

DEPFA ACS BANK
Investor Presentation
31st December 2013



DEPFA ACS BANK and Asset Covered Securities

Overview of Asset Covered Securities Legislation¹

Irish Asset Covered Securities are governed by the Asset Covered Securities Act 2001. It was amended in 2007, principally to anticipate the introduction of the Capital Requirements Directive (CRD). Some of the key features are set out below:

Specialist Bank Principle	Only Designated Credit Institutions, with specific public sector and mortgage business lines, in possession of a licence & a certificate of designation issued by the Central Bank of Ireland, may issue ACS
Diversified asset pool	Pool can have unlimited exposure to all countries of the EEA, and also, with restrictions, to the United States, Canada, Japan, Switzerland, New Zealand and Australia as well as the Multilateral Development Banks
Strong over collateralisation	The prudent market value of assets must exceed that of liabilities at all times. Public sector issuers must maintain a 3% PV over-collateralisation. DEPFA also commits to a 5% nominal over-collateralisation on a contractual basis
Preferential claims and Bankruptcy remoteness	ACS holders rank senior and have a preferred claim to the assets of the pool. The cover pool is excluded, by law, from other creditors' claims (including the Irish tax authorities) in the event of insolvency until all the claims of the priority creditors (i.e. ACS holders) have been satisfied. There is no automatic acceleration of outstanding ACS upon issuer insolvency
Duration, interest rate & currency matching	The asset duration of the pool must exceed the liability duration, in addition the weighted average duration of the asset pool cannot exceed the outstanding liabilities by more than 3 years for public sector covered bonds. Interest receivable must be equal to or exceed interest expense in any 12 month period. No currency risk is taken within the pool, over-collateralisation is required on a currency by currency basis
External monitoring	There is active external monitoring by the Cover Asset Monitor (CAM). The CAM must be an independent, qualified corporate body approved by the Financial Regulator. The CAM must report any non-compliance with ACS Law (including over-collateralisation) to the Financial Regulator
Defined pool management in case of insolvency	If any ACS issuing bank were to become insolvent, the Irish National Treasury Management Agency (NTMA) should find an alternative servicer, if none can be found, the NTMA will manage the pool until all liabilities are discharged

DEPFA ACS BANK and Asset Covered Securities

External Ratings as at 31st December 2013

Current ratings can be found on following web page

<http://www.hyporealestate.com/en/depfa-bank-plc/debt-investor-relations/ratings.html>

Ratings	Moody's	S&P	Fitch
Asset Covered Securities	A3*	BBB⁽¹⁾	A⁽²⁾
ACS Bank Long-term Senior Unsecured	Baa3	BBB	BBB+
ACS Bank Outlook	Stable	Stable	Negative
ACS Bank Short term	P-3	A-2	F2
Financial Strength Rating (FSR)	E		

*24th January 2014 Moody's upgraded DEPFA Asset Covered Securities from A3 to A1.

More information can be found on the following website:

<http://www.depfa.com/debt-investor-relations/ratings/moody-s.html>

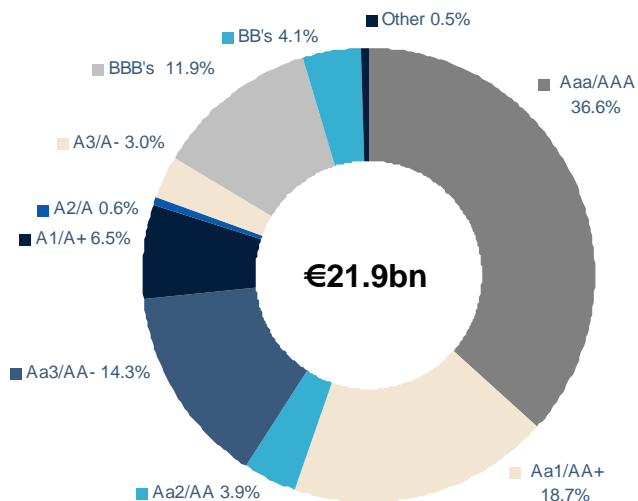
DEPFA ACS BANK and Asset Covered Securities

Overview of DEPFA's ACS Cover Pool

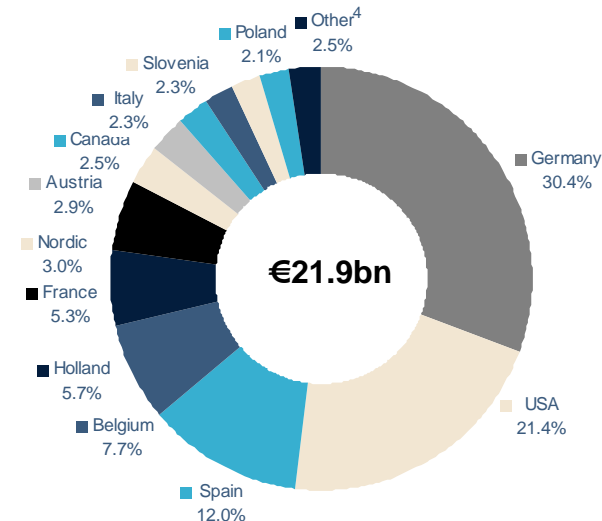
DEPFA ACS Cover Pool as at 31st December 2013¹

Nominal Value of Assets EUR 21.9bn; Nominal ACS Outstandings EUR 20.1bn

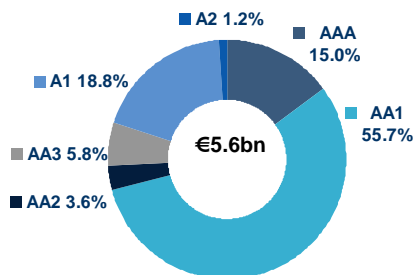
Total Cover Pool by Rating²



Total Cover Pool by Country



Non- EEA Assets Rating³



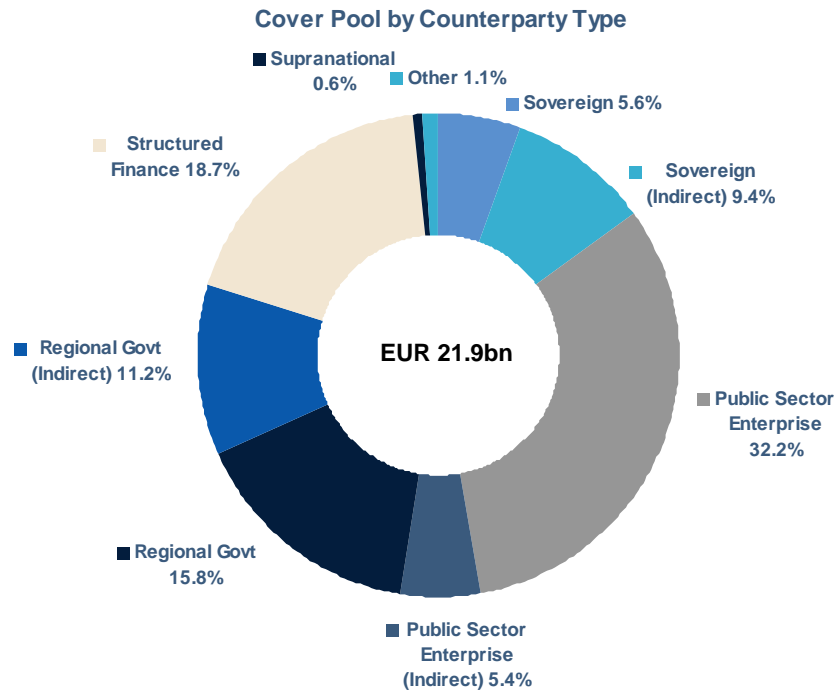
CRD asset eligibility compliance – to ensure low risk weighting

- Any sovereign or sub-sovereign EEA entity
- Any sovereign non-EEA entity, external rating at least A-/A3
- Any sub-sovereign non-EEA entity, external rating at least A-/A3 and risk weighting 20% or lower
- 20% restriction for non-EEA assets with external credit rating below AA-/Aa3. No non-EEA assets rated below A-/A3 are cover pool eligible
- Any multilateral development bank or international organisation with AAA external credit rating and 0% RW
- **Non EEA:** Australia, Canada, Japan, New Zealand, Switzerland, USA
- **Sovereign:** central governments, central banks
- **Sub-Sovereign:** regional governments, local authorities, public sector entities

DEPFA ACS BANK and Asset Covered Securities

DEPFA's ACS Cover Pool is high quality and well diversified

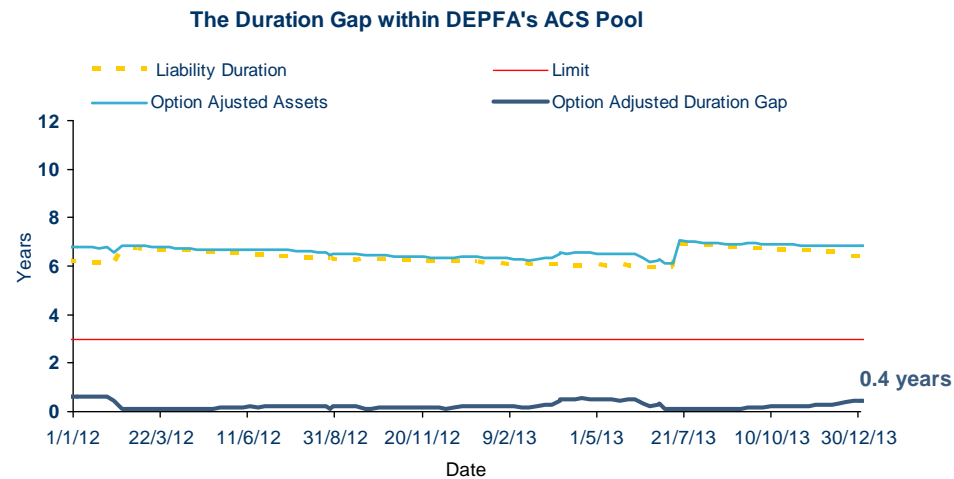
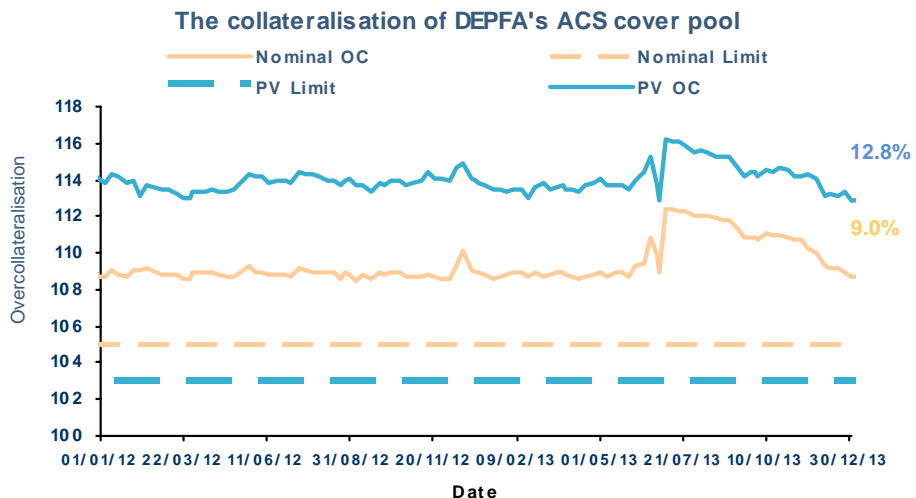
DEPFA ACS Cover Pool as at 31st Dec 2013¹



Classification ²	Definition	Examples
Sovereign (Direct)	Direct and indirect obligations of Central Governments, Central Banks and National Debt Agencies	Republic of Italy, Republic of Poland, Kingdom of Belgium
Sovereign (Indirect)	Obligations of non-Sovereigns with an explicit first call guarantee by a Sovereign	KfW, Ginnie Mae
Regional Government (Direct)	Direct and indirect obligations of Regional, Provincial and Municipal Governments	Italian and Spanish Regions, Individual USA States
Regional Government (Indirect)	Obligations of non-Regional Government with an explicit first call guarantee by a Regional Government	Kommunekredit, Kommuninvest, Hydro Quebec
Public Sector Enterprise (PSE)	Direct obligations of public administrative bodies and non commercial / non-profit undertakings, providing essential public services	RFF France, GPPS Germany, FMS-WM Germany
PSE (Indirect)	Obligations of non-PSE with an explicit first call guarantee by a PSE	Dutch and Finnish Social Housing Bonds & Loans
Supranational	Direct obligations to international organisations and international investment and development banks	AfDB, ADB, EIB, EBRD, NIB, IADB, IRBD,
Structured Finance	Obligations of a SPV which reference the risk of an underlying pool of securitised assets. The underlying assets benefit from central government or regional government support	FFELP Student Loans
Other Corporations & Financial Institutions	Direct and indirect obligation of special financial institutions or corporations with other types of support by central governments or regional governments	NWB NV, Landesbanken

DEPFA ACS BANK and Asset Covered Securities

ACS Risk Management is stringent

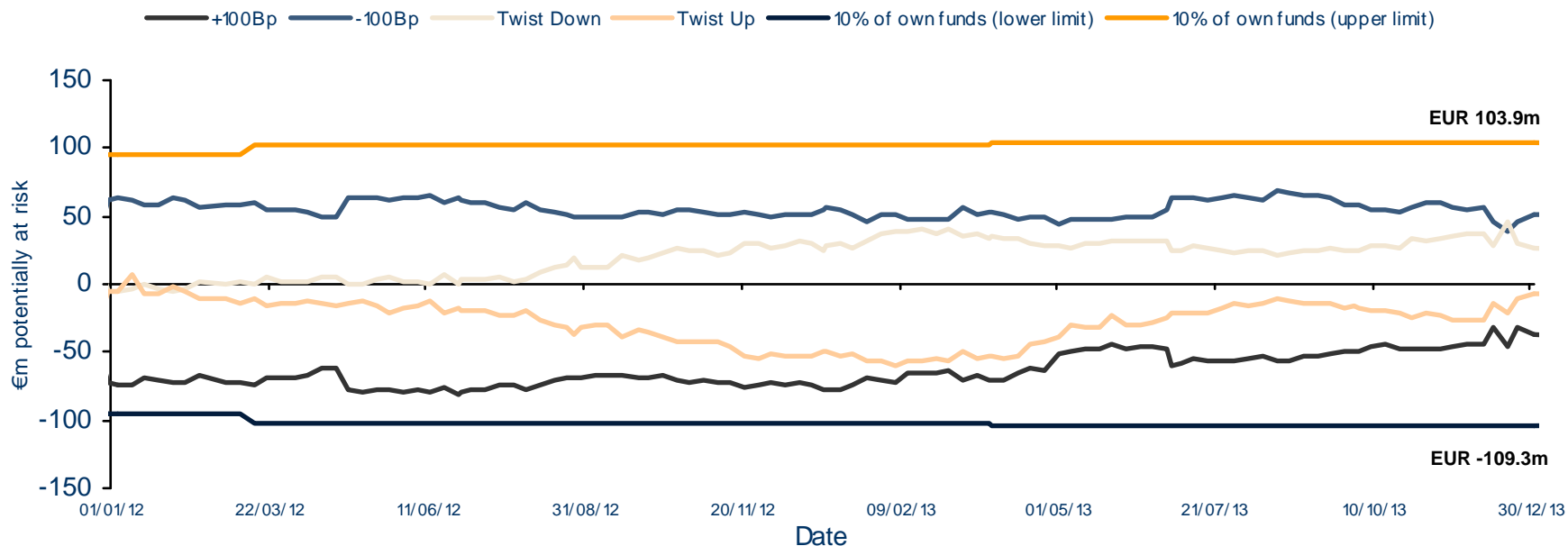


- DEPFA is legislatively obliged to maintain a minimum 3% present value over-collateralisation. In addition DEPFA ACS BANK contractually commits to a nominal over-collateralisation of at least 5%
- Since 26th October 2013 the present value has been calculated by discounting the future cash flows of the assets and liabilities against an OIS curve
- This calculation does not take into account market changes in the credit spreads of ACS assets or liabilities as Covered Bond analysis is done on a cash flow basis
- According to the ACS legislation, a public sector asset pool must have a weighted average duration not more than 3 years longer than the liabilities. Inverse duration is not permitted

DEPFA ACS BANK and Asset Covered Securities

DEPFA ACS BANK's Balance Sheet is regularly subjected to legislative shock tests

DEPFA ACS BANK shock test performance



- DEPFA's risk department subjects the ACS BANK balance sheet to daily yield curve stress tests according to the rules established in the ACS regulations
- When stressed 100Bp up/down or twist up/down, the resulting theoretical loss cannot equal more than 10% of DEPFA ACS BANK's own funds - this is stipulated by law & regulation
- As the results of these tests show, DEPFA's ACS BANK is run within these limits

DEPFA ACS BANK and Asset Covered Securities

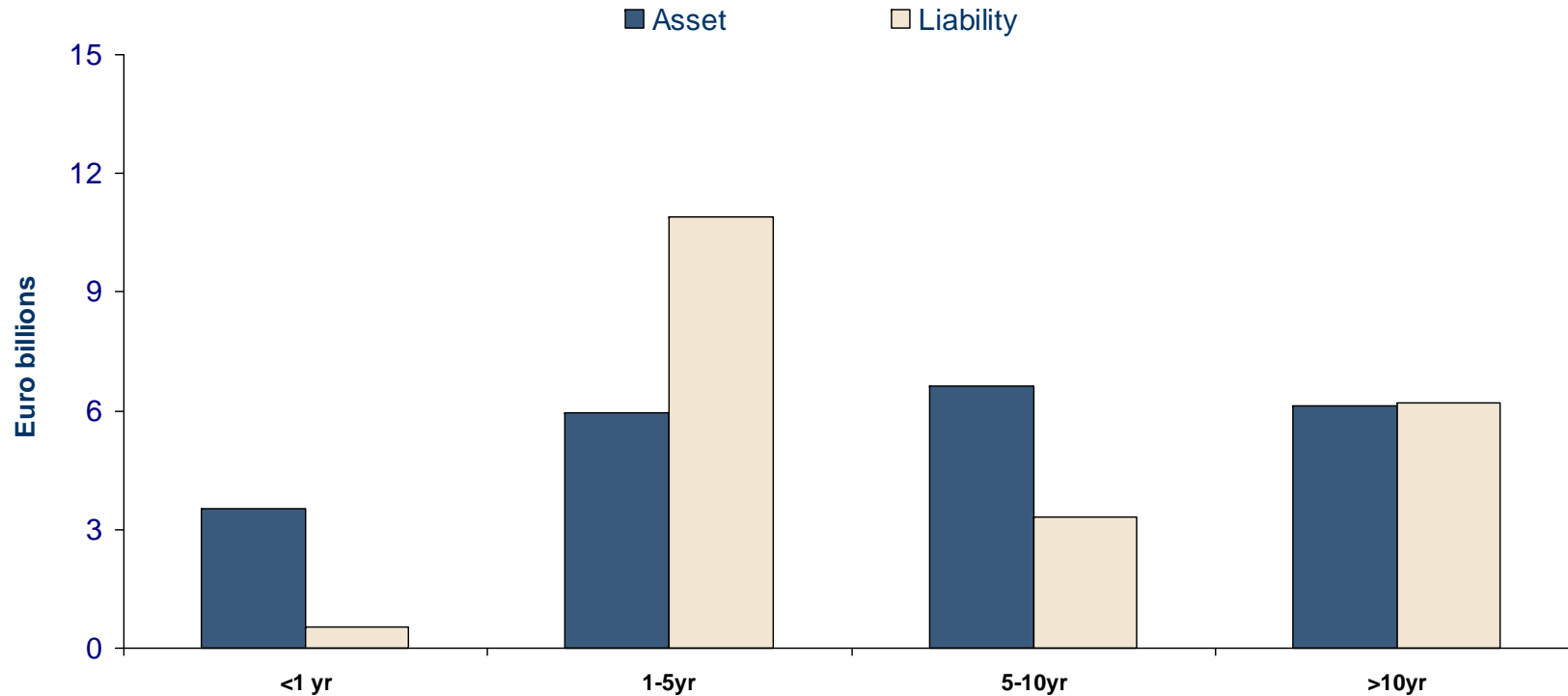
Cover Pool by country and borrower category as at 31st December 2013^{1,2}

Country	Total	Sovereign	Sovereign- (Indirect)	Regional Government	Regional Govt (Indirect)	PSE	PSE (Indirect)	Structured Finance	Supra	Other
	€21.9bn	5.6%	9.4%	15.8%	11.2%	32.2%	5.4%	18.7%	0.6%	1.1%
Germany	6,665m			18.5%	15.2%	65.8%				0.5%
USA	4,685m		10.2%	15.8%		4.4%		69.6%		
Spain	2,626m	0.4%	0.3%	5.8%	17.9%	65.0%	4.2%	6.3%		
Belgium	1,682m	31.1%	53.2%	1.5%	11.1%	3.0%				
Netherlands	1,246m		1.0%				86.3%	10.9%		1.8%
France	1,153m			28.7%	31.1%	40.3%				
Austria	629m			1.8%				83.5%		14.6%
Canada	540m			65.1%	24.6%	10.4%				
Italy	503m	23.6%	11.7%	59.2%	5.5%					
Slovenia	497m		100%							
Poland	472m	99.6%		0.4%						
Sweden	339m	27.8%	2.0%	43.7%	26.5%					
Finland	262m			17.6%	17.9%	62.4%				2.1%
Switzerland	204m			60.0%						40.0%
Supranational	123m								100%	
Malta	85m		100%							
United Kingdom	78m				100%					
Denmark	54m		12.8%		87.2%					
Japan	30m					100%				
Slovakia	15m	100%								
Ireland	11m			100%						

DEPFA ACS BANK and Asset Covered Securities

Cover Pool Cash Flows as at 31st December 2013^{1,2}

ACS Cover Pool Asset & Liability Cash Flows by Maturity Bucket



ACS Cover Pool cash flows calculated under following assumptions:

- ACS Cover Pool data as at 31st December 2013, no assumptions regarding future refinancing activities are made
- Cash flows show nominals on a Euro equivalent basis and exclude swaps, interest flows and optionality

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