



DEPFA BANK plc

German Investment Seminar
New York, 10th January 2007

 **DEPFA BANK**

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

Agenda

- **DEPFA Overview**
- **The Public Sector**
- **Strategy**
- **Appendix**

Mission Statement

DEPFA BANK is the only pure Public Sector Bank worldwide

Within the Public Sector, DEPFA BANK aims to cover all financial requirements of clients across all spectra

DEPFA at a Glance

International Set-Up

Irish bank with German roots
Incorporated and headquartered in Dublin
Listed on the Frankfurt Stock Exchange
Operates in 18 locations throughout Europe, America and Asia
36 nationalities
Anglo-American Corporate governance

Successful Track Record

Showing an impressive track record since the spin-off of the property business, which established the platform for future growth

Focus on Client-driven Earnings and Infrastructure

Focusing on delivering client solutions. Strong Budget Finance business with recurring Net Interest Income as “anchor segment”. Exploiting business opportunities in fast growing Infrastructure Financing

Higher Dividend

Strong capital growth has provided scope for higher dividend

Committed to Business Principles

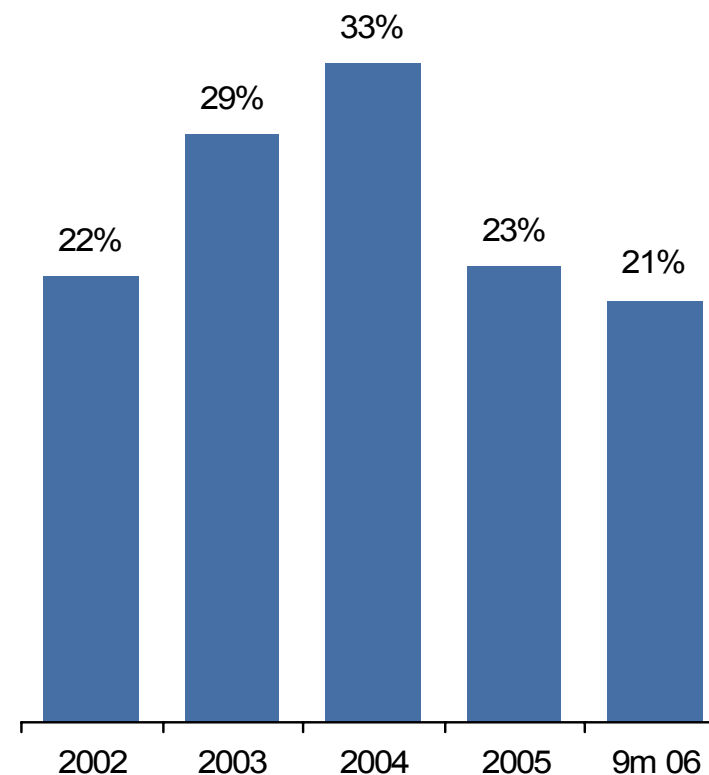
Business Principles to guide daily business

Track Record of Profitable Growth

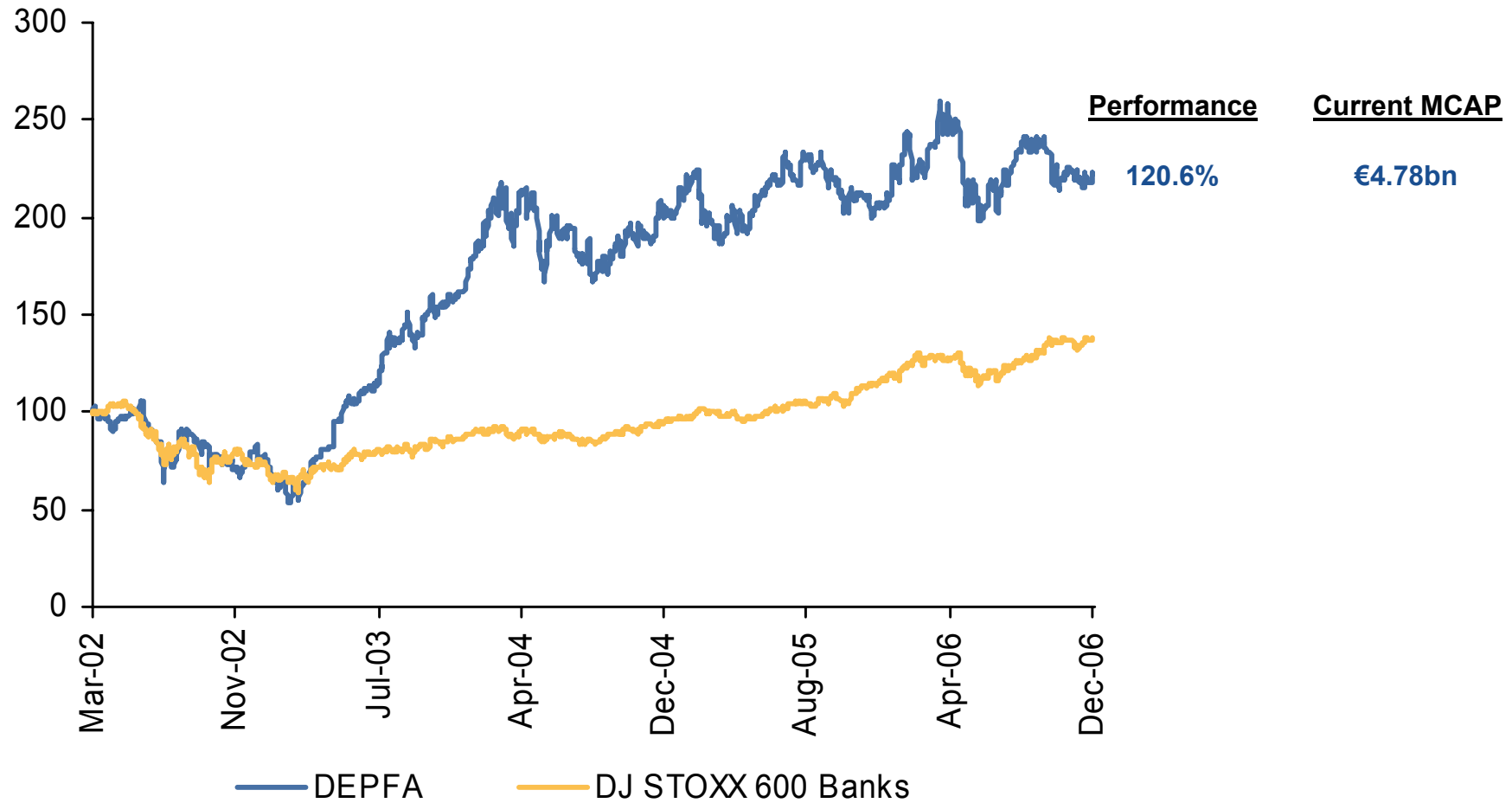
Compounded Annual Growth 2002 - 2005

Total Assets	16%
Net Interest Income	12%
Non Interest Income	53%
Profit (after tax)	26%
Shareholder Equity	27%

RoE (after tax) 2002 – 3Q 2006



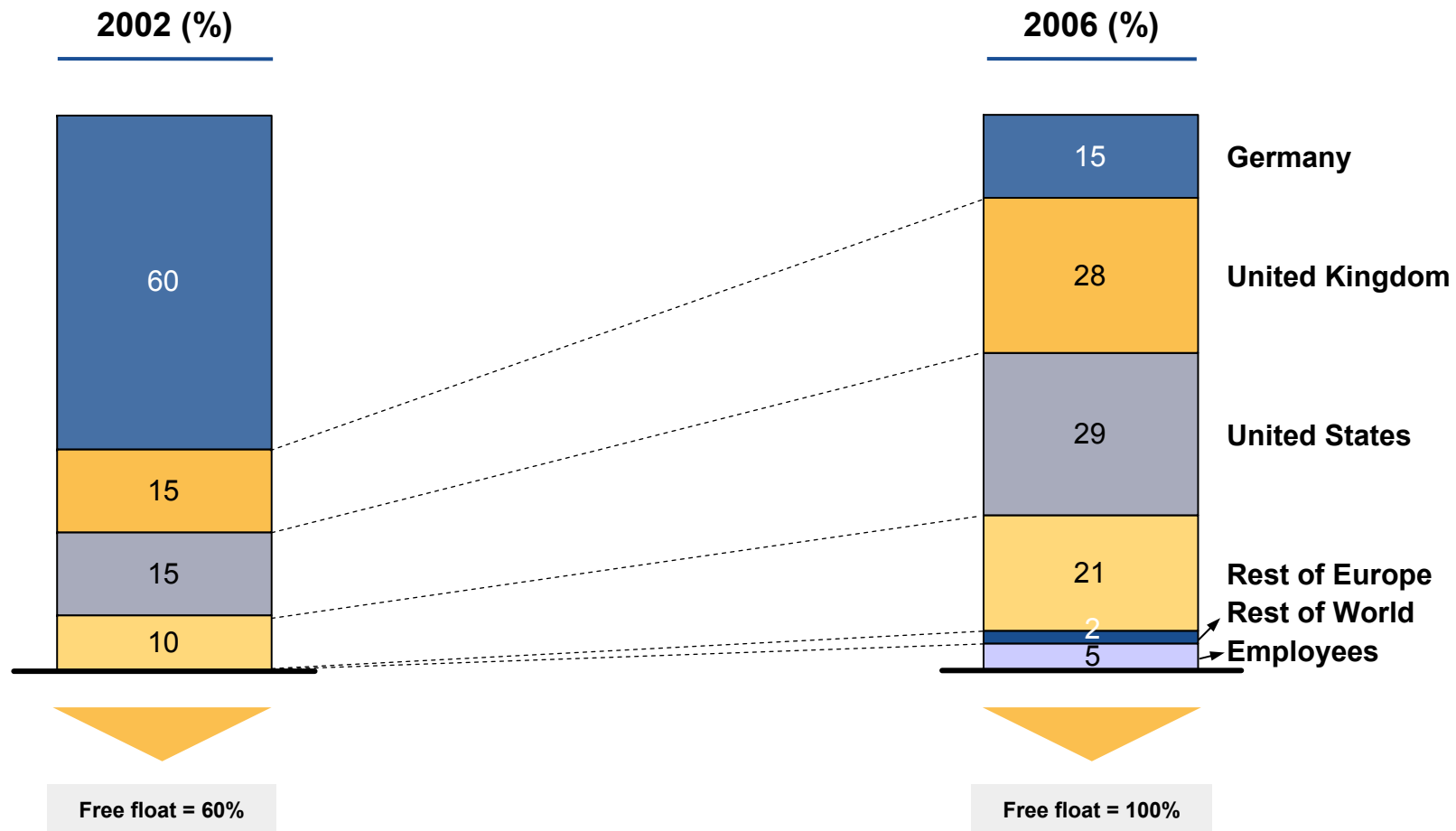
Longstanding Out-Performance of Share Price



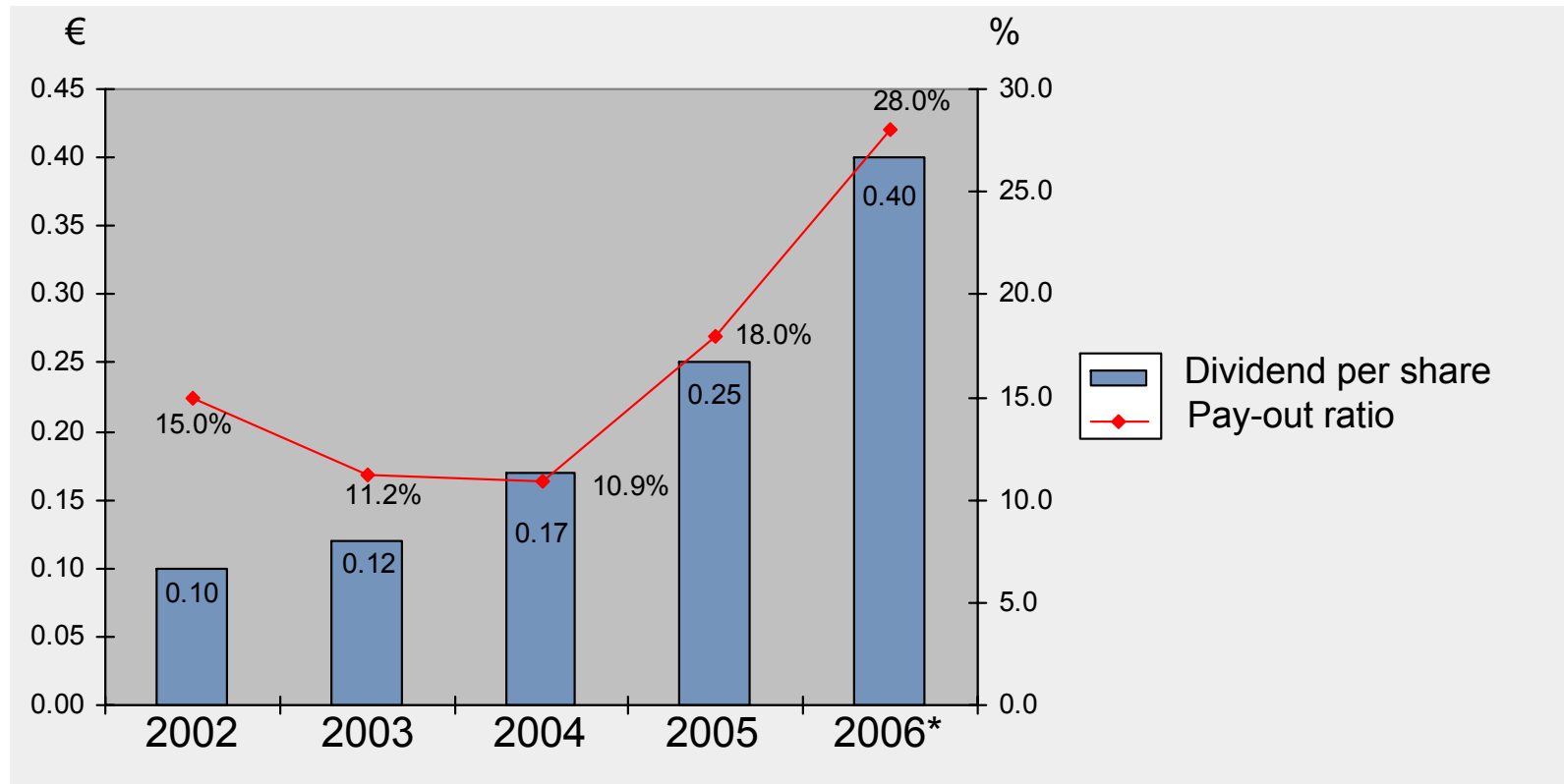
Source: Bloomberg, 29 December 2006

DEPFA Share Enjoys a Broad Following

DEPFA's Shareholder Base



Planned Increase in Dividend and Pay Out Ratio



* Sep YTD annualised

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Three major global trends in the public sector

1 Budget constraints

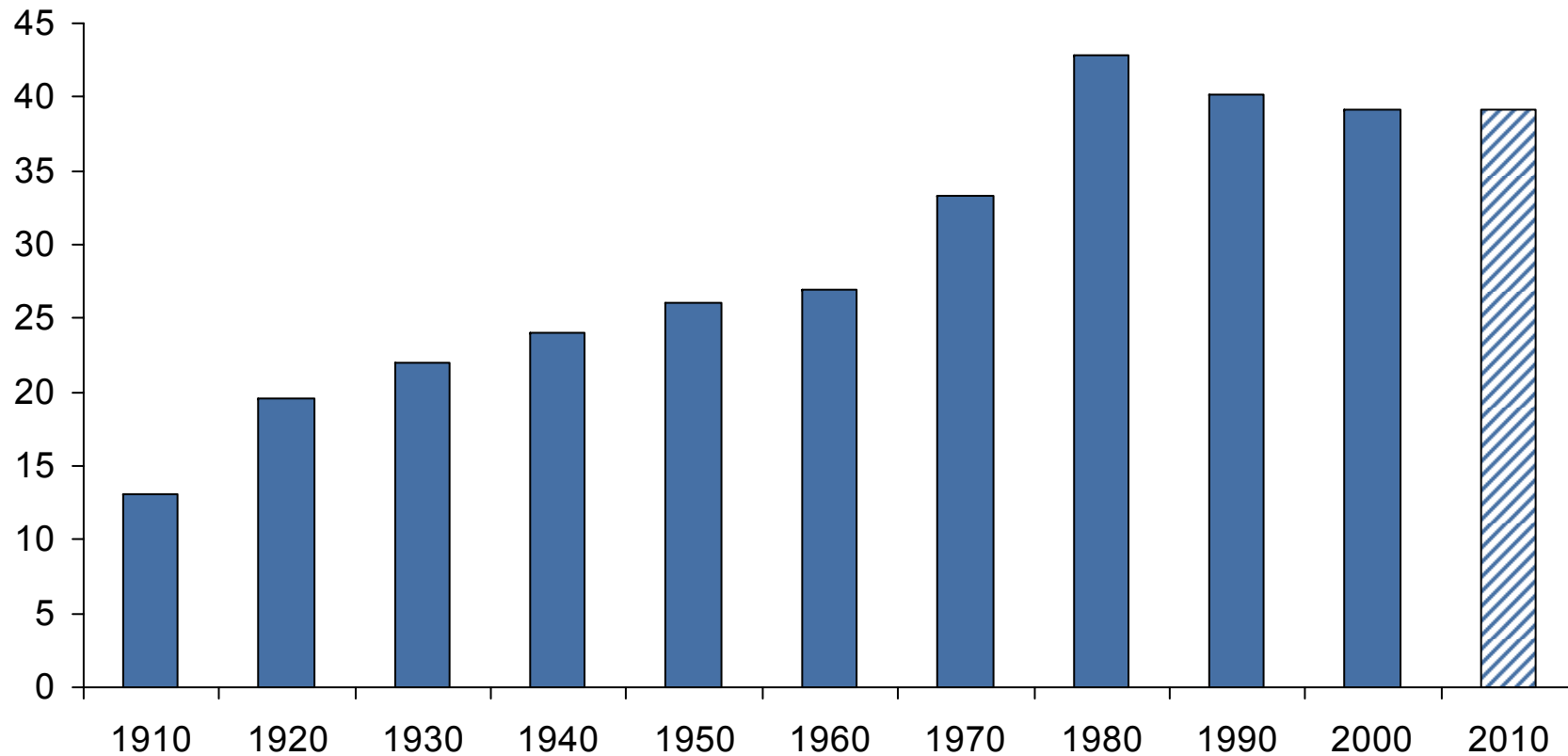
2 Need for Efficiency Gains

3 Demand for Private Sector Involvement

1. Budget Constraints

Historical Evolution of Government Expenditure

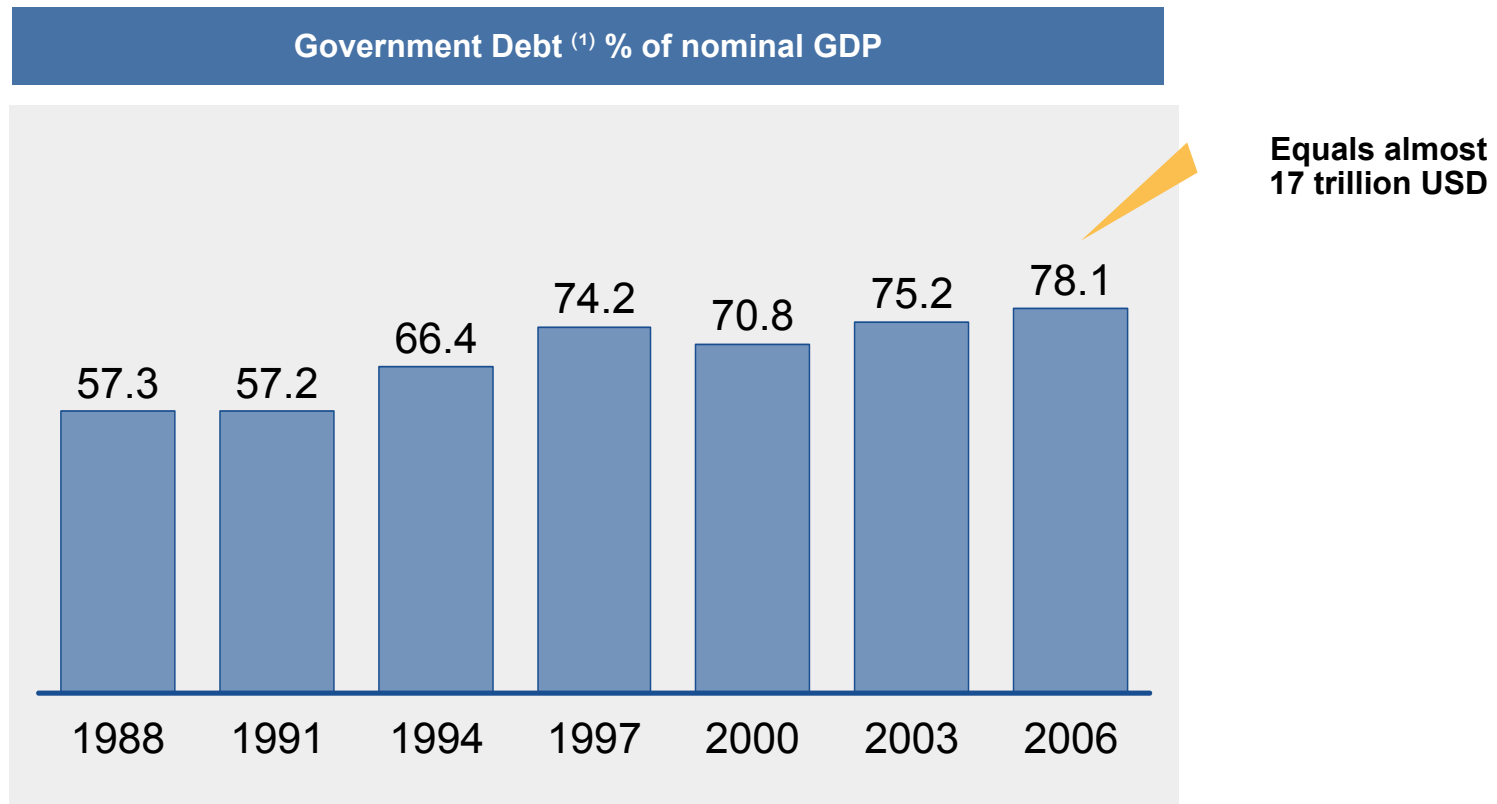
Government Expenditure as % GDP
(OECD Countries)



Source: OCED, Tanzi and Schuknecht (2000)

1. Budget Constraints

Historical Evolution of Government Debt

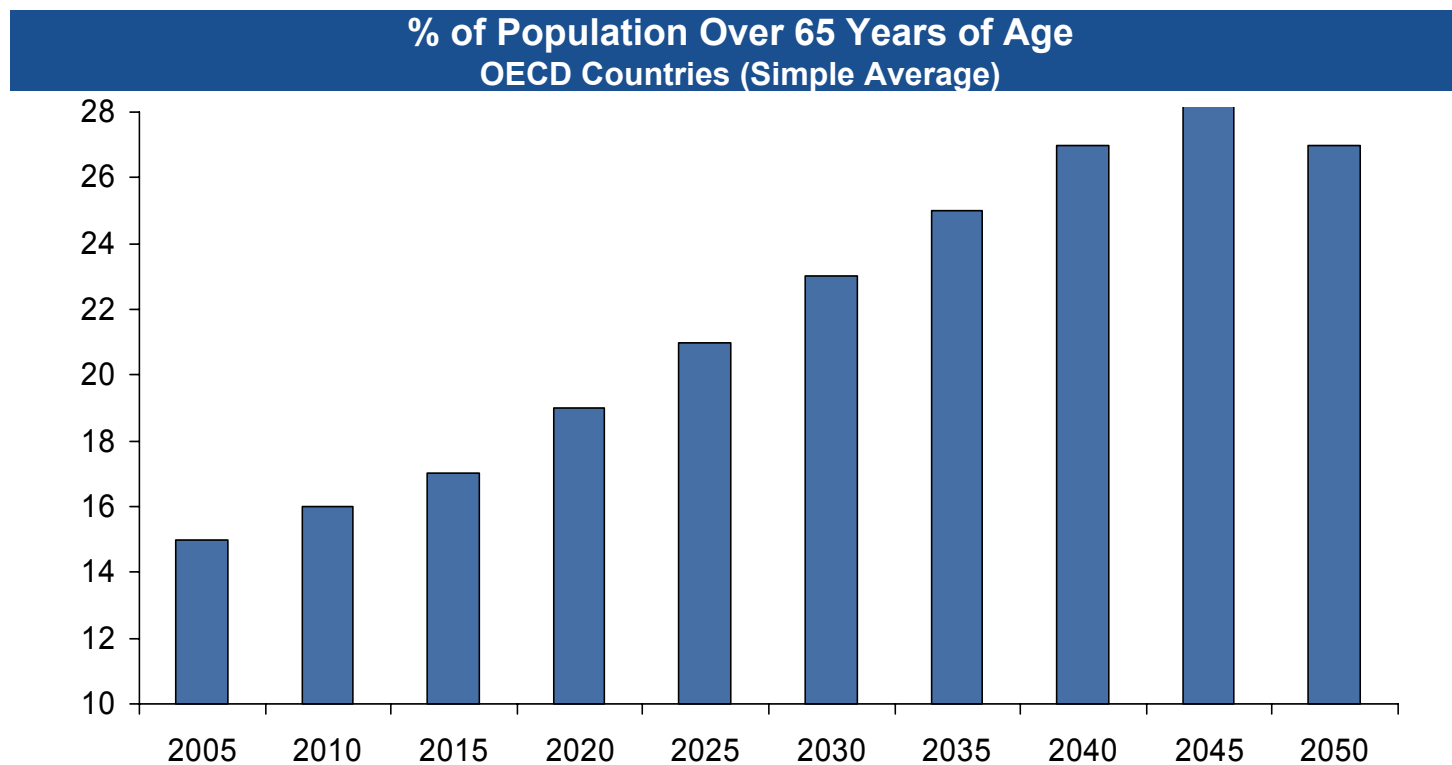


(1) General Government Gross Financial Liabilities (OECD Countries)

1. Budget Constraints

Forecast of Population Over 65

- Fiscal sustainability has spread to advanced countries, due to the prospect of a rapidly ageing population over the next 50 years as well as lower trend growth rates from which to pull from
- With less of the proportion population of working age, the old age dependency ratio would increase significantly, putting a huge strain on resources.

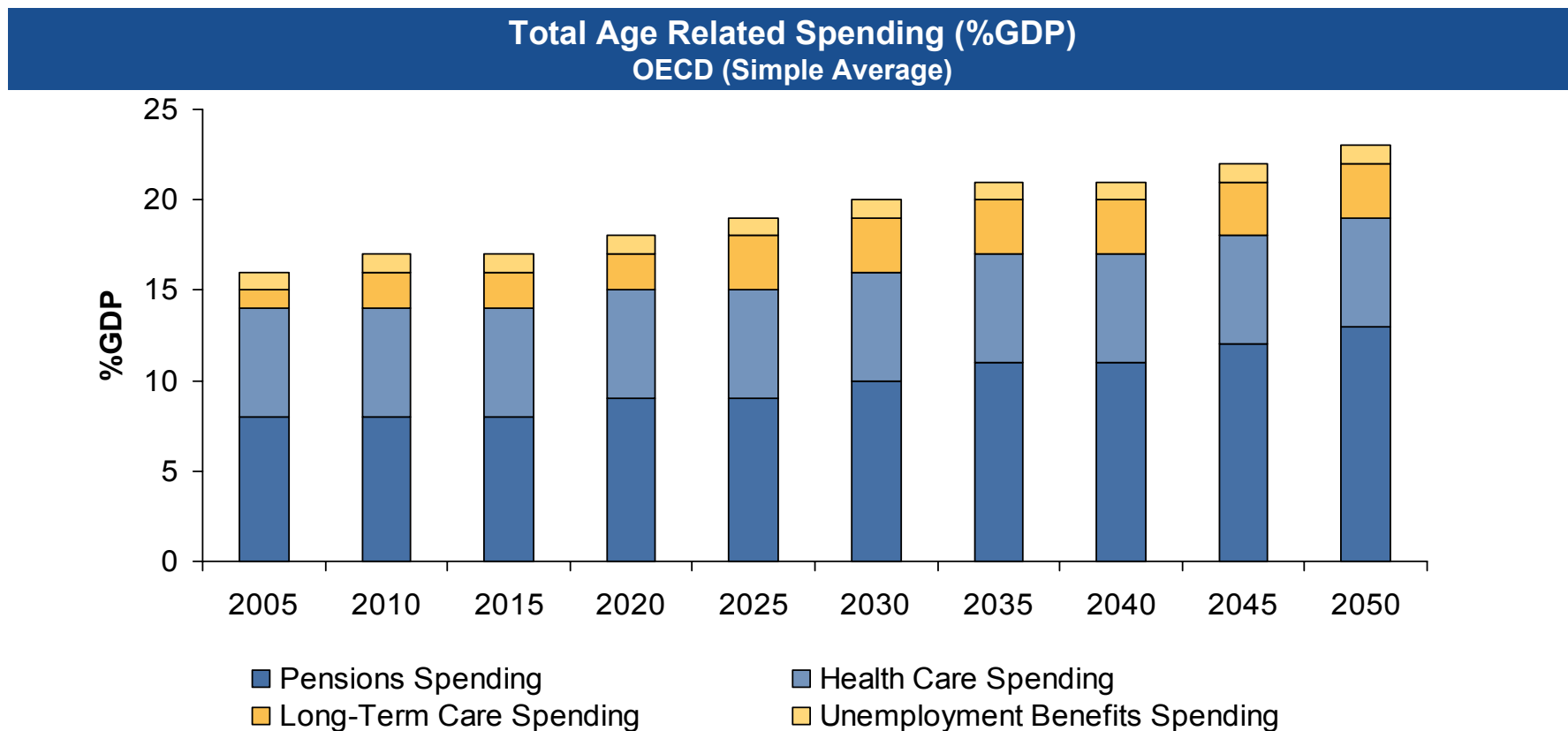


Source: OECD, IMF, Standard and Poor's, European Commission

1. Budget Constraints

Forecast Age Related Spending

- Analysis of the likely path of age related spending for 32 developed countries
- After 2015 age-related spending starts to accelerate, leading to higher deficits and interest payments. By 2030, government spending will account for 50% of GDP, climbing to 56% in 2050

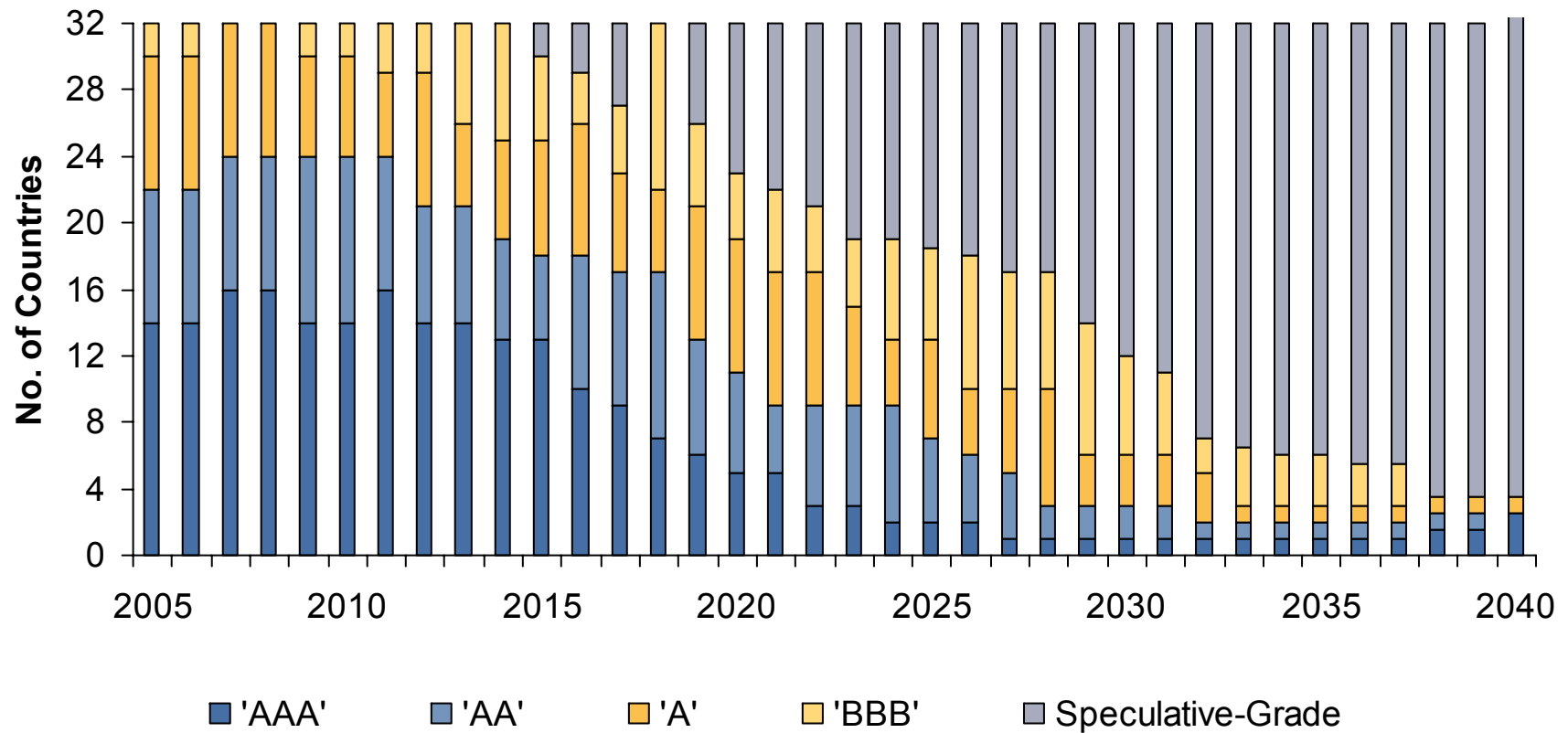


Source: OECD, IMF, Standard and Poor's, European Commission

1. Budget Constraints

Forecast of Sovereign Ratings

Hypothetical Long-Term Sovereigns Ratings Distribution
(with no Government Action)



Source: Standard & Poor's(2006)

2. Need for Efficiency Gains

Governments strive to make their economies more flexible and better at absorbing shocks

"Public Sector activities will balloon, making productivity gains essential. The unprecedented ageing of populations 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

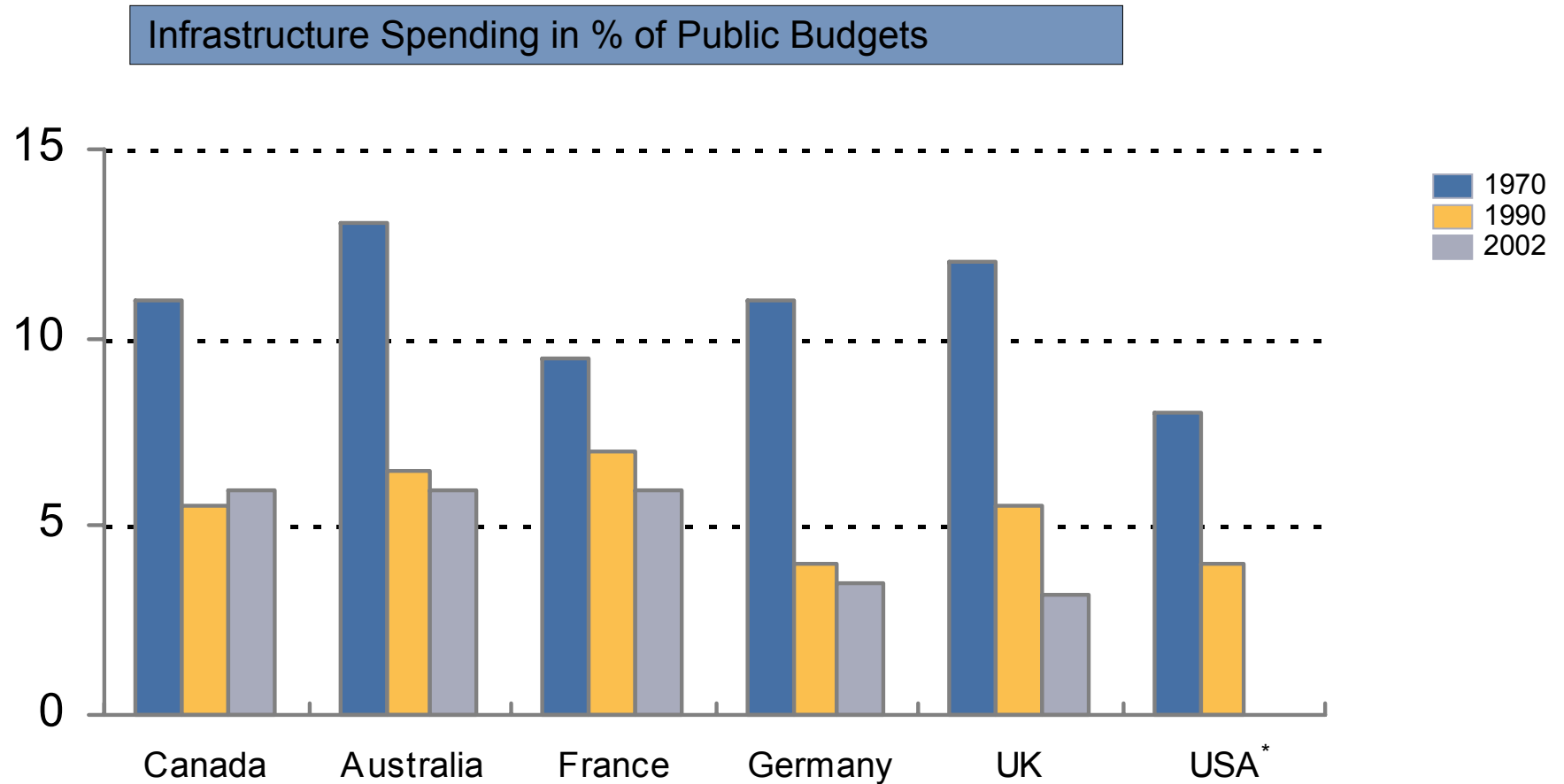
3. Demand for Private Sector Involvement

The Changing role of the Public Sector from Provider to Regulator

- Public Sector objectives remain the same but its role in achieving these objectives has changed
- The public sector's role has changed from the direct financing of such activities to ensuring and regulating their delivery through privatisation, regulation, and partial finance in conjunction with the private sector.
- Partnerships between public and private sectors (PPPs) implying some sharing of cost, risk and benefits between public and private participants, are really at the fore front of the evolution of the role of the public sector
- For the government, private financing can support increased infrastructure investment without immediately adding to government borrowing and debt, and can be a source of government revenue.
- Developing countries will require even higher investments to reach Western standards

3. Demand for Private Sector Involvement

Infrastructure Spending



*2002 data not available

Agenda

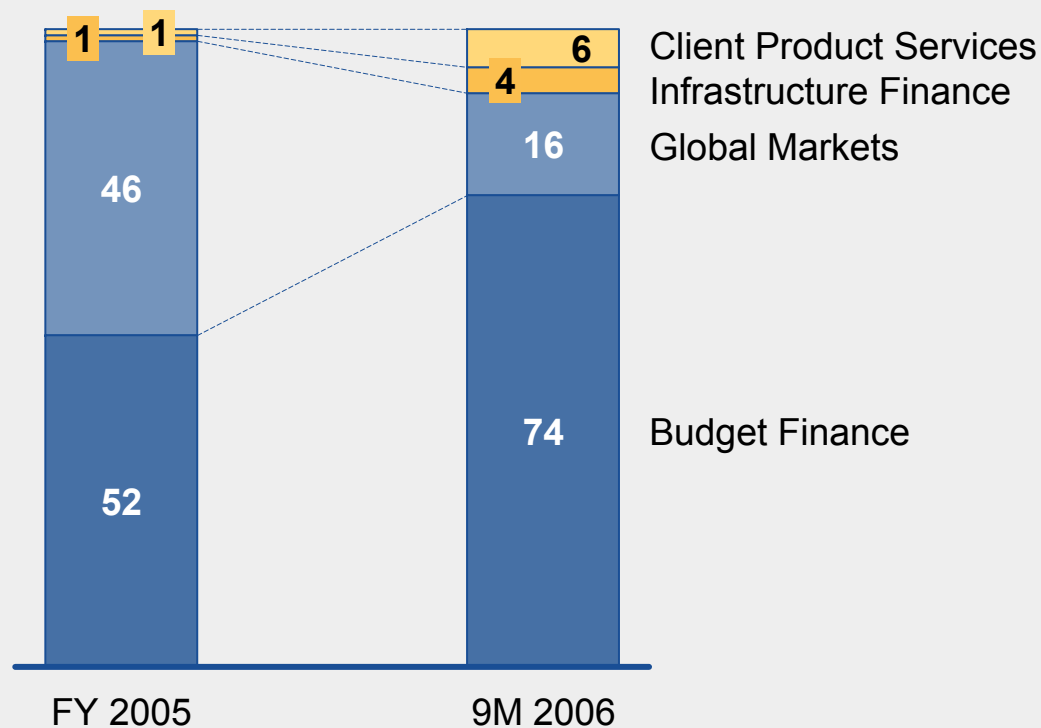
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DEPFA is Optimally Positioned to Capture the Increasingly Complex Needs of the Public Sector

	Business Segment	Characteristics
Public Sector Client Facing Segments	Budget Finance	<ul style="list-style-type: none"> ▪ Leading global provider of Public Finance lending and distribution capabilities ▪ Excellent funding platform with established track-record
	Infrastructure Finance	<ul style="list-style-type: none"> ▪ Provide off-budget financing products for the benefit of the Public Sector ▪ Superior quality infrastructure loan portfolio that enjoys attractive balance between risk and reward
	Client Product Services	<ul style="list-style-type: none"> ▪ Encompass tailored products and structured transactions that provide value-added service for Public Sector client ▪ Focus on Pension Advisory, Securitisation and Derivatives
Public Sector Proprietary Segment	Global Markets	<ul style="list-style-type: none"> ▪ Trading platform ▪ Client based activities

DEPFA's Client Facing Segments Continue to Gain Importance

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

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

Growth in Core Budget Finance with Focus on Client-driven Business

Core assets

- Assets generated in primary origination direct via Client Relationship Management (CRM) and the banking community
- Funding – continuous efforts to render short term instruments and covered bonds attractive to new investors including Central Banks ensure a virtuous circle of strong liquidity and demand
- Locked in margins with borrowers of high quality – average rating AA2

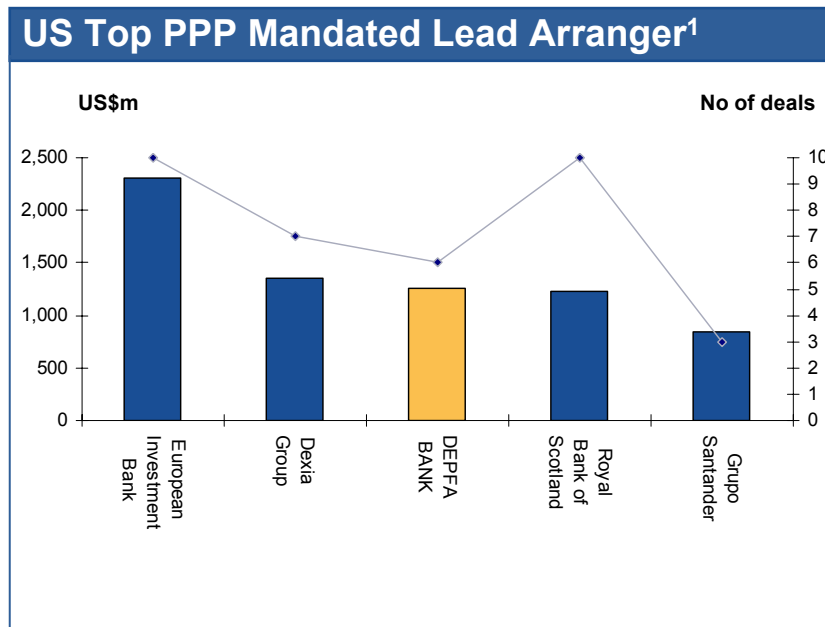
Margin on new asset purchases: 15bp over LIBOR

Total asset/liability margin on portfolio: 20bp

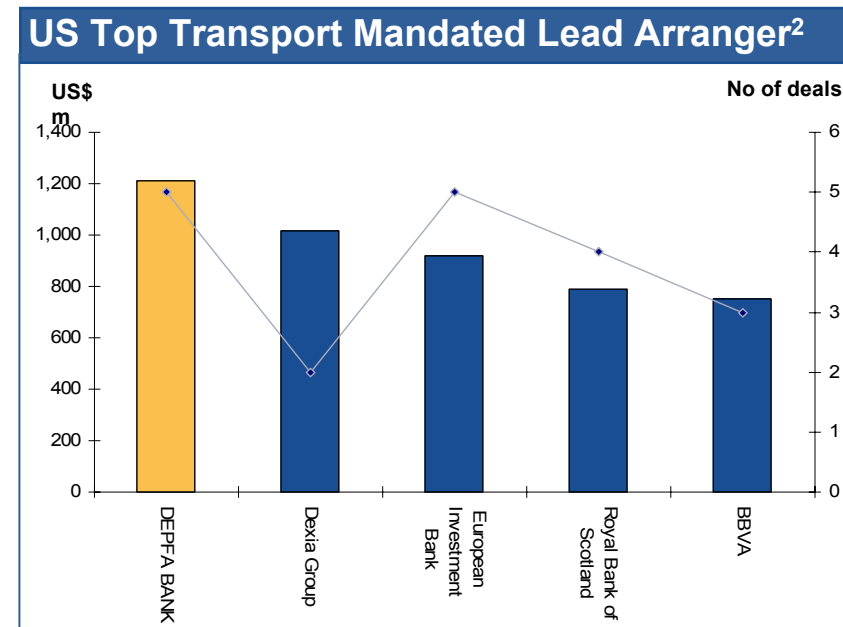
9m 2006 vs. 9m 2005
Financing Volume: +10% to €193bn
Net interest Income and fees from liquidity facilities +22% to €281m

Infrastructure Finance Among the Global Leaders

- Loan commitments of **€ 6.5 billion** (off-budget financing) to over 140 different PPP and infrastructure projects.
- More than **€ 20 billion** on-budget financing of infrastructure projects
- Involvement in over **€ 40 billion** of financing for new infrastructure
- Mainly Europe, Japan and North America (deals concluded in 24 countries: currently pursuing business in 14 others)
- Focus on public infrastructure: transportation, water, public “accommodation” facilities (e.g. schools, hospitals, prisons, government offices etc)



¹ Source: *Infrastructure Journal*



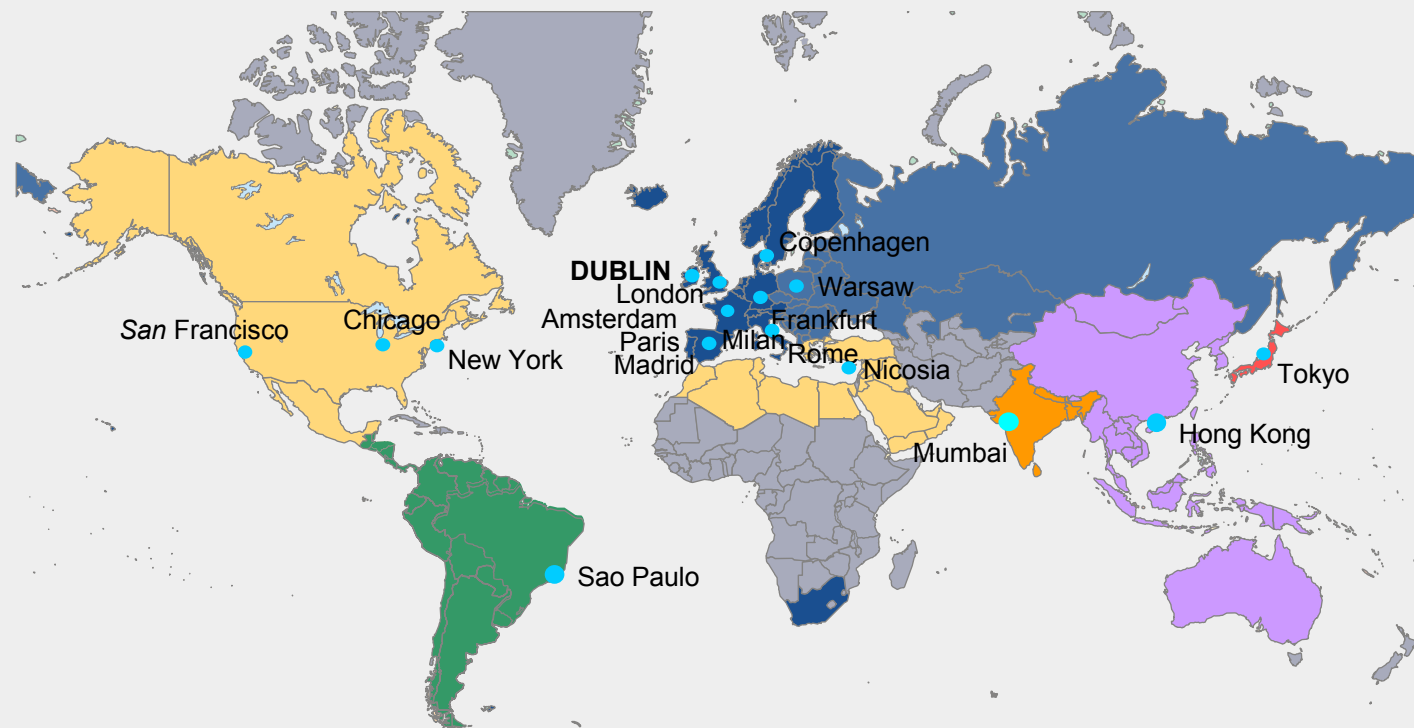
² Source: *Project Finance International*

Clients' needs are covered through a global sales organisation

8 regions covered through 18 offices (4 planned)

54 resources globally, of which 20 senior marketers

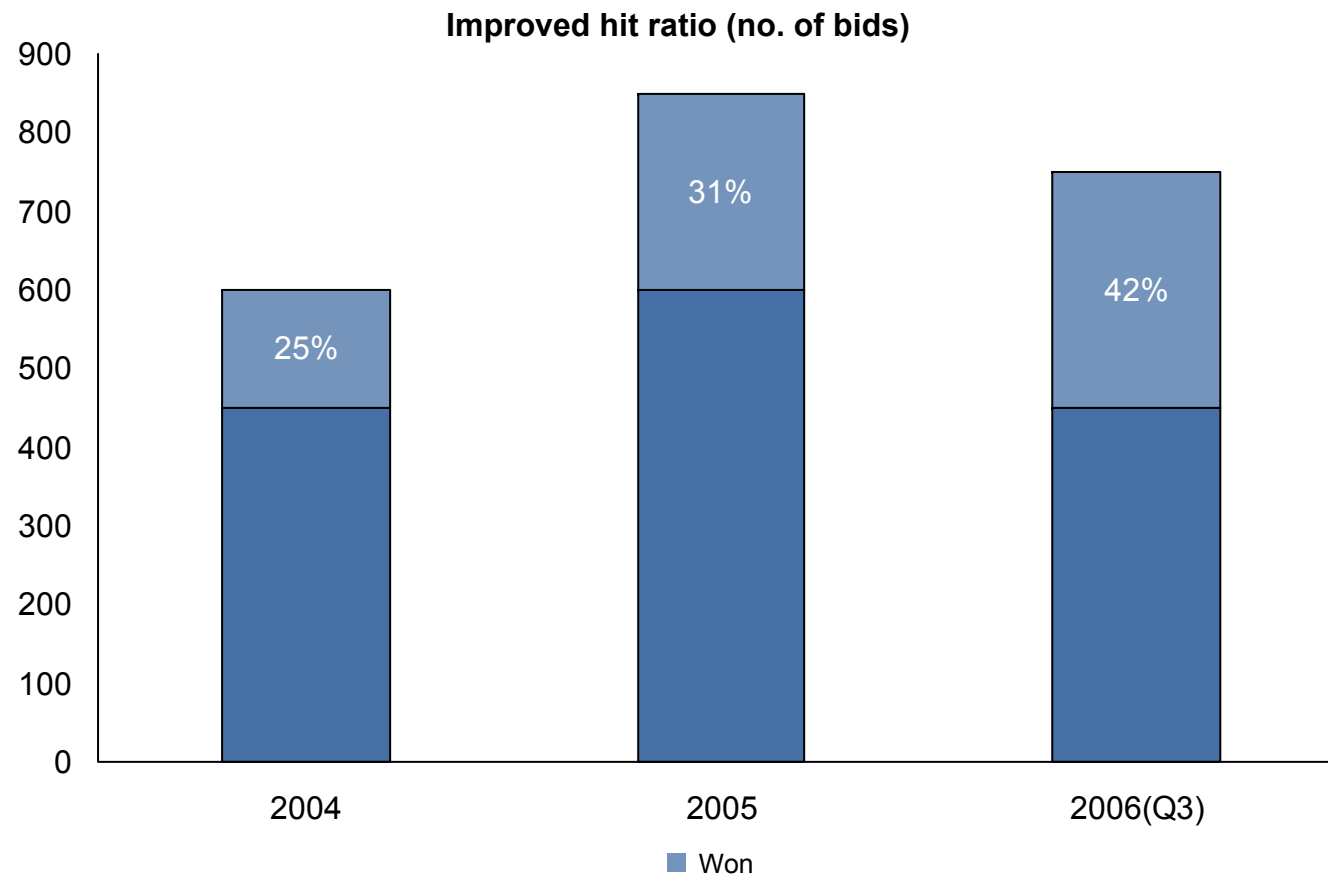
8 Regional Coordinators are responsible for the delivery and execution of regional strategies



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

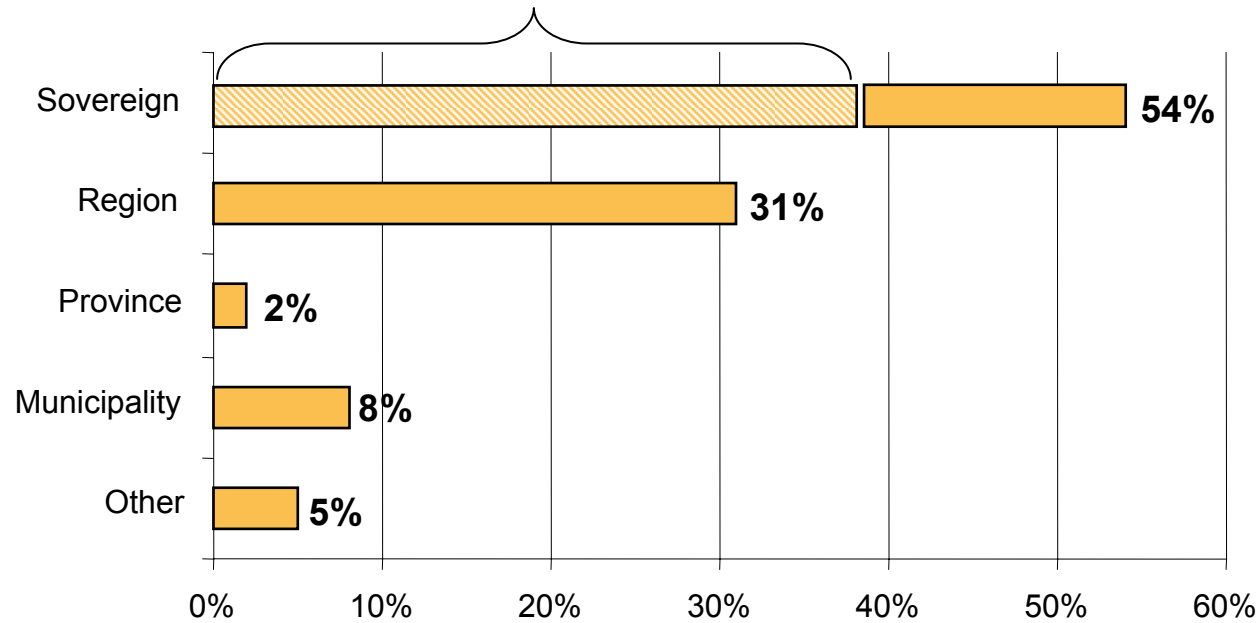
Improved Cross-selling from Client Focus

- Development of a Client-driven Strategy throughout the company
- Matrix organization combining a local client approach with the product expertise of the bank
- Focus on mature markets with controlled expansion into other areas



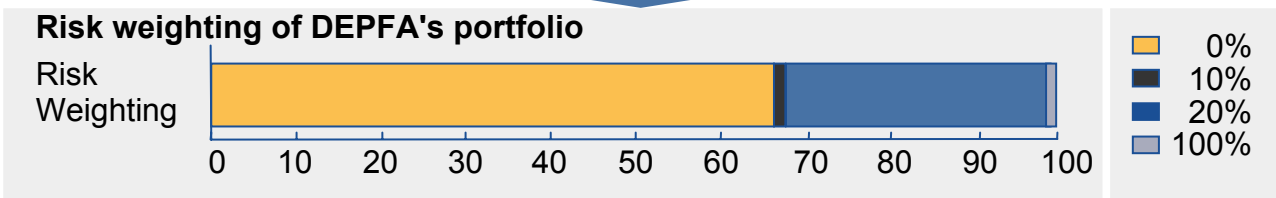
Strong Focus on Zero % Weighted Risk

= approx. 2% market share of Eurozone long-term central government financing

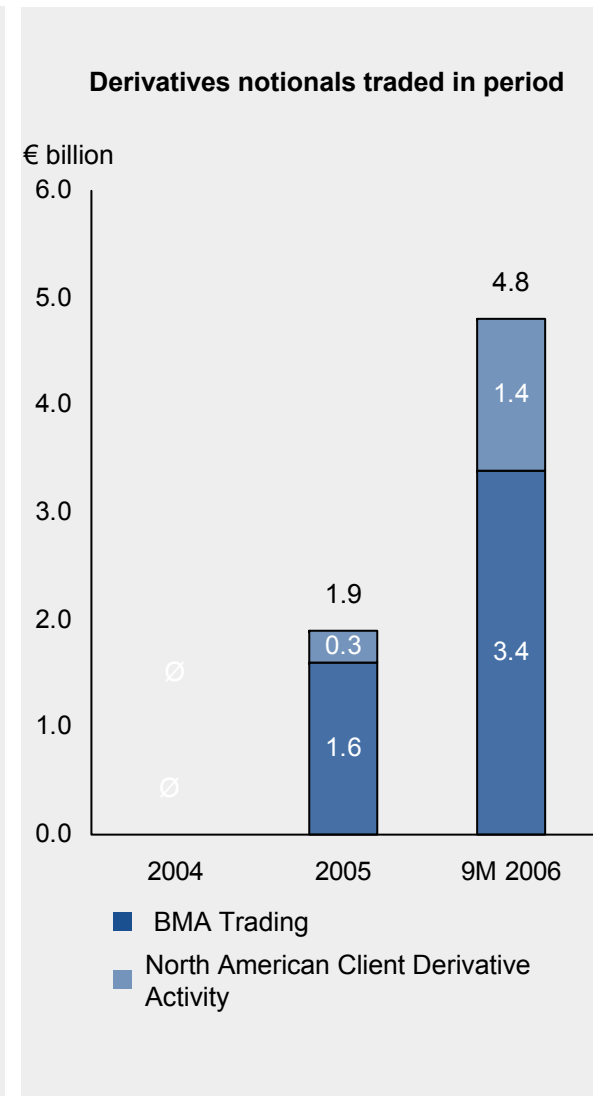
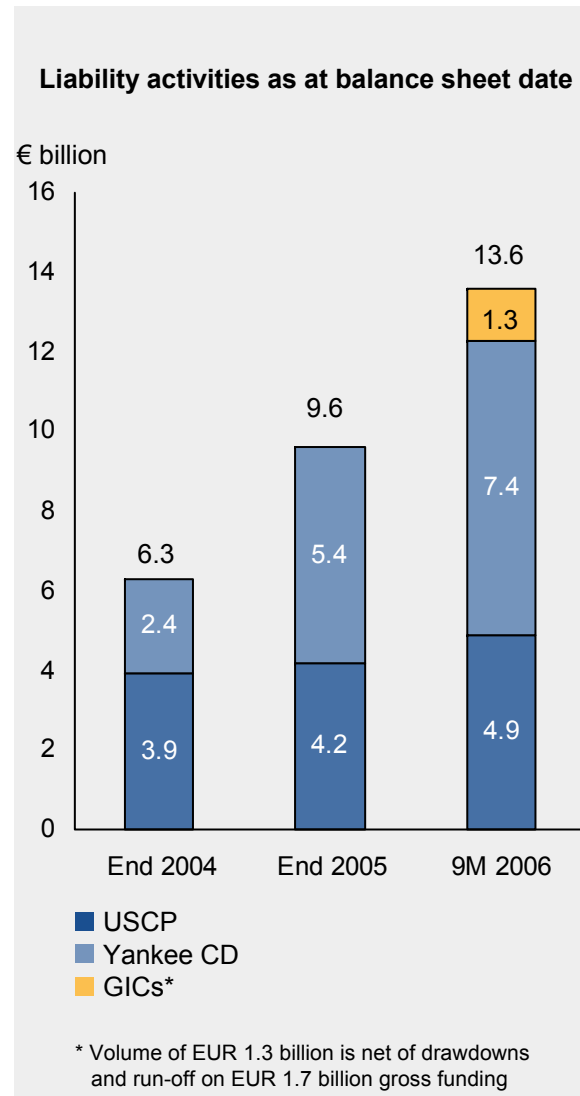
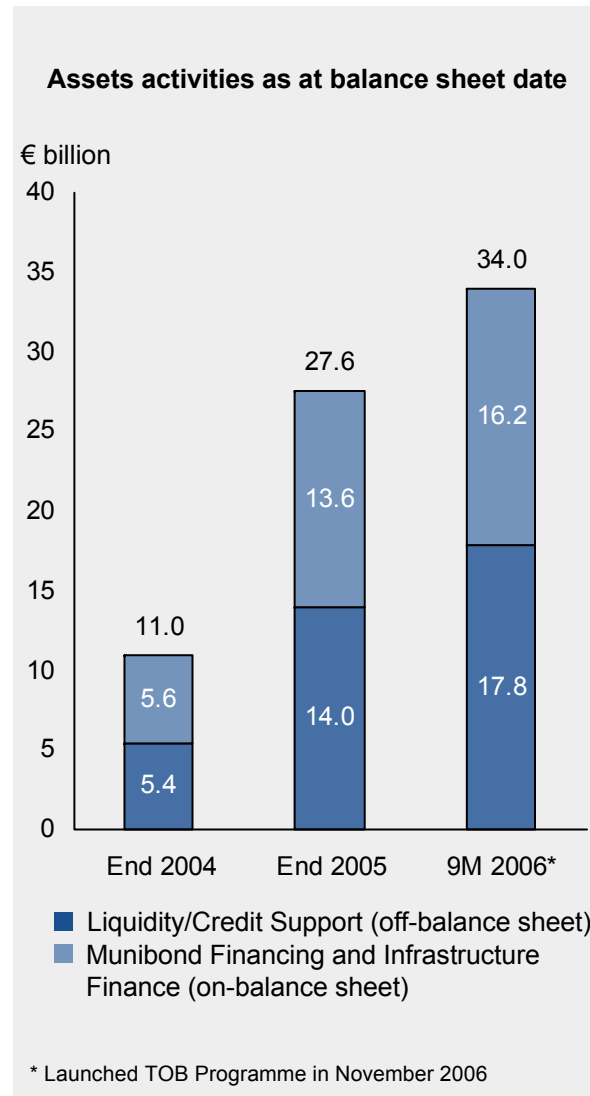


Total on balance sheet financing
Per end Sep 2006
100% = EUR 195.6 bn

Resulting in 67% of DEPFA's public sector portfolio being 0% risk weighted



Successful Build-up of North American Business



Committed to Business Principles

Clients

DEPFA BANK is a leading provider of financial services to the Public Sector worldwide. With this comes a unique responsibility towards the respective communities within which we operate. **Our success depends on putting our clients' interests first**

Shareholders

We have provided superior returns to our shareholders in the past and we remain committed to continuing to do so. Excellent profitability can only be derived from the best people, the right strategy and a strong focus on our clients' needs. We believe in aligning our employees' interests with those of our shareholders through our share compensation programme

People

Our people are the key to our success. Employees must reflect the integrity, honesty and reputation of our franchise and the diversity of the communities and cultures we serve. **Given the wholesale nature of our business we strongly believe in flat hierarchies, entrepreneurial spirit and teamwork.** All segments and all teams work closely together towards our common goals

Responsibility

We are committed to support long-term economic growth and social responsibility. Therefore **we promote various social projects** in the interests of some of the most disadvantaged people in the world. We encourage our people to join in with these efforts. **We follow a strict policy of neutrality in political matters.** However, we try to avoid regions exposed to military conflicts and refrain from financing military projects in general

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Selected Credentials

Transaction Highlights: 2006

<p>ITALY</p>  <p>A.N.A.S. spa €300m Term Loan Arranger</p> <p>January 2006</p>	<p>SPAIN</p>  <p>Region of Castilla La Mancha €200m Eurobond Joint Bookrunner</p> <p>January 2006</p>	<p>SPAIN</p>  <p>Region of Castilla La Mancha €100m 30Y Maturity Spanish Inflation Swap February 2006</p>	<p>POLAND</p>  <p>Republic of Poland €3.0bn Eurobond Co-Lead Manager</p> <p>January 2006</p>	<p>KOREA</p>  <p>Export-Import Bank of Korea USD 500m Bond Issue EUR325m Bond Issue Co-Lead Arranger</p> <p>February 2006</p>
Loan	Bond	Inflation Swap	Bond	Bond
<p>HUNGARY</p>  <p>Hungarian Development Bank €500m Eurobond Sen. Co-Lead Manager</p> <p>March 2006</p>	<p>USA</p>  <p>North Texas Higher Education Authority US\$450m Letter of Credit</p> <p>April 2006</p>	<p>SWEDEN</p>  <p>City of Sodertalje SEK 100m Loan Arranger</p> <p>April 2006</p>	<p>GREECE</p>  <p>Hellenic Railways € 713.3m Bond Loan Sole Arranger</p> <p>June 2006</p>	<p>CANADA</p>  <p>Golden Ears Bridge CAD\$ 1.0 bn Mandated Lead Arranger</p> <p>2006</p>
Bond	Letter of Credit	Loan	Bond/Loan	Infrastructure Loan

Selected Credentials

Transaction Highlights: 2006


IRELAND
 **DEPFA BANK**
DEPFA ACS BANK
Issuer
€ 2 bn
16/03/2011
March 2006

Covered Bond

SPAIN

Comunidad de las Islas Baleares
€170m Bond Issue
November 2005

Bond

USA

Pocahontas Parkway
\$610,000,000
Financial Advisor to Transurban
June 2006

Advisory

USA


Pocahontas Parkway
\$610,000,000
Mandated Lead Arranger
June 2006

Infrastructure Loan

USA

Indiana Toll Road
\$4,100,000,000
Mandated Lead Arranger
June 2006

Infrastructure Loan

USA

Icon Parking Project Delphi
\$350,000,000
Mandated Lead Arranger
June 2006

Infrastructure Loan

PSION Synthetic CDO No. 1
Public Finance CDO
DEPFA Bank PLC
Collateral Manager
US\$1,000,000,000
Reference portfolio
December 2005

Securitisation

NETHERLANDS

Dutch Government Guaranteed
Securitisation
€2,458,000,000
Sole Underwriter & Arranger
August 2006

Securitisation

ITALY

GREEN FINANCE SRL
Healthcare Receivables Securitisation
Originator
Regione Lazio
€654,000,000
Sole Underwriter & Arranger
August 2006

Securitisation

USA
Texas Dept of Housing and Community Affairs
\$239m
GIC (Acquisition Fund)
June 2006

GIC