
Non-interest revenues	213	70	74	69	112	24	53	35	**192%**	**90%**
Total Operating income	**478**	**159**	**164**	**155**	**333**	**104**	**123**	**106**	**53%**	**44%**
Operating expenses	**-62**	**-19**	**-19**	**-24**	**-62**	**-20**	**-20**	**-22**	**-5%**	**0%**
Profit before taxation	**416**	**140**	**145**	**131**	**271**	**84**	**103**	**84**	**67%**	**54%**

- Prudent asset origination to maintain average margin level and high asset quality of the portfolio; this has been sufficient to maintain net asset growth of 8%
- Targeted marketing efforts have increased origination of high quality W European public sector assets, e.g. UK and Supranationals
- Growth potential in the U.S. very significant; more diversified geographic distribution of assets
- Huge micro-hedged portfolio of € 171 bn has continued to produce sales opportunities arising from credit spread movements

Budget Finance

Budget Finance country breakdown (On- and Off-Balance sheet)

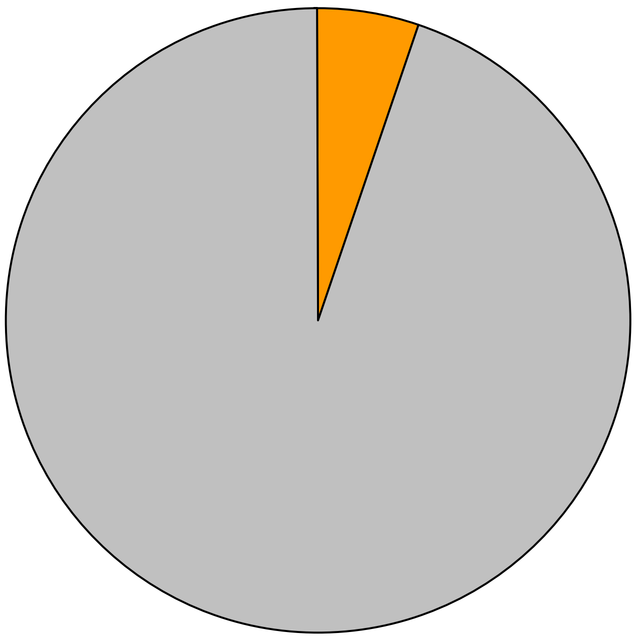
% of Total financing volume € 193.0 bn (30.09.2006)



Infrastructure Finance

Financials

9 months 2006 Total Operating Income



€ m	First 9 months 2006	First 9 months 2005	% Change
Net interest income	24	15	60%
Non-interest revenues	12	3	300%
Total operating income	36	18	100%
Operating expenses	-13	-10	30%
Profit before taxation	23	8	188%
Average equity	208	116	79%
RoE pre tax	15%	9%	
	30.09.2006	31.12.2005	
Financing volume (on B/S)	4,963	1,879	164%
Financing volume (off B/S)	1,553	1,014	53%

Infrastructure Finance

€ m	Total 9M	2006 Q3	2006 Q2	2006 Q1	Total 9M	2005 Q3	2005 Q2	2005 Q1	Change Q3 v Q3	Change 9M v 9M
Net interest income	24	12	6	6	15	5	5	5	**140%**	**60%**
Non-interest revenues	12	3	7	2	3	1	1	1	**200%**	**300%**
Total Operating income	**36**	**15**	**13**	**8**	**18**	**6**	**6**	**6**	**150%**	**100%**
Operating expenses	**-13**	**-4**	**-5**	**-4**	**-10**	**-4**	**-3**	**-3**	**0%**	**30%**
Profit before taxation	**23**	**11**	**8**	**4**	**8**	**2**	**3**	**3**	**450%**	**188%**

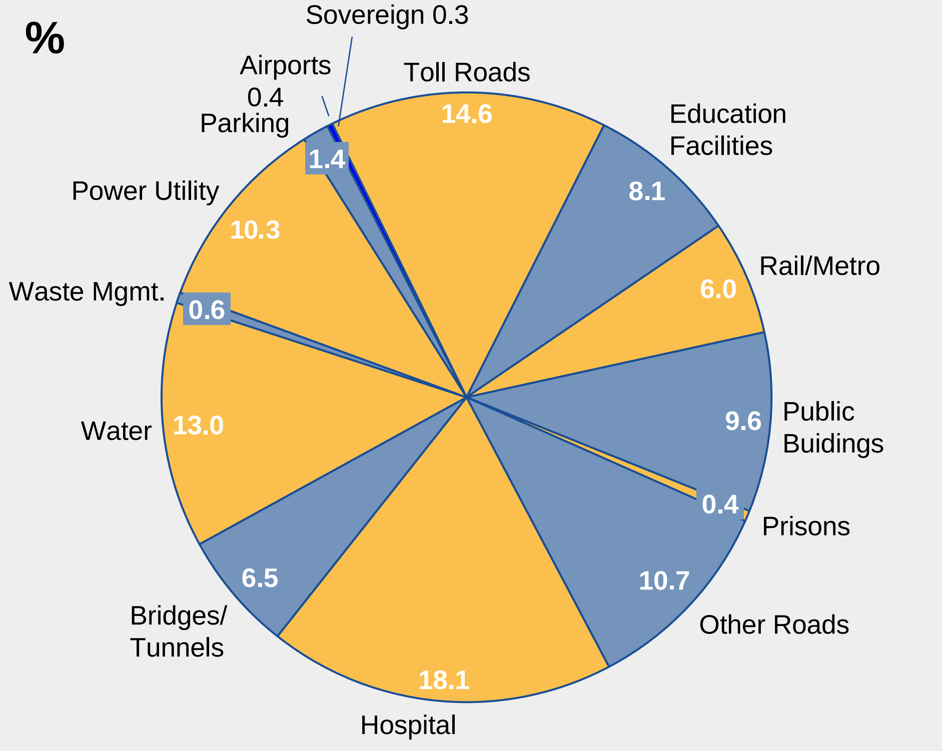
- Contributes stable flow of income and transactions create lucrative ‘spin off’ opportunities for other segments, esp. client derivatives booked in CPS
- Marked increase in profits as strong deal pipeline, esp. from the North American market materialises in the accounts
- Above trend growth also due to purchase of AAA rated utilities bonds insured by monoline insurers
- Controlled expansion in business volume will continue to be assured by large scale securitisations via ‘EPIC’ platform and strong syndication activity; more optimal use of capital has now increased RoE (pre-tax) of the segment to 15%

Infrastructure Finance

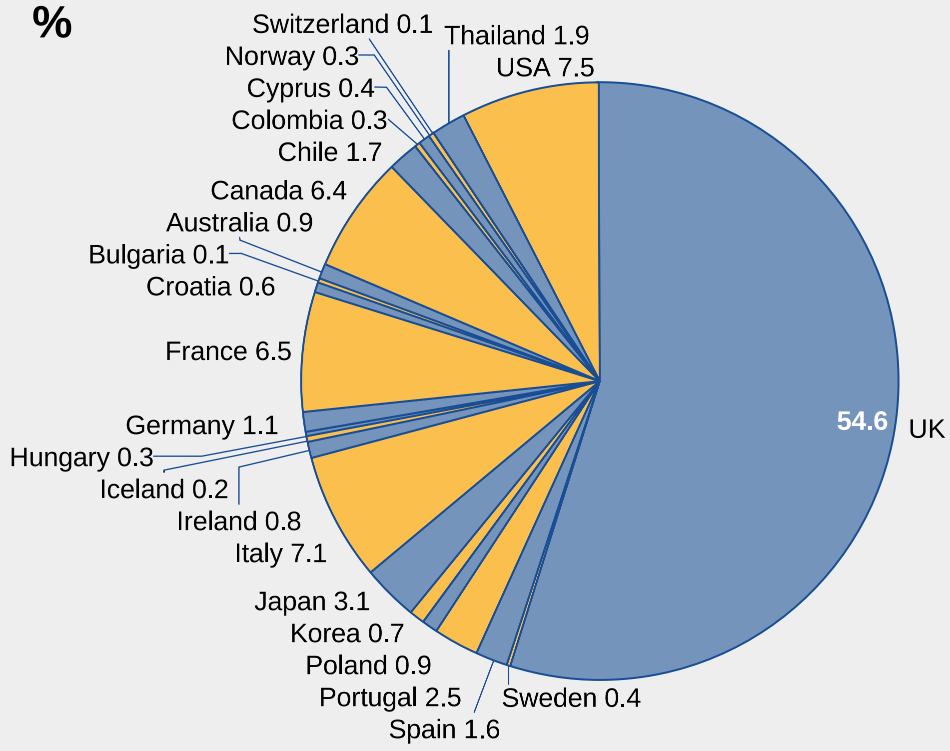
Sector and Regional balance of portfolio

As per end September 2006, total commitments € 6.5 bn

Sector breakdown



Regional breakdown



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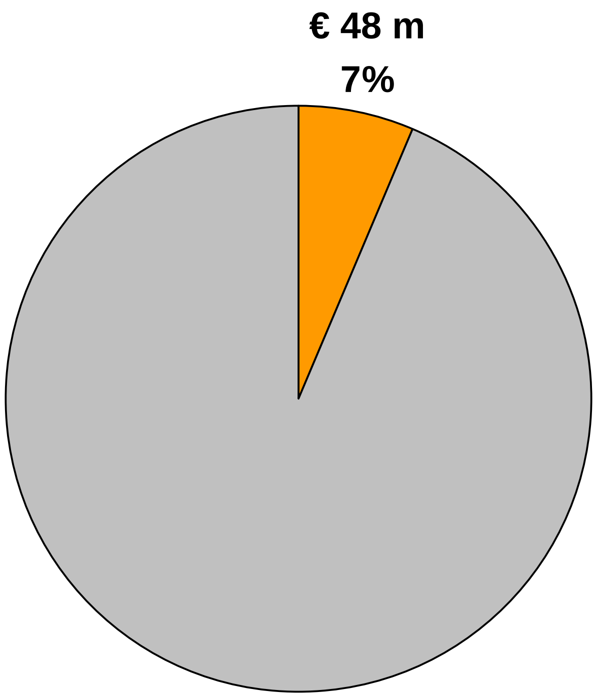
Client Product Services

Financials

9 months 2006 Total Operating Income



€ m	First 9 months 2006	First 9 months 2005
Net interest income	-1	0
Non-interest revenues	49	13
Total operating income	48	13
Operating expenses	-17	-11
Profit before taxation	31	2
Average equity	40	12
RoE pre tax	103%	22%
	30.09.2006	31.12.2005
Financing volume (on B/S)	906	5
Financing volume (off B/S)	0	0

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Client Product Services

€m	Total 9M	2006 Q3	2006 Q2	2006 Q1	Total 9M	2005 Q3	2005 Q2	2005 Q1	Change Q3 v Q3	Change 9M v 9M
Net interest income	-1	-1	2	-2	0	0	0	0		
Non-interest revenues	49	8	14	27	13	7	2	4	**14%**	**277%**
Total Operating income	**48**	**7**	**16**	**25**	**13**	**7**	**2**	**4**	**0%**	**269%**
Operating expenses	**-17**	**-6**	**-5**	**-6**	**-11**	**-4**	**-4**	**-3**	**50%**	**55%**
Profit before taxation	**31**	**1**	**11**	**19**	**2**	**3**	**-2**	**1**		

- Dynamic performance over 9 month period and is highest growth segment for DEPFA; seasonality effect in Q3, pipeline of client derivative transactions picking up again
- Other product areas are likely to increase contributions: run rate of income from GIC increasing along with size of book that now stands at US$2.2 bn
- New Pension advisory unit established will provide specialist advice to public sector authorities across Europe and the U.S.

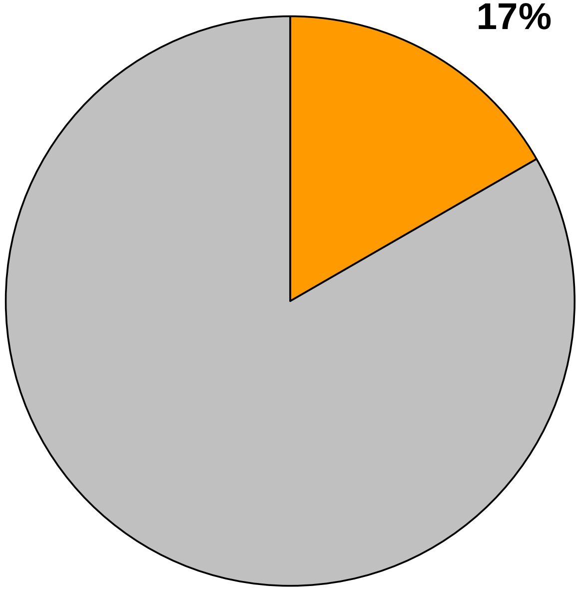
Global Markets

Financials

9 months 2006 Total Operating Income

€ 113 m

17%



€ m	First 9 months 2006	First 9 months 2005	% Change
Net interest income	51	76	-33%
Non-interest revenues	62	217	-71%
Total operating income	113	293	-61%
Operating expenses	-18	-27	-33%
Profit before taxation	95	266	-64%
Average equity	713	398	79%
RoE pre tax	18%	89%	
	30.09.2006	31.12.2005	
Financing volume (on B/S)	13,936	11,116	25%
Financing volume (off B/S)	0	0	

Global Markets

€ m	Total 9M	2006 Q3	2006 Q2	2006 Q1	Total 9M	2005 Q3	2005 Q2	2005 Q1	Change Q3 v Q3	Change 9M v 9M
Net interest income	51	10	19	22	76	19	25	32	**-47%**	**-33%**
Non-interest revenues	62	20	16	26	217	90	84	43	**-78%**	**-71%**
Total Operating income	**113**	**30**	**35**	**48**	**293**	**109**	**109**	**75**	**-72%**	**-61%**
Operating expenses	**-18**	**-5**	**-5**	**-8**	**-27**	**-8**	**-9**	**-10**	**-38%**	**-33%**
Profit before taxation	**95**	**25**	**30**	**40**	**266**	**101**	**100**	**65**	**-75%**	**-64%**

- Profits have helped strengthen the equity base; importance in earnings mix now declining (17% of Group pre-tax profit) due to reduced positioning and developments in interest rates
- Upside potential from new sources of trading revenues; in the US we can build on successful BMA trading activity

Corporate Centre

€ m	Total 9M	2006 Q3	2006 Q2	2006 Q1	Total 9M	2005 Q3	2005 Q2	2005 Q1	Change Q3 v Q3	Change 9M v 9M
Net interest income	-21	-9	-7	-5	-6	-4	-4	2	**125%**	**250%**
Non-interest revenues	7	-15	9	13	-15	1	-20	4		
Total Operating income	-14	**-24**	**2**	**8**	-21	**-3**	**-24**	**6**		**-33%**
Operating expenses	-57	**-19**	**-22**	**-16**	-48	**-17**	**-16**	**-15**	**12%**	**19%**
Profit before taxation	-71	**-43**	**-20**	**-8**	-69	**-20**	**-40**	**-9**	**115%**	**3%**

- Net Interest income burdened by costs for subordinated debt (lower Tier II Issues and Profit Participation certificates) which unlike Tier 1 hybrids are not spread among the segments
- Fluctuations in non-interest revenues due to recurring items including valuation effects from hedging inefficiencies

Financials

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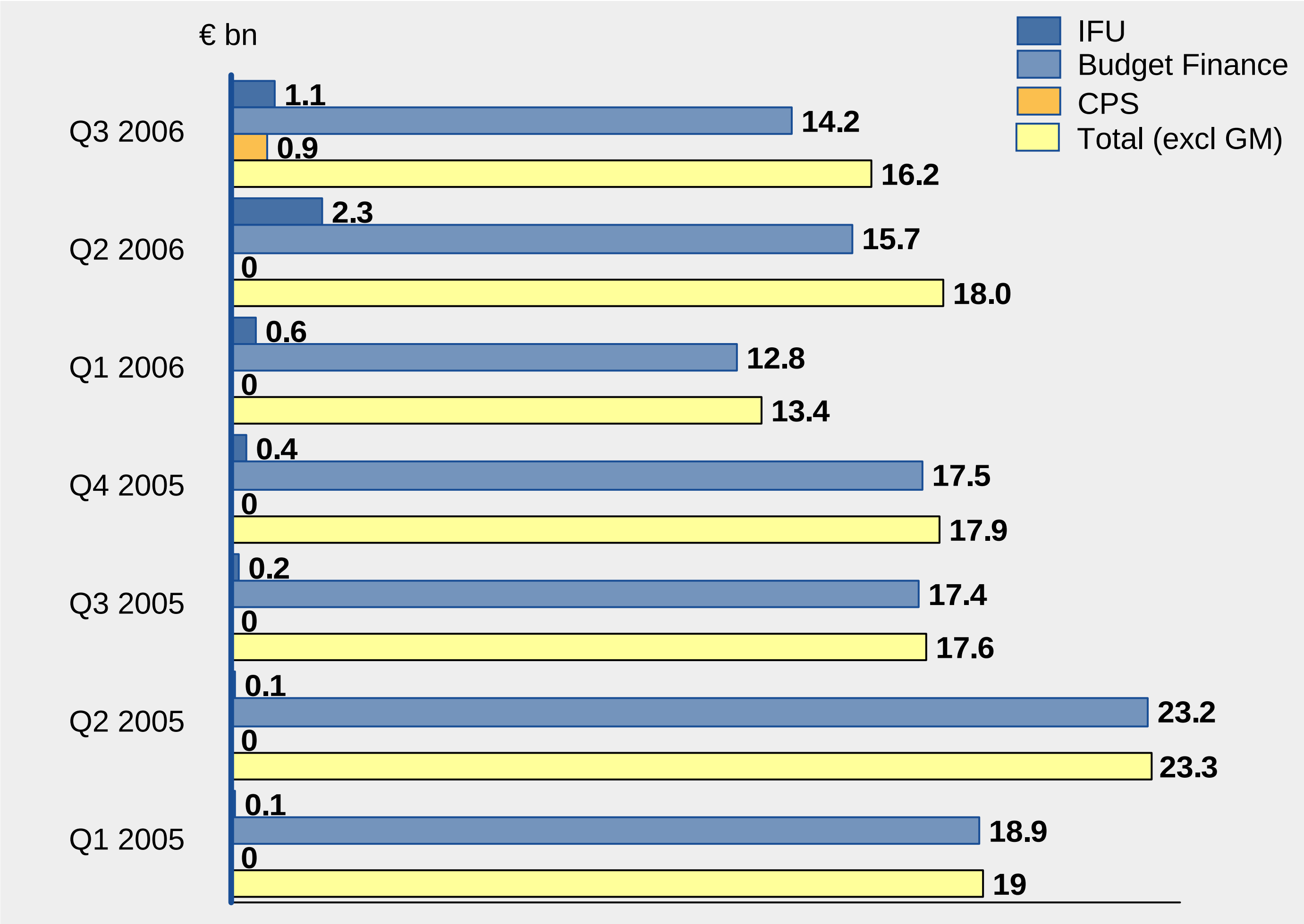
Financials

New commitments in client segments



Financials

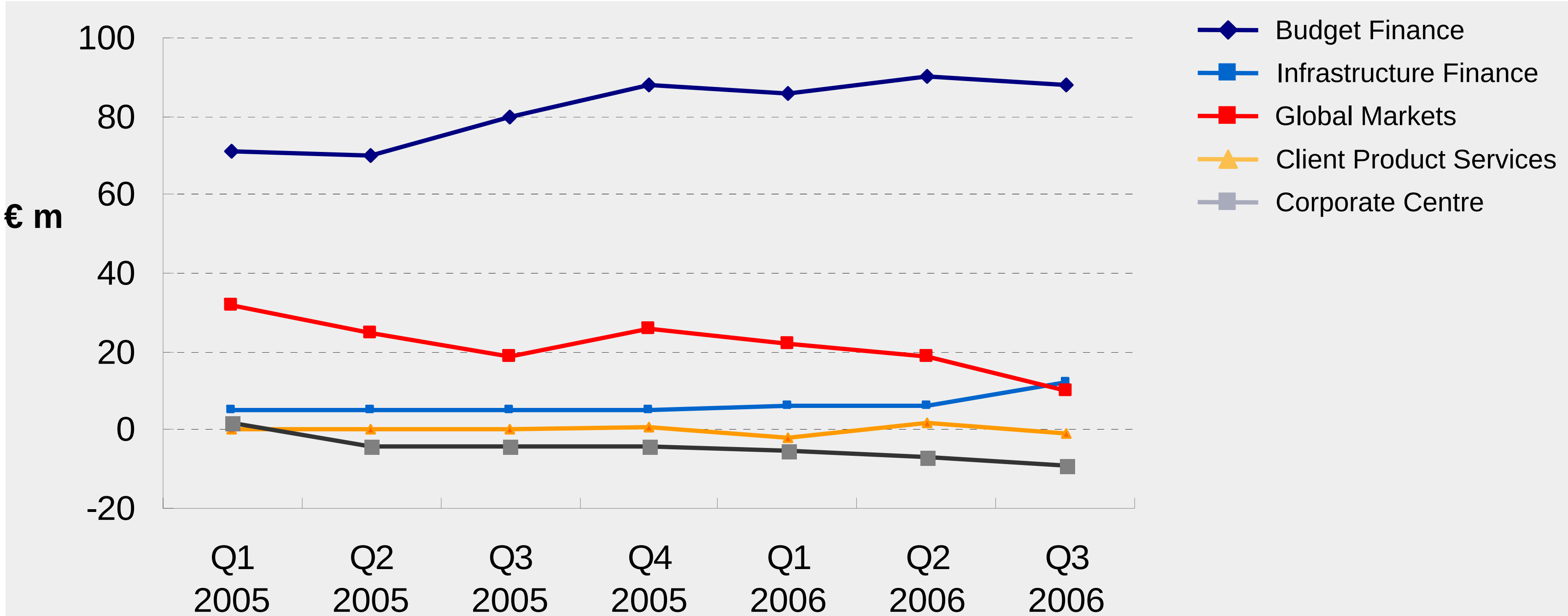
Development in Financing volumes by segment (On- and Off-Balance sheet)

First 9 months 2006

	Financing volumes by segment €m					
	Budget Finance	Infra-structure Finance	Client Product Services	Global Markets	Corporate Centre	Total
Volume as at 31/12/2005	186,034	2,893	5	11,116	5,372	**205,420**
New commitments	42,662	4,063	925	5,262	0	**52,912**
Sales	-21,041	-299	-12	- 661	-78	**-22,091**
Maturities and other	-14,704	-141	-12	-1,781	-492	**-17,130**
Volume as at 30/09/2006	192,951	6,516	904	13,936	4,802	**219,111**

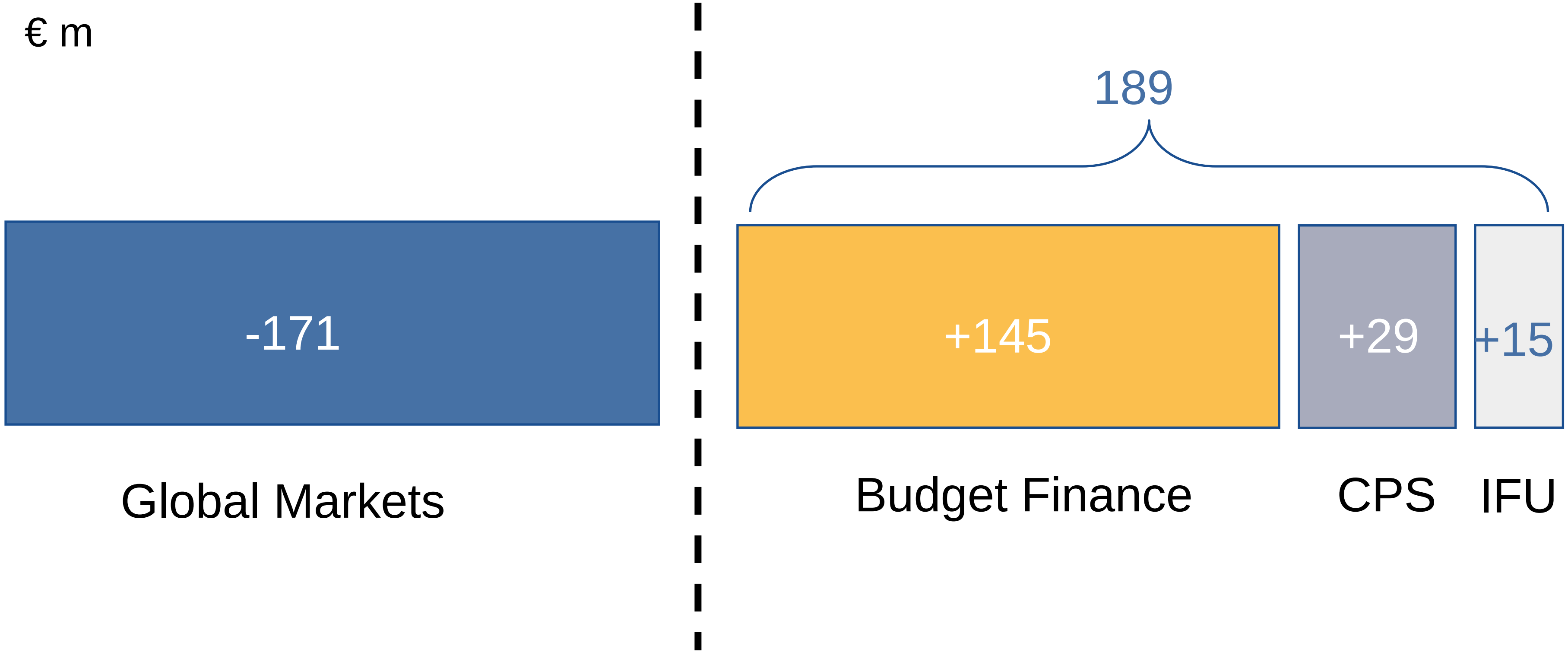
Financials

Net Interest Income by segment



- Budget Finance provides a strong base for Group net interest income; the contribution from Infrastructure Finance has now moved to an appreciably higher run rate
- Since start 2005 the Net Interest Income from combined client financing (Budget Finance & Infrastructure Finance) has compensated for falling interest contribution from Global Markets

Compensation for shortfall in Global Markets pre-tax profit 9M 2006 vs. 9M 2005



Strategy

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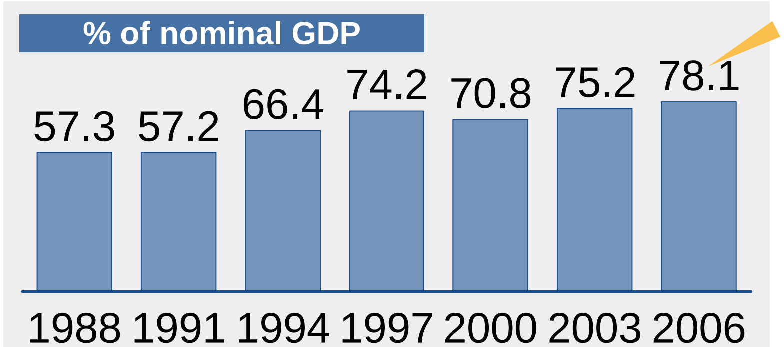
Strategy

Three major global trends in the public sector

1 Budget constraints



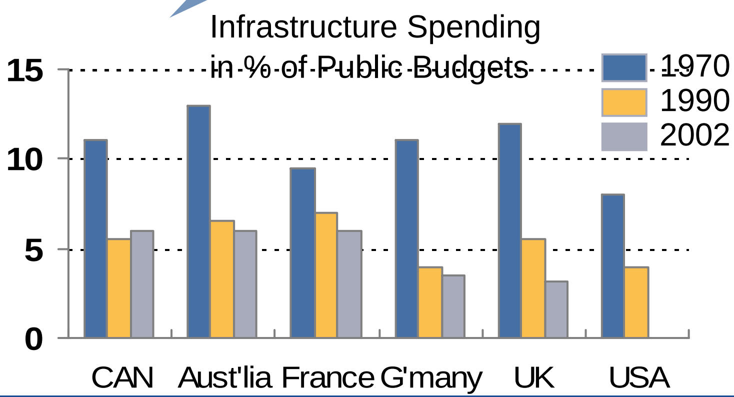
Equals almost 17 trillion USD

General Government Gross Financial Liabilities (OECD Countries)

2 Need for efficiency gains

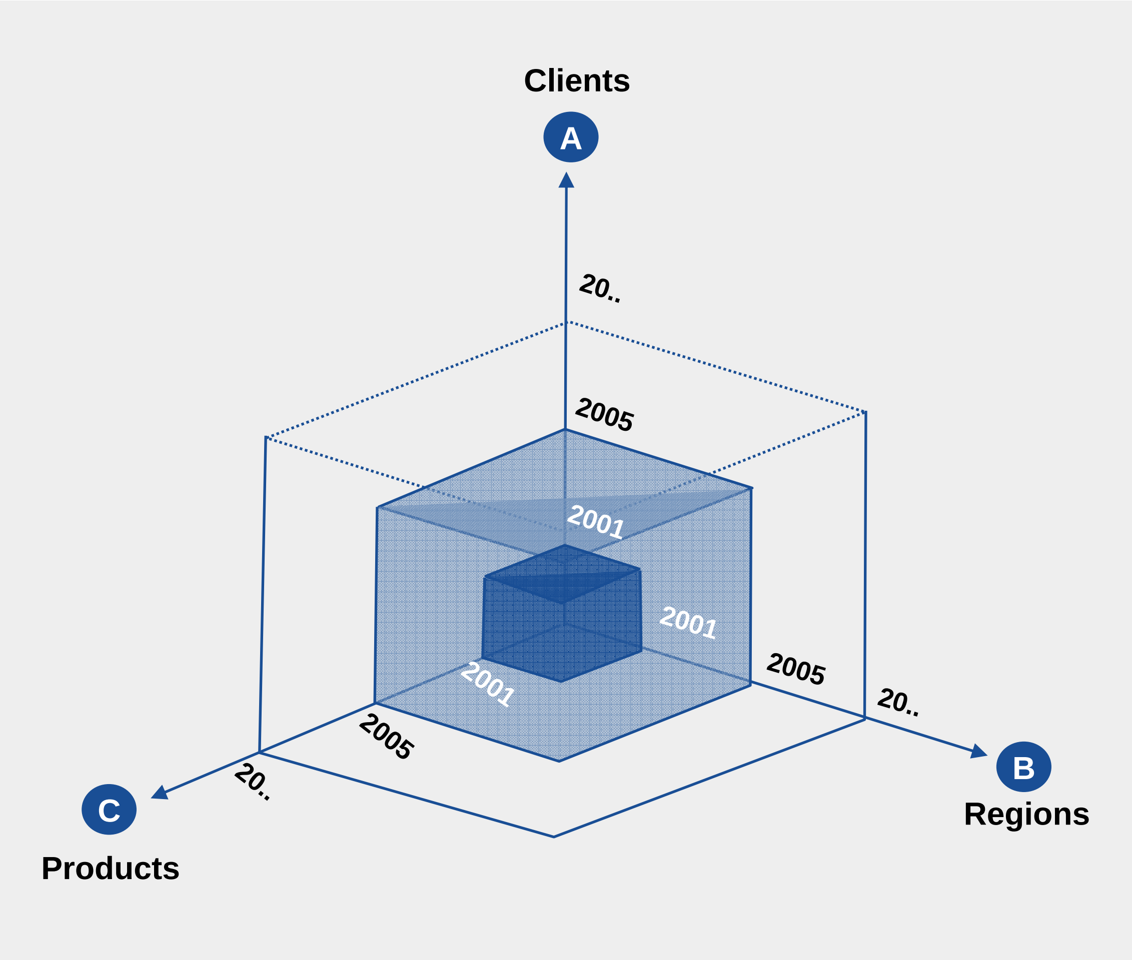
"Public Sector activities will balloon, making productivity gains essential. *The unprecedented aging of population across the developed world will call for new levels of efficiency and creativity from the Public Sector. Without clear productivity gains, the pension and health care burden will drive taxes to stifling proportions. Nor is the problem confined to the developed economies. Many emerging-market governments will have to decide what level of social services to provide to citizens who increasingly demand state-provided protections such as health care and retirement security.“* Source:“Ten trends to watch in 2006”, The McKinsey Quarterly, Jan 2006

3 Demand for private sector involvement



- Governments have an increasing need for the financing of infrastructure projects through private investors
- Developing countries will require even higher investments to reach Western standards

Strategy
Organic growth



Growth path

(A) Clients

- Deepen penetration of existing client base
- Expand client base

(B) Regions

- Expand global CRM network across 8 regions
- Develop individual approaches per region/country

(C) Products

- Develop new products, such as
  - Structured products
  - Derivatives
  - Securitisation
  - Pension Advisory
  - Infrastructure Investment Management
  - …

Strategy

Investments in new Products – development over time

2002	2003	2004	2005	2006	...

- Credit Default Swaps
- Inflation Products
- French Commercial Paper
- BMA Index
- Yankee CD
- FX Options
- Canadian Commercial Paper
- Collateralised Debt Obligations
- Swedish Commercial Paper
- Guaranteed Investment Contracts
- India Debt Opportunity Fund
- Tender Option Bonds
- IR Options
- Pension Advisory
- ...