



Planned Acquisition of the Municipal Capital Markets unit from First Albany Capital Inc.

Investor Presentation
6 March 2007

 **DEPFA BANK**

Planned acquisition of Municipal Finance Business of First Albany

Summary Transaction Details

- DEPFA will acquire the US public finance business of First Albany Capital Inc. and intends to operate this business through a licensed US broker-dealer
- The transaction is taking the form of an asset purchase with goodwill of approximately US\$ 12 m. In addition, DEPFA will buy the bond inventory (est. fair value of US\$150-200 m) and assume sole rights to the 'First Albany' brand
- The closing of the transaction is subject to DEPFA obtaining a US broker-dealer license, regulatory approvals and other customary conditions. The transaction is expected to close in the third quarter 2007

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Company Profile

Name	First Albany Capital Markets (Municipal business unit)
Holding company	First Albany Companies, Inc
Business lines	<p>(1) <i>Public finance (Origination/Arranging)</i></p> <ul style="list-style-type: none">➤ Senior manager, co-manager and financial advisor for municipal issues➤ Additional expertise in securitization and derivatives➤ Over 3,000 municipal issues since the 1980's; market value of issues in excess of US\$400bn➤ Ranked 20th for debt issuance in the US municipal market in 2006 and 12th as financial advisor <p>(2) <i>Sales and trading</i></p> <ul style="list-style-type: none">➤ Trading of municipal bonds (top trader among the intermediate size broker/dealers)➤ Strong capabilities in the housing, tobacco and corporate-backed debt sectors as well as in the debt of New York State and local governments within the State of New York
Total Revenues	US\$ 37 m (2006)



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Strategic Rationale

Deeper penetration of US Munibond-Market

- Largest Public Sector market worldwide (\$ 300-400 bn)
- 10,000+ different Issuers

Access to Municipal Client base

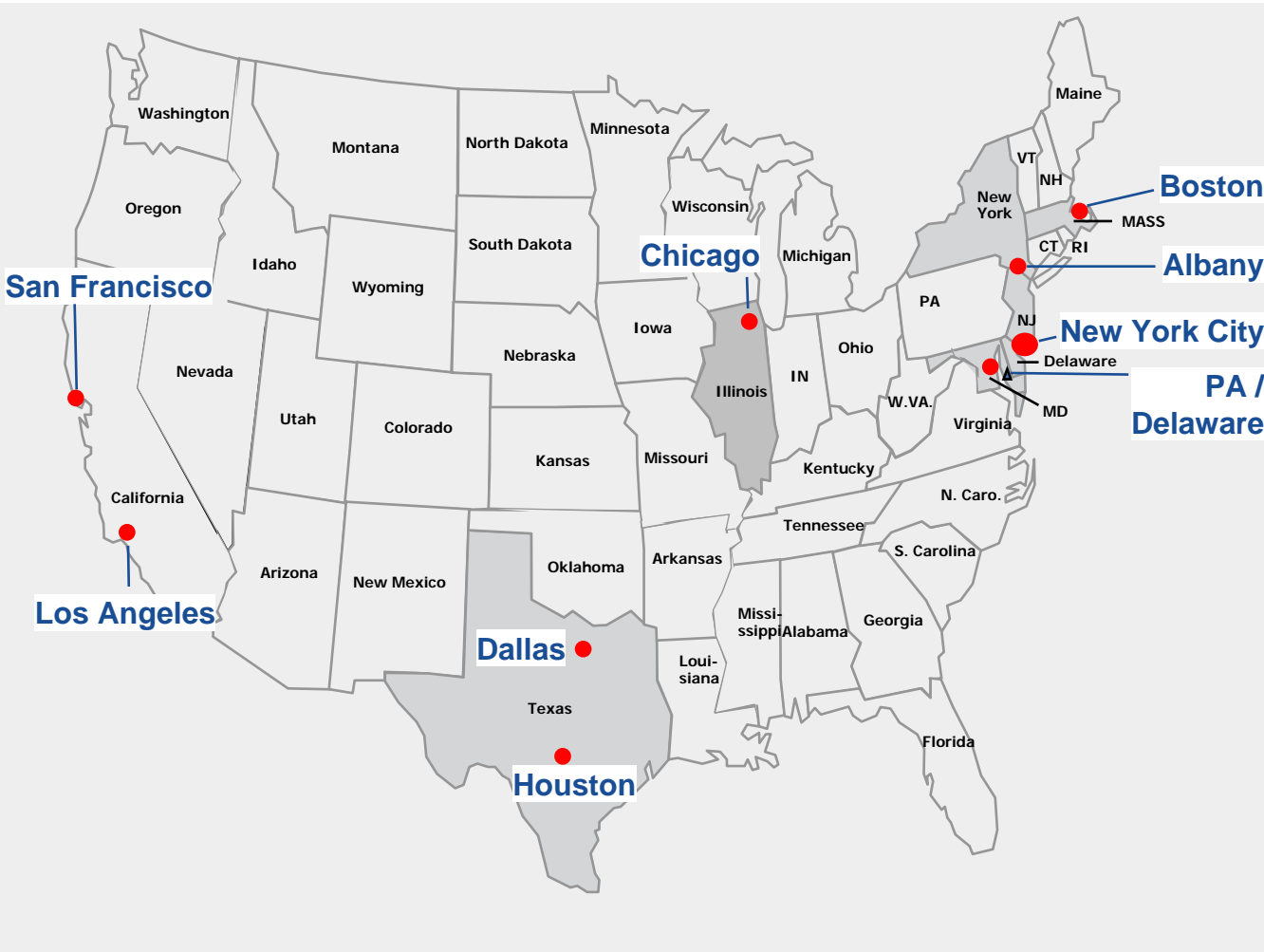
- Enhanced underwriting capability due to well established Broker role: direct municipal client coverage assured by sector experts fits in with DEPFA objective to build a client franchise as in Europe
- Broader regional coverage with the addition of 6 new office locations
- Existing First Albany market position and reputation is a springboard for further client acquisition
- Cross selling opportunities for DEPFA's infrastructure, derivatives and budget finance (Letter of Credit/liquidity lines) businesses

Injection of local market expertise into DEPFA's US expansion

- High calibre management in public finance industry; Ken Gibbs – CEO with 25 years of banking experience, previously working for Kidder Peabody, CSFB and Lazard
- Senior managers have worked together since early 1990s
- Past success was driven by client relationships, skills, and overall value-added provided to clients

DEPFA's US operations will gain additional scale and scope

DEPFA BANK and First Albany Operations in the US



Current operations

Offices: New York City, Albany NY, Boston, Pennsylvania/Delaware, Chicago, Dallas, Houston (Texas), Los Angeles, San Francisco

No. of staff: approx 45 DEPFA / approx. 70 FA MCM

Business lines:

- Underwriting
- Liquidity Facilities
- Sales and trading
- Derivatives
- Guaranteed Investment Contracts
- Infrastructure Finance
- Money Market Programmes

Regional focus:

- Strong Northeast historic regional presence
- Offices throughout the US
- Continued national rollout planned

Market position

Underwriter League Table (2006)

Rank	Managing underwriter	Par Amount (US\$ m)	Number of Issues
1	Citigroup	57,965	580
2	UBS Securities LLC	41,223	744
3	Merrill Lynch & Co	38,241	420
4	J P Morgan Securities Inc	29,641	692
5	Goldman Sachs & Co	28,050	218
6	Lehman Brothers	26,646	272
7	Banc of America Securities LLC	24,032	558
8	Morgan Stanley	23,828	294
9	Bear Stearns & Co	18,786	146
10	RBC Capital Markets	15,879	658
11	Morgan Keegan & Co Inc	8,894	484
12	Piper Jaffray & Co	7,806	500
13	Wachovia Securities	7,462	259
14	A G Edwards & Sons Inc	7,157	379
15	George K Baum & Company Inc	5,334	236
16	Stone & Youngberg	4,720	221
17	Ziegler Capital Markets Group	3,441	102
18	Siebert Brandford Shank & Co	3,279	30
19	Prager Sealy & Co LLC	3,142	110
20	First Albany Capital Inc	2,848	182

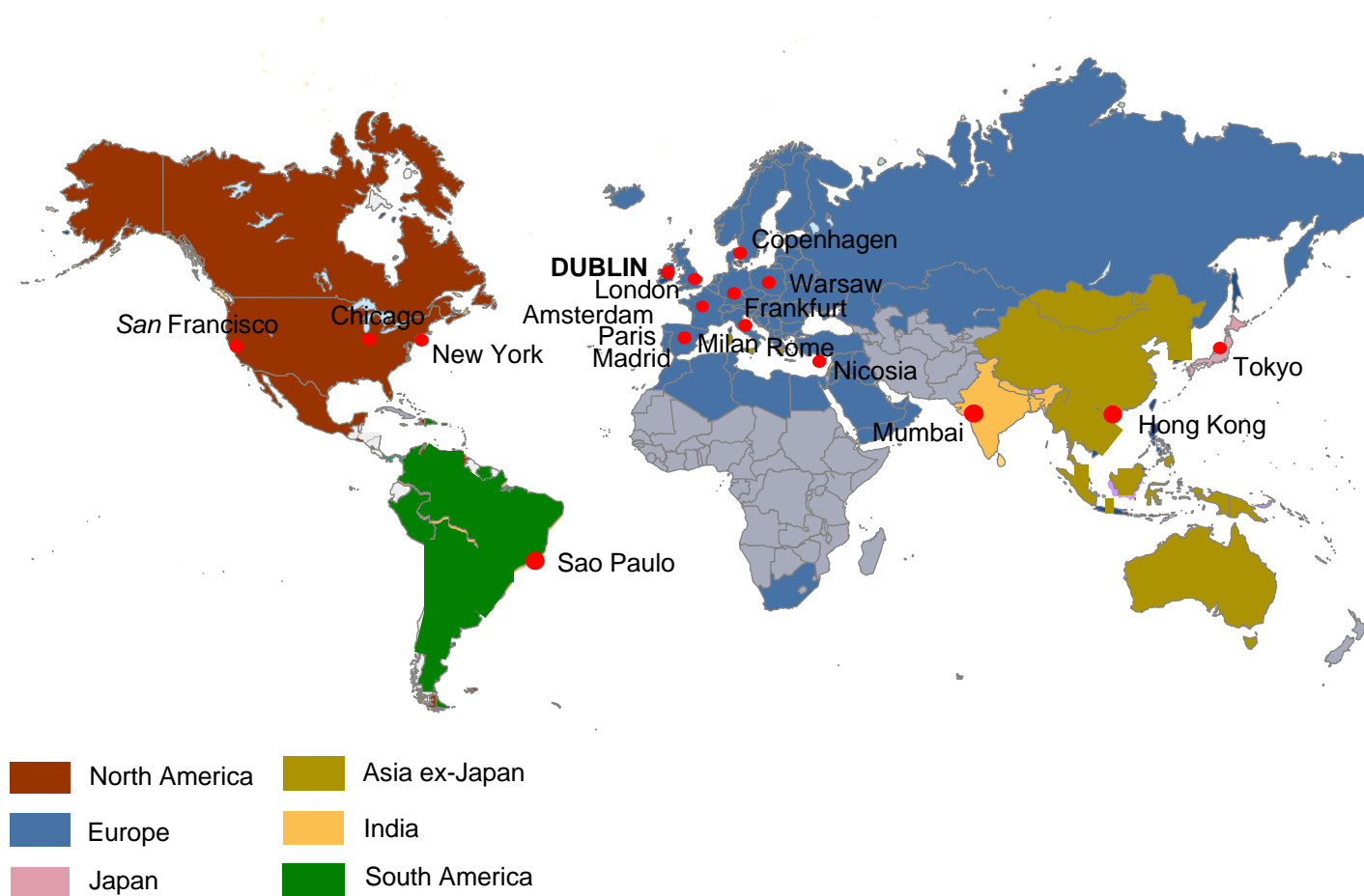
Market position

Advisor League Table (2006)

Rank	Financial Advisor	Par Amount (US\$ m)	Number of Issues
1	Public Financial Management Inc	43,182	752
2	Public Resources Advisory Group	24,317	134
3	First Southwest Company	23,157	899
4	RBC Capital Markets	15,690	252
5	Kaufman Hall & Associates Inc	7,405	79
6	Raymond James & Associates Inc	7,254	9
7	Robert W Baird & Co	6,490	98
8	A C Advisory Inc	6,145	20
9	Lamont Financial Services Corp	5,616	51
10	Ponder & Co	5,135	51
11	Kelling Northcross & Nobriga	4,976	98
12	<i>First Albany Capital Inc</i>	4,823	30
13	Acacia Financial Group Inc	4,559	56
14	Gardner Underwood & Bacon	3,657	28
15	Estrada Hinojosa & Company Inc	3,435	59
16	Seattle-Northwest Securities Corp	3,379	38
17	CSG Advisors Incorporated	3,298	93
18	Springsted Incorporated	3,294	263
19	P G Corbin & Company Inc	3,180	27
20	Government Finance Associates Inc	3,127	15

Implementation of a global sales organisation

Global Client Coverage



Final steps in implementation of regional client leadership structure

Regional Leadership

* Pending closing of DEPFA First Albany transaction

Europe



Bill Marrone

- 27 years in corporate and investment banking
- Senior management positions at Chase Manhattan and Mediocredito/Capitalia (Head of Int. Division)
- MBA in Finance and International Economics from Columbia University

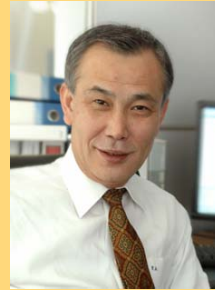
Americas*



Ken Gibbs

- Management positions at Kidder Peabody, Credit Suisse First Boston and Lazard Freres prior to joining First Albany in 1993
- Past member of the Board of Directors of the Municipal Securities Rulemaking Board
- BA from Harvard College

Japan



Fumiya Aoki

- Over 30 years in banking business
- Built up experiences in major business segments such as public sector finance, corporate finance, and financial institutions business
- For around 15 years, being a member of credit committee of Deutsche Bank, Tokyo

India



Ashish Bajpai

- Specialized in emerging markets for the last 14 years
- Capital markets experience gained at Lehman Brothers and CSFB
- Focused on sovereigns, public sector and infrastructure entities in developing countries
- Qualified as a chartered accountant with Price Waterhouse, London

Asia



Stephen Diao

- 18 years experience investment banking
- Senior management positions at Morgan Stanley, Credit Suisse, Barclays Capital (Head of Debt Capital Markets Asia Pacific)
- Specialist in fixed income new issue origination and syndicate for sovereign and quasi-sovereign public sector borrowers

Role:

- Responsibility for all Client Relationship activities and management of country heads in respective region
- Coordination of / involvement in all DEPFA business activities in the region