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interim

as at 30 June 2003

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FINANCIAL

INTERIM GROUP REPORT OF DEPFA BANK PLC AS AT 30 JUNE 2003 ++ ACCORDING TO US-GAAP ++

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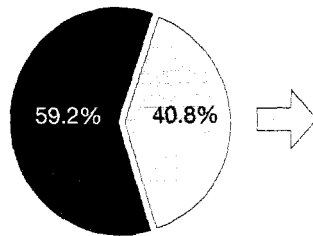
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**DB DEPFA BANK**  
PERFORMANCE IN FINANCE

## Shareholders

Market capitalisation: € 2.4 bn  
Number of shares: 35,301,972

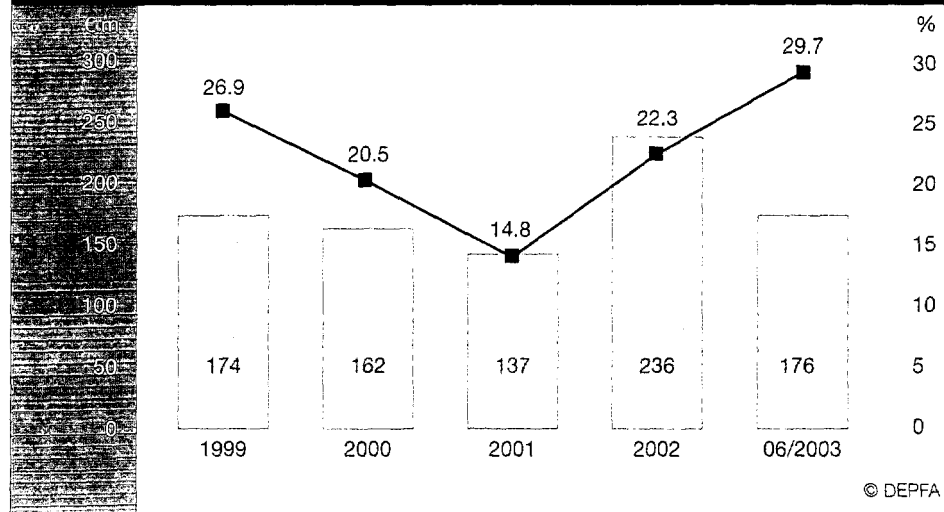


Free float  
 DEPFA Holding Verwaltungsgesellschaft mbH

8.50% Bayerische Beamten-Lebensversicherung aG  
 8.50% Schweizerische Lebensvers.- und Rentenanstalt  
 6.36% Versorgungsanstalt des Bundes u. d. Länder  
 5.78% Bankhaus Lampe KG  
 5.00% Deutscher Ring Beteiligungs-Holding  
 2.73% Schmidt-Bank  
 2.61% Entenial S.A.  
 1.30% Condor Lebensversicherungs-AG

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## Net income and ROE after tax



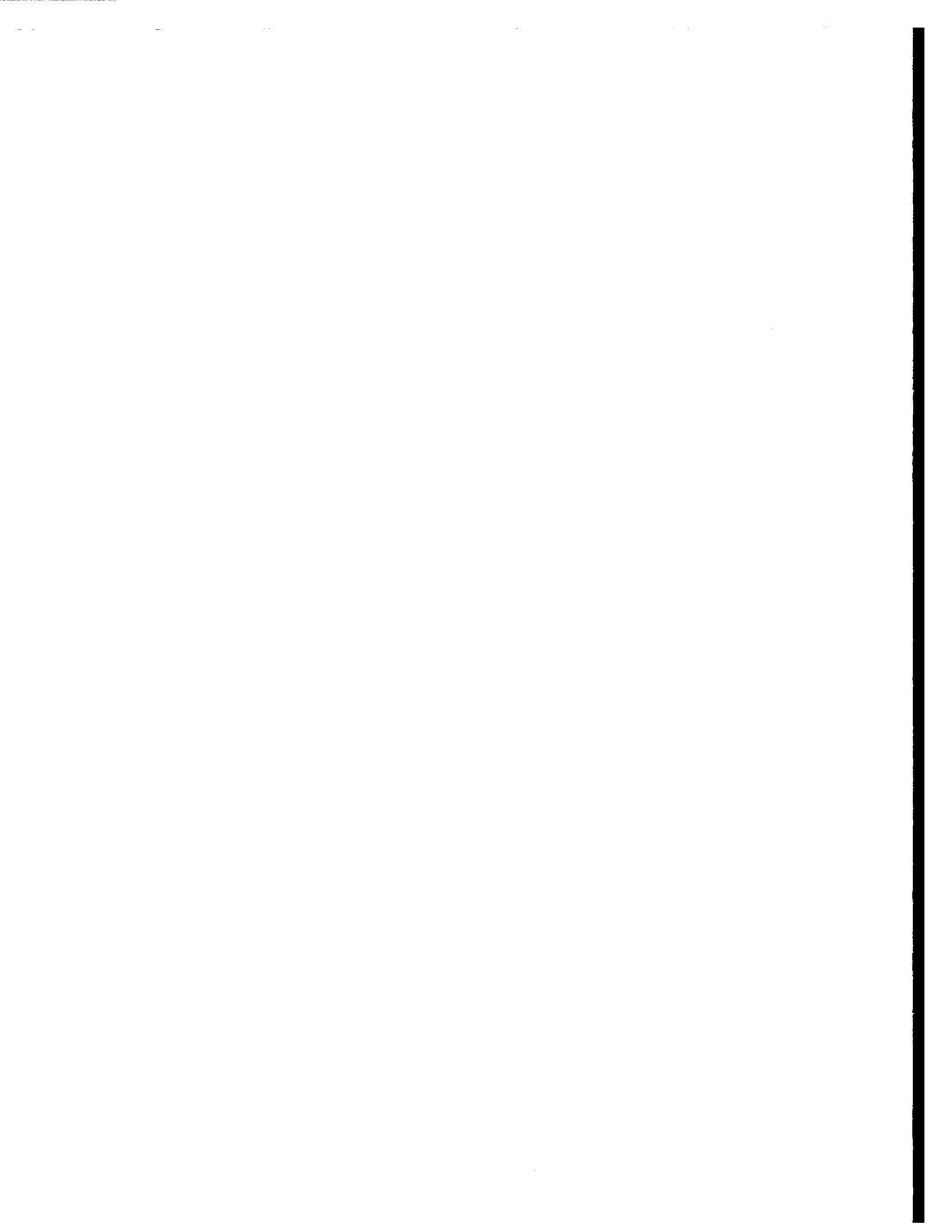
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The figures for 1999-2000 are from the Segmental reporting by operating unit note in the DEPFA Group annual reports.

## Group figures according to US-GAAP

	01.01.2003 -	01.01.2002 -	Change	
	30.06.2003	30.06.2002	€ m	%
	€ m	€ m		
<b>Earnings</b>				
Total net interest income	180	180		
Net interest income incl. interest from derivatives	175	132	43	32.6
Net commission income	36	-3	39	
Income from sale of assets	52	70	-18	-25.7
Trading result	30	-35	65	
of which from securities	32	3	29	
of which derivatives valuation	3	10	-7	
of which interest	-5	-48	43	
<b>Total earnings</b>	<b>298</b>	<b>212</b>	<b>86</b>	<b>40.6</b>
Personnel expenditure	-31	-27	4	14.8
Other administrative expenditure	-21	-14	7	50
Depreciation on intangible assets	-2	-2		
<b>Administrative expenditure</b>	<b>-54</b>	<b>-43</b>	<b>11</b>	<b>25.6</b>
Other income and expenditure	-6	1	-7	
Provision for loan losses	-	-		
<b>Income before income taxes</b>	<b>238</b>	<b>170</b>	<b>68</b>	<b>40</b>
Income taxes	-56	-21	35	166.7
<b>Income after income taxes</b>	<b>182</b>	<b>149</b>	<b>33</b>	<b>22.1</b>
Minority interest income	-6	-7	-1	-14.3
<b>Group net income</b>	<b>176</b>	<b>142</b>	<b>34</b>	<b>23.9</b>
<b>Key ratios (continuing operations)</b>				
Cost/income ratio	18.1%	20.3%		
Earnings per share (€)	5.06	4.02	1.04	26
RoE after tax	29.7%	28.9%		
<b>Portfolio</b>				
	<b>30.06.2003</b>	<b>31.12.2002</b>		
Public sector finance	117,519	113,130	4,389	3.9
Equity	1,232	1,136	96	8.5
Total assets	156,968	145,847	11,121	7.6
<b>Ratings</b>				
	<b>Fitch</b>	<b>Moody's</b>	<b>S&amp;P</b>	
DEPFA BANK plc	F1+, AA-, B	P-1, Aa3, B	A-1+, AA-	
DEPFA Deutsche Pfandbriefbank AG	F1+, AA-, B	P-1, Aa3, B	A-1+, AA-	
DEPFA ACS BANK	F1+, AA-	P-1, Aa3, C	A-1+, AA-	

(all figures relate solely to "continuing operations" and do not include results from "discontinued operations")



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## Group balance sheet as at 30 June 2003 of DEPFA BANK plc

Assets (€ m)	30.06.2003	31.12.2002
Cash and balances with central banks	735	645
Loans and advances to banks	16,565	13,281
Loans and advances to customers	61,995	59,764
Debt securities and other fixed income securities	69,687	64,566
Equities and other non fixed income securities	27	23
Equity participations	7	7
Intangible assets	5	5
Property and equipment	12	15
Other assets	3,726	3,120
Accrued interest and prepaid expenses	4,209	4,421
<b>Total assets</b>	<b>156,968</b>	<b>145,847</b>

<b>Shareholders' equity and liabilities (€ m)</b>	<b>30.06.2003</b>	<b>31.12.2002</b>
Liabilities to banks	44,306	36,774
Liabilities to customers	3,671	3,554
Debt securities issued	92,545	89,625
Other liabilities	9,508	8,605
Accrued interest and deferred income	4,335	4,752
Provisions	265	233
Hybrid capital	863	926
Minority interest	243	242
<b>Total liabilities</b>	<b>155,736</b>	<b>144,711</b>
<b>Equity</b>		
Subscribed capital	103	105
Capital reserve	374	396
Retained earnings	644	503
Other comprehensive income	111	132
<b>Total equity</b>	<b>1,232</b>	<b>1,136</b>
<b>Total shareholders' equity and liabilities</b>	<b>156,968</b>	<b>145,847</b>
<b>Contingent liabilities and irrevocable loan commitments</b>		
Contingent liabilities on guarantees and indemnity agreements	46	62
Irrevocable loan commitments	3,079	4,430

## Group profit and loss account for the period 1 January to 30 June 2003 of DEPFA BANK plc

€ m	30.06.2003	30.06.2002
Interest receivable and similar income from lending and money market business	1,929	1,885
fixed income securities	1,371	1,330
Interest payable and similar expenses	-3,120	-3,035
<b>Net interest income</b>	<b>180</b>	<b>180</b>
Commission income	57	2
Commission expenditure	-21	-5
<b>Income from sale of assets</b>	<b>52</b>	<b>70</b>
<b>Trading result</b>	<b>30</b>	<b>-35</b>
<b>Operating income</b>	<b>298</b>	<b>212</b>
General administrative expenses	-52	-41
Depreciation and amortisation of intangible assets and property and equipment	-2	-2
Other income and expenditure	-6	1
<b>Operating results before provision for loan losses</b>	<b>238</b>	<b>170</b>
Provision for loan losses	-	-
<b>Income before taxes</b>	<b>238</b>	<b>170</b>
Income and deferred taxes	-56	-21
<b>Income after taxes</b>	<b>182</b>	<b>149</b>
Minority interest	-6	-7
<b>Group Net Income from continuing operations</b>	<b>176</b>	<b>142</b>
<b>Results from discontinued operations</b>	<b>-</b>	<b>-301</b>
<b>Group Net Income</b>	<b>176</b>	<b>-159</b>
Weighted average number of ordinary shares	34,755,575	35,301,972
<b>Earnings per share from continuing operations (€)</b>	<b>5.06</b>	<b>4.02</b>
<b>Earnings per share for discontinued operations (€)</b>	<b>-</b>	<b>-8.52</b>
<b>Total earnings per share (€)</b>	<b>5.06</b>	<b>-4.50</b>
<b>Diluted earnings per share (€)</b>	<b>5.06</b>	<b>-4.50</b>



## Group statement of changes in shareholders' equity of DEPFA BANK plc

€ m	Subscribed capital	Capital reserve	Retained earnings	Other comprehensive income		Total
				Unrealised gains/losses from market valuation of securities	Unrealised results from cash flow hedges	
Balance at 1 January 2003	105	396	503	106	26	1,136
Group net income	-	-	176	-	-	176
Other comprehensive income	-	-	-	16	-37	-21
<b>Comprehensive income</b>	-	-	<b>176</b>	<b>16</b>	<b>-37</b>	<b>155</b>
Dividends	-	-	-35	-	-	-35
Share compensation cost	-	4	-	-	-	4
Purchase of own shares	-2	-26	-	-	-	-28
<b>Balance at 30 June 2003</b>	<b>103</b>	<b>374</b>	<b>644</b>	<b>122</b>	<b>-11</b>	<b>1,232</b>

## Comparison of Quarterly Results

	01.01.2003 - 31.03.2003 € m	01.04.2003 - 30.06.2003 € m	€ m	Change %
<b>Earnings</b>				
Total net interest income	80	100	20	25
Net interest income incl. interest from derivatives	80	95	15	18.8
Net commission income	20	16	-4	-20
Income from sale of assets	18	34	16	88.9
Trading result	26	4	-22	-84.6
of which from securities	16	16		
of which derivatives valuation	10	-7	-17	
of which interest	-	-5	-5	
<b>Total earnings</b>	<b>144</b>	<b>154</b>	<b>10</b>	<b>6.9</b>
Personnel expenditure	-14	-17	3	21.4
Other administrative expenditure	-12	-9	-3	-25
Depreciation on intangible assets	-1	-1		
<b>Administrative expenditure</b>	<b>-27</b>	<b>-27</b>		
Other income and expenditure	-2	-4	-2	100
Provision for loan losses	-	-		
<b>Income before income taxes</b>	<b>115</b>	<b>123</b>	<b>8</b>	<b>7</b>
Income taxes	-29	-27	-2	-6.9
<b>Income after income taxes</b>	<b>86</b>	<b>96</b>	<b>10</b>	<b>11.6</b>
Minority interest income	-3	-3		
<b>Group net income</b>	<b>83</b>	<b>93</b>	<b>10</b>	<b>12</b>
<b>Key ratios</b>				
Cost/income ratio	18.8%	17.5%		
Earnings per share (€)	2.38	2.68	0.30	12.6
RoE after tax	28.7%	30.9%		
<b>Portfolio</b>				
	<b>31.03.2003</b>	<b>30.06.2003</b>		
Public sector finance	115,204	117,519	2,315	2.0
Equity	1,178	1,232	54	4.6
Total assets	150,176	156,968	6,792	4.5

## Notes to the Group balance sheet and profit and loss account

The comparative balance sheet figures and notes to the balance sheet are from the DEPFA Group accounts as at 31 December 2002.

The comparative profit and loss account figures and notes to the profit and loss account for the period to 30 June 2002 are based on the DEPFA Group interim report as at 30 June 2002.

### (1) Loans and advances to banks

€ m	30-06-2003	31-12-2002
Public sector loans	5,450	6,164
Other loans and advances	11,086	7,093
Net deferred items	29	24
of which premiums	29	24
of which discounts	-	-
<b>Total</b>	<b>16,565</b>	<b>13,281</b>
of which repayable on demand	206	797

### (2) Loans and advances to customers

€ m	30-06-2003	31-12-2002
Public sector loans	55,781	53,008
Property loans	5,030	5,787
Other loans and advances	1,104	1,019
Net deferred items	222	92
of which premiums	240	118
of which discounts	-18	-26
Less provision for loan losses	-142	-142
<b>Total</b>	<b>61,995</b>	<b>59,764</b>

### (3) Provision for loan losses

The movement in the provisions and charges for loan losses for on-balance sheet lending business is as follows:

€ m	Total	
	2003	2002
<b>Balance at 1 January</b>	142	801
<b>Additions</b>		
Provision for loan losses charged to the profit and loss account	-	-
<b>Reductions</b>		
Transfers as part of spin-off	-	-561
Charge-offs	-	-95
Recoveries	-	-3
<b>Balance at 30 June</b>	142	142

### (4) Debt securities and other fixed income securities

€ m	30.06.2003	31.12.2002
Held to maturity	20	59
Available for sale	69,093	63,925
Trading	574	582
<b>Total</b>	<b>69,687</b>	<b>64,566</b>

### (5) Liabilities to banks

€ m	30.06.2003	31.12.2002
Deposits	14,775	8,929
Other liabilities	29,533	27,848
Net deferred items	-2	-3
<b>Total</b>	<b>44,306</b>	<b>36,774</b>
of which due on demand	961	1,399

(6) *Liabilities to customers*

€ m	30.06.2003	31.12.2002
Deposits	2,406	2,180
Other liabilities	1,265	1,373
Net deferred items	-	1
<b>Total</b>	<b>3,671</b>	<b>3,554</b>
of which due on demand	238	4

(7) *Debt securities issued*

€ m	30.06.2003	31.12.2002
Debt securities issued		
Public sector covered bonds	62,911	58,222
Mortgage covered bonds (Hypothekenpfandbriefe)	1,632	2,238
Other debt securities	7,501	9,103
Money market securities	21,364	20,351
Net deferred items	-863	-289
<b>Total</b>	<b>92,545</b>	<b>89,625</b>

(8) Net interest income

€ m	30.06.2003	30.06.2002
Interest income from public sector finance	1,616	1,584
Interest income from other lending business and money market transactions including property finance	313	301
Interest income from fixed income securities	1,371	1,330
Interest expenditure for		
Covered bonds	-1,388	-1,491
Other debt securities	-199	-131
Borrowings	-26	-28
Hybrid capital	-26	-40
Other banking transactions	-1,481	-1,345
<b>Total</b>	<b>180</b>	<b>180</b>

(9) Net commission income

€ m	30.06.2003	30.06.2002
Commission income from banking transactions	57	2
Commission expenditure from banking transactions	-17	-4
Other commission expenditure	-4	-1
<b>Total</b>	<b>36</b>	<b>-3</b>

(10) *Trading result*

€ m	30.06.2003	30.06.2002
Securities trading results	32	3
Valuation of derivatives / FAS 133	3	10
Net interest on trading derivatives	-5	-48
<b>Total</b>	<b>30</b>	<b>-35</b>

(11) *General administrative expenses*

€ m	30.06.2003	30.06.2002
Personnel expenditure		
Wages and salaries	27	22
Social security costs	4	5
(of which for pensions)	(2)	(1)
Other administrative expenditure	21	14
<b>Total</b>	<b>52</b>	<b>41</b>

## Reporting on financial instruments

The following table presents nominal amounts for derivatives as at 30 June 2003:

€ m	Nominal amount Residual maturity			Total
	< = 1 year	1– 5 years	> 5 years	
Interest rate and currency swaps	33,710	49,778	72,264	155,752
Interest rate futures and forward rate agreements	1,094	–	1,548	2,642
Interest rate options purchased	69	127	1,263	1,459
Interest rate options written	1,575	893	1,681	4,149
Other interest rate contracts	1,171	2,192	3,725	7,088
Foreign exchange forward contracts	7,580	–	–	7,580
Credit derivatives	141	1,017	2,644	3,802
<b>Total</b>	<b>45,340</b>	<b>54,007</b>	<b>83,125</b>	<b>182,472</b>



## Other details

### *New commitments*

€ m	1.1. - 30.06.2003	1.1. - 30.06.2002
Public sector finance	27,073	4,830
Other loans	1,029	367
<b>Total</b>	<b>28,102</b>	<b>5,197</b>

### *Primary sale of debentures including loans taken up*

€ m	1.1. - 30.06.2003	1.1. - 30.06.2002
Public sector covered bonds	11,814	4,180
Other debentures	459	301
Loans taken up	254	-
<b>Total</b>	<b>12,527</b>	<b>4,481</b>

### *Employees*

	30.06.2003	30.06.2002
<b>Total</b>	<b>332</b>	<b>261</b>
of which part time employees	17	12

*Regulatory capital and equity ratios*

<b>Own funds (€ m)</b>	<b>30.06.2003</b>	<b>31.12.2002</b>
	<b>Irish Financial Services Regulatory Authority</b>	<b>Central Bank of Ireland</b>
Core capital (Tier I)	1,266	1,053
Supplementary (Tier II)	863	867
<b>Total own funds</b>	<b>2,129</b>	<b>1,920</b>

<b>Equity ratios</b>	<b>30.06.2003</b>	<b>31.12.2002</b>
	<b>Irish Financial Services Regulatory Authority</b>	<b>Central Bank of Ireland</b>
Core capital ratio	10.8%	8.8%
Total capital ratio	18.1%	15.8%

All of the above regulatory capital and equity ratios were produced in accordance with the regulations of the Irish Financial Services Regulatory Authority, formerly the Central Bank of Ireland (CBI). The capital figures and equity ratios for 31 December 2002 were those reported to the CBI. The capital and equity ratios for 30 June 2003 include the audited and retained profits for 2002.

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## Board of Directors

### Executive Members

**Gerhard Bruckermann**

Chairman and CEO

**Thomas M. Kolbeck**

Vice Chairman and Deputy CEO

**Dermot Cahillane**

**Fulvio Dobrich**

**Reinhard Grzesik**

**Jürgen Karcher**

### Non-Executive Members

**Dr. Richard Brantner,**

Deputy Chairman

Member of Bank Management Board (ret'd)

**Prof. Dr. Alexander Hemmelrath,**

German Chartered Accountant, tax consultant

Founding partner of the law firm

Haarmann, Hemmelrath & Partner

**Maurice O'Connell**

Governor of Central Bank of Ireland (ret'd)

**Jacques Poos,**

Member of the European Parliament,

Minister of Foreign Affairs (ret'd), Luxembourg

**Hans W. Reich,**

Chairman of the Board of Managing Directors  
of Kreditanstalt für Wiederaufbau

**Prof. Dr. Frances Ruane,**

Professor at Trinity College, Dublin, Ireland

**Prof. Dr. Dr. h.c. mult. Hans Tietmeyer,**

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INTERIM GROUP REPORT OF DEPFA BANK PLC AS AT 30 JUNE 2003 ++ ACCORDING TO US-GAAP ++

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