



DEPFA BANK plc

Preliminary Results 2006

12th February 2007

 **DEPFA BANK**

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

Overview

Pre tax profits in €m	FY 2006	FY 2005	Change %
Budget Finance	555	356	56%
Infrastructure Finance	36	8	>100%
Client Product Services	37	6	>100%
Global Markets	122	312	-61%
Corporate Centre	-104	-85	22%
Total Group pre Tax	646	597	8%
Total Group after Tax	507	475	7%
Disc. Operations*	19	0	n.a.
Group Net Income	526	475	11%
Cost/Income Ratio	26.1%	26.4%	
RoE after taxes	20.7%	22.7%	
Headcount (avg.)	581	488	

* The discontinued operations result of 19m relates to tax refunds on transactions undertaken during the group restructuring in 2002

Overview

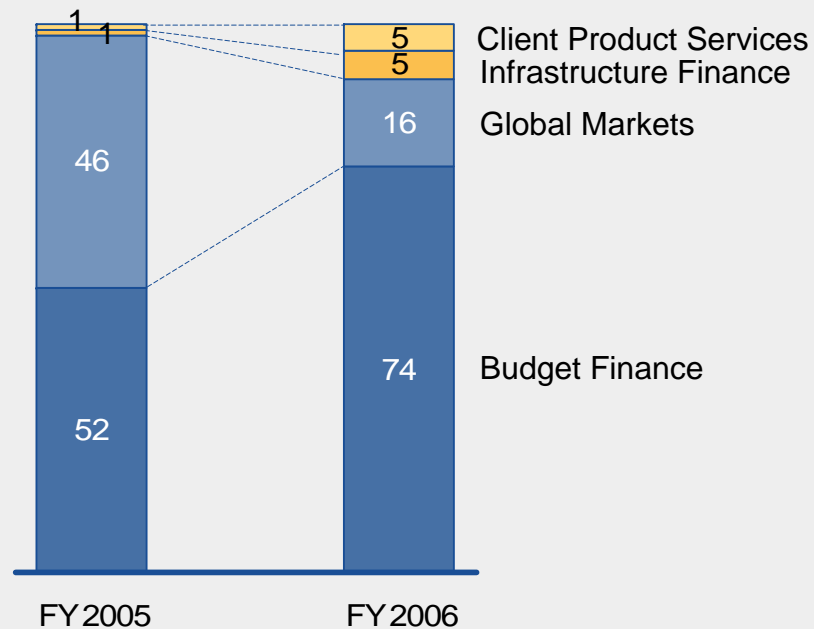
	2006 € m	2005 € m	Abs. change € m	Change %
Net interest income	425	422	3	1%
Net fee and commission income	32	20	12	60%
Net trading income	140	-114	254	
Gains less losses from financial assets	277	480	-203	-42%
Other operating income	0	7	-7	-100%
Total operating income	874	815	59	7%
Staff costs	-138	-132	-6	5%
Administrative expenses	-78	-72	-6	8%
Depreciation and amortisation	-9	-9		
Other operating expenses	-3	-2	-1	50%
Operating expenses	-228	-215	-13	6%
Net operating income before impairment losses	646	600	46	8%
Impairment losses on loans and advances	0	-3	3	-100%
Profit before taxation	646	597	49	8%
Taxation	-139	-122	-17	14%
Profit for the year – continuing operations	507	475	32	7%
Discontinued Operations	19	0	19	
Group net income	526	475	51	11%
Key ratios				
Cost/income ratio	26.1%	26.4%		
EPS (€)	1.53	1.39		
RoE after taxes	20.7%	22.7%		

Year End 2006 Results – Key Points – Financials

- Full year net profit of € 526 m (+11%) and ROE of 20.7% after tax confirms DEPFA's position as one of the world's most consistently profitable banks
- Major improvement in revenue mix: 69% increase in pre-tax profit from client facing segments Budget Finance, Infrastructure Finance and Client Product Services to €628m y-o-y has more than offset the sharp fall in Global Markets contribution (-61% to € 122 m)
- Dividend set to rise by 60% to 40 cents (from 25 cents); equates to a 26% pay out ratio, which brings it closer to levels of European banking peers

Year End Results – Key Points – Financials

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



Comments

- Budget Finance is the major income contributor with 74% of group pre-tax profit
- Contribution from Global Markets has stabilised during course of 2006 at just under 20%
- Strong growth in both Client Product Services and Infrastructure Finance which contribute a combined 10% to pre-tax profit

Year End 2006 Results – Key Points - Strategic

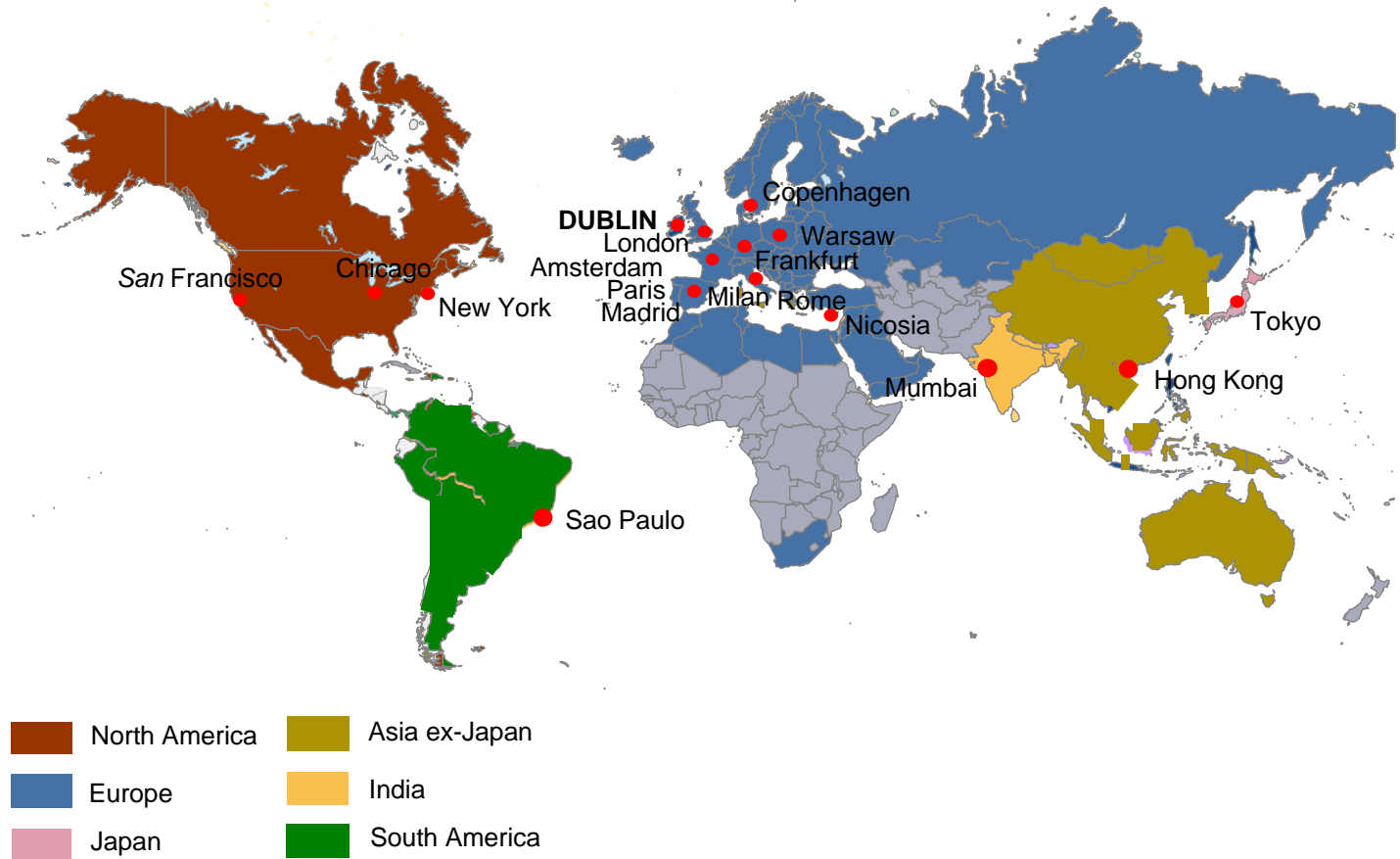
- **Budget Finance:** Net interest income growth of 15% has outpaced the average financing volume growth of 10%
- **Infrastructure Finance:** Firmly established as a leading player globally and in the fast growing North American market with strong deal flow making a substantial impact in the 2006 segment results (over 60 deals closed)
- **Client Product Services:** Leading positions in debt financing have created opportunities for client swaps transactions: roll out of other products starting to contribute to earnings
- **Client Relationship Management:** Global footprint enhanced. DEPFA continues to successfully leverage its franchise globally
- **Global Markets:** Shift from long-term interest rate positioning to more diversified trading platform
- Segment reporting introduced in 2006 has ensured much greater transparency in the mix between client facing areas and trading activities

Year End 2006 Results – Key Points - Strategic

Global client coverage

6 regions covered through 18 offices

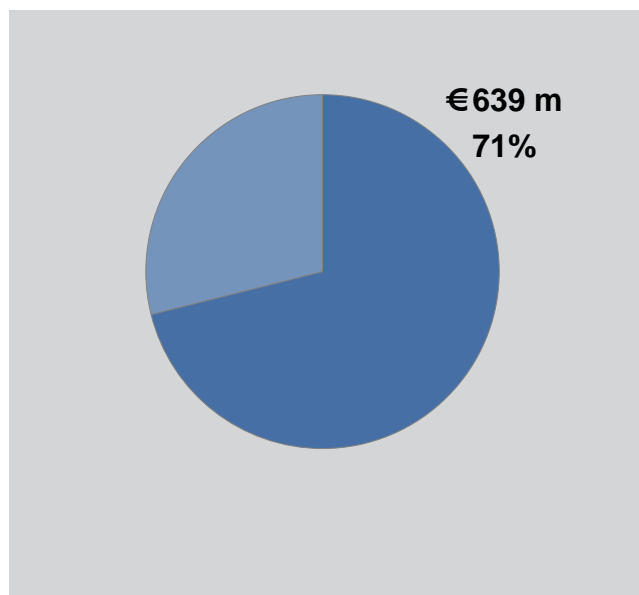
6 Regional Heads are responsible for the delivery and execution of regional strategies



Budget Finance

Financials

FY 2006 Total Operating Income



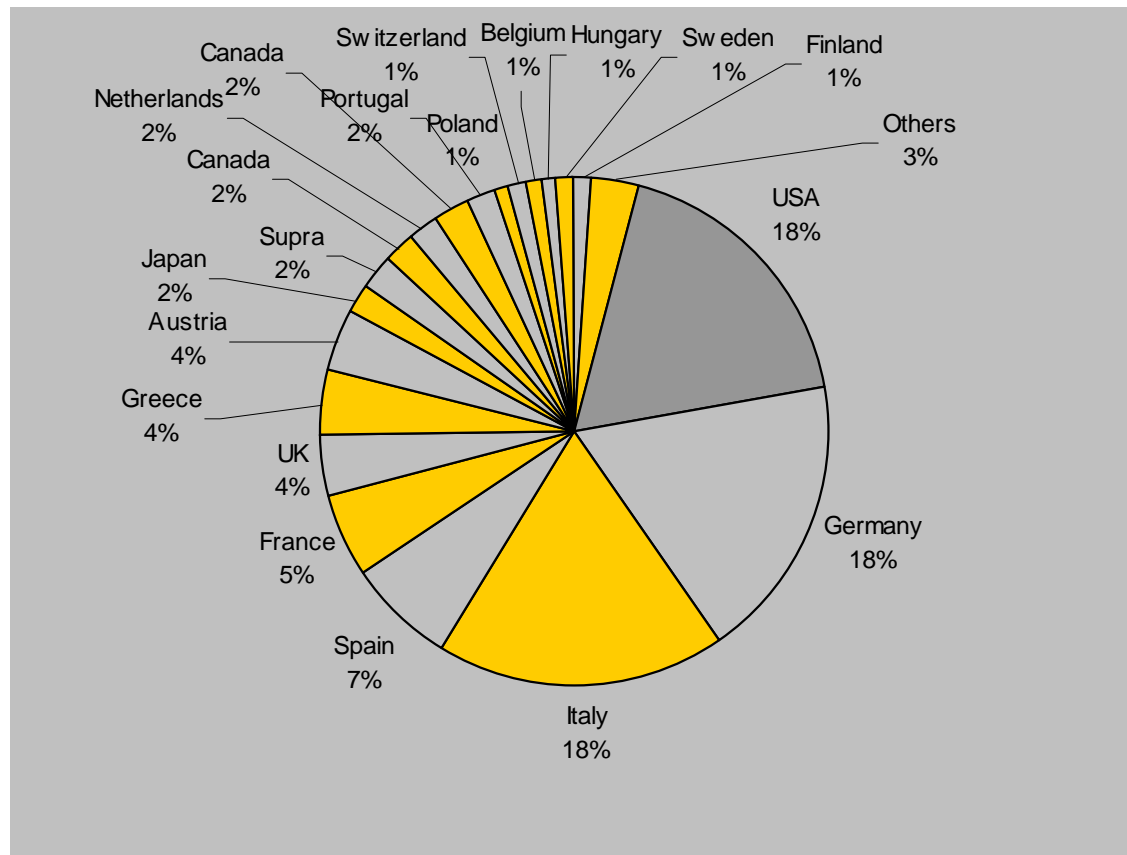
€m	2006	2005	% Change
Net interest income	356	309	15%
Non-interest revenues	283	132	114%
Total operating income	639	441	45%
Operating expenses	-84	-85	-1%
Profit before taxation	555	356	56%
Average equity	1,363	1,129	
RoE pre-tax	40.7%	31.5%	
	31.12.2006	31.12.2005	
Financing volume (on B/S)	167,438	165,575	1%
Financing volume (off B/S)	21,885	20,549	7%

- Net interest income growth of 15% has outpaced the average financing volume growth of 10%
- Gains from portfolio rebalancing and optimisation remained strong. Demand for high quality assets has created opportunities to sell low margin assets that has been replaced with new business that generates higher net interest margins
- The US has now overtaken Germany as DEPFA's number 1 market, reflecting the global nature of DEPFA's public sector activities
- DEPFA saw an improvement in the cost and tenor of its long term funding

Budget Finance



Country breakdown (On- and Off-Balance sheet)

% of Total financing volume €189.3 bn (31.12.2006)



Selected Credentials

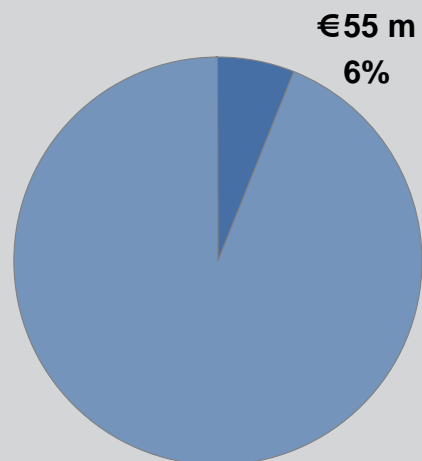
Transaction Highlights: 2006

<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>POLAND</p>  <p>Region of Friuli Venezia Giulia €385m Lead Arranger & Book Runner</p> <p>December 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 800m Bond Issue Senior Co-Lead Manager October 2006</p>
<p>Loan</p>	<p>Bond</p>	<p>Bond</p>	<p>Bond</p>	<p>Bond</p>
<p>HUNGARY</p>  <p>Hungarian Development Bank €500m Eurobond Joint Bookrunner</p> <p>October 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>IRELAND</p>  <p>DEPFA BANK DEPFA ACS BANK Issuer € 2 bn 16/03/2011</p> <p>March 2006</p>
<p>Bond</p>	<p>Letter of Credit</p>	<p>Loan</p>	<p>Bond/Loan</p>	<p>Covered Bond</p>

Infrastructure Finance

Financials

FY 2006 Total Operating Income



€m	2006	2005	% Change
Net interest income	39	20	95%
Non-interest revenues	16	5	220%
Total operating income	55	25	120%
Operating expenses	-19	-17	12%
Profit before taxation	36	8	350%
Average equity	242	115	
RoE pre-tax	14.9%	7%	
	31.12.2006	31.12.2005	
Financing volume (on B/S)	5,741	1,879	205%
Financing volume (off B/S)	2,456	1,014	142%

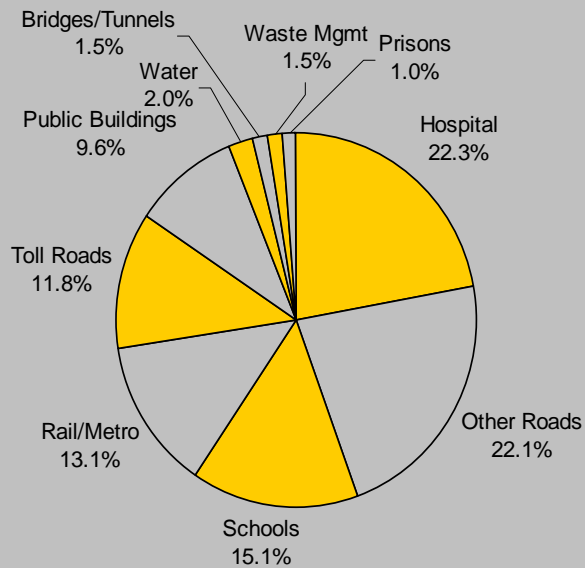
- Breakthrough in profitability achieved in 2006 with run rate of revenues surpassing € 15 m mark per quarter.
- Strong deal flow, in particular from North America has contributed to this growth and has generated additional revenues for the bank's derivative business (booked in CPS). Altogether 63 transactions closed (vs. 21 in 2005)
- Above trend growth also due to purchase of AAA rated utilities bonds insured by monoline insurers (> €2 bn) that are likely to benefit from more favourable treatment under Basel II
- Despite the substantial volume growth during the year, the quality of the portfolio remains excellent with no impairment provisions being necessary this year (2005: €3.5m). A second large synthetic securitisation of assets (EPIC II), which was executed in 2006 is a key element in capital and risk management

Full Year 2006, total commitments €8.2 bn

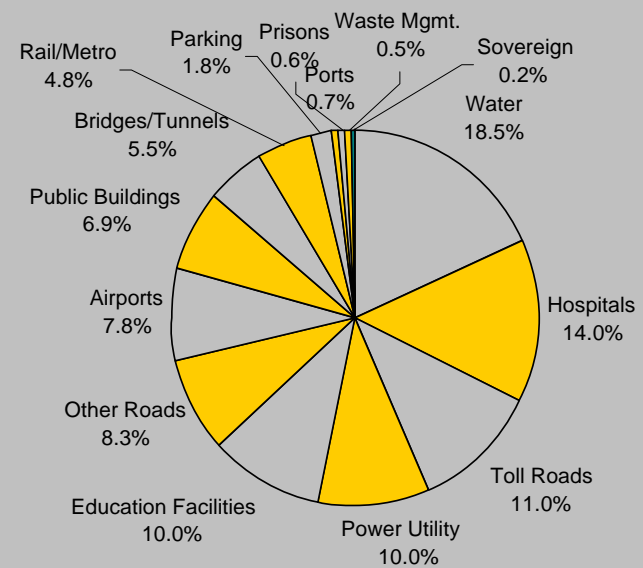
Infrastructure Finance

Sector breakdown 2005 vs. 2006

2005



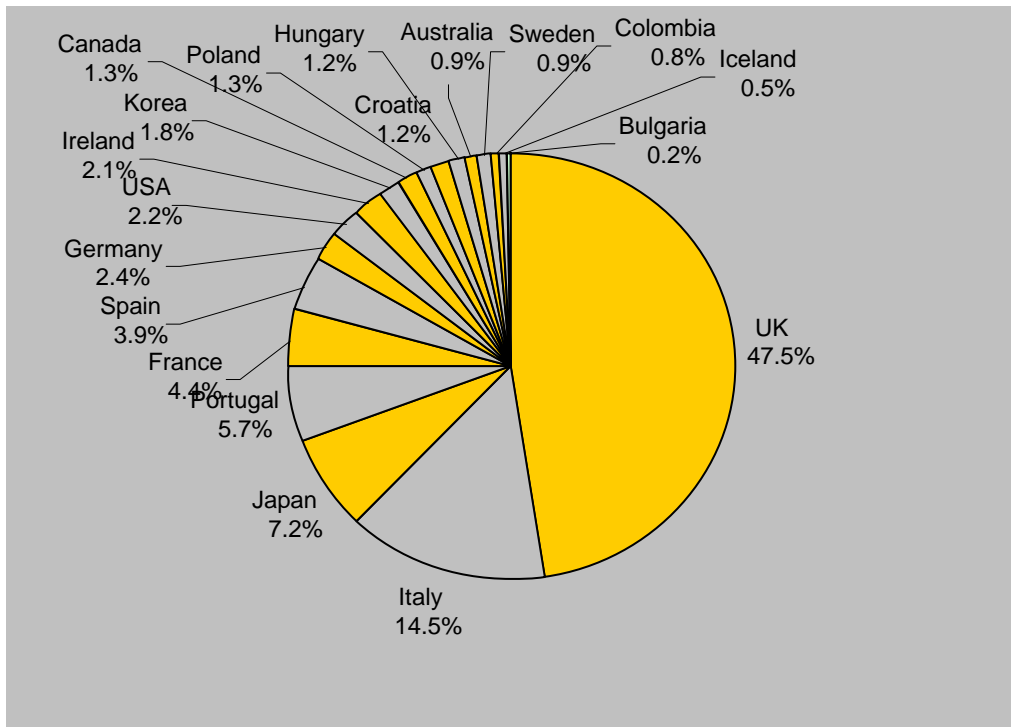
2006



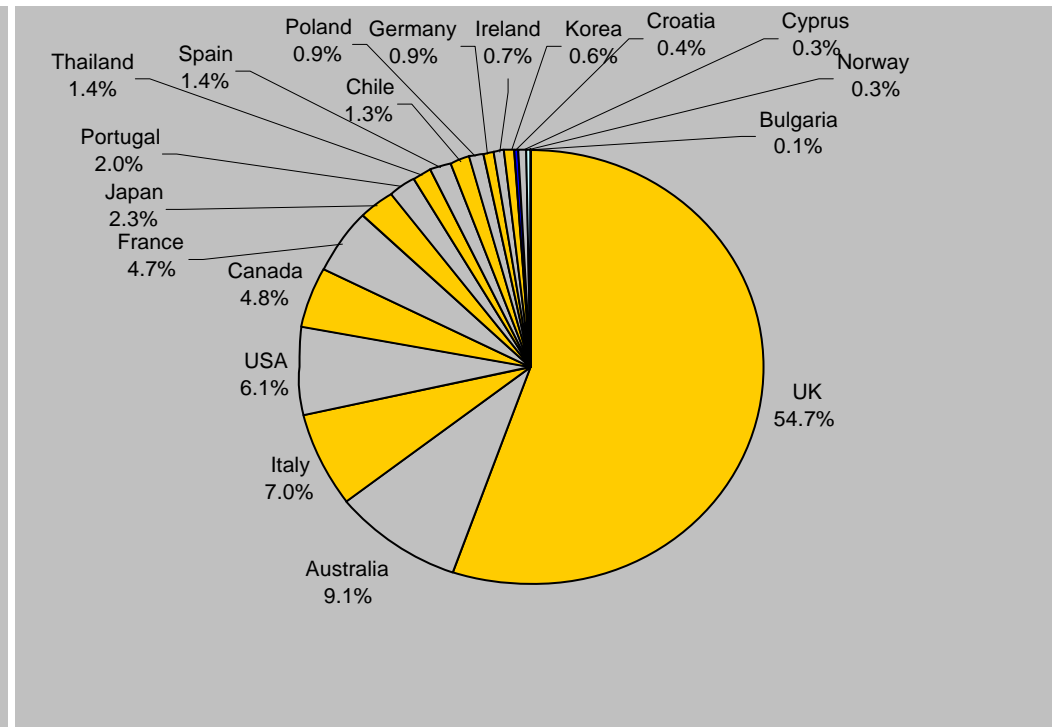
Infrastructure Finance

Country breakdown 2005 vs. 2006

2005



2006



Selected Credentials

Transaction Highlights: 2006


CANADA



Golden Ears Bridge
CAD\$ 1.0 bn Mandated Lead Arranger

2006

THAILAND



Gulf Cogeneration Co
Amortizing and Guaranteed Debenture
THB5,800,000,000
Sole Guarantor

USA



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

June 2006

USA



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

June 2006

USA



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

June 2006


USA



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

June 2006


JAPAN



New Sendai Astronomical Observatory

¥3,790,000,000
Co-Lead Arranger


UK



Gateshead Schools PFI

€90,000,000
Mandated Lead Arranger

FRANCE



Effarie - APRR
Acquisition

€7,650,000,000
Lead Arranger

AUSTRALIA



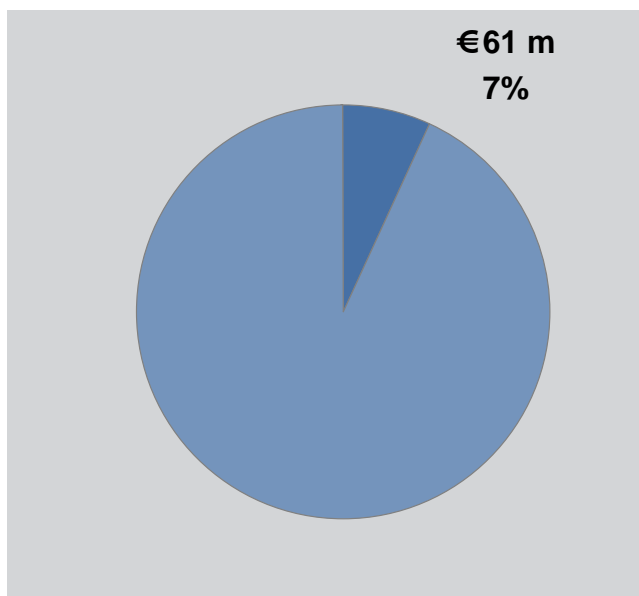
Brisbane North-South Bypass Tunnel

AU\$1,839 million
Arranger

Client Product Services

Financials

FY 2006 Total Operating Income





€m	2006	2005
Net interest income	2	1
Non-interest revenues	59	21
Total operating income	61	22
Operating expenses	-24	-16
Profit before taxation	37	6
Average equity	46	25
RoE pre-tax	80.4%	24.0%
	31.12.2006	31.12.2005
Financing volume (on B/S)	2,372	5
Financing volume (off B/S)	0	0

- Strong growth in first full year of business. Main driver of non interest revenues are interest rate swaps for clients with the great majority of transactions connected with the bank's financing activities (infrastructure and budget finance).
- In addition to a number of first time clients there is already an important element of repeat business with a rising proportion of transactions arranged with existing clients
- New revenue streams from GIC activity (book now in excess of US\$ 3 bn) and securitisations of client receivables (e.g. healthcare) are starting to kick in and will help sustain earnings growth in the future

Selected Credentials

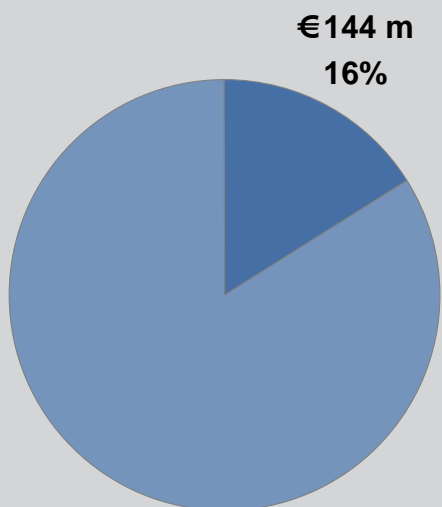
Transaction Highlights: 2006

<p>SPAIN</p>  <p>Region of Castilla La Mancha €200m Eurobond Joint Bookrunner January 2006</p>	<p>CANADA</p>  <p>Golden Ears Bridge CAD\$ 1.0 bn Mandated Lead Arranger 2006</p>	<p>USA</p> <p>Texas Dept of Housing and Community Affairs</p> <p>\$239m GIC (Acquisition Fund) June 2006</p>
Derivative	Derivative	GIC
<p>PSION Synthetic CDO No. 1</p> <p>Public Finance CDO DEPFA Bank PLC Collateral Manager</p> <p>US\$1,000,000,000 Reference portfolio December 2005</p>	<p>NETHERLANDS</p>  <p>Dutch Government Guaranteed Securitisation €2,458,000,000 Sole Underwriter & Arranger August 2006</p>	<p>ITALY</p>  <p>GREEN FINANCE SRL Healthcare Receivables Securitisation Originator Regione Lazio €654,000,000 Sole Underwriter & Arranger August 2006</p>
Securitisation	Securitisation	Securitisation

Global Markets

Financials

FY 2006 Total Operating Income



€m	2006	2005	% Change
Net interest income	59	102	-42%
Non-interest revenues	85	244	-65%
Total operating income	144	346	-58%
Operating expenses	-22	-34	-35%
Profit before taxation	122	312	-61%
Average equity	688	512	
RoE pre-tax	17.7%	60.9%	
	31.12.2006	31.12.2005	
Financing volume (on B/S)	14, 445	11,116	30%
Financing volume (off B/S)	0	0	0%

- Contribution from Global Markets has as expected declined as a proportion of total earnings due to the flattening yield curve and rising short term rates.
- The favourable interest rate environment in past years helped fuel the high growth rates of the company and as a consequence DEPFA is now in a much healthier equity position.
- Going forward the contribution from this segment will be at more 'normalised' levels with several trading desks providing stability to the earnings development

Going Forward

Public Sector Client Facing Segments

Budget Finance

- Healthy prospects for primary business in mature markets; more cross selling with derivatives and advisory will cement strong client relationships and help win new mandates
- More powerful distribution capability will be an increasingly important factor in new business acquisition; the bank has an investor franchise which include excellent links to central banks, which can be leveraged on the asset side

Infrastructure Finance

- Excellent position in the key growth markets due to investments in new capacity
- Greater willingness to take equity positions in selective projects will boost returns

Client Product Services

- Continued strong growth in tailored products and structured transactions that provide value-added service for Public Sector client
- Continued broadening and diversification of product range

Global Markets

- Shift to more diversified trading platform
- Trading strategy based on knowledge gained in DEPFA core businesses



Appendix

 **DEPFA BANK**

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

Quarterly Segment P&L

Net Income before Tax in €m	2006				2005				Average Quarter	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2006	2005
Budget Finance	139	140	145	131	85	84	103	84	139	89
Infrastructure Finance	13	11	8	4	0	2	3	3	9	2
Client Product Services	6	1	11	19	4	3	-2	1	9	2
Global Markets	27	25	30	40	46	101	100	65	31	78
Corporate Centre	-33	-43	-20	-8	-16	-20	-40	-9	-26	-21
Group Net Income - Cont. Oper.	152	134	174	186	119	170	164	144	162	149

Budget Finance

€m	Total FY	2006				Total FY	2005				Change Q4 v Q4	Change FY v FY
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1		
Net interest income	356	91	89	90	86	309	88	80	70	71	3%	15%
Non-interest revenues	283	70	70	74	69	132	20	24	53	35	250%	114%
Total Operating income	639	161	159	164	155	441	108	104	123	106	49%	45%
Operating expenses	-84	-22	-19	-19	-24	-85	-23	-20	-20	-22	-4%	-1%
Profit before taxation	555	139	140	145	131	356	85	84	103	84	64%	56%

Infrastructure Finance

€m	Total FY	2006				Total FY	2005				Change Q4 v Q4	Change FY v FY
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1		
Net interest income	39	15	12	6	6	20	5	5	5	5	200%	95%
Non-interest revenues	16	4	3	7	2	5	2	1	1	1	100%	220%
Total Operating income	55	19	15	13	8	25	7	6	6	6	171%	120%
Operating expenses	-19	-6	-4	-5	-4	-17	-7	-4	-3	-3	-14%	12%
Profit before taxation	36	13	11	8	4	8	0	2	3	3		350%

Client Product Services

€m	Total FY	2006				Total FY	2005				Change Q4 v Q4	Change FY v FY
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1		
Net interest income	2	3	-1	2	-2	1	1	0	0	0	200%	100%
Non-interest revenues	59	10	8	14	27	21	8	7	2	4	25%	181%
Total Operating income	61	13	7	16	25	22	9	7	2	4	44%	177%
Operating expenses	-24	-7	-6	-5	-6	-16	-5	-4	-4	-3	40%	50%
Profit before taxation	37	6	1	11	19	6	4	3	-2	1	50%	517%

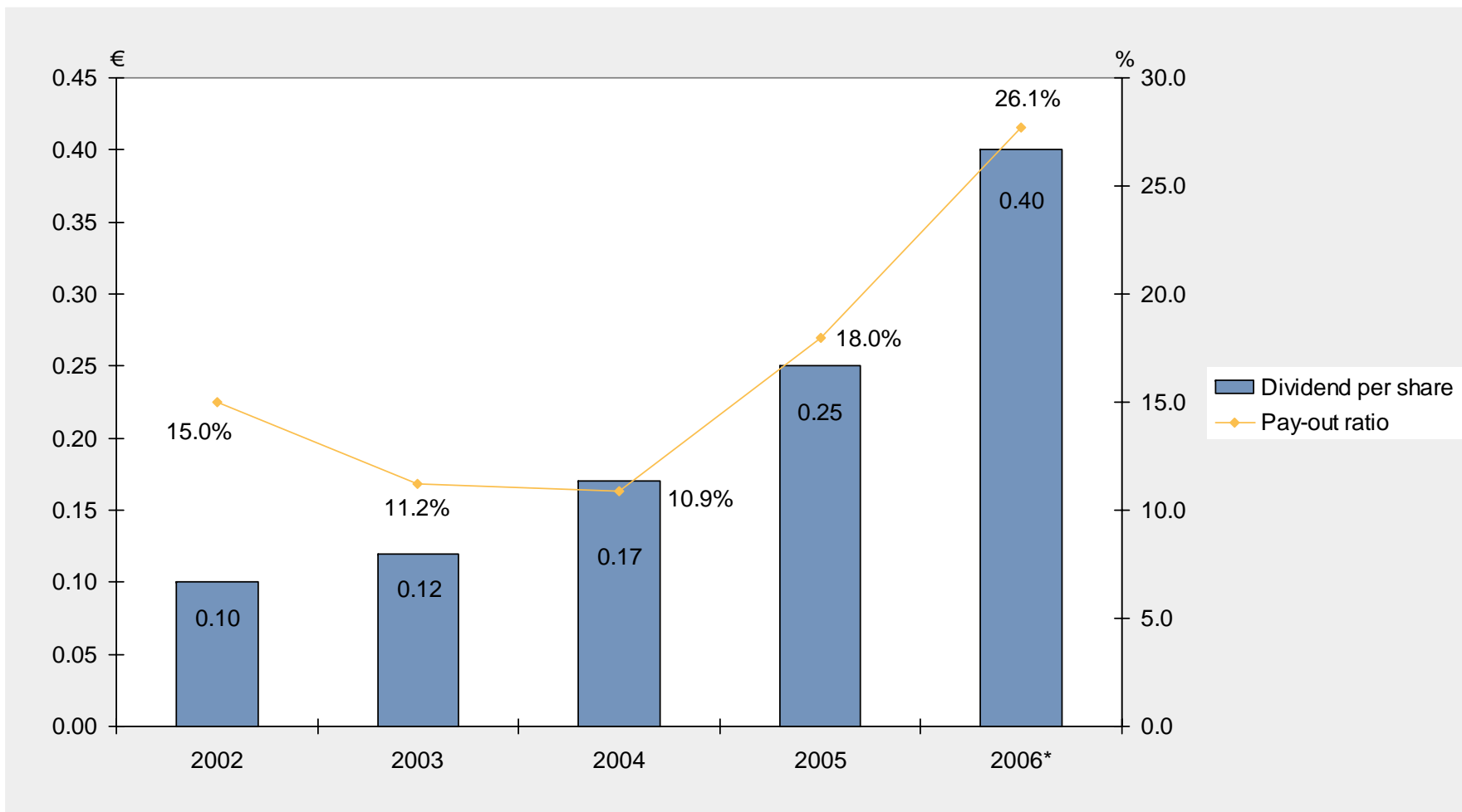
Global Markets

€m	Total FY	2006				Total FY	2005				Change Q4 v Q4	Change FY v FY
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1		
Net interest income	59	8	10	19	22	102	26	19	25	32	-69%	-42%
Non-interest revenues	85	23	20	16	26	244	27	90	84	43	-15%	-65%
Total Operating income	144	31	30	35	48	346	53	109	109	75	-42%	-58%
Operating expenses	-22	-4	-5	-5	-8	-34	-7	-8	-9	-10	-43%	-35%
Profit before taxation	122	27	25	30	40	311	46	100	100	65	-41%	-61%

Corporate Centre

€m	Total FY	2006				Total FY	2005				Change Q4 v Q4	Change FY v FY
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1		
Net interest income	-31	-10	-9	-7	-5	-10	-4	-4	-4	2	150%	210%
Non-interest revenues	6	-1	-15	9	13	-9	6	1	-20	4		
Total Operating income	-25	-11	-24	2	8	-19	2	-3	-24	6		32%
Operating expenses	-79	-22	-19	-22	-16	-66	-18	-17	-16	-15	22%	20%
Profit before taxation	-104	-33	-43	-20	-8	-85	-16	-20	-40	-9	106%	22%

Planned Increase in Dividend and Pay Out Ratio



Group Financials

Quarter 4 solo 2006 vs. 2005 comparison

	Q4 2006 € m	Q4 2005 € m	Abs. change € m	Change %
Net interest income	107	116	-9	-7.8%
Net fee and commission income	8	6	2	33.3%
Net trading income	28	-3	31	n.a.
Gains less losses from financial assets	70	60	10	16.7%
Other operating income	0	0	0	
Total operating income	213	179	34	19.0%
Staff costs	-36	-33	-3	9.1%
Administrative expenditure	-23	-20	-3	15.0%
Depreciation and amortisation	-2	-2	0	0%
Other operating expenditure	0	-2	2	-100%
Operating expenses	-61	-57	-4	7.0%
Net operating income before impairment losses	152	122	30	24.6%
Impairment losses on loans and advances	0	-3	3	-100%
Profit before taxation	152	119	33	27.7%
Taxation	-29	-21	-8	38.1%
Profit for the year – continuing operations	123	98	25	25.5%
Discontinued Operations	19	0	19	
Group net income	142	98	44	44.9%
Key ratios				
Cost/income ratio	28.6%	31.8%		
EPS (€)	0.41	0.29		
RoE after tax	21.1%	17.5%		
Key balance sheet items	31.12.2006	31.12.2005		
Financing Volumes	218,927	205,418		
of which drawn	194,586	183,947		
of which undrawn	24,341	21,471		
Shareholders' Capital	2,777	2,304		
Total assets	222,940	228,630		
Leverage	80x	99x		

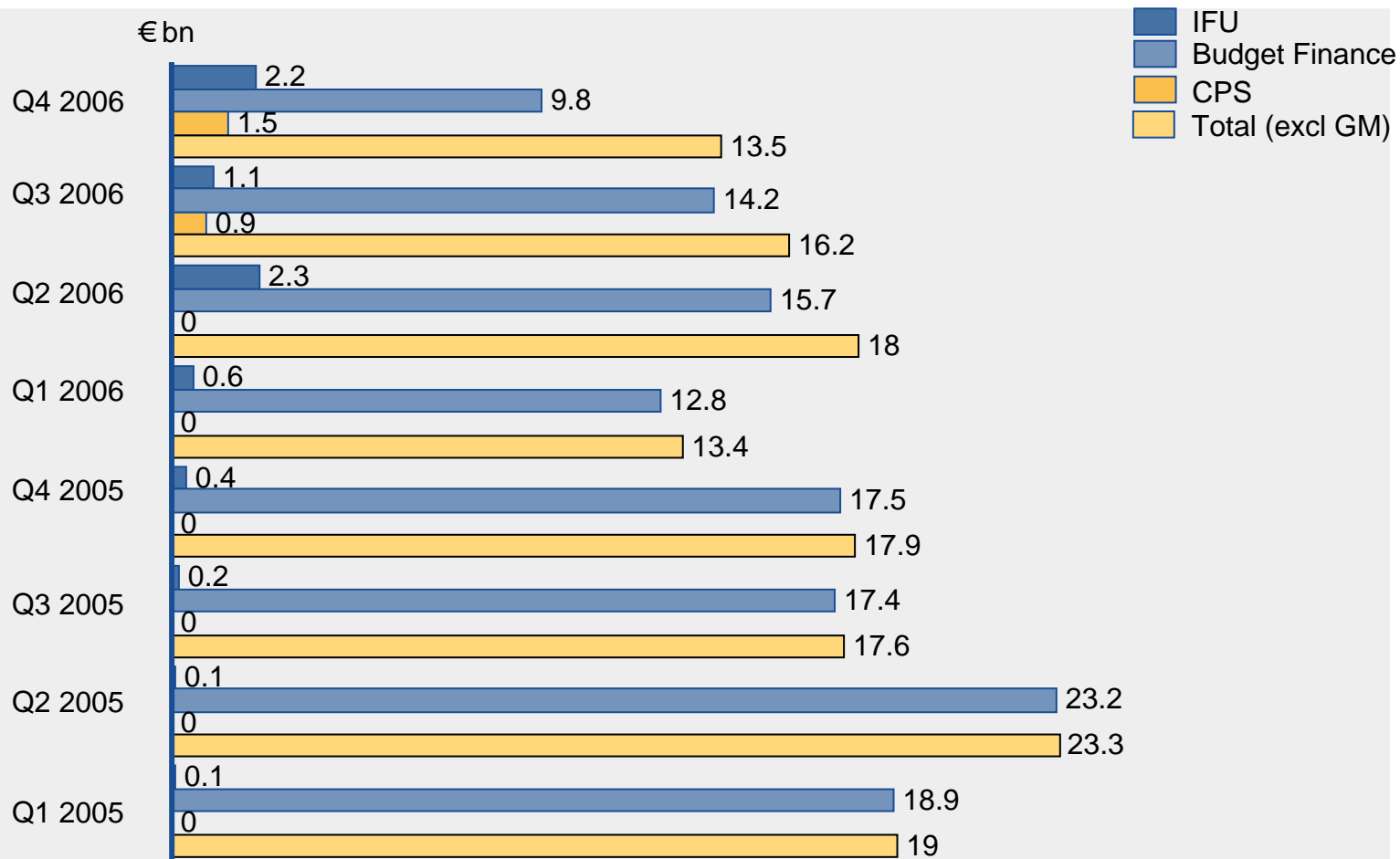
Group Financials

Group Quarterly P&L

€m

	2006				2005				Average Quarter	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2006	2005
Net Interest Income	107	101	110	107	116	100	96	110	106	106
Net fee and commission income	8	7	12	5	6	5	5	4	8	5
Net trading income	28	9	41	62	-3	25	-181	45	35	-29
Gains less losses from financial assets	70	70	67	70	60	93	292	35	69	120
Other operating income	0	0	0	0	0	0	4	3	0	2
Total operating income	213	187	230	244	179	223	216	197	218	204
Staff costs	-36	-32	-33	-37	-33	-32	-31	-36	-34	-33
Administrative expenditure	-23	-18	-19	-18	-20	-20	-17	-15	-20	-18
Depreciation and amortisation	-2	-3	-2	-2	-2	-2	-3	-2	-2	-2
Other operating expenditure	0	0	-2	-1	-2	1	-1	0	-1	-1
Operating expenses	-61	-53	-56	-58	-57	-53	-52	-53	-57	-54
Impairment losses on loans					- 3					-1
Profit before taxation	152	134	174	186	119	170	164	144	161	149
Taxation	-29	-24	-34	-52	-21	-38	-38	-25	-34	-30
Discontinued Operations	19	0	0	0	0	0	0	0	5	0
Group net income	142	110	140	134	98	132	126	119	132	119

New Commitments in Client Facing Segments



Development in Financing Volumes (On and Off Balance Sheet)

FY 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	52,507	6,208	2,417	6,281	0	67,413
	Sales	-27,493	-358	-28	- 1,098	-78	-29,055
	Maturities and other	-21,725	- 546	-22	-1,854	-703	-24,851
	Volume as at 31/12/2006	189,323	8,197	2,372	14,445	4,590	218,927