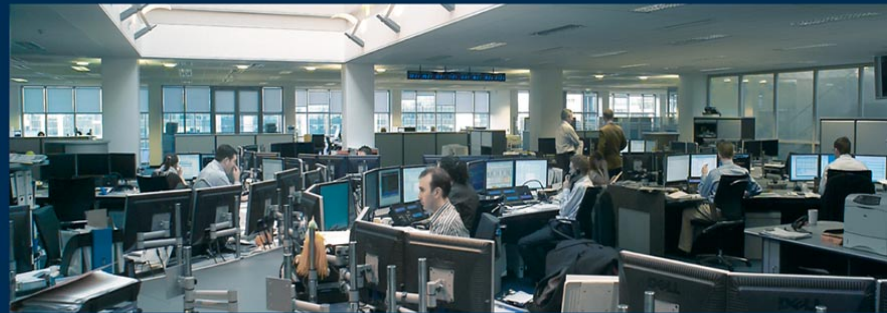


# DEPFA – The Public Finance Bank

Company Presentation, May 2007

DEPFA BANK plc



 **DEPFA BANK**

Dublin Amsterdam Chicago Copenhagen Frankfurt Hong Kong London Madrid Milan Mumbai New York Nicosia Paris Rome San Francisco Sao Paulo Tokyo  
Warsaw

## 1. Introduction and Strategy

2. Key Financials and Equity Story

3. Our Business

3.1. Budget Finance

3.2. Infrastructure Finance

3.3. Client Product Services

3.4. Global Markets

4. Our Client Network and Recent Deals

Appendix I: The Public Sector

Appendix II: Financial Calendar and IR Contacts

## DEPFA ...

... is the only global bank that is exclusively **focused** on public sector and infrastructure finance

... has extensive **experience** with the specific financial, political and social requirements of the public sector

... is a **strong** financial partner **and independent** advisor to its clients

... provides **tailor-made** solutions for central and regional governments, municipalities, cities and infrastructure clients

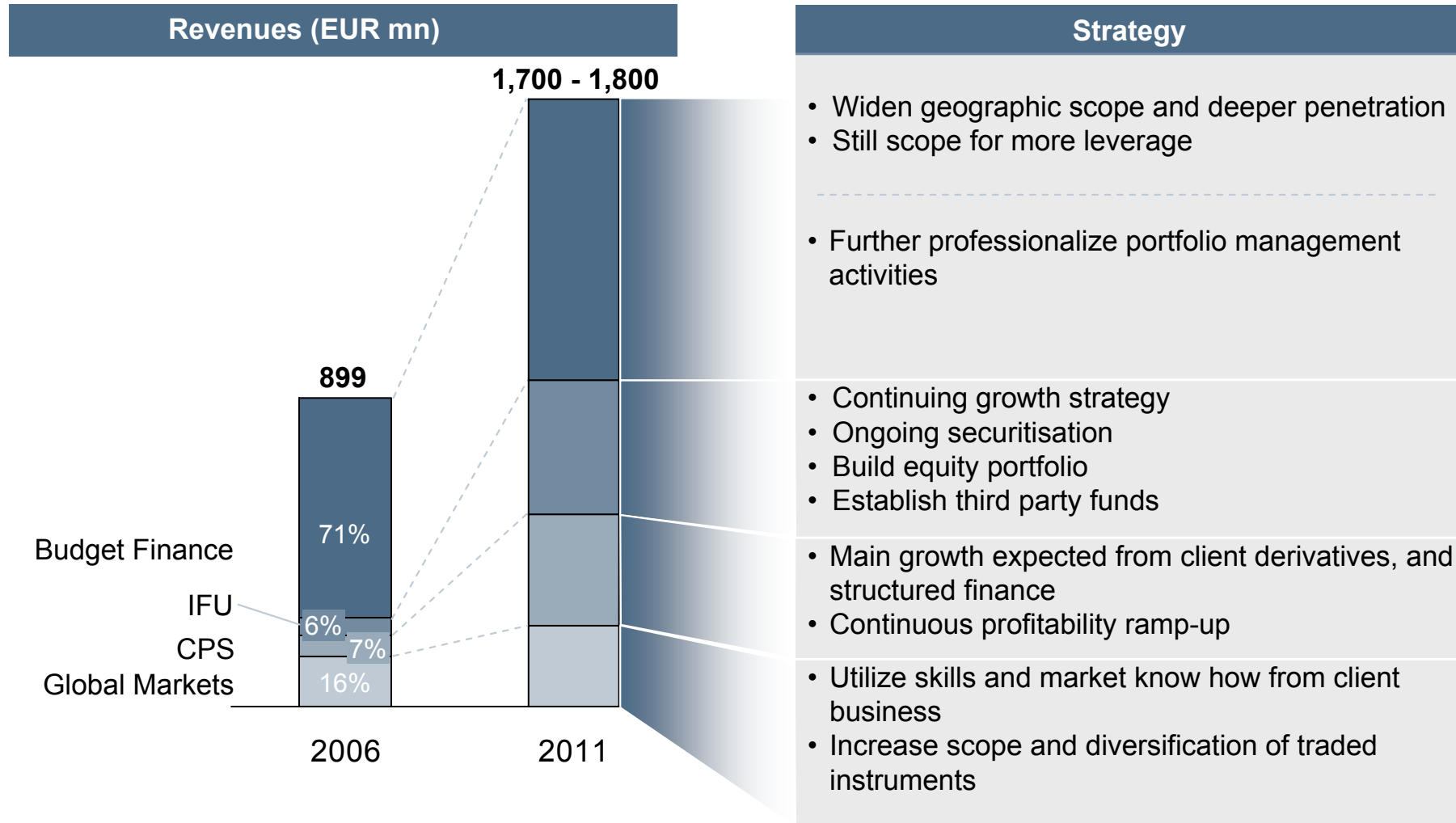
... operates from 18 **global** offices throughout Europe, America and Asia

...has a strong **entrepreneurial** spirit and a corporate culture that promotes diversity

# Our Mission = Double Revenues Over the Next Five Years (by 2011)

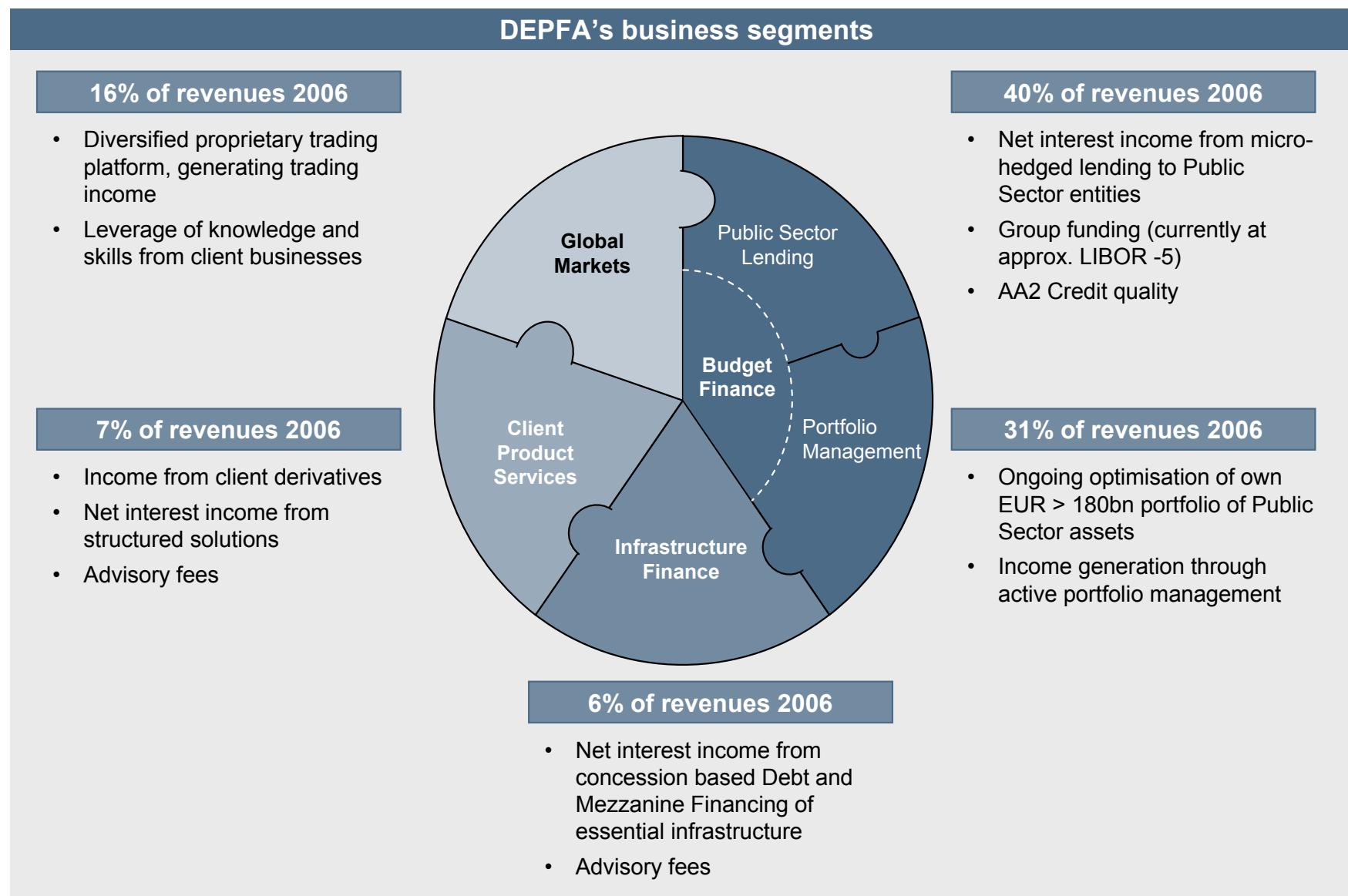
Our Strategy centres on “growth”, and we are solely focused on the bottom line, not asset growth for its own sake

*ILLUSTRATIVE SCENARIO*



# Our Business as of Today = Four Synergetic Business Segments

Budget Finance Historically the Breadwinner, Infrastructure Finance the “Rising Star”



# Our Company Structure = Integrated Asset Sourcing and Funding Vehicles

We combine tax advantages and optimal business positioning in one Irish Group, listed in Frankfurt, Germany

## Group head office:

- Product development and delivery
- Central services (risk, HR, finance, etc.)
- Rating: Unsecured Aa3/AA-/AA-
- Staff: 294
- Tax rate: 12.5%

DEPFA Bank plc  
Dublin  
(LISTED ENTITY)

## The DEPFA share in a nutshell:

- Listed in Frankfurt, Germany
- Market cap. ~ EUR 4.5 bn (~ USD 6.0 bn)
- 100% free float, several large shareholders
- ~ EUR 50 m. avg. daily trading volume
- Candidate for German blue chip index (DAX)
- Bloomberg: DEP GR, Reuters: DEPF.DE

- Branches:  
Frankfurt (40 people), London ( 57)  
New York (51), Nicosia (40), Paris  
(13), Rome (14), Tokyo (33),  
Madrid<sup>(1)</sup>(9) and Hong Kong<sup>(1)</sup> (10)
- Representative offices:  
Amsterdam (5), Chicago (2),  
Copenhagen (5), Milan [1], Mumbai  
(9), San Francisco (2), Sao Paolo  
(7) and Warsaw (4)
- Historically, product offering to Public  
Sector clients in emerging markets
- Will be converted into plc branch in  
2007
- Staff: 40
- US municipal capital markets  
business and broker/dealer  
operation
- Staff: 60

Branches

Representative  
offices<sup>(2)</sup>

DEPFA Investment  
Bank Ltd  
Nicosia, Cyprus

DEPFA First Albany<sup>(3)</sup>

## Long-term funding vehicles

DEPFA ACS Bank  
Dublin

- Rating: Secured Aa3/AAA/AAA
- €10bn (equiv) funding target p.a.
- Liquid benchmark issues
- AAA MTNs, plain vanilla and structural  
(short- and multi-calls)
- Registered ACS
- Staff: 11

DEPFA Deutsche  
Pfandbriefe Bank AG  
Frankfurt

- Rating: Secured Aaa/AAA/AAA  
– **Unsecured Aa3/A/AA-**
- €2bn (equiv) funding target p.a.
- Domestic retail issues
- Short-call/multi-call MTN structure
- Oeffentliche Namenspfandbriefe
- Staff: 89

<sup>1</sup> Branch status planned for 2007

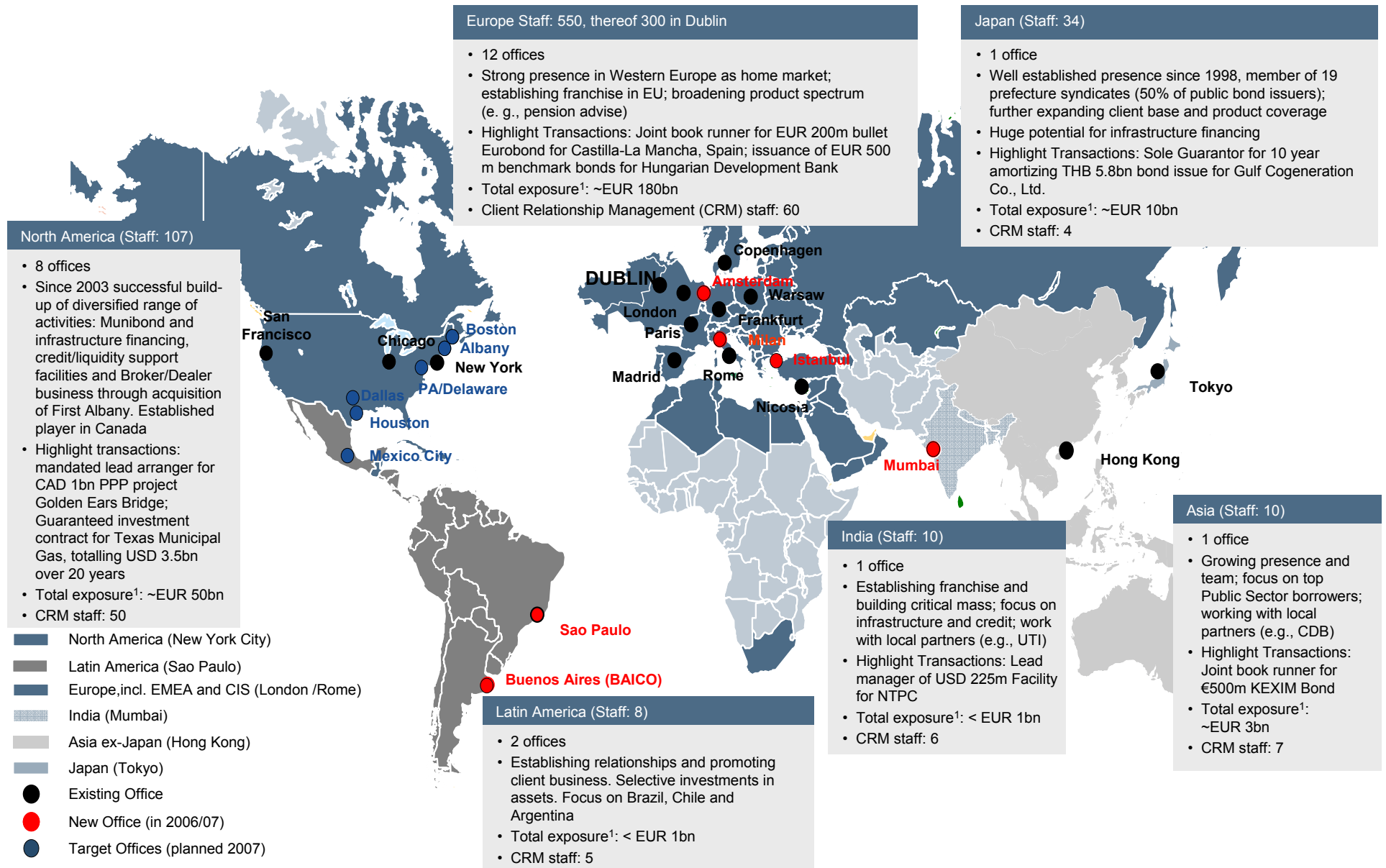
5 <sup>2</sup> Further offices planned in Athens, Istanbul and Prague

<sup>3</sup> Closing of transaction planned for third quarter 2007



# Our Global Footprint = Large, Yet Lean

DEPFA serves its public sector clients through a global network of offices



<sup>1</sup> Including undrawn commitments

# Our Peer Group = Small and Heterogeneous

Within its peer group, DEPFA is the only pure-play public sector and infrastructure financing bank

## Public Sector Financing Core Peer Group (financing volumes 2006)

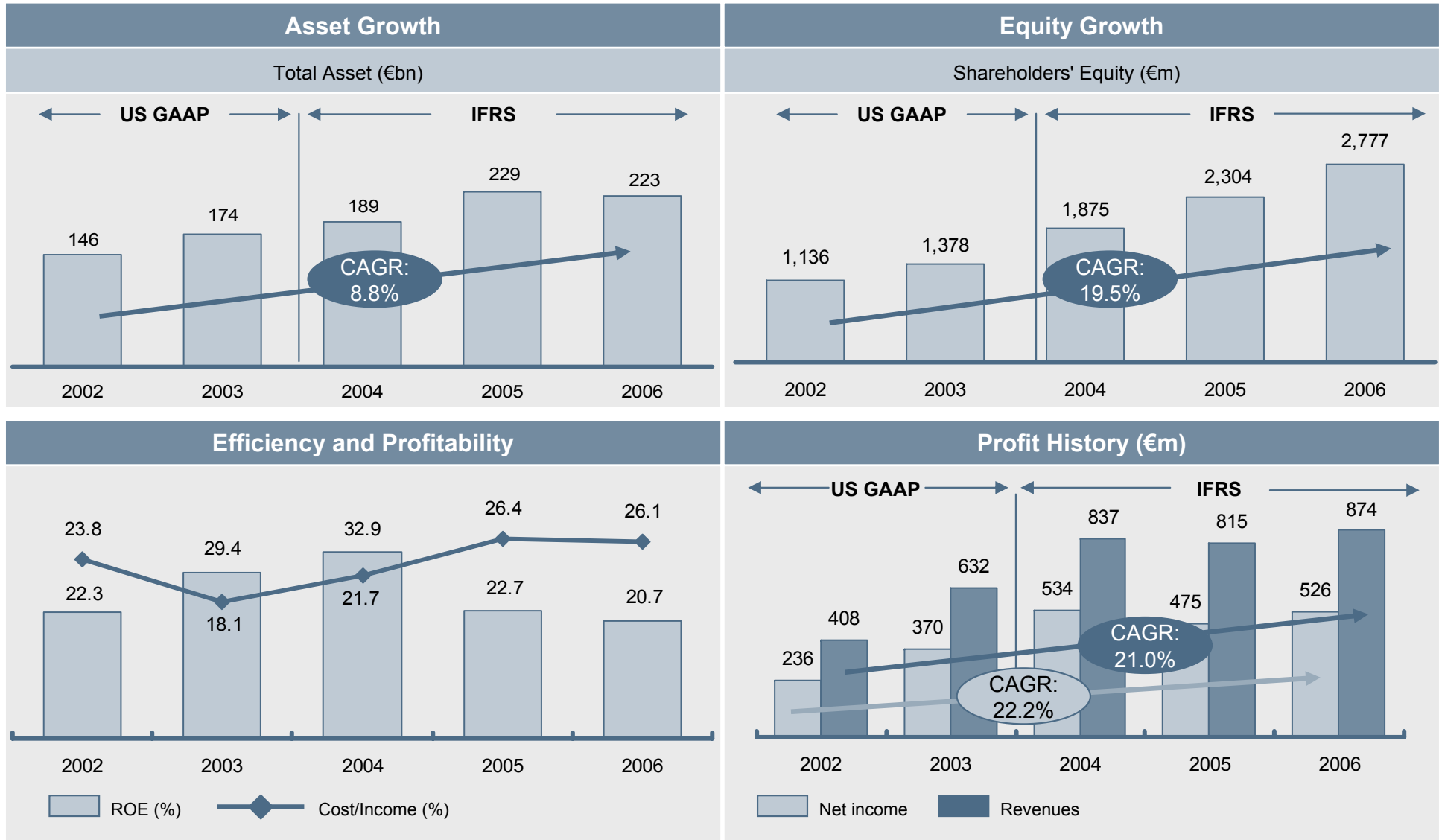
1	Dexia	€ 292 bn
2	DEPFA	€ 197 bn
3	Eurohypo	€ 109 bn
4	Intesa/San Paolo	€ 42 bn (pro-forma)

Source: DEPFA, company reports



# DEPFA = Continuously Strong Financial Performance Track Record

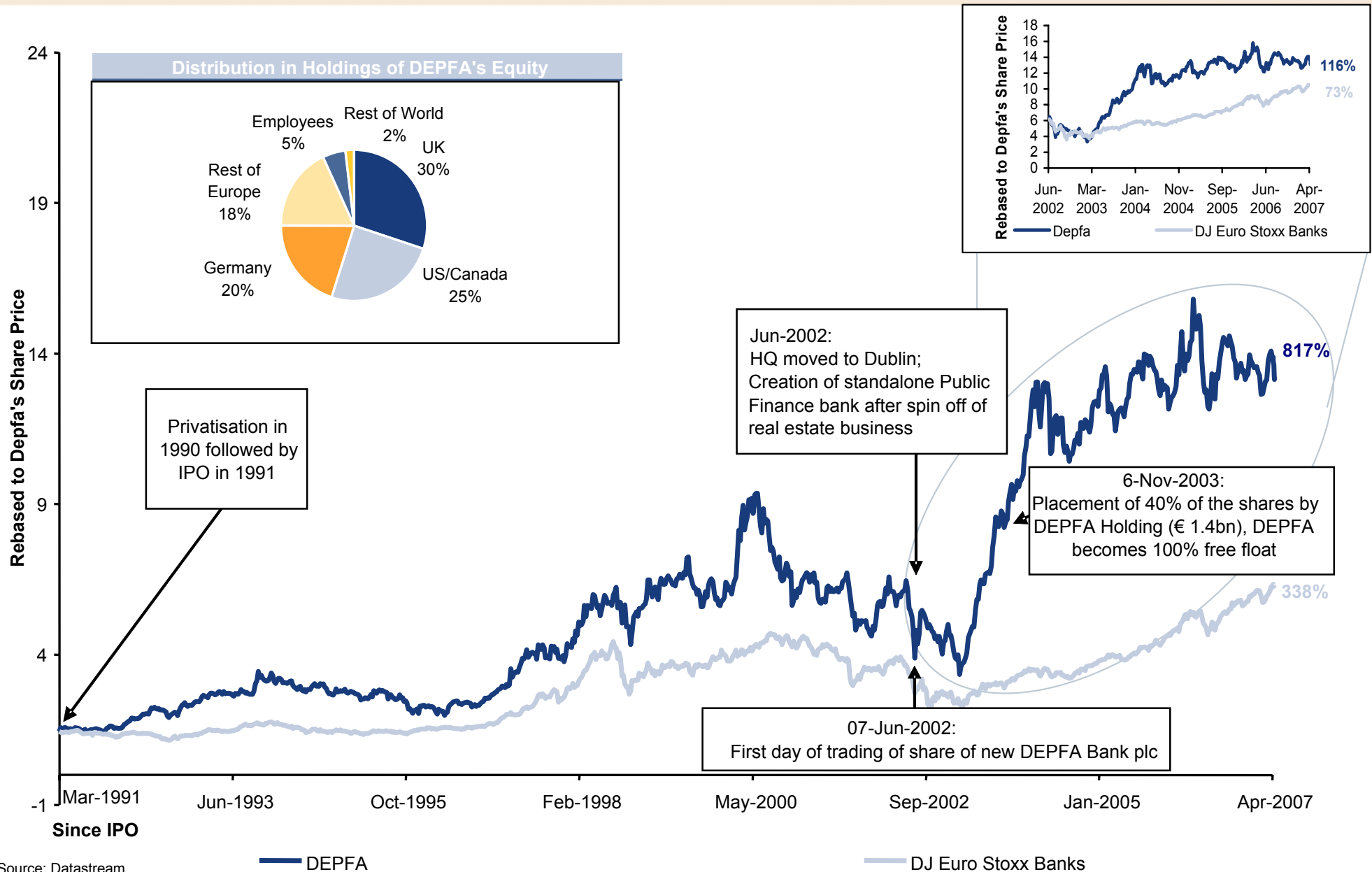
All areas of interest to the capital market show strong secular growth – assets, equity, and earnings/profitability



Source: Company Information  
Note: 2004-2006 according to IFRS; 2002-2003 according to US GAAP

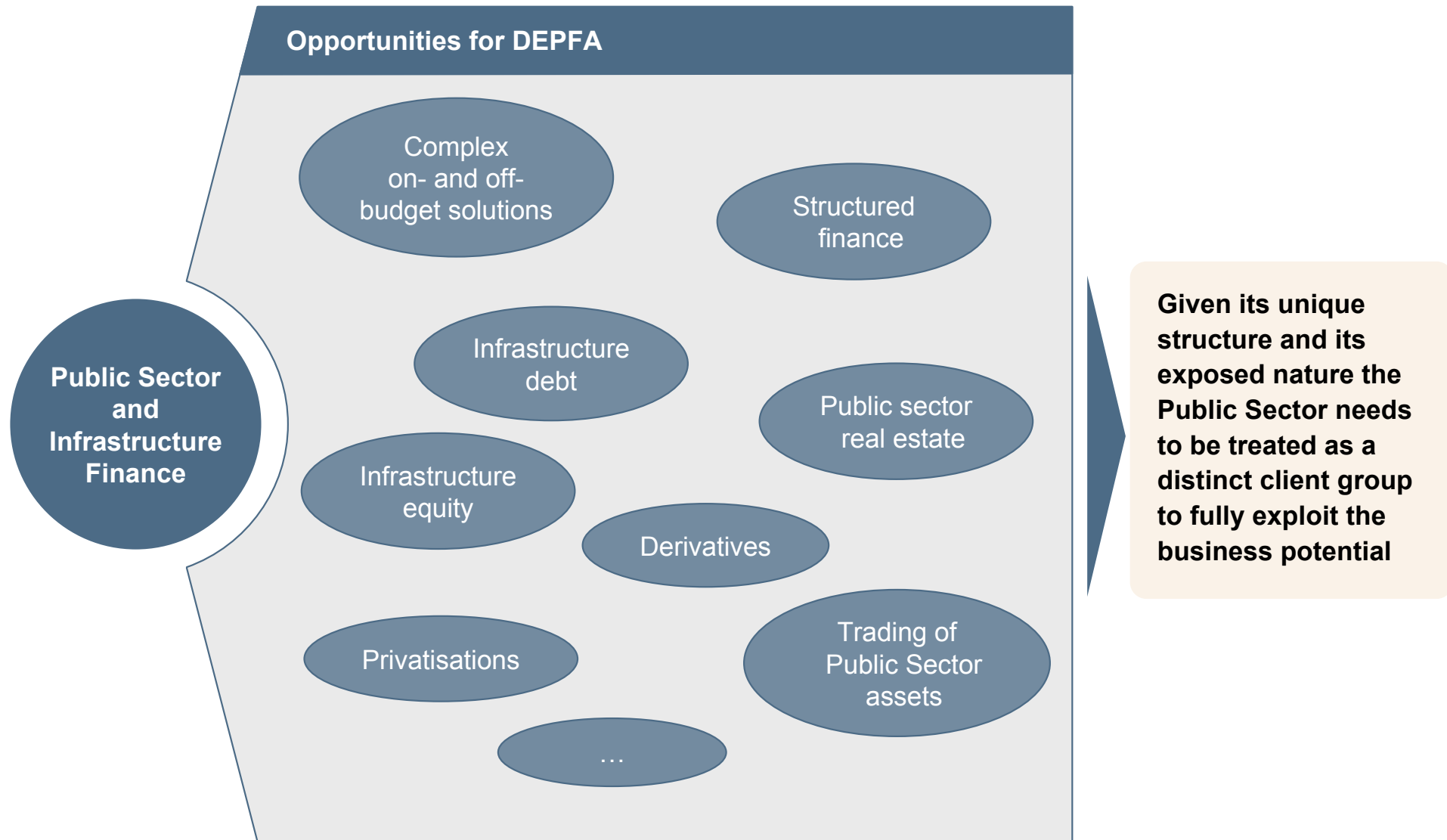
# Our (Share Price) History = A Success Story that Is to be Continued

Significant outperformance compared to European banks since IPO



# The Public Sector = Ample Future Opportunities for DEPFA

An unparalleled banking opportunity – as a specialist Public Finance Bank DEPFA clearly stands to benefit



# Our Leadership = Headed by A Strong and Experienced Executive Committee

Flat Hierarchies that Lead to Excellence at all Levels are Integral to our Leadership Culture

## Key Management Team



### Gerhard Bruckermann - CEO

- Gerhard Bruckermann has been Chairman & CEO since 2002
- He has been on the Management Board of DEPFA since 1991 and has acted as its spokesman since 2000
- Previously held senior positions in the Capital Markets divisions of Deutsche Bank and Westdeutsche Landesbank



### Matthias Mosler - Deputy CEO

- Matthias Mosler joined DEPFA on 1 October 2005 and became Deputy CEO on 14 February 2006
- Previously held positions with Merrill Lynch, Goldman Sachs and Deutsche Bank



### Angus Cameron - CFO

- Angus Cameron Joined DEPFA as its new Chief Financial Officer (CFO) in January 2006
- He was previously CFO at Bank of New York Europe where he had been working for the past two years
- Previously, he was Global CFO at CAN Insurance and held a number of senior finance roles at Scottish Widows and Barclays

## Business Segment Heads



### Bo Heide-Ottosen

#### Budget Finance

- Bo Heide-Ottosen is the Head of Budget Finance
- He joined DEPFA in October 2004
- He previously held Senior Management positions in Scandinavia and worked as Executive VP and CFO at Nordic Investment Bank in Helsinki

#### Global Markets

- Global Markets is jointly headed by Bo Heide-Ottosen and Andrew Readinger



### Andrew Readinger

#### Client Product Services

- Andrew Readinger is Head of Client Product Services
- He joined DEPFA in January 2005
- Prior to joining DEPFA Group, Andrew Readinger held Senior Positions in Fixed Income, Public Finance and Capital Markets in both New York and London for JP Morgan and Morgan Stanley








### Paul Leatherdale

#### Infrastructure Finance

- Paul Leatherdale is Head of Infrastructure Finance
- He joined DEPFA in September 1999 to set up the infrastructure unit
- Previously, he qualified as a Chartered Accountant and then spent 15 years at Sumitomo Bank in London specialising in real estate, construction and international project finance

# Our Client Relationship Management = Introduction of Regional Leadership

## Client Relationship Management: a Key Business Enabler Going Forward

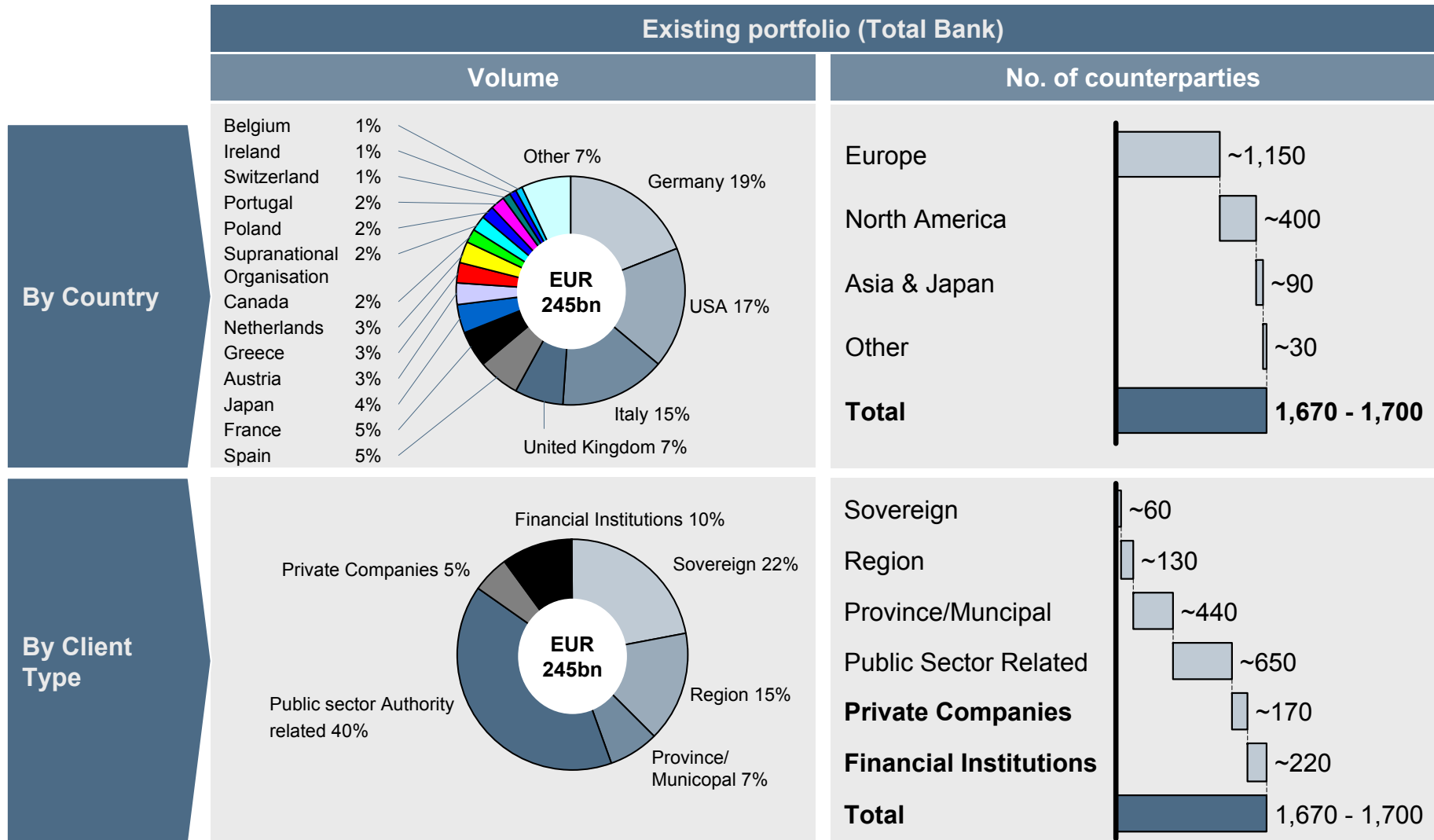
Europe	North America	Japan
 <p><b>Bill Marrone</b></p> <ul style="list-style-type: none"> <li>• 27 years in corporate and investment banking</li> <li>• Senior management positions at Chase Manhattan and Medio-credito/Capitalia (Head of Int. Division)</li> <li>• MBA in Finance and International Economics from Columbia University</li> <li>• 60 CRM staff / ~1,200 clients</li> </ul>	 <p><b>Ken Gibbs</b></p> <ul style="list-style-type: none"> <li>• Public finance banker at Kidder Peabody, CSFB and Lazard Freres prior to joining First Albany in 1993</li> <li>• Former member of the Board of Directors of Municipal Securities Rulemaking Board</li> <li>• BA from Harvard College</li> <li>• 50 CRM staff / ~380 clients</li> </ul>	 <p><b>Fumiya Aoki</b></p> <ul style="list-style-type: none"> <li>• Over 30 years in banking</li> <li>• Gained experience in major business segments such as public sector finance, corporate finance, and financial institutions</li> <li>• 15 years at Deutsche Bank, Tokyo; member of credit committee</li> <li>• 4 CRM staff / ~70 clients</li> </ul>
India	Asia	Latin America
 <p><b>Ashish Bajpai</b></p> <ul style="list-style-type: none"> <li>• Specialised in emerging markets for the last 14 years</li> <li>• Capital markets experience gained at Lehman Brothers and CSFB</li> <li>• Focused on sovereigns, public sector and infrastructure entities in developing countries</li> <li>• Qualified as a chartered accountant with Price Waterhouse, London</li> <li>• 6 CRM staff / ~20 clients</li> </ul>	 <p><b>Stephen Diao</b></p> <ul style="list-style-type: none"> <li>• 18 years experience in investment banking</li> <li>• Senior management positions at Morgan Stanley, Credit Suisses, Barclays Capital (Head of Debt Capital Markets Asia Pacific)</li> <li>• Specialist in fixed income new issue origination and syndicate for sovereign and quasi-sovereign public sector borrowers</li> <li>• 7 CRM staff / ~30 clients</li> </ul>	 <p><b>Frank Ottersbach</b></p> <ul style="list-style-type: none"> <li>• 25 years in banking with Chase Manhattan (6 years); WestLB Group (11 years) and DEPFA (8 years)</li> <li>• Postings in London; Frankfurt; New York; Lima; Caracas; Asuncion; Nicosia and now Sao Paulo.</li> <li>• Masters degree - American Graduate School of International Management</li> <li>• 5 CRM staff / ~30 clients</li> </ul>

### 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

# Our Clients = >1,600 Counterparties accounting for EUR 245 bn of Assets

Highest quality counterparties are our trademark, leading to virtually pristine track record of zero credit losses





# DEPFA's Standing in the Public Sector Community = Unsurpassed

We are proud of excellent, long-term client and investor relationships across all our asset and liability classes

## Clients

### Public Sector

- Most recognised Public Sector player globally besides Dexia
- Investing in our clients' assets and exclusive Public Sector focus provides a competitive edge
- Long serving and trusted financing partner to European sovereigns and sub-sovereigns
- Footprint in the US significantly expanded over recent years (now biggest country exposure, presence will grow following acquisition of First Albany)
- History of successful business in Japan
- Building relationships and access to markets in Asia, Central and Eastern Europe and Latin America

### Infrastructure

- Global player in the international infrastructure market
- Strong focus on the US and Europe but growing globally

The logo for DEPFA BANK, featuring a stylized 'DB' icon to the left of the text 'DEPFA BANK'.

## Investors

- Major issuer of covered Public Sector Bonds
- More than 100 Central Banks and State Agencies invest in DEPFA's liability products
- Excellent shareholder structure with numerous long-term value investors
- Implicit support assumed by Moody's: "DEPFA would be likely to benefit from external systemic support in the event that it required such support. In our opinion this support limits the default risk of DEPFA plc."
- Major player in US Guaranteed Investment Contract (GIC) market with a portfolio in excess of USD 3bn after 15 months
- Established CLO platform for PPP loans ("EPIC")



# Excursion: First Albany Transaction = A Model for “Smart” Growth

An acquisition that generates organic growth!

<b>Personnel</b>	<ul style="list-style-type: none"><li>• 69 professionals in 9 locations<ul style="list-style-type: none"><li>– Public Finance : 27 bankers located throughout the US.</li><li>– Sales &amp; Trading : 35 located mainly in New York</li></ul></li></ul>
<b>Services</b>	<ul style="list-style-type: none"><li>• Banking, sales, trading underwriting, research</li><li>• Underwriting, financial advisory and derivatives services to governmental and not-for-profit entities</li><li>• Strong secondary market penetration</li></ul>
<b>Financials</b>	<ul style="list-style-type: none"><li>• US\$35-40 million annual revenues, (equally split between Municipal bond origination and Munibond Sales &amp; Trading)</li><li>• Historically provided 20-25% of total Group revenue</li></ul>
<b>History</b>	<ul style="list-style-type: none"><li>• Founded 1953</li><li>• Historic base in Northeast</li><li>• Expanded nationwide in 1993 with establishment of financial advisory business</li></ul>

# Excursion (cont'd): FA Transaction Rationale = Multifold Synergies

A natural fit both financially, strategically, and people-wise

<b>Clients / Franchise</b>	<ul style="list-style-type: none"><li>• Solid franchise value – use of First Albany name and reputation</li><li>• Adding more than 800 issuer clients and more than 400 investor clients</li><li>• Strengthening the regional presence through 3 new offices</li></ul>
<b>Products</b>	<ul style="list-style-type: none"><li>• Establishing instant underwriting and sales &amp; trading credibility in the US market</li><li>• Achieving better access to taxable bonds</li><li>• Adding additional research capabilities</li><li>• Jump-starts broker/dealer business</li></ul>
<b>People</b>	<ul style="list-style-type: none"><li>• DEPFA gains a work force skilled in underwriting, syndication, sales, research, and trading US municipal bonds</li><li>• Approx. a third of the team will work in CRM</li><li>• Strong and cohesive management team</li></ul>
<b>Strategy/Synergies</b>	<ul style="list-style-type: none"><li>• Strong strategic fit – MCM is exclusively public sector focused</li><li>• Cornerstone of DEPFA's CRM strategy in North America</li><li>• Enhanced capital base and DEPFA's product spectrum will raise First Albany's productivity</li><li>• High cross selling potential, e.g., derivatives</li></ul>
<b>Financial</b>	<ul style="list-style-type: none"><li>• \$12m for a business that is profitable and that has significant upside</li><li>• Projected return on capital in line with DEPFA Group's aspirations</li></ul>

1. Introduction and Strategy

**2. Key Financials and Equity Story**

3. Our Business

3.1 Budget Finance

3.2 Infrastructure Finance

3.3 Client Product Services

3.4 Global Markets

4. Our Client Network and Recent Deals

Appendix I: The Public Sector

Appendix II: Financial Calendar and IR Contacts

# Our Medium-Term Targets and Market Expectations Are Very Reasonable

Low-cost approach to be maintained, combined with high-quality, sustainable ROE

- Revenues to double within 5 years
- Long term RoE of 20%
- Long term Cost Income Ratio of approximately 30%
- Focus on client revenues
- Growth in the US
- Infrastructure Finance focus
- Strategic review of Global Markets to continue

# We Have Concrete Action Plans About How to Achieve our Medium-Term Targets

Investments are necessary – there is no free lunch in the banking industry – but they will pay off eventually

Target/Expectations	Actions
Revenues to double within 5 years	<ul style="list-style-type: none"><li>• Investing in CRM franchise</li><li>• Increasing investment in IFU</li><li>• Integration DEPFA First Albany</li><li>• Improving cross-selling with CPS</li><li>• Portfolio optimisation within Budget Finance</li><li>• Use more sophisticated techniques, models, market research</li><li>• Economic capital model</li><li>• All of which will allow us to show good returns in any credit spread scenario better than ever before</li><li>• Build out our revised Global Markets strategy</li><li>• People</li></ul>
Long-term RoE of 20%	
Long-term Cost Income Ratio of approximately 30%	
Focus on client revenues	
Growth in the US	
Infrastructure Finance focus	
Strategic review of Global Markets	

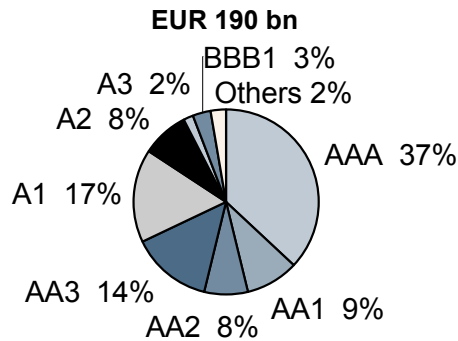
We are setting the stage today for sustainable profits in the future

- **New activities**
  - Global Markets segment restructuring – new organisation and evaluation of business direction
  - IFU: new hires, set-up new team for equity investments
  - CPS: New Pension Advisory team
  - Enhancement of New Products Process.
- **New offices**
  - US – DEPFA First Albany brings 5 new locations and expansion in existing cities.
  - New representative offices: Mexico, Athens, Istanbul.
- **Headcount growth balanced across all Business units, CRM and support functions**
- **Restructure of CRM**
  - Geographical regions with a regional head to guide co-ordination and expansion
- **Investment in**
  - Basel II – implement and embrace best practice risk management and capital systems and processes
  - Economic Capital – implementation of best practice processes will give us a competitive advantage

# What All Four Segments Have in Common: Superior Asset Quality . . .

We believe we have one of the highest quality asset portfolio in the industry

## Assets



- Average rating of AA2
- Basel II impact
  - Each successive version of Capital Requirements Directive (CRD) produces lower RWA totals than its predecessor for DEPFA
  - RWA reduction caused by a progressive shift of transactions into the zero RW category
- Liquidity and quality of assets offer opportunities for balance sheet reduction

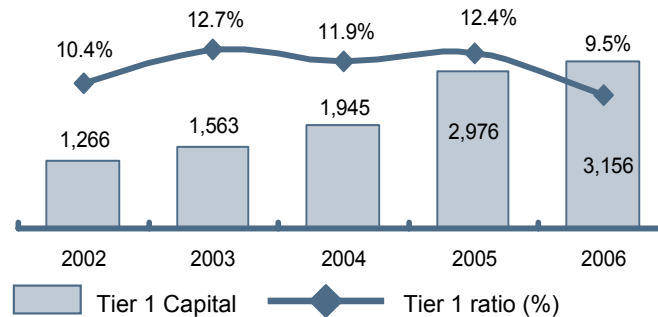
## Rating

	Fitch	Moody's	S&P
DEPFA Bank plc	AA-	Aa3	AA-
Pfandbriefe	AAA	Aaa	AAA
Asset Covered Sec.	AAA	Aaa	AAA
DEPFA Deutsche Pfandbriefbank AG	AA-	Aa3	A+
DEPFA ACS Bank	AA-	Aa3	AA-

### Comments from rating agencies

- + Excellent asset quality
- + Strong risk management
- + Strong track record and reputation in Public Finance
- Low business diversification
- Moderate but steadily improving capital base
- Purely wholesale funded but liquid assets

## Capital



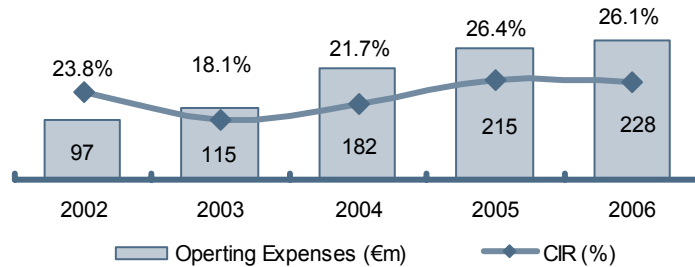
- Successive build-up of capital during recent years (more than doubled in last 5 years)
- Capital is managed based on an internal economic capital model
- Basel II will free additional capital
- Portfolio diversification would free up further capital



# . . . And A Low-Cost/Effective/Efficient Attitude to the Business Operations

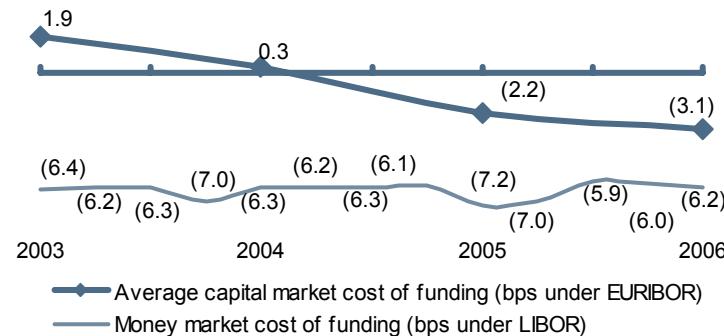
Not only regarding costs measured by the cost income ratio, but also especially in terms of low-cost funding and lean taxes

## Operating Expenses and Cost-Income Ratio



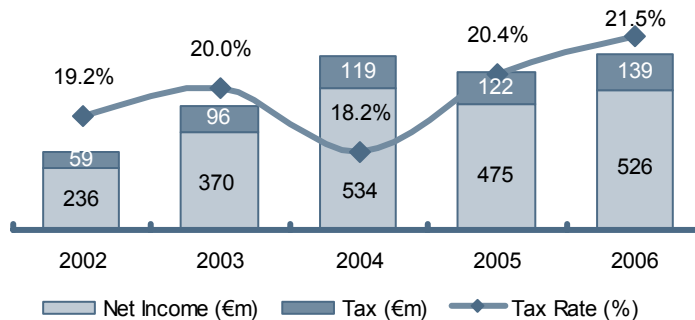
- Lean organisation and high cost discipline led to Cost-Income-ratio constantly below 30%
- Going forward a maximum Cost-Income ratio of 30% is planned

## Highly Effective Funding



- DEPFA achieves highly attractive funding rates through its different funding platforms
- Approximately 3/4 of the funding is secured and therefore less sensitive to changes in the market environment

## Fiscal Efficiency



- DEPFA's operations are domiciled in Ireland where there is an effective corporate tax rate of 12.5%
- Group has benefited from relative fiscal efficiency as a result of this and has had an average effective tax rate of c. 20% during the last 5 years

# Our P&L Statement Shows Sustainable Group Profits, Every Quarter

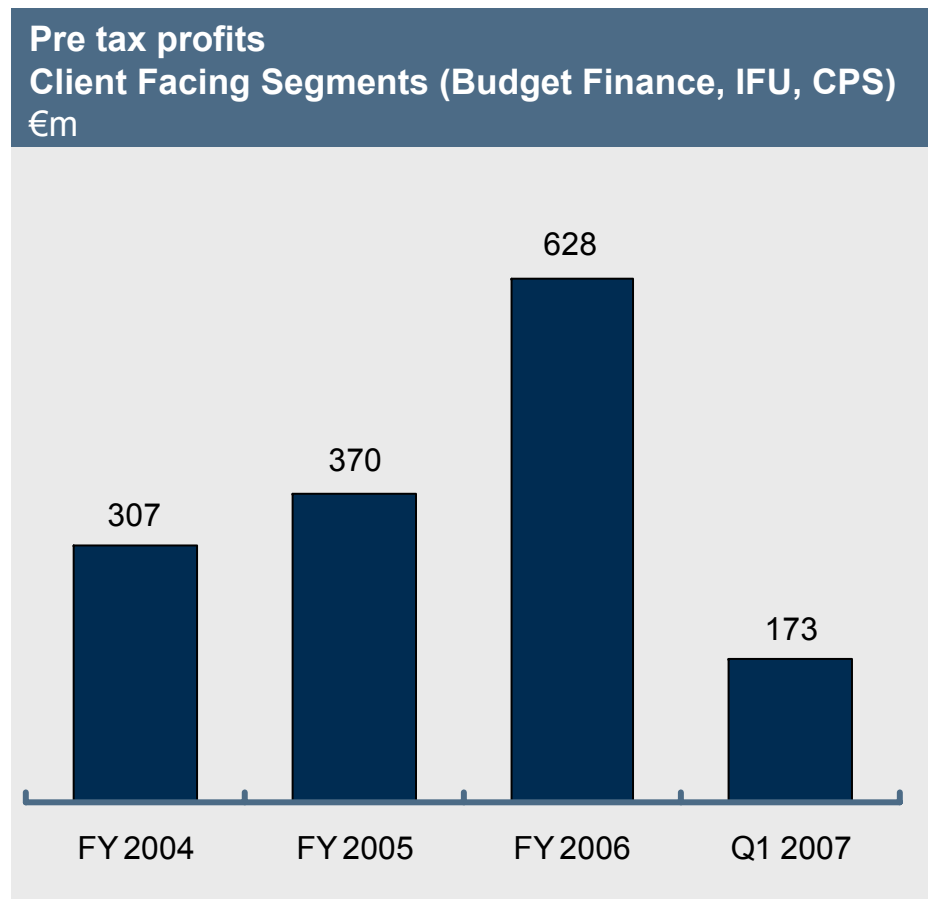
Q1 2007 no exception, despite slightly increased costs and somewhat lower ROE

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
	€ m	€ m	€ m	€ m	€ m
Net interest income	107	110	101	107	101
Non-interest revenues	137	120	86	106	121
<b>Total operating income</b>	<b>244</b>	<b>230</b>	<b>187</b>	<b>213</b>	<b>222</b>
Operating expenses	-58	-56	-53	-61	-67
<b>Profit before taxation</b>	<b>186</b>	<b>174</b>	<b>134</b>	<b>152</b>	<b>155</b>
Taxation	-52	-34	-24	-29	-32
Discontinued operations				+19	
<b>Group net income</b>	<b>134</b>	<b>140</b>	<b>110</b>	<b>142</b>	<b>123</b>
<b>Key ratios</b>					
Cost/income ratio	23.8%	24.3%	28.3%	28.6%	30.2%
EPS (€)	0.39	0.41	0.32	0.41	0.36
RoE after taxes	22.6%	22.8%	17.3%	21.1%	17.2%

# Client-Facing Segments with Best Quarterly Result Ever

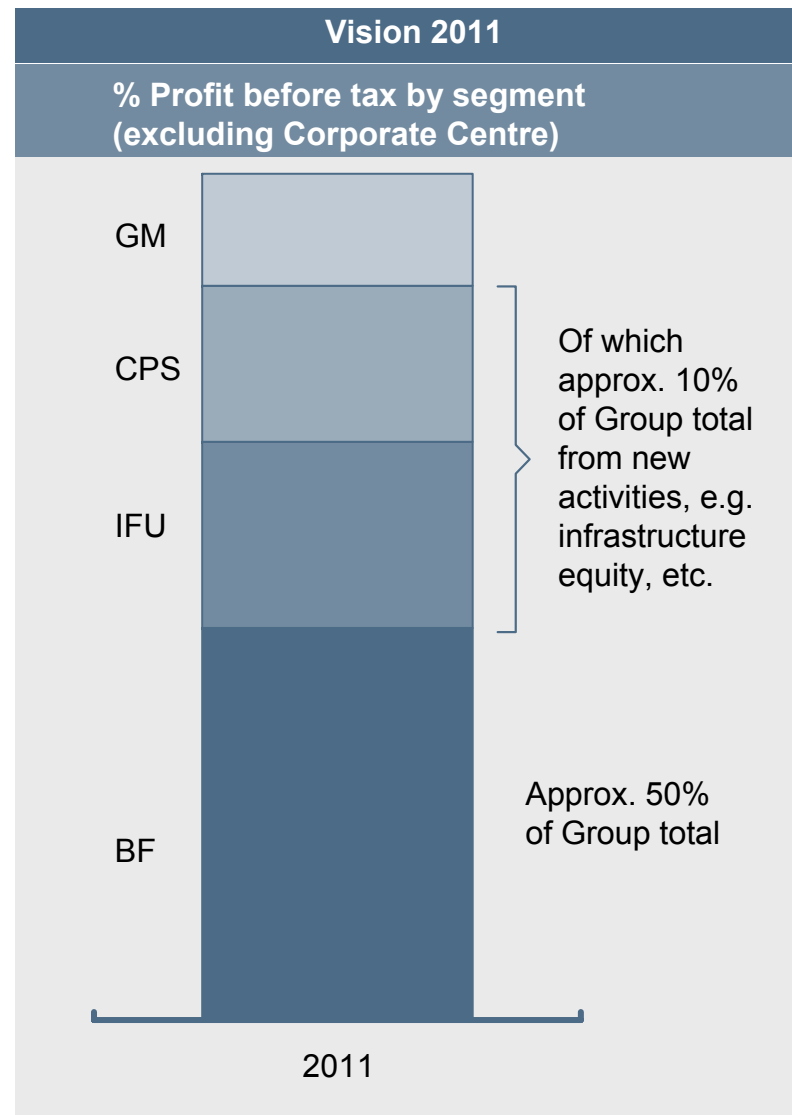
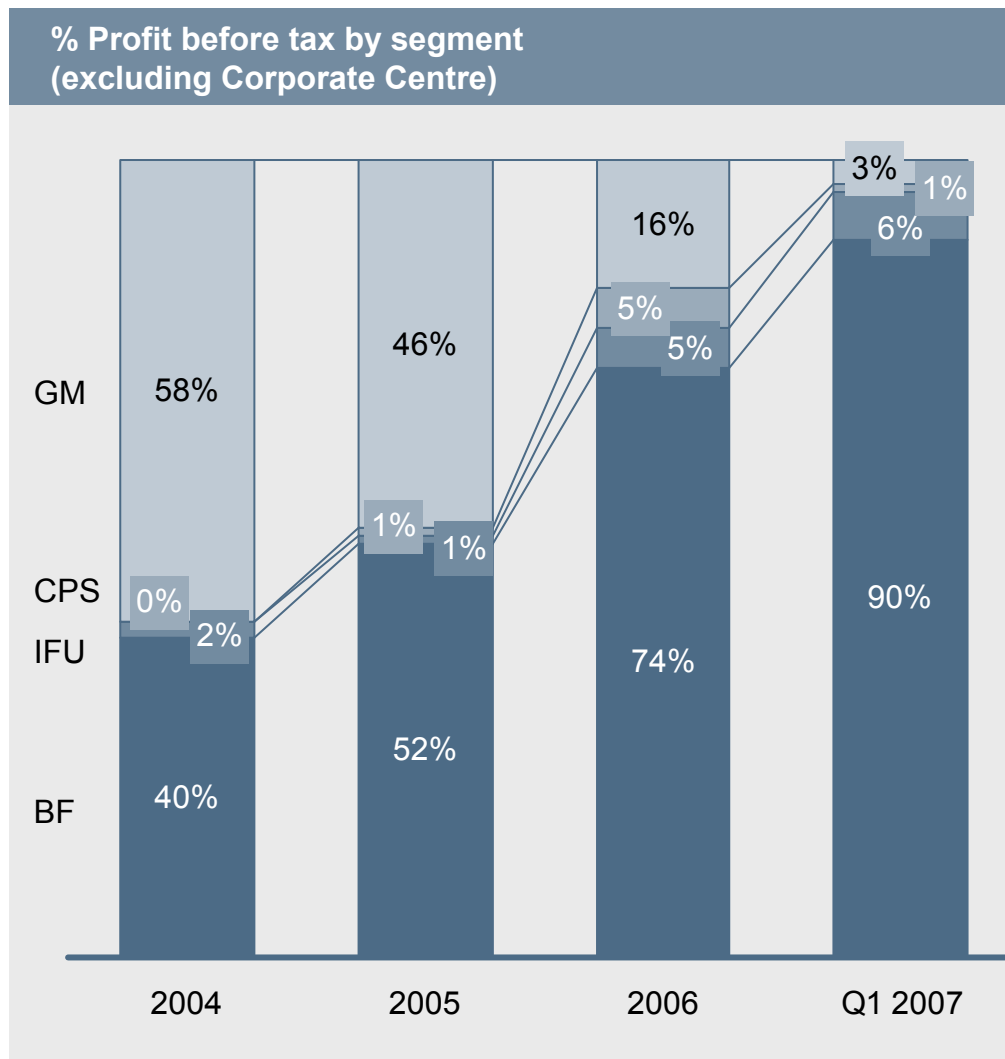
Shows that we are on track with our strategy of investing in these businesses

Pre tax profits Segmental Summary €m				
<i>Pre tax profit in €m</i>	FY 2004	FY 2005	FY 2006	Q1 2007
Budget Finance	298	356	555	160
Infrastructure Finance	14	8	36	12
Client Product Services	-5	6	37	1
Global Markets	444	312	122	5
Corporate Centre	-96	-85	-104	-23
<b>Total Group pre Tax</b>	<b>655</b>	<b>597</b>	<b>646</b>	<b>155</b>



# 2011: Earnings mix by Segment to Be Much More Balanced

Budget Finance expected to make up only 50% of overall profits, IFU and CPS to gain share, as well as new activities



1. Introduction and Strategy

2. Key Financials and Equity Story

**3. Our Business**

3.1 Budget Finance

3.2 Infrastructure Finance

3.3 Client Product Services

3.4 Global Markets

4. Our Client Network and Recent Deals

Appendix I: The Public Sector

Appendix II: Financial Calendar and IR Contacts

# The Bank Operates Through Four Business Segments – Detailed Overview

Four distinct business models that are complementary and provide a complete product portfolio to the client



	Budget Finance	Infrastructure Finance	Client Product Services	Global Markets	Corporate Center
2006 PBT (€m)	555	36	37	122	(104)
2006 Equity (€m) <sup>(1)</sup>	1,363	242	46	688	201
2006 RoE Pre-tax	41%	15%	80%	18%	N.A.
2006 Cost Income	13%	35%	39%	15%	N.A.
	<ul style="list-style-type: none"> <li>Bond and loan financing to Public sector entities                             <ul style="list-style-type: none"> <li>Average Asset/Liability margin of 20bp</li> <li>Average portfolio rating of AA2</li> <li>Assets sourced through primary origination and in secondary markets</li> </ul> </li> <li>Manages its own €160bn portfolio extracting value from price volatility and market knowledge</li> <li>Provides off balance sheet credit and liquidity support in the US</li> <li>Also actively involved in syndication and distribution activities</li> <li>All positions in Budget Finance are micro-hedged</li> </ul>	<ul style="list-style-type: none"> <li>Global leader, providing strategic advice and funding for core public infrastructure projects in the roads, rail, schools, hospitals, water and waste management sectors</li> <li>Core financing expertise in PPP/PFI/BOT concession schemes</li> <li>Active in the EU and also CEE, Australia, Canada, Japan and the USA</li> <li>Funding includes                             <ul style="list-style-type: none"> <li>Limited recourse senior debt</li> <li>“Off budget” securitisation of Public Sector revenues</li> <li>Co-financing with multilateral development banks</li> </ul> </li> <li>At the end of 2006 the portfolio comprised ~150 live transactions</li> <li>Building infrastructure equity portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Business lines include                             <ul style="list-style-type: none"> <li>Derivatives and structured finance</li> <li>Guaranteed Investment Contracts (GICs)/ Reinvestment</li> <li>Securitisation</li> <li>Advisory services (Rating and pension advice)</li> </ul> </li> <li>Special service with Infrastructure Finance to provide advisory services to Public Sector bodies considering private partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Trading of securities (leveraging knowledge gained in DEPFA’s core business)</li> <li>Diversified trading platform including:                             <ul style="list-style-type: none"> <li>Interest rates and credit spreads</li> <li>Plain vanilla and structured carry</li> <li>Emerging markets</li> <li>Foreign exchange</li> <li>BMA swaps, tender options and municipal CDS</li> </ul> </li> <li>Broker/dealer activities in the US (pending, First Albany acquisition)</li> </ul>	<ul style="list-style-type: none"> <li>Overhead costs for central administrative functions not allocated to segments</li> <li>Lower Tier II debt and profit participation interest costs are not allocated to segments but booked in the Corporate Centre</li> <li>P&amp;L impact and hedging inefficiencies also impact Corporate Centre non-interest income</li> </ul>
	<b>Client Relationship Management</b>		<ul style="list-style-type: none"> <li>Direct sales to Public Sector client base</li> <li>6 regions covered through 25 offices</li> <li>~130 staff globally of which ~50 senior marketers</li> </ul>		

# Overview: What Are (The Characteristics of) Our Four Business Segments?

High proportion of recurring and predictable revenues should not be underestimated!

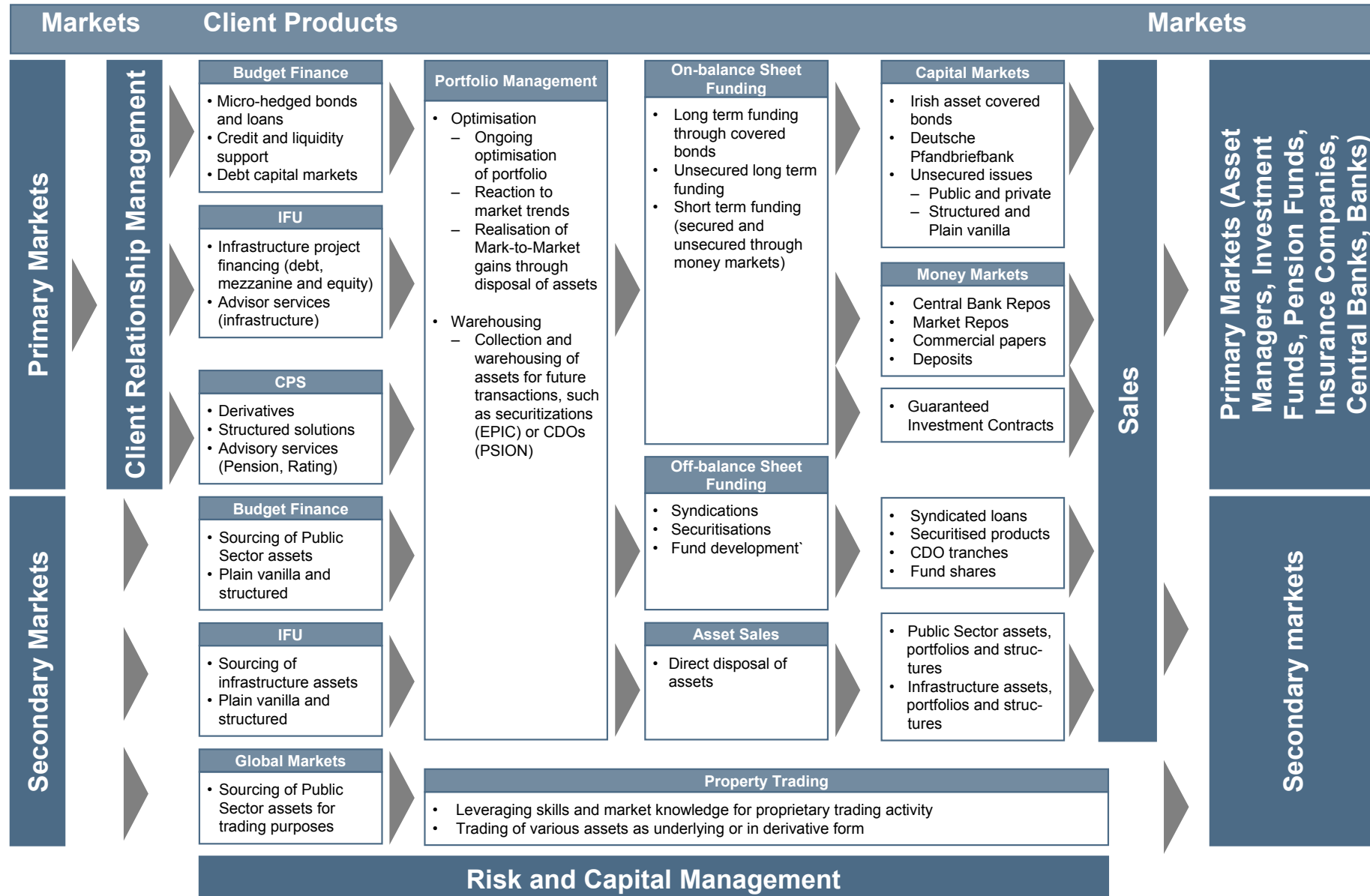
Segment	Activity	Sources of Earnings	Revenue Stability and Predictability	Cumulative portion of Total 2006 Revenues
Budget Finance	Lending (i.e. Loans, Bonds, Liquidity Facilities to Public Sector)	<ul style="list-style-type: none"> <li>High quality micro-hedged portfolio of Public Sector assets</li> <li>Competitive advantage of attractive funding levels</li> <li>Our Public Sector franchise and client base provides opportunities to generate consistent flow of new assets from sovereign to municipal credits and liquidity facilities</li> </ul>	Very Stable	65%
	Portfolio Management	<ul style="list-style-type: none"> <li>Gains from portfolio rebalancing and optimisation</li> <li>Structural market conditions and established track record give comfort for future gains</li> <li>A sustainable level of recurring profits is achievable but impractical to predict exact level</li> </ul>	Stable	
IFU	Infrastructure financing	<ul style="list-style-type: none"> <li>High quality micro-hedged portfolio of PPP bonds and loan commitments</li> <li>Competitive advantage of know-how and expertise due to DEPFA's position as a market leader in PPP financing</li> <li>Our strong client base provides ongoing opportunities to generate consistent flow of new assets from PPP activities</li> <li>Increasing contribution from advisory services on infrastructure financing</li> </ul>	Very Stable	86%
CPS	Structured financing and Derivatives for Public Sector	<ul style="list-style-type: none"> <li>Main drivers are interest rate Swaps and structured products with the majority of transactions connected with the bank's financing activities (BF, IFU)</li> <li>Sustain earnings growth in the future from broadened client base, build up of Guaranteed Investment Contracts book and securitisation of client receivables</li> </ul>	Relatively Stable	
Global Markets	Positioning and Trading	<ul style="list-style-type: none"> <li>Shift from long-term interest rate positioning to more diversified trading platform will provide more stability to the earnings stream</li> <li>Earnings are relatively volatile but have contributed positively in the past</li> </ul>	Relatively Volatile	100%



# Our Operations: We Possess All Public Finance Skills and Capabilities

An operational map of a successful public sector bank

**SIMPLIFIED**



1. Introduction and Strategy
2. Key Financials and Equity Story
3. Our Business
  - 3.1 Budget Finance**
  - 3.2 Infrastructure Finance
  - 3.3 Client Product Services
  - 3.4 Global Markets
4. Our Client Network and Recent Deals
- Appendix I: The Public Sector
- Appendix II: Financial Calendar and IR Contacts

# Budget Finance Overview: One of the leading global Public Finance lenders

We strive for excellence both in lending as well as management of our own public sector bond portfolio

## Mission

- To be one of the leading global Public Finance lenders
- To increase the total return of our portfolio
- To be a diversified wholesale global issuer of short and long term debt instruments
- To provide a distribution platform for DEPFA products and public sector assets

## What We Said: Capital Markets Day 2006

- Stable margin on new asset generation
- Broader range of funding products
- Increased name recognition
- Increased penetration among investors
- Increasingly skilled and experienced staff
- Increased focus on Syndication and Sales

## What We Did

- Added €12bn at 14 basis points over LIBOR
- €500m Tier 1, \$30yr, structured Yankee CDs
- Won Euroweek award (€2bn ACS Nov 06)
- 88% US placement (\$1.25bn ACS March 07)
- Won staff from competitors & investment banks
- Priced 582 deals; underwrote €8bn; 12 Public Sector book-running mandates

**Achieved Key Targets laid out at Capital Markets Day 2006**  
**Demonstrated DEPFA's uniqueness: sustainable Public Sector Assets flow and resilient Funding**

# Budget Finance Is Our by far Largest and Most Important Business Segment

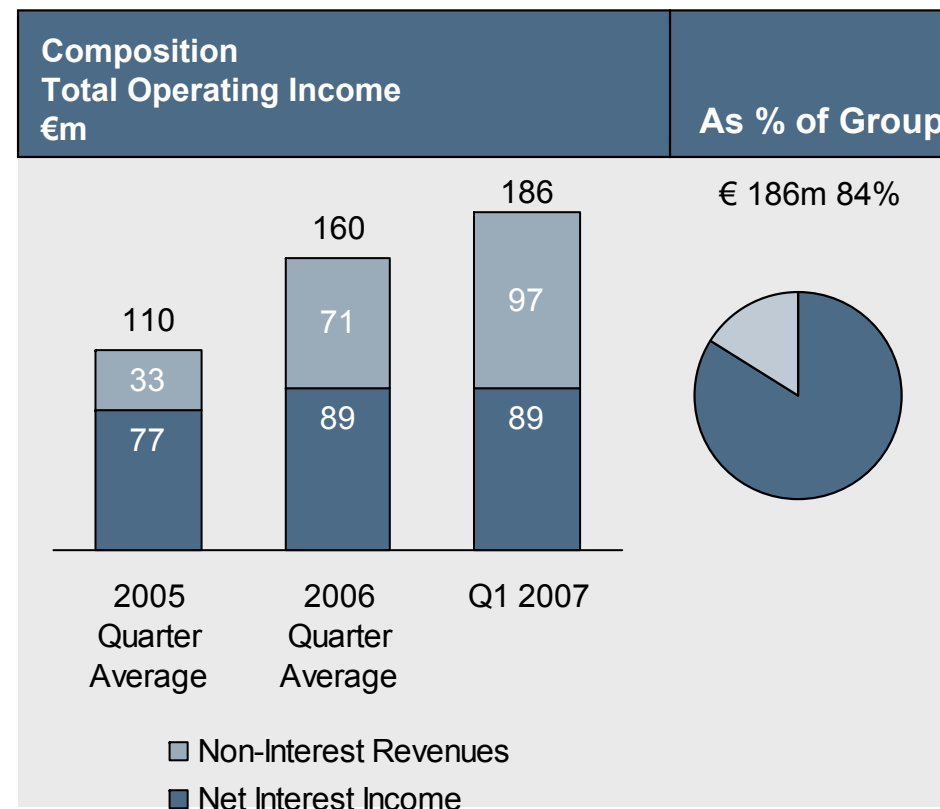
Three distinct parts to Budget Finance: 1. Balance sheet management, 2. Funding and 3. Distribution

Structure		
Balance Sheet Management	Funding	Distribution
<ul style="list-style-type: none"><li>▪ Lending</li><li>▪ Portfolio Management</li></ul>	<ul style="list-style-type: none"><li>▪ Money Markets</li><li>▪ Capital Markets</li></ul>	<ul style="list-style-type: none"><li>▪ Syndication</li><li>▪ Sales</li></ul>

# Financials Show Unabated Upward Profit Trend in Budget Finance

Portfolio management contributed significant part of earnings is recent tightening credit spread environment

Million EUR	2005 Quarter Average	2006 Quarter Average	2007 Q1
Net interest income	77	89	89
Non-interest revenues	33	71	97
<b>Total Operating Income</b>	<b>110</b>	<b>160</b>	<b>186</b>
Operating Expenses	-21	-21	-26
<b>Profit before taxation</b>	<b>89</b>	<b>139</b>	<b>160</b>
Average financing volume (on B/S)	155,418	168,187	163,780
Average financing volume (off B/S)	16,165	21,418	22,342



- Overall strong revenue growth in a tightening credit spread environment
- Lending / Net Interest Income: steady growth in stable, locked-in asset/liability margin income
- Non-interest revenues: Active portfolio management increased non-interest revenues and reflects DEPFA's ability to extract value from credit spread movements

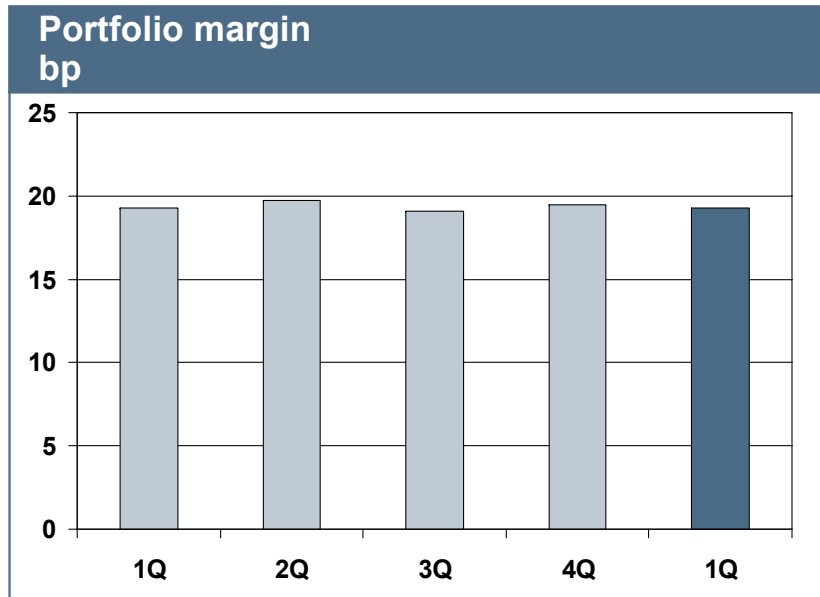
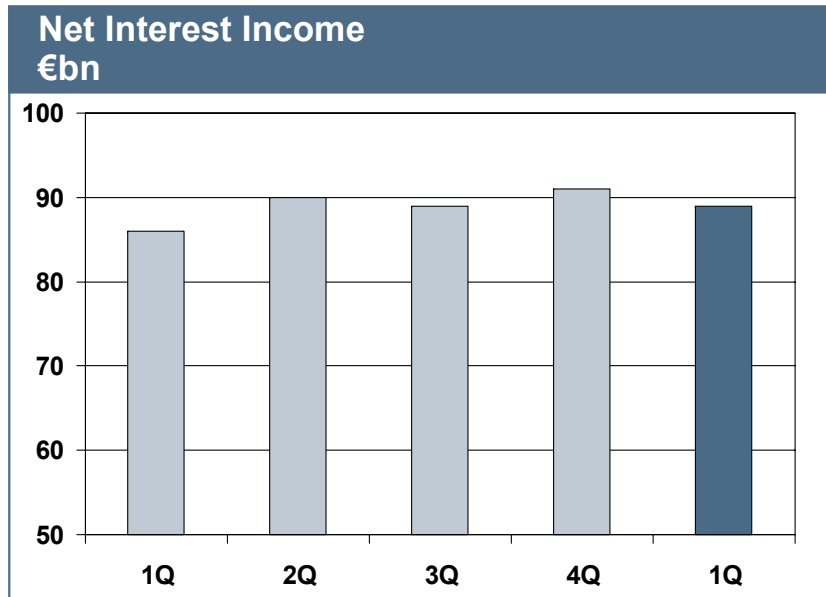
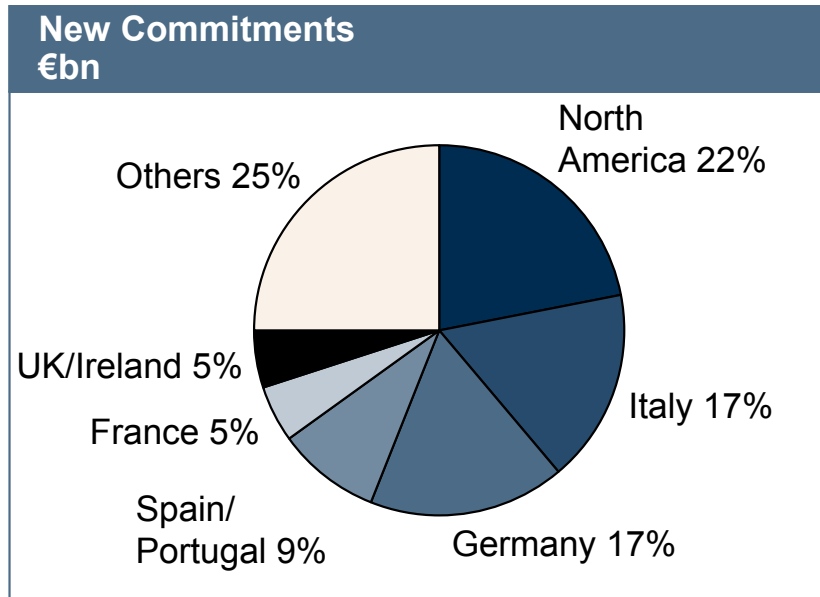
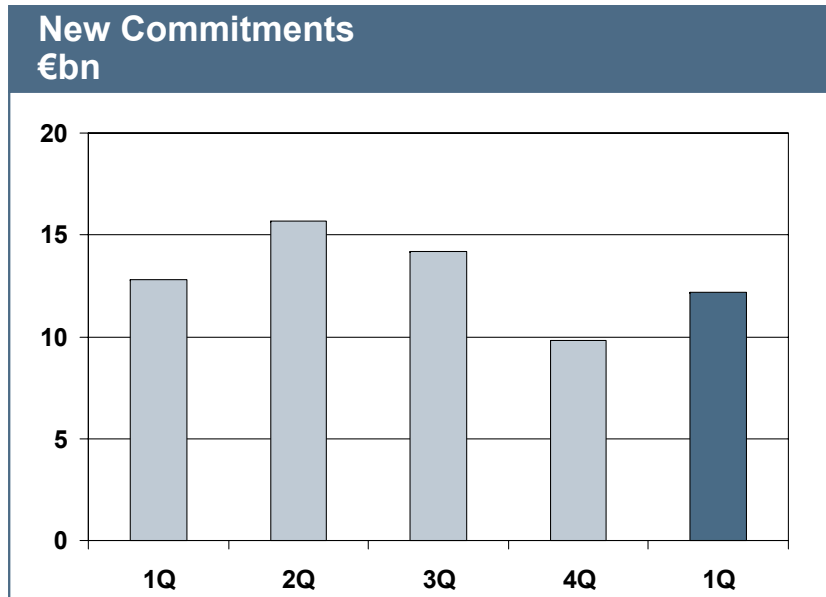
# Balance Sheet Grows Overall, Growth in Budget Finance = A Matter of Time

We “keep our powder dry” in low credit spread environment, but ready to increase leverage upon widening

€ million	Budget Finance	Other Segments	Total	Comments
Volume end of 2005	186,034	19,386	<b>205,420</b>	<ol style="list-style-type: none"> <li>2006 (and Q1 2007) provided for an environment of tightening spreads</li> <li>In 2006 the Balance Sheet grew moderately with our equity growing stronger than our Balance Sheet Total</li> <li>In a spread-widening scenario we can increase our leverage to provide growth</li> <li>In a spread-tightening scenario we need to continue to balance new commitments and sales to provide P&amp;L growth</li> </ol>
New commitments	52,507	14,906	<b>67,413</b>	
Sales	-27,493	-1,562	<b>-29,055</b>	
Maturities and other	-21,725	-3,126	<b>-24,851</b>	
Volume end of 2006	189,323	29,604	<b>218,927</b>	
Volume end of Q1 2007	182,919	38,752	<b>221,671</b>	

# Lending: New Commitments Keep Coming in, Despite Tightening Credit Spreads

We don't have to sacrifice our margin to maintain a very sound pipeline of new business



■ 2006 ■ 2007

### Trends

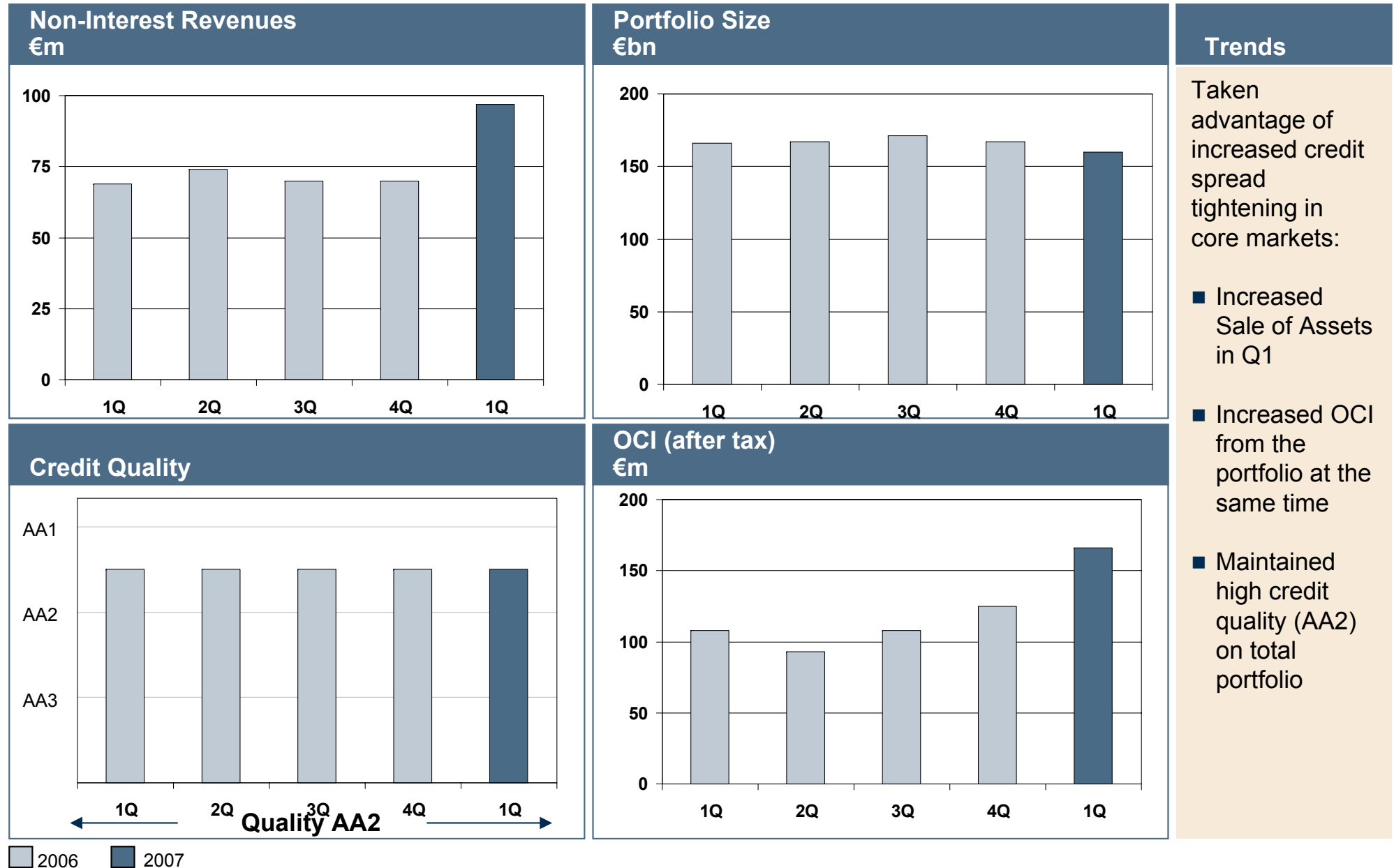
Despite increased competition and further tightening of global credit spreads:

- Pick up in new Q1 commitments
- Average margin stable at 20bps
- Further diversification in country mix
- Extended funding tenor



# Portfolio Management: We Have Taken Advantage of Tightening Credit Spreads

Increased sales of assets do not come at the expense of unrealised gains (OCI), which have also grown



# Major Competitive Advantage = Superior Funding at sub LIBOR levels

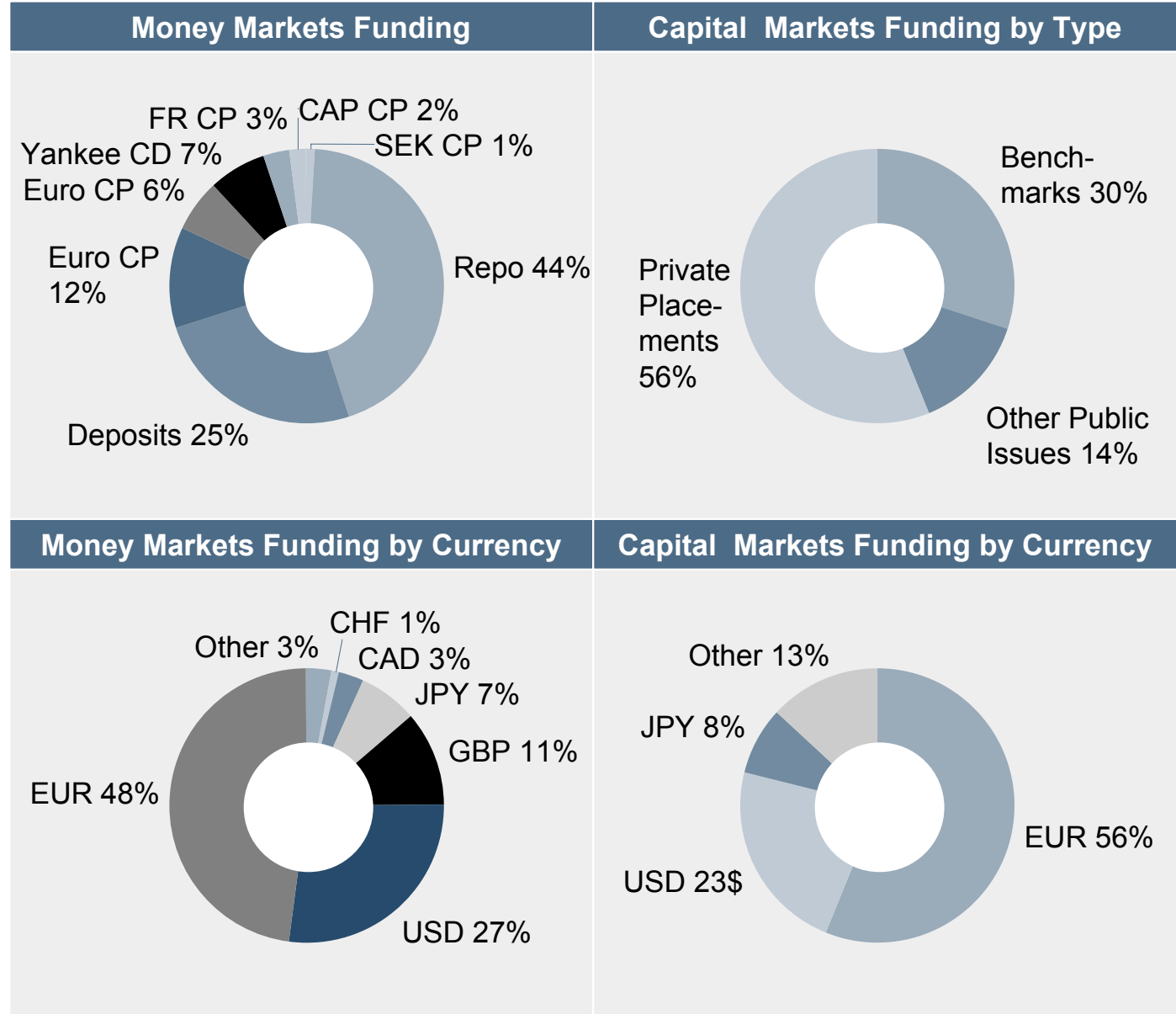
Liability side of our balance sheet contributes 5bp to our average 20bp margin in Budget Finance

- Group funding strategy is designed to secure the liquidity of the bank at all times and is founded on several key principles:
  - Maximise access through broadest range of products and markets
  - Extend duration in each market where possible
  - Maintain discipline on cost of funding
  - Match assets by currency where possible
  - Ensure a diversified investor base
  
- All these points serve to ensure that DEPFA has:
  - Ample access to liquidity
  - A strong cost of funding under various rates and economic scenarios
  - Diversity of access that can withstand changes in investor sentiment and focus

# We Have very Low Funding Risk due to Broad Diversification of Sources

Our funding desks tap multiple maturities, markets and currencies on a daily basis

- DEPFA has abundant access to liquidity due to continual development of funding programmes:
  - 7 Money Markets liquidity platforms
  - 3 Capital Markets funding entities and multiple points of market access
  
- DEPFA has decreased currency concentration dependency compared to peers:
  - Money Markets funds in over 20 currencies
  - Capital Markets has funded in 13 currencies 2007 ytd



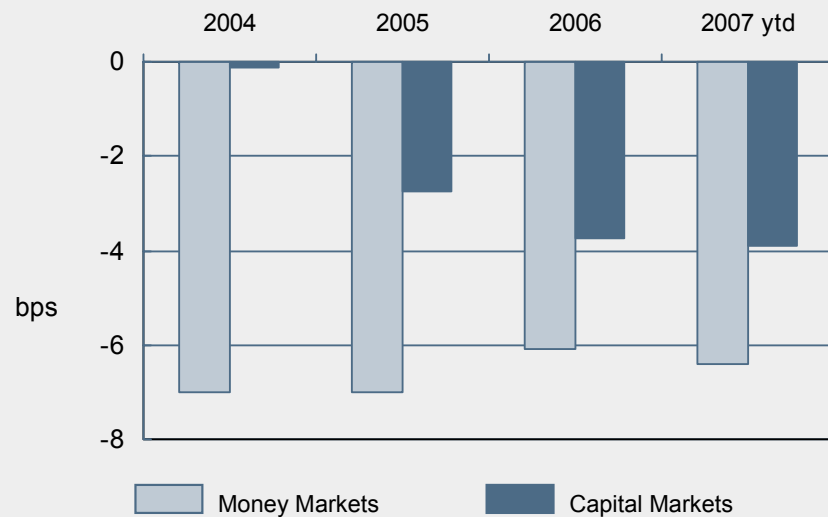
# Key Success: We Increased Tenor, yet Lowered Costs of Funding (1/2)

Also improved: Liquidity reserves

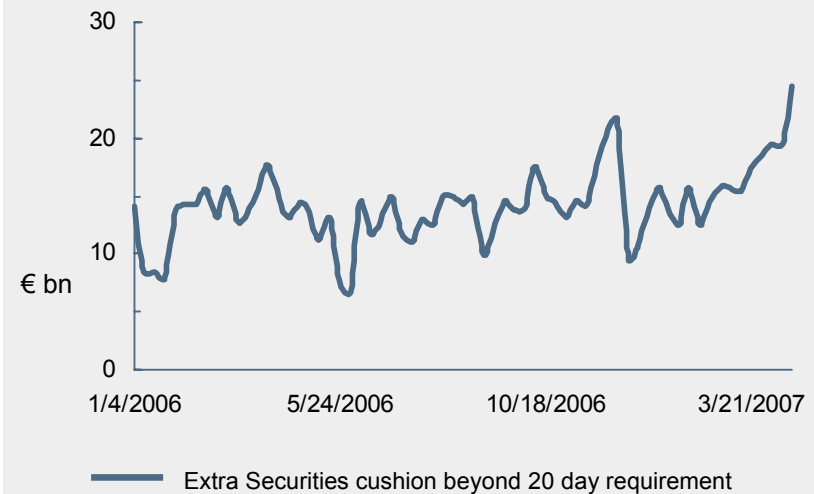
## Overview

- Stable funding composition: Long-Term (51%), Repo (23%), and Short-term (26%)
- Globally diversified funding platforms lead to improved sub-libor funding
- Significant extension of long-term funding tenor and stable short term tenor
- Strong Liquidity Reserves
- First ever long (30yr) USD covered bond: \$1.25bn, 88% US allocation

## Funding Margin



## Liquidity Reserves

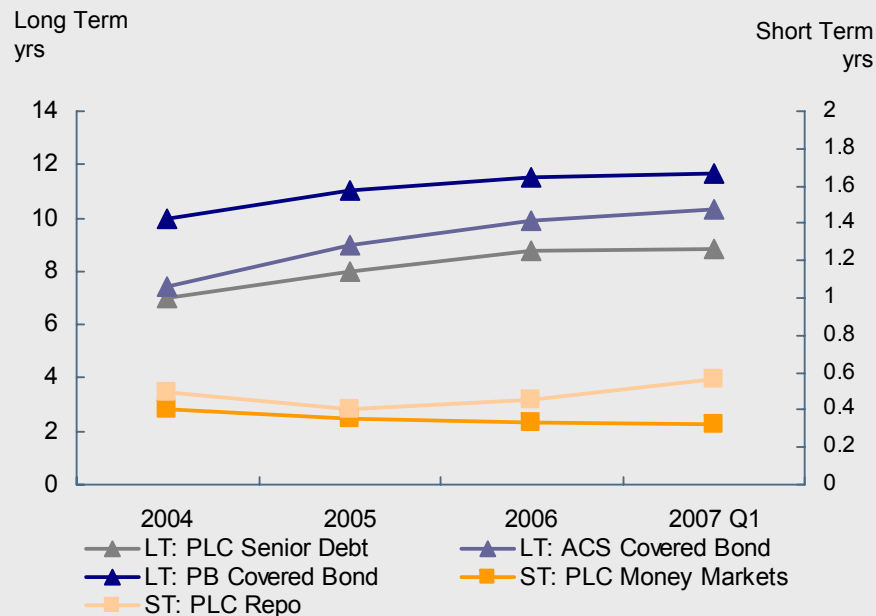


# Key Success: We Increased Tenor, yet Lowered Cost of Funding (2/2)

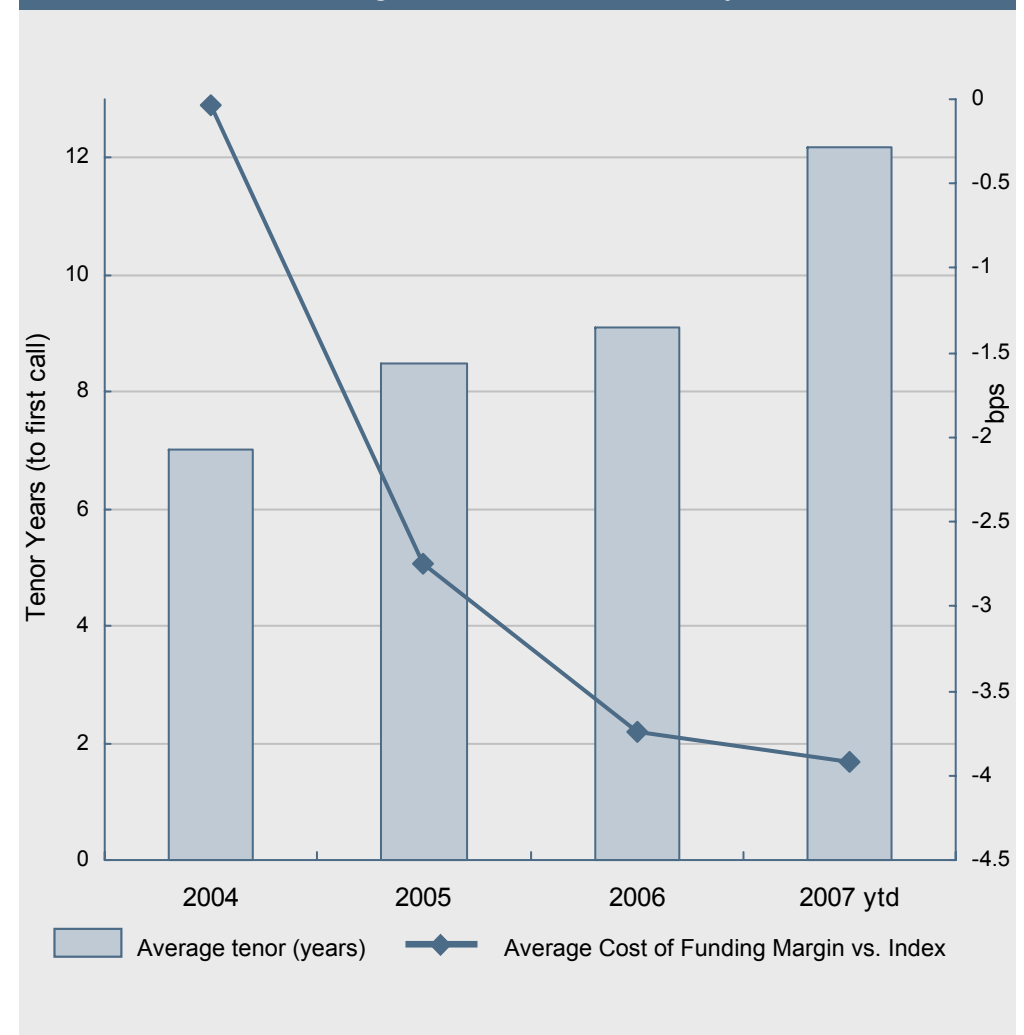
Funding margins have improved to Libor -5bp on average, while duration has increased at the same time

- The Money Market strategy is to maintain a stable footprint in the market by tenor
- The Capital Markets strategy is to exploit periods of flatter funding yield curves to enhance the tenor of the long-term book
  - This has been successfully achieved in each of the last 3 years

## Development of Average Tenor of Funding Book



## Aggregate cost of new Long-Term Funding & Tenor 2004 - 2007ytd



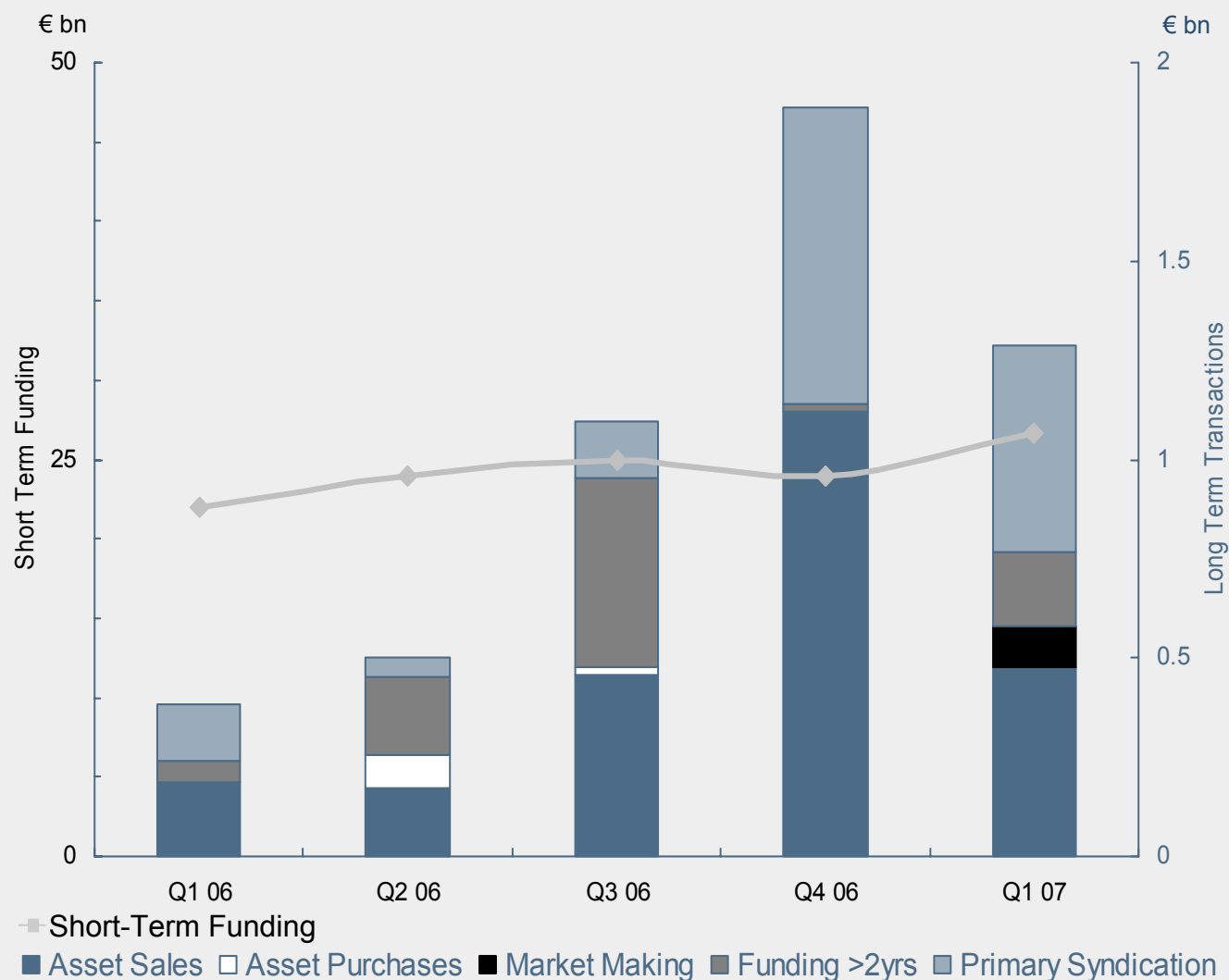
# Our Distribution Capabilities in Budget Finance = Strong, Improving Further

Syndication / Sales volumes show distinct upward trend, both in short and long-term transactions

## Achievements

- Deepening penetration of investor clients by internal salesforce:
  - Distributes 50% of DEPFA's short term funding programme
  - #1 position in Capital Markets MTN League Tables for the first time 2006
  - Direct sales of long-term assets €1.3bn to investors in Q1 2007
- Direct access to more than 400 investors globally
- Significantly expanded account base

## Short-Term and Long-Term Asset Transactions



1. Introduction and Strategy
2. Key Financials and Equity Story
3. Our Business
  - 3.1 Budget Finance
  - 3.2 Infrastructure Finance**
  - 3.3 Client Product Services
  - 3.4 Global Markets
4. Our Client Network and Recent Deals
- Appendix I: The Public Sector
- Appendix II: Financial Calendar and IR Contacts



# Infrastructure Finance = The Growing Off-Budget Alternative to Budget Finance

Our “rising star” sees strong deal flow and will continue to grow significantly faster than the Group as a whole

**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’s other core business lines (e.g. Budget Finance, CPS)

## Milestones

- Threefold increase in Q1 net income to € 12m
- Leader in UK PFI schools projects
- Acquisition finance deals in US and UK
- Index-linked funding of U.K. utilities
- Financial advisor reputation established in US and France
- Strong growth in Australian deals
- Hybrid availability/revenue conference centre transaction in Ireland

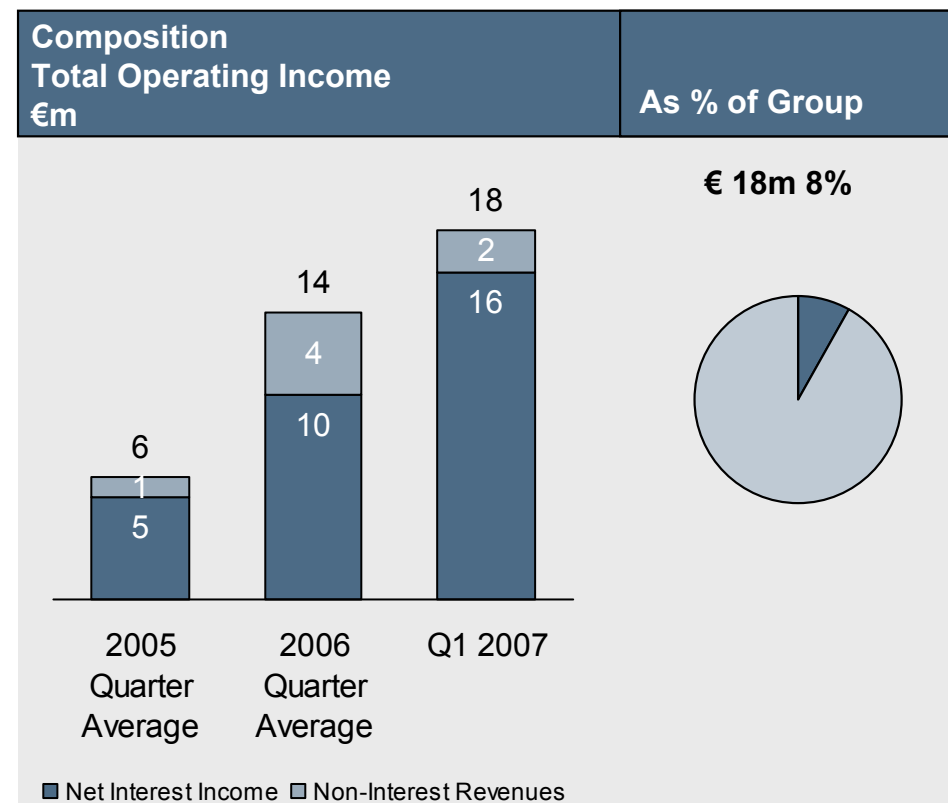
## Opportunities

- Pipeline of 300 potential transactions
- North American market becoming very active
- Strong deal flow in UK where we are one of the leaders
- Water and transport in Italy
- Good pipeline in Australia
- Acquisition finance / advisory (sell and buy sides): utilities, ports, roads, airports
- Equity investment in infrastructure projects

# Upward Trend in Infrastructure Finance Reflected in Increasing Earnings

Despite heavy investments, profit growth is uninterrupted and bodes well for the future

Million EUR	2005 Quarter Average	2006 Quarter Average	2007 Q1
Net interest income	5	10	16
Non-interest revenues	1	4	2
<b>Total Operating Income</b>	<b>6</b>	<b>14</b>	<b>18</b>
Operating Expenses	-4	-5	-6
<b>Profit before taxation</b>	<b>2</b>	<b>9</b>	<b>12</b>
Average financing volume (on B/S)	1,701	4,187	6,429
Average financing volume (off B/S)	902	1,775	2,732



- Strong deal flow (Average transactions closed per quarter: 5 in 2005; 16 in 2006 ; 27 in 2007)
- Pipeline of new business remains very strong with over 300 potential funding and/or advisory transactions
- North America has become a significant part of our business and will be a major focus of our future activities
- Staff level increased 20% y-o-y to 54 to cope with additional business

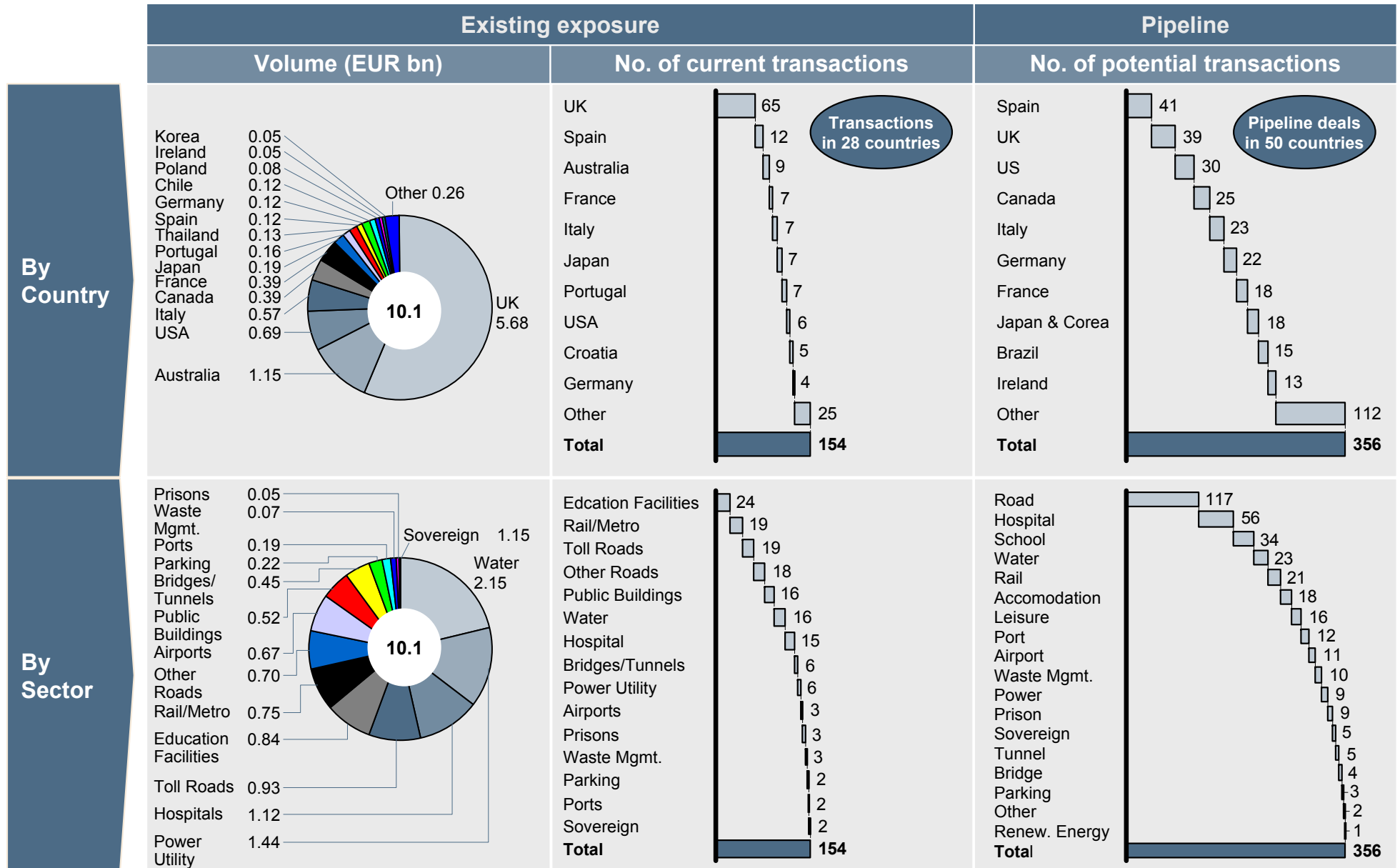
# Infrastructure Finance Is Focused on “Essential Infrastructure” at DEPFA

Our expertise centres on essential infrastructure projects, such as toll roads, schools, hospitals, etc.

What does “INFRASTRUCTURE” mean to DEPFA?	
Sectors	<ul style="list-style-type: none"><li>• Transport, Utilities and “Social” Infrastructure (“accommodation” projects such as schools, hospitals, police stations, prisons and government offices)</li></ul>
Typical features	<ul style="list-style-type: none"><li>• Provision of essential infrastructure services</li><li>• Stable long-term, (often inflation-linked) cash flows</li><li>• Acceptable credit rating and pricing</li><li>• Inelasticity to economic cycles</li><li>• Monopolistic industry characteristics with high barriers to entry</li></ul>
How does IFU create value for DEPFA’s franchise?	
Products	<ul style="list-style-type: none"><li>• Financial Advisory / Equity / Mezzanine Debt / Senior Debt / Derivatives</li></ul>
Synergies	<ul style="list-style-type: none"><li>• CRM – relationship building with public sector clients</li><li>• CPS – new business opportunities for risk hedging products</li><li>• BUDGET FINANCE – more “hybrid structures” (e.g. Tubelines / TFL; French PPP’s)</li></ul>
Where are we going?	
Regionally	<ul style="list-style-type: none"><li>• Focused geographic expansion where we can see added value to DEPFA’s franchise</li></ul>
Structurally	<ul style="list-style-type: none"><li>• Those sectors which have key features of “essentiality” and an acceptable risk/reward balance</li></ul>

# Rising Number of Current Transactions and Pipeline Are Very Encouraging

Geographical diversification improving too as other countries slowly catch up with the front runner UK



# Our Track Record in Infrastructure Finance is Certainly Very Strong. . .

We are considered a market leader



The Banker

- **No. 1 in Transportation Mandated Lead Arranger Roles** and **No. 4 in PPP Mandated Lead Arranger Roles** by Infrastructure Journal for 2006
- **No. 1 among North American Transportation Mandated Lead Arrangers** by Project Finance Magazine for the first half of 2006
- **Gold Award for Project Financing for Golden Ears** from the Canadian Council for Public Private Partnerships, 2006
- **North America PPP Deal of the Year for Golden Ears Bridge** from Project Finance Magazine, 2006
- **Infrastructure Journal Deal of the Year for Golden Ears Bridge** from Infrastructure Journal, 2006
- **North American Transport and Overall Deal of the Year for the Indiana Toll Road** from Project Finance Magazine, 2006
- **Most Innovative Non-Traditional Public Finance Transaction for the Indiana Toll Road** from The Bond Buyer, 2006
- **US Road Deal of the Year for the Indiana Toll Road** from Jane's Transport Finance
- **Deal of the Year for Pocahontas Parkway** from ARTBA, 2006
- **Bank of the Year, Global PPP Debt Arranger** from Infrastructure Journal, 2005

# . . . And the Outlook Is Bright from all Angles for Infrastructure Finance (1/2)

We see exceptionally good prospects for a handful of sectors, products, and regions, on which we focus our efforts

New opportunities for IFU		
Sectors	Products	Regions
<ul style="list-style-type: none"><li>• Power<ul style="list-style-type: none"><li>– Renewable energy (wind, waste to energy)</li><li>– Desalination</li></ul></li><li>• Ports</li><li>• Parking</li><li>• Utilities<ul style="list-style-type: none"><li>– Distribution of gas, water, electricity</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Equity<ul style="list-style-type: none"><li>– Direct</li><li>– Co-financing with partners</li><li>– Future fund management opportunities</li></ul></li><li>• Structured Export Finance</li></ul>	<ul style="list-style-type: none"><li>• South America</li><li>• Middle East</li><li>• India</li><li>• Asia</li></ul>

# The Outlook Is Bright from all Angles for Infrastructure Finance (1/2)

What does it mean for our financials?

New opportunities for IFU		
Asset Growth	Revenue Growth	Synergies
<ul style="list-style-type: none"><li>• Need to balance risk and reward<ul style="list-style-type: none"><li>– Must continue our <b>very good credit record to date</b></li></ul></li><li>• Capital management<ul style="list-style-type: none"><li>• CLO Structures</li><li>• Syndication and sales</li><li>• BASEL II Impact: good or bad for market? For DEPFA?</li></ul></li><li>• Credit &amp; Administration<ul style="list-style-type: none"><li>– Need to maintain investment in support functions</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Asset portfolio income<ul style="list-style-type: none"><li>– NII “locked-in”</li><li>– Commission / Fees</li></ul></li><li>• Swaps – synergies with CPS</li><li>• Advisory Fees<ul style="list-style-type: none"><li>– Resource intensive</li><li>– Contingent upon success</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Swaps – synergies with CPS</li><li>• Enhanced relationship with key Public Sector clients together with CRM: we can assist them (formally and informally) in assessing the various financing options for new / existing infrastructure</li></ul>



1. Introduction and Strategy
  2. Key Financials and Equity Story
  3. Our Business
    - 3.1 Budget Finance
    - 3.2. Infrastructure Finance
    - 3.3 Client Product Services**
    - 3.4 Global Markets
  4. Our Client Network and Recent Deals
- Appendix I: The Public Sector
- Appendix II: Financial Calendar and IR Contacts

# Client Product Services = Tailor made Solutions for Our Public Sector Clients

Providing value-added products and services by leveraging our existing public sector client franchise (cross-selling etc.)

**Mission:** Provide tailored debt and asset management products based on understanding the drivers and limitations of our clients through the local relationship managers and create a competitive advantage through our proprietary knowledge in the Public Sector world

## Capital Markets Day 2006

### What We Said

- Deal Flow of ~240 client trades
- Generate EUR 60 to 70mn
- Minimal risk with no change in VaR limit
- Continue investment in trading and marketing

### What We Did

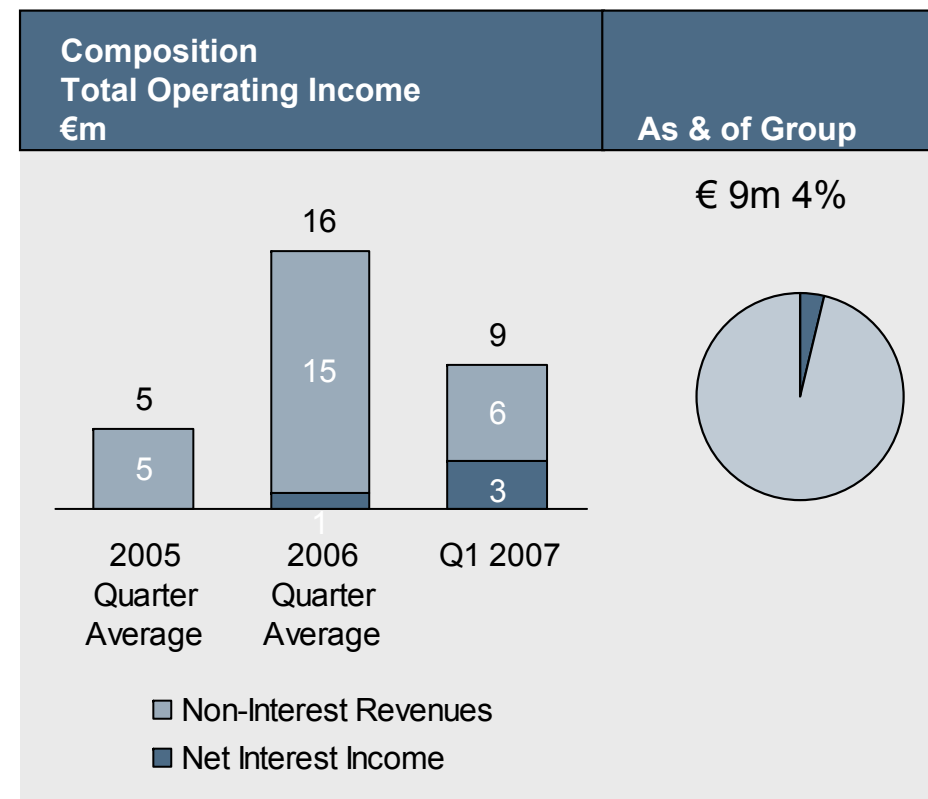
- 236 trades
- EUR 61mn
- No limits breaches in the year
- Strengthened and expanded existing teams

Achieved Key Targets Laid Out At Capital Markets Day 2006

# Slow Start into the Year Earnings-Wise, but Built up Large Profit Reserves

Momentum and economic profitability on track, recognition into IFRS earnings often slower-than-desired process

Million EUR	2005 Quarter Average	2006 Quarter Average	2007 Q1
Net interest income	0	1	3
Non-interest revenues	5	15	6
<b>Total Operating Income</b>	<b>5</b>	<b>16</b>	<b>9</b>
Operating Expenses	-4	-6	-8
<b>Profit before taxation</b>	<b>1</b>	<b>10</b>	<b>1</b>
Average financing volume (on B/S)	1	820	6,252
Average financing volume (off B/S)	0	0	0



- Client derivatives area performed according to plan in terms of transactions closed
- However, revenue from certain transactions could not be booked upfront under IFRS accounting rules. As a result, a sizeable reserve of unrecognised profits has accumulated
- Interest income generating activities are making good progress: the GIC business with US Municipalities (with a balance outstanding in excess of US\$ 2 bn and growing) and Securitisation/Structured Finance has increased the total asset volume to € 10 bn at the end of the first quarter
- Revenues from IFU cross-selling opportunities are reflected in non-interest revenues

# Key Products = Derivatives, Securitisation, Reinvestments, Pension Advisory

Our key products in Client Product Services to provide four legs to stand on in the future

Derivatives	Objectives for 2007
<ul style="list-style-type: none"><li>• Interest rate and inflation products for Clients' asset and liability management</li></ul>	<ul style="list-style-type: none"><li>• Maintain / Increase deal flow and profitability in France, Italy, and IFU</li><li>• Realise cross selling synergies of Depfa First Albany</li><li>• Increase derivative flow coming from Iberia, Germany, and Central Europe</li></ul>
Securitisation	
<ul style="list-style-type: none"><li>• Purchase of receivables for portfolio warehousing and/or third party clients</li></ul>	<ul style="list-style-type: none"><li>• Build out and continue to close on deal pipeline</li><li>• Geographical expansion</li><li>• Asset expansion (real estate, tax receipts)</li></ul>
Reinvestment	
<ul style="list-style-type: none"><li>• Deposit-taking of proceeds of US Municipal bond issues as a Guaranteed Investment Contract provider</li></ul>	<ul style="list-style-type: none"><li>• Build outstanding notional out to \$5Billion</li><li>• Get AAA wrap established</li></ul>
Pension Advisory	
<ul style="list-style-type: none"><li>• Advice on management of outstanding pension liabilities of clients</li></ul>	<ul style="list-style-type: none"><li>• <b>Announce mandates in US/Europe</b></li></ul>

1. Introduction and Strategy
  2. Key Financials and Equity Story
  3. Our Business
    - 3.1 Budget Finance
    - 3.2 Infrastructure Finance
    - 3.3 Client Product Services
    - 3.4 Global Markets**
  4. Our Client Network and Recent Deals
- Appendix I: The Public Sector
- Appendix II: Financial Calendar and IR Contacts

# Global Markets = DEPFA's Diversified Proprietary Trading Franchise

Our trading effort, which going forward is to be focussed on areas that relate to our public sector clients' needs

## Objectives

- Contribute 15-20% to DEPFA's returns over the long term
- Up to 10% of Group income in 2007
- Building diversified trading activity as a complement to the client facing business

## Global Markets Today

- Enhanced Governance / Risk Control
- Substantially reduced VaR (ca. 50%)
- Diversification started / Expansion of Trading Books
- Management of interest rate legacy positions has a negative impact on P&L

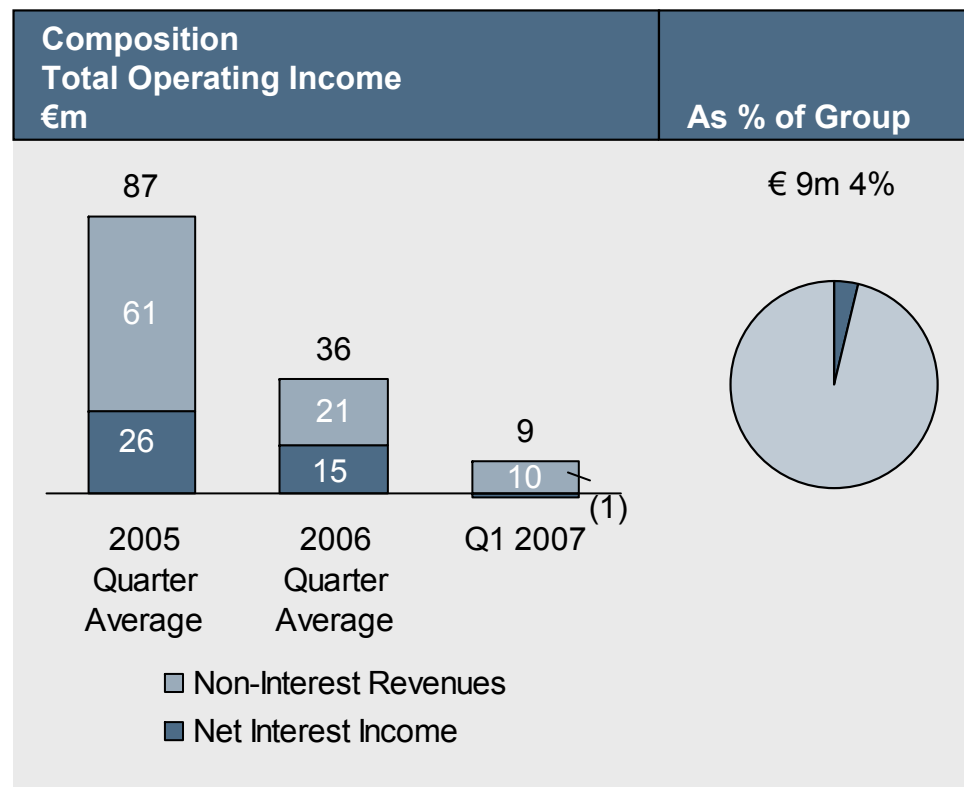
## Global Markets Going Forward

- Synergies with client facing segments
- Return to 15%-20% target contribution to Profit before Tax
- Diversification into uncorrelated trading desks
- Expanded Product Catalogue
- Hiring Experienced Traders
- Management of interest rate legacy positions will continue to have a negative impact on results going forward

# Slow Start into the Year 2007, Restructuring in Progress

Hedging cost for and unwinding of past trades cause deterioration in results, ongoing trading is performing in line

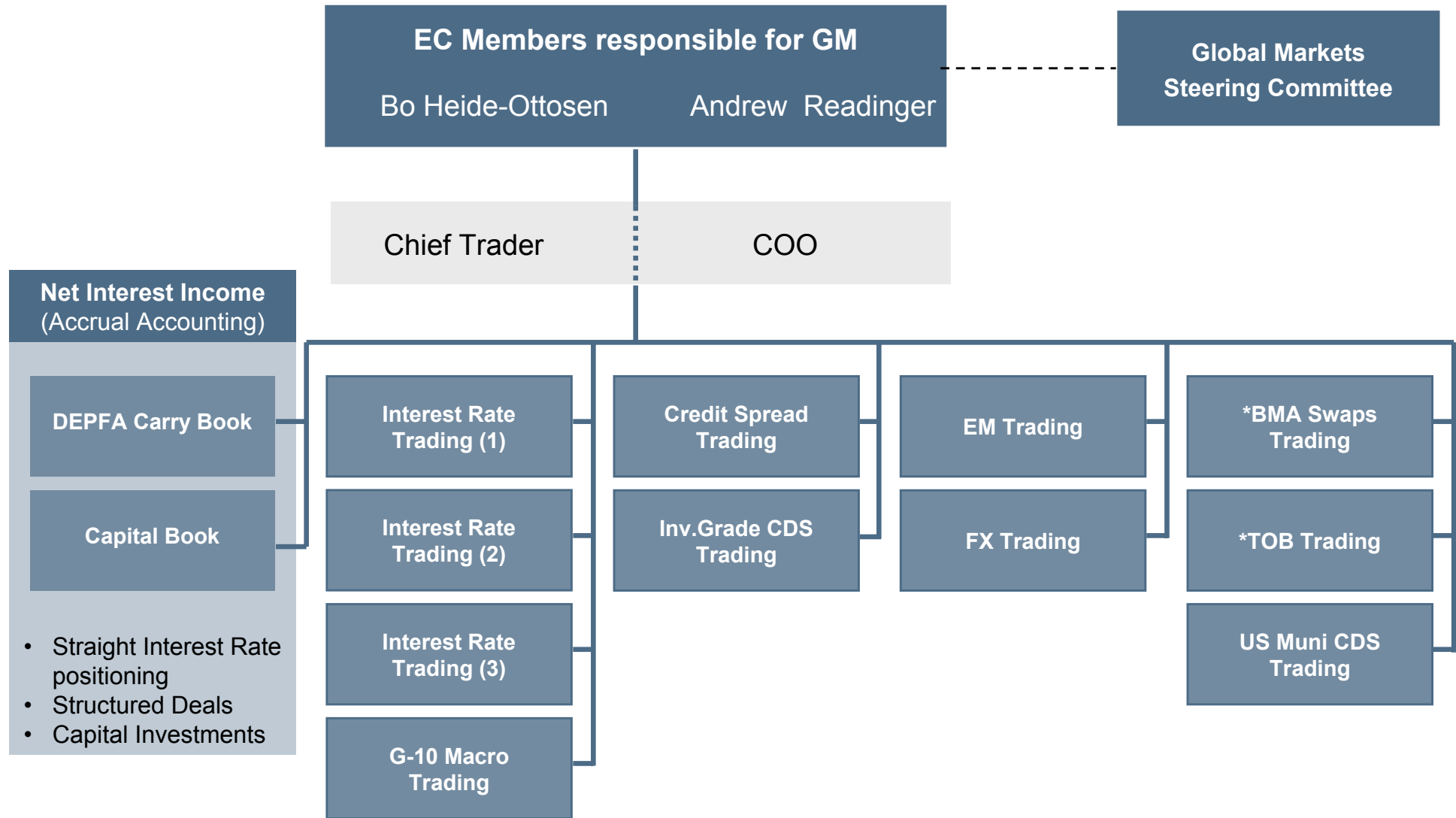
Million EUR	2005 Quarter Average	2006 Quarter Average	2007 Q1
Net interest income	26	15	-1
Non-interest revenues	61	21	10
<b>Total Operating Income</b>	<b>87</b>	<b>36</b>	<b>9</b>
Operating Expenses	-9	-6	-4
<b>Profit before taxation</b>	<b>78</b>	<b>31</b>	<b>5</b>
Average financing volume (on B/S)	9,762	13,185	14,365
Average financing volume (off B/S)	75	0	19



- The flattening of the yield curve has led to much reduced scope for earnings from carry based trades and yield curve positioning. In the light of this trend the bank has given priority to cutting back its interest rate exposure and closing open positions
- Traditional trading activities, including bond trading have performed below expectation so far in 2007 and have not been able to support the GM result to the same extent as last year
- The establishment of additional small scale trading desks, each operating within moderate stop loss and VaR limits is expected to provide greater diversification and consistency to the overall result

# The “New Global Markets” = 13 Diversified Trading Desks (Maybe More to Come)

Introduction of Chief Trader function to further enhance governance, after risk mgmt. and limits have been tightened already



\*TOB: Tender Option Bonds

\*BMA: Bond Market Association



“New”, diversified Global Markets to contribute much lower-risk earnings than “old”, undiversified Global Markets

## Global Markets going forward ...

- **Continued Diversification of Trading Areas**
  - Expansion of assets classes relevant to public sector
  - Examples: FX, local currency bonds, inflation, and certain commodities
- **Expansion of Approved Product Catalogue**
  - More tailored risk in the form of structured investments Examples: CDO<sup>1</sup>, CPDO<sup>2</sup>, Range Accrual, and CPPI<sup>3</sup>
- **Hiring of 6 - 10 Experienced Traders**
- **Increased Trading**

**N.B.: Management will not compromise on building this out properly: No short term gains at the risk of earnings stability and capital preservation**

1. Introduction and Strategy
2. Key Financials and Equity Story
3. Our Business
  - 3.1 Budget Finance
  - 3.2 Infrastructure Finance
  - 3.3 Client Product Services
  - 3.4 Global Markets
- 4. Our Client Network and Recent Deals**
- Appendix I: The Public Sector
- Appendix II: Financial Calendar and IR Contacts

# Client Relationship Management

## Europe

### Focus and Outlook:

- Strong presence in Western Europe as home market
- Expanding office network in Central, Eastern and South East Europe to leverage the expertise of existing European franchise
- Broadening the product spectrum (e.g., pension advisory; structured Finance)
- During 2006 and 2007 DEPFA has played an increasingly prominent role in the financing of Euro-denominated issuance by the Region's sovereigns
- DEPFA is complementing this underwriting activity by building up its distribution platform and its market making capacity, leveraging from our own issuance programme

**Total Exposure\*:** ~EUR 180bn

**Number of Clients:** ~ 1,200

**Number of Offices:**

12

**Number of Staff:**

550 (of which 300 in Dublin)

**Client Relationship Management Staff:**







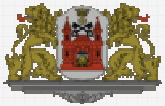





60



\* Including undrawn commitments

# Client Relationship Management

## Transaction Highlights – Clients Europe

<p><b>HUNGARY</b></p>  <p>Hungarian Development Bank Ltd.</p> <p><b>Hungarian Development Bank</b></p> <p>€500m Eurobond</p> <p>Joint Lead Manager</p> <p>October 2006</p>	<p><b>SWEDEN</b></p>  <p>Municipality of Jönköping</p> <p>SEK 105m</p> <p>Loan</p> <p>November 2006</p>	<p><b>SLOVENIA</b></p>  <p>DARS d.d.</p> <p>€150m Loan</p> <p>Arranger</p> <p>November 2006</p>	<p><b>ROMANIA</b></p>  <p>Banca Comerciala Romana</p> <p>€500m Term Loan Facility</p> <p>Arranger</p> <p>November 2006</p>	<p><b>CZECH REPUBLIC</b></p>  <p>Czech Export Bank</p> <p>€75m Term Loan Facility</p> <p>Arranger</p> <p>November 2006</p>	<p><b>ITALY</b></p>  <p>Regione Veneto</p> <p>€350m Bond</p> <p>Joint Bookrunner</p> <p>December 2006</p>
<p><b>LATVIA</b></p>  <p>City of Riga</p> <p>€81.3m</p> <p>Loan</p> <p>December 2006</p>	<p><b>BELGIUM</b></p>  <p>SPGE</p> <p>€30m</p> <p>Loan</p> <p>January 2007</p>	<p><b>FRANCE</b></p>  <p>AP-HM</p> <p>€50m</p> <p>Loan</p> <p>January 2007</p>	<p><b>SPAIN</b></p>  <p>Ens Public de Radiotelevisió de Les Illes Balears</p> <p>€30m</p> <p>Loan</p> <p>March 2007</p>	<p><b>PORTUGAL</b></p>  <p>Region of Portugal</p> <p>€72.8m</p> <p>Securitisation</p> <p>April 2007</p>	<p><b>DENMARK</b></p>  <p>Energinet.dk Gaslager Holding A/S</p> <p>DKK 1.5 billion</p> <p>Term Loan</p> <p>May 2007</p>

# Client Relationship Management

## North America

### Focus and Outlook:

- Footprint in the U.S. significantly increased over recent years (now biggest country exposure)
- Good presence in the U.S. in mainly liquidity and standby facilities; derivatives; underwriting and broker/dealer business will grow through the acquisition of First Albany
- Established player in Canada
- Major player in U.S. Guaranteed Investment Contract (GIC) market
- Leader in Infrastructure Finance

**Total Exposure\*:** ~EUR 50bn

**Number of Clients:** ~ 380

**Number of Offices:** 8

**Number of Staff:** 107

**Client Relationship Management Staff:** 50



\* Including undrawn commitments

# Client Relationship Management

## Transaction Highlights – North America

<p><b>USA</b></p>  <p><b>Colorado Housing and Finance Authority</b></p> <p>€125.8m Liquidity Facility</p> <p>November 2006</p>	<p><b>USA</b></p>  <p><b>City of Detroit Sewage Disposal System</b></p> <p>€125.4m Liquidity Facility</p> <p>September 2006</p>	<p><b>USA</b></p>  <p><b>City of Detroit Water Supply System</b></p> <p>€121.3m Liquidity Facility</p> <p>August 2006</p>	<p><b>USA</b></p>  <p><b>Georgia Municipal Association</b></p> <p>€127.6m Liquidity Facility</p> <p>July 2006</p>	<p><b>CANADA</b></p>  <p><b>Province of Quebec</b></p> <p>CDN200 Bond Arranger</p> <p>October 2006</p>	<p><b>CANADA</b></p>  <p><b>Financement-Québec</b></p> <p>CAD 200 EMTN Arranger &amp; Sole Investor</p> <p>February 2007</p>
<p><b>USA</b></p>  <p><b>City of Charlotte</b></p> <p>€400m Liquidity Facility</p> <p>August 2006</p>	<p><b>USA</b></p>  <p><b>Oakland University</b></p> <p>€48.6m Liquidity Facility</p> <p>August 2006</p>	<p><b>USA</b></p>  <p><b>Industrial Development Authority of Kansas City</b></p> <p>€155.8m Liquidity Facility</p> <p>July 2006</p>	<p><b>USA</b></p>  <p><b>Icon Parking</b></p> <p>\$350m Mandated Lead Arranger</p> <p>June 2006</p>	<p><b>CANADA</b></p>  <p><b>Financement-Québec</b></p> <p>CAD 200m EMTN Arranger &amp; Sole Underwriter</p> <p>October 2006</p>	<p><b>CANADA</b></p>  <p><b>Ville de Montreal</b></p> <p>CAD150m Bond Private Placement</p> <p>May 2007</p>

# Client Relationship Management

## Latin America

### Focus and Outlook:

- Opened office in Sao Paulo end of 2006
- Established exclusive cooperation agreement with BAICO for Argentina and Uruguay. We plan to put similar structures into place in other principal countries in Latin America.
- Seek relative value through local currency transactions and structured deals; & emphasis on origination and distribution.
- Open office in Mexico City in 2007

**Total Exposure\*:** < EUR 1bn

**Number of Clients:** ~ 30

**Number of Offices:** 2 (+ 1 BAICO)

**Number of Staff:** 8

**Client Relationship Management Staff:** 5



\* Including undrawn commitments



CHILE	CHILE	CHILE
		
<b>Puerto Terrestre Los Andes</b>	<b>Autopista Central</b>	<b>Autopista Del Maipo</b>
<b>Customs Building €30.5m</b>	<b>Toll Road €41.3m</b>	<b>Toll Road €60m</b>
<b>Mandated Lead Arranger</b>	<b>Participant</b>	<b>Participant</b>
<b>July 2006</b>	<b>June 2006</b>	<b>September 2006</b>



# Client Relationship Management

## India

### Focus and Outlook:

- The international financing requirements of Public sector entities in India is growing rapidly as India tries to meet the large funding needs of a rapidly developing economy.
- The Indian government has identified the poor state of infrastructure as the main constraint to economic growth and is working on mobilising internal as well as international expertise and capital to address the issue.
- DEPFA is working closely with numerous public sector entities and nodal agencies in meeting the above requirements by leveraging its global capital markets expertise.
- DEPFA's global experience within the PPP sector is also allowing it to work on numerous initiatives with local partners and the Central Government for capacity building within the field of social infrastructure.

**Total Exposure\*:** < EUR 1bn

**Number of Clients:** ~ 20

**Number of Offices:** 1

**Number of Staff:** 10






**Client Relationship Management Staff:** 6



\* Including undrawn commitments

# Client Relationship Management

## Transaction Highlights – Clients India

<b>INDIA</b>  Hindustan Petroleum Corp Limited JPY 17.5bn Loan Mandated Lead Arranger March 2007	<b>INDIA</b>  Rural Electrification Corp Limited JPY 23.5bn Loan Mandated Lead Arranger March 2007	<b>INDIA</b>  Export Import Bank of India JPY 26bn Samurai Bond Lender November 2006	<b>INDIA</b>  Export Import Bank of India JPY 11.6bn Loan Sole Arranger September 2006	<b>INDIA</b>  NTPC \$225m ADB CFS Loan Lead Manager August 2006
--	--	--	--	---

# Client Relationship Management

## Japan

### Focus and Outlook:

- Well established presence since 1997
- Huge potential for Infrastructure Financing
- Reform of central and local government system has created new business opportunities
- More deployment of private money in public sector finance through securitization of governmental loans, sales of fixed assets
- Renewals and integration of public infrastructure facilities by the central as well as local government

**Total Exposure\*:** ~EUR 10bn

**Number of Clients:** ~ 70

**Number of Offices:** 1

**Number of Staff:** 34





**Client Relationship Management Staff:** 4



\* Including undrawn commitments

# Client Relationship Management

## Transaction Highlights 2007 – Clients Japan

<p>JAPAN</p>  <p>Ministry of Finance Special Account for National Forest Service</p> <p>JPY 6.1 bn Loan</p> <p>Lender</p> <p>February 2007</p>	<p>JAPAN</p>  <p>Okayama Prefecture</p> <p>JPY 10 bn Loan</p> <p>Sole Lender</p> <p>March - April 2007</p>	<p>JAPAN</p>  <p>Kumamoto Prefecture</p> <p>JPY 10 bn Loan</p> <p>Sole Lender</p> <p>April 2007</p>	<p>JAPAN</p>  <p>HIROSHIMA Prefectural Government</p> <p>Hiroshima Prefecture</p> <p>JPY 15 bn Loan</p> <p>Sole Lender</p> <p>April 2007</p>	<p>JAPAN</p>  <p>Shimane Prefectural Government</p> <p>Shimane Prefecture</p> <p>JPY 20 bn Loan</p> <p>Sole Lender</p> <p>April 2007</p>
---	---	--	---	---

# Client Relationship Management

## Asia (Ex-Japan Ex-India)

### Focus and Outlook:

- New leadership for Asia since 2006
- DEPFA acted as lead investor for international benchmark bonds by the Korean sovereign, Korea public policy banks and the Indonesian sovereign
- Seek to extract value through the full spectrum of the transaction chain: origination, structuring, liability management, underwriting, distribution. Leverage buy-side strengths.
- Broaden franchise footprint: Australia, China, Hong Kong, Indonesia, Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, Vietnam

**Total Exposure\*:** ~EUR 3bn

**Number of Clients:** ~ 30

**Number of Offices:** 1

**Number of Staff:** 10

**Client Relationship Management Staff:** 7



\* Including undrawn commitments

# Client Relationship Management

## Transaction Highlights – Clients Asia (Ex-Japan Ex-India)

<p><b>VIETNAM</b></p>  <p>Socialist Republic of Vietnam</p> <p><b>\$750m Bond Issue</b></p> <p>Key Investor</p> <p>October 2005</p>	<p><b>KOREA</b></p>  <p>Export-Import Bank of Korea</p> <p><b>\$600m Bond Issue</b> <b>€325m Bond Issue</b></p> <p>Co-Lead Manager</p> <p>February 2006</p>	<p><b>KOREA</b></p>  <p>Korea Development Bank</p> <p><b>€500m FRN Issue</b></p> <p>Co-Lead Manager</p> <p>March 2006</p>	<p><b>KOREA</b></p>  <p>Export-Import Bank of Korea</p> <p><b>\$300m Bond Issue</b> <b>\$500m Bond Issue</b></p> <p>Co-Lead Manager</p> <p>October 2006</p>
<p><b>KOREA</b></p>  <p>Republic of Korea</p> <p><b>€375m Bond Issue</b> <b>\$500m Bond Issue</b></p> <p>Co-Lead Manager</p> <p>December 2006</p>	<p><b>INDONESIA</b></p>  <p>Republic of Indonesia</p> <p><b>\$1.5b Bond Issue</b></p> <p>Key Investor</p> <p>February 2007</p>	<p><b>KOREA</b></p>  <p>Export-Import Bank of Korea</p> <p><b>€750m Bond Issue</b></p> <p>Joint Lead Manager and Bookrunner</p> <p>February 2007</p>	<p><b>KOREA</b></p>  <p>Korea Development Bank</p> <p><b>€300m FRN Issue</b> <b>\$600m FRN Issue</b></p> <p>Joint Lead Manager</p> <p>March 2007</p>

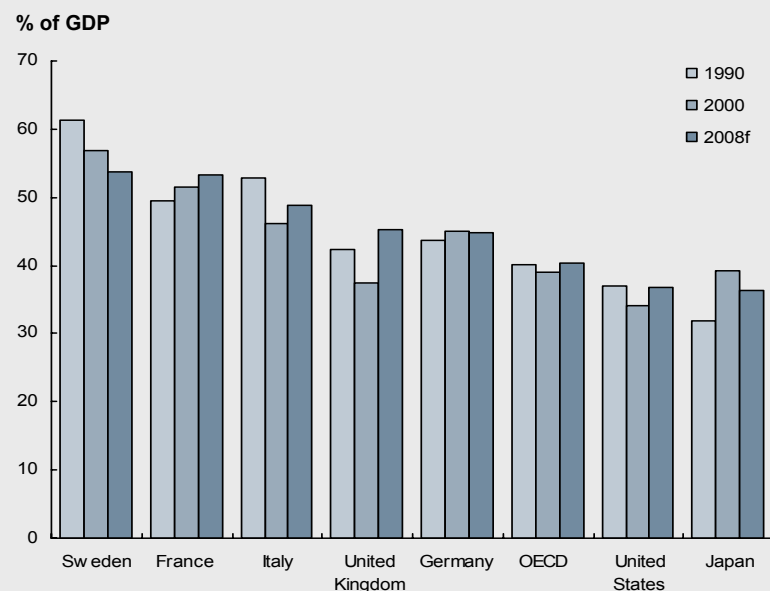
1. Introduction and Strategy
  2. Key Financials and Equity Story
  3. Our Business
    - 3.1 Budget Finance
    - 3.2 Infrastructure Finance
    - 3.3 Client Product Services
    - 3.4 Global Markets
  4. Our Client Network and Recent Deals
- Appendix I: The Public Sector**
- Appendix II: Financial Calendar and IR Contacts

# The Public Sector Is the Largest Actor in the Global Economy (1/3)

The major player in most countries' economies and the major issuer of debt

## 1 The Public Sector represents ~40 - 50% of GDP in most countries

Trends in Government Expenditure as % of GDP, (1990 – 2008)



Source: OECD, S&P 2007

## 2 The Public Sector Represents a total debt market of approx. US\$ 5,000bn in new issues p.a.

Total New Debt Issuance, \$bn

	2007f
<b>Global Total</b>	<b>4,827</b>
Sovereigns	3,946
Local & Regional Govt (LRG)	881
<b>United States</b>	<b>1,236</b>
Federal	836
State & Local	400
<b>Canada</b>	<b>65</b>
Federal	25
Provincial and Local	40
<b>Europe</b>	<b>1,325</b>
Sovereigns	1,125
LRGs	200
<b>Latin America and the Caribbean</b>	<b>433</b>
Sovereigns	430
LRGs	3
<b>Japan</b>	<b>1,423</b>
Sovereign	1,237
LRGs	187
<b>Other Asia Pacific</b>	<b>281</b>
Sovereigns	230
LRGs	52
<b>Middle East &amp; Africa</b>	<b>64</b>



# The Public Sector Is the Largest Actor in the Global Economy (2/3)

Infrastructure financing and pension fund management are megatrends

## 3 US\$1.8 Trillion Expected Annual Investment Needs (2000-2030); accumulates to over US\$ 50 Trillion

Selected global annual investment needs (US \$ bn, 2000 – 2030)

	2000 – 2010	2010 – 2020	2020 – 2030	Annual Average
Road	220	245	292	<b>252</b>
Rail	49	54	58	<b>54</b>
Telecoms	654	646	171	<b>490</b>
Electricity	127	180	241	<b>183</b>
Water	576	772	1037	<b>795</b>
<b>Total</b>	<b>1,626</b>	<b>1,897</b>	<b>1,799</b>	<b>1,774</b>

## 4 Most pension funds are Public Sector (19 out of 20) and will face challenges from aging populations

Top 20 Pension Funds Ranked by Total Assets US \$mn, end 2004

Rank	Fund	Country	Total Assets
1	Government Pension Investment	Japan	\$870,587
2	Government Pension	Norway	\$235,849
3	ABP	Netherlands	\$226,974
4	National pension	Korea	\$214,184
5	California Public Employees	U.S.	\$195,978
6	Pension Fund Association	Japan	\$183,352
7	Federal Retirement Thrift	U.S.	\$167,165
8	Local Government Officials	Japan	\$137,153
9	California State Teachers	U.S.	\$133,988
10	New York State Common	U.S.	\$131,861
11	Government Employees	South Africa	\$124,167
12	Postal Savings	Taiwan	\$117,265
13	Florida State Board	U.S.	\$114,935
14	General Motors	U.S.	\$114,271
15	New York City Retirement	U.S.	\$105,860
16	Ontario teachers	Canada	\$99,490
17	Texas teachers	U.S.	\$94,384
18	New York State Teachers	U.S.	\$87,353
19	Public Schools Employees	Japan	\$85,224
20	PGGM	Netherlands	\$84,986

Source: OECD, UK Office of National Statistics

# The Public Sector Is the Largest Actor in the Global Economy (3/3)

Real estate held by the public sector will be put to work better than ever before in coming years

## 5 The Public Sector often is the largest owner of Real Estate

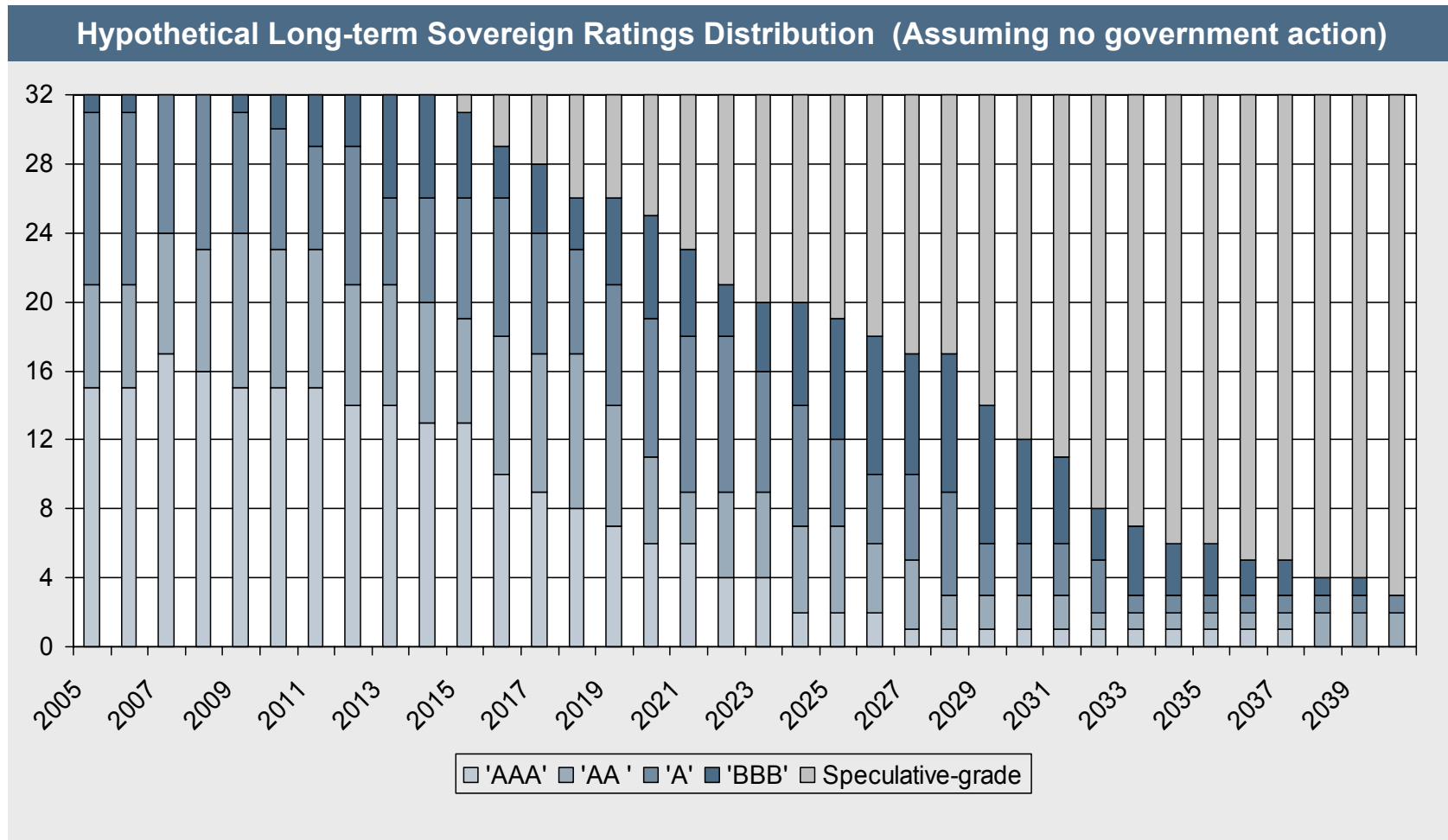
Example: Value of Property Assets Held By the UK Public Sector, £bn (2005)

	Residential	Commercial, Industrial & Other	Total
General Government	3.6	188.7	192.3
<i>Central Government</i>	3.6	76.2	79.8
<i>Local Government</i>		112.5	112.5
Public Non-Financial Corp	122.4	26.5	148.9
<b>Total Public Sector</b>	<b>126</b>	<b>215.2</b>	<b>341.2</b>
<b>Total National Figure</b>	<b>3,574.6</b>	<b>625.9</b>	<b>4,200.5</b>
<b>Public Sector/National</b>	<b>&lt;1%</b>	<b>34%</b>	<b>8%</b>

Source: Watson & Wyatt

# The Public Sector Faces Significant Financing Challenges . . .

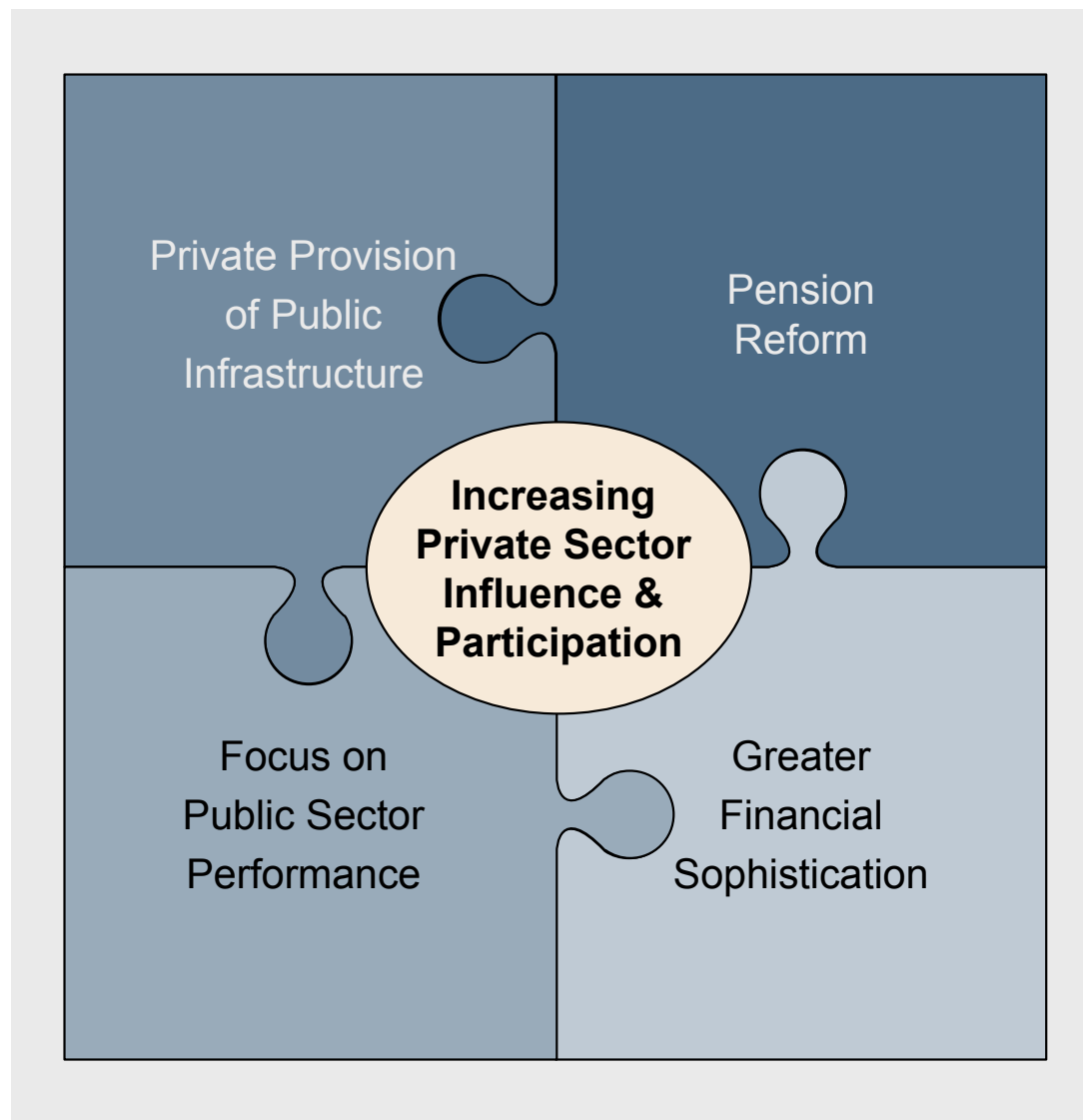
Numerous factors such as demographics or sustained government deficits play a role



Source: S&P 2006

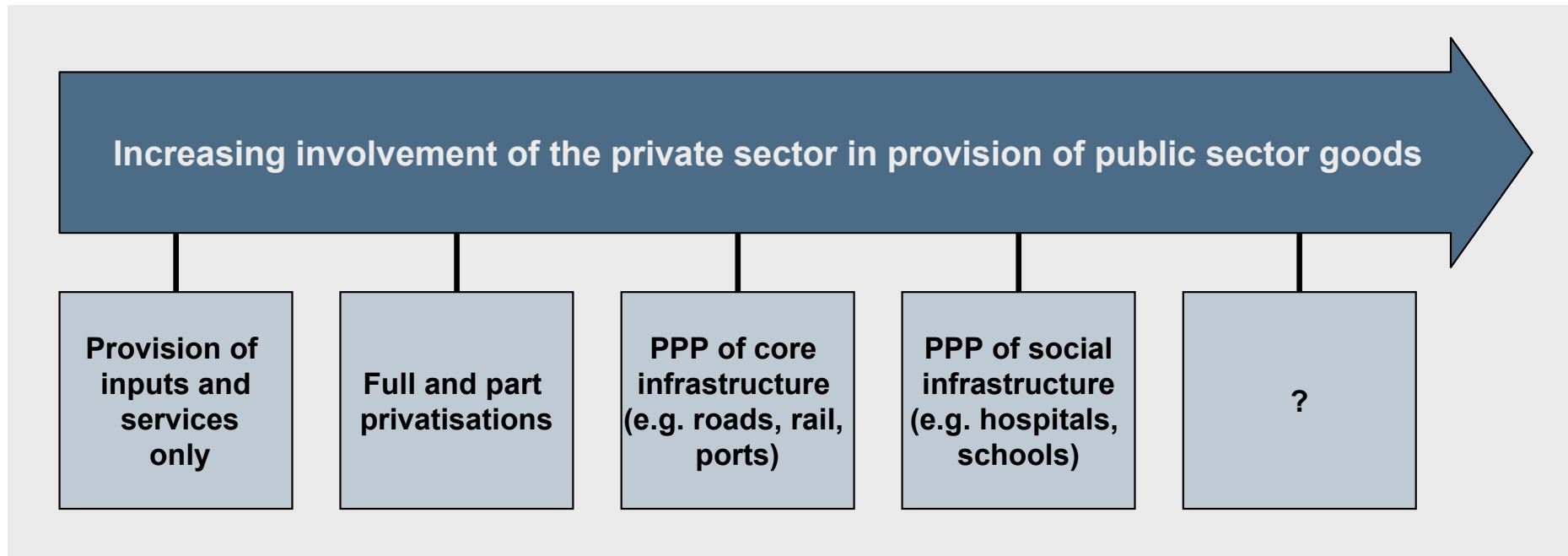
# . . . But Will Respond in Time: Major Reforms are being/will be implemented

We live in a dynamic, not static world – also in the public sector!



# Our Prediction: Private (Co-)Provision of Public Goods Will Become Key

The breadth and depth of private co-operation with the public sector has by far not reached its full potential yet



1. Introduction and Strategy
  2. Key Financials and Equity Story
  3. Our Business
    - 3.1 Budget Finance
    - 3.2 Infrastructure Finance
    - 3.3 Client Product Services
    - 3.4 Global Markets
  4. Our Client Network and Recent Deals
- Appendix I: The Public Sector
- Appendix II: Financial Calendar and IR Contacts**

12 February	Publication of preliminary Financial Figures
20 April	Annual General Meeting of DEPFA BANK plc, Dublin
02 May	Publication of 1st Quarter Results
10 + 11 May	Capital Markets Day, Dublin
16 May	Capital Markets Day, New York
<b>31 July</b>	<b>Publication of 2nd Quarter Results</b>
29 October	Publication of 3rd Quarter Results

## **Eric Schuh, CFA**

105 Wigmore Street  
London W1U 1QY  
Tel: +44 20 7290 8307  
Fax: +44 20 7290 8309

## **Marc Towner**

1, Commons Street  
Dublin 1, Ireland  
Tel: +353 1 792 2084  
Fax: +353 1 792 2211

## **Martina Ort**

Neue Mainzer Straße 75  
60311 Frankfurt am Main  
Tel: +49 69 92882 273  
Fax: +49 69 92882 107

## **Rebecca McKenzie**

105 Wigmore Street  
London W1U 1QY  
Tel: +44 20 7290 8404  
Fax: +44 20 7290 8408