DEPFA ACS BANK

Condensed Unaudited
Interim Financial Statements
as at 30 June 2010

Content

Directors and other information

Board of Directors
Dr. J. Bourke (Irish)*
Mr. C. Dunne (Irish)* (Chairman)
Mr. S. Rio (French)
Mr. K.L. Walsh (Irish)
Mr. N. Reynolds (Irish) (appointed 15 April 2010)
Ms. F. Flannery (Irish) (appointed 7 May 2010)

* Non-Executive

Audit Committee
Dr. J. Bourke

Secretary & Registered Office
Ms. E. Tiernan
1 Commons Street
Dublin 1
Ireland

Solicitors
Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

Auditors
KPMG
Chartered Accountants and Registered Auditor
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

Cover Assets Monitor
AIB International Financial Services Ltd
AIB International Centre
Dublin 1
Ireland

Registered Number
354382

Management discussion

DEPFA ACS BANK 6-month 2010 report

The DEPFA ACS BANK ("the Bank") is part of the DEPFA Group ("the Group") which comprises DEPFA BANK plc and its subsidiaries. In 2007 the entire ordinary share capital of DEPFA BANK plc, the parent of the Bank, was acquired by Hypo Real Estate Holding AG ("HRE Holding"), the parent entity of the Hypo Real Estate Group ("the HRE Group"). There has been no change in ownership of the Bank in 2009 and 2010.

Business Review

In the first six months of 2010, the Bank recorded a decrease in net interest income, reducing by 71% to € 17 million compared with € 58 million for the similar period in 2009. A significant proportion of the Bank's assets outside the cover pool are funded in the repo market, predominantly via Central Banks; changes in Central Bank repo funding rates and access and the haircuts applied to such assets have had a negative impact on the net interest income of the Bank. Additionally, the Bank has incurred losses of € -14 million on sales of assets in the first half of 2010.

Net fee and commission expense amounted to € -23 million (June 2009: € -1 million). The commission expense is largely attributable to costs incurred for the guarantees in connection with the liquidity support measures provided by the German Financial Markets Stabilisation Fund/German Finanzmarktstabilisierungsfonds ("SoFFin")..

Net trading income/expense recorded a profit of € 1 million to June 2010 compared to a loss of € -7 million to June 2009. This result is due to marking to market derivatives that do not qualify for hedge accounting.

Net expense from financial investments amounted to € -1 million (June 2009: € nil), relating to the loss on the sale of financial investments.

Net expense from hedge relationships amounted to € -1 million (June 2009: € -6 million), relating to hedge ineffectiveness on fair value hedges.

Other operating income amounted to € 1 million (June 2009: € 1 million), predominantly relating to foreign exchange revaluation gains.

Provision for losses on loans and advances amounted to € -10 million (June 2009: € -2 million). This is a collective provision; there are no specific provisions on any of the Bank's positions.

General administrative expenses increased from € -3 million in June 2009 to € -4 million in June 2010, as a result of increased staff costs.

Pre-tax loss for the period amounted to € -20 million (2009: € 40 million profit). Taxes on income amounted to € Nil (2009: € -5 million).

Net loss for the period amounted to € -20 million (2009: € 35 million profit)

Development in assets

Total assets increased by 2.4%, to € 89 billion in June 2010 from € 87 billion in December 2009. The Bank continues to focus on ensuring that it has a diversified asset base with high quality average credit ratings.

The financial instruments which are intended to be transferred to the deconsolidated environment in line with the plans of the HRE Group and subject to the approval of the German Financial Markets Stabilisation Agency ("FMSA") and the European Commission are classified under non-current assets in accordance with IFRS 5 and are shown as "disposal group". The previous year end figures do not have to be adjusted.

Development in financial position

Total liabilities increased by 2.5%, to € 89 billion in June 2010 from € 86 billion in December 2009. The increase in liabilities is as a direct result of the increase in assets.

Management discussion (cont.)

Development in equity

The shareholders' equity amounted to € 558 million as of 30 June 2010, compared with € 571 million as of 31 December 2009. The movement in equity in the period is a combination of the loss of € -20 million and the reduction in the AfS Reserve of € 7 million.

In accordance with IFRS 5, condensed statement of financial position “Amounts recognised in equity relating to disposal group” comprises components of shareholders’ equity which are transferred to the deconsolidated environment when the assets and liabilities are transferred. This is the AfS reserve of the AfS assets intended to be transferred.

Going concern

The existence of companies in the HRE Group including DEPFA BANK plc and its subsidiary entities continued to be threatened in the first half of the year 2010.

The HRE Group continues to assume that it is a going concern and will continue in operation under the following described conditions (external factors/internal factors).

The financial statements are prepared on a going concern basis as the directors have assumed that the Bank will continue in operation under the conditions described as external and internal factors below.

This assumption is predicated on the fact that based on present information, the HRE Group Management Board considers it predominantly probable that these conditions are in existence or will occur.

External factors:

- The HRE Group will receive further essential liquidity support from SoFFin in respect of terms and total volume. Moreover, the HRE Group will receive necessary capital support from SoFFin to strengthen its capital base. These supports will be granted under reasonable conditions. No legal reservations, especially EU legal actions, will be successfully enforced.
- The capital markets environment will begin to stabilise from 2010 to 2012, particularly if there is no further serious deterioration of the financial market crisis from unforeseeable consequences, for instance triggered by external shocks such as the collapse of numerous major states or major banks, and the crisis of the real estate markets does not result in defaults of loans and securities to an extent which would pose a threat to the existence of the HRE Group.
- The interbank market and other short-term unsecured refinancing markets as well as the long-term secured and unsecured refinancing markets will start to recover from 2010. The ratings of the companies in the HRE Group will stabilise or slightly increase. The support can be covered by own funding in the following years.

Internal factors:

- The HRE Group further succeeds in regaining the confidence of customers and successfully writes new business subject to adequate volumes and adequate margins.
- There are no significant delays or obstructions of the implementation of the restructuring of the HRE Group that aims to improve efficiency, profitability and streamlining of business processes.
- Work-out or restructuring of non-performing loans throughout the HRE Group can be implemented as currently scheduled.
- The HRE Group has been given the possibility of streamlining assets without a severe impact on value and of transferring balance sheet items by way of establishing a deconsolidated environment.
- The HRE Group is able to hire and keep staff in key positions despite specific restrictions, for example, on compensation.

On 28 March 2009, SoFFin confirmed in writing to HRE Holding and to Deutsche Pfandbriefbank AG (formerly Hypo Real Estate Bank AG) that it intended to stabilise HRE Holding in a sustainable manner by way of adequate recapitalisation and Deutsche Pfandbriefbank AG by further sufficient extensions of guarantees. SoFFin renewed its statement of intent on 6 November 2009. In particular, SoFFin has confirmed that it will provide adequate capital to ensure at least the continued existence of HRE Holding and its main subsidiaries as going concerns as well as the necessary viable business model, particularly that of Deutsche Pfandbriefbank AG. The support which the HRE Group overall receives from the German Federal Government depends on the result of a final review as to whether a deconsolidated environment will be established for non-strategic or non-performing assets of the HRE Group. In addition, SoFFin will provide further guarantees to assure the liquidity of HRE Holding and its main subsidiaries. These and possible further measures are conditional on meeting the aid law requirements of the EU Commission.

Management discussion (cont.)

As the first step towards recapitalising the HRE Group, SoFFin took up 20 million HRE Holding shares on 28 March 2009 for a legal minimum price of € 3.00 per share, with shareholders' subscription rights excluded. As the second step of recapitalisation of the HRE Group, the shareholders adopted a resolution regarding a capital increase of around € 2.96 billion in return for a cash contribution at the Extraordinary General Meeting held on 2 June 2009. 986.5 million shares were issued at the nominal value and legal minimum price of € 3.00 specified in the articles of incorporation.

Only SoFFin was permitted to take up the new shares out of the capital increase, and the statutory shareholders' subscription rights were excluded. After the registration of the capital increase on 8 June 2009, SoFFin held 90% of HRE Holding share capital. On 5 October 2009, a resolution for transferring the shares of the minority shareholder to SoFFin was adopted at an Extraordinary General Meeting. The Amtsgericht (local court) in Munich entered the transfer resolution on the commercial register on 13 October 2009, so that SoFFin became the only shareholder of HRE Holding. As a third step in the recapitalisation process, the HRE Group received a further capital contribution of a total of € 3.0 billion from SoFFin in November 2009. This tranche consists of a silent participation of € 1.0 billion to Deutsche Pfandbriefbank AG, a contribution of € 1.3 billion to the reserve of Deutsche Pfandbriefbank AG and a contribution of € 0.7 billion to the reserve of HRE Holding.

As the fourth step of recapitalisation, the HRE Group received the commitment from the SoFFin for the next recapitalisation tranches of up to € 1.85 billion on 30 April 2010. The capital will be paid in at least in two tranches into the additional paid-in capital of the HRE Group as required. The capital measure still has to be approved by the EU Commission. In the initial tranche, a figure of € 1.4 billion was paid into the additional paid-in capital of HRE Holding on 20 May 2010.

HRE Holding and Deutsche Pfandbriefbank AG have provided a commitment to SoFFin that they will take the steps necessary for implementing the recapitalisation process.

Risks threatening the future existence of the HRE Group

The future existence of HRE Holding as a going concern is dependent on the assumption that sufficient equity will be provided to HRE Holding and its significant subsidiaries even in the event of defaults and impairments recognised in relation to receivables and securities as a result of the financial crisis affecting individual states and corporations, to fulfil regulatory capital requirements as well as to avoid a situation of sustained over-indebtedness. External liquidity support is necessary to avert insolvency due to illiquidity of the significant subsidiaries of the HRE Group Holding or HRE Holding itself. These liquidity supports must be available until HRE Holding and its significant subsidiaries raise sufficient liquidity on the money and capital market by themselves, the agreed restructuring arrangements are implemented as scheduled and the equity capital increase is performed as scheduled.

To ensure the future existence of HRE Holding and its significant subsidiaries as a going concern it is particularly necessary that:

- SoFFin continues to provide sufficient equity capital;
- SoFFin and the Deutsche Bundesbank maintain their liquidity support and, if necessary, provide further liquidity assistance until such time as HRE Holding and it's principal subsidiaries raise liquidity in the capital markets themselves;
- increased refinancing with sustainable conditions on the money and capital markets is possible;
- the restructuring arrangements will be implemented as scheduled;
- the appropriate authorities do not take regulatory actions which are unforeseen and which would not permit the HRE Group to fully implement its recovery plan; as well as
- no legal reservations (especially EU legal actions) will be successfully enforced.

If some of the above criteria are not met, in particular if a crisis situation should occur, whose occurrence based on present information is currently not probable, there will be a negative effect on the net assets, financial position and results of the HRE Group and there will be doubts as to whether some or all companies in the HRE Group will be able to continue in operation as going concerns.

Disposal group

In January 2010, HRE Holding as the ultimate parent company of the Bank submitted an application to the German Federal Agency for Financial Market Stabilisation ("FMSA") for the establishment of a deconsolidated environment. The FMSA established deconsolidated environment "FMS Wertmanagement AöR" on 8 July 2010. HRE Group including DEPFA Bank plc wish to transfer non-strategic or non-performing assets to this deconsolidated environment. The assets and liabilities which have been identified for this transfer consist exclusively of financial instruments, but, notwithstanding the fact that the deconsolidated environment has already been established, the transfer has yet to be approved by the FMSA and the European Commission.

Management discussion (cont.)

Events after the Balance sheet date

On 9 July 2010 DEPFA BANK plc, the parent of the Bank, received a non refundable capital contribution from HRE Holding of €100 million. This non-refundable contribution qualifies as Regulatory Tier I Capital.

On 30 July 2010 DEPFA BANK plc, the parent of the Bank, received a non refundable capital contribution from HRE Holding of €100 million. This non-refundable contribution qualifies as Regulatory Tier I Capital.

Apart from the above, there have been no other notable events after 30 June 2010.

Responsibility statement, in accordance with the transparency regulations

In accordance with Regulation 8 (3) of the Transparency (Directive 2004/10/EC) Regulations 2007 the related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Bank are noted in note 28 on page 28.

Statement of the directors in respect of the condensed unaudited interim financial statements

Each of the current directors, whose names are listed on page 3, confirm that to the best of our knowledge:

(a) the condensed interim financial statements comprising the unaudited condensed income statement, the unaudited condensed statement of comprehensive income, the unaudited condensed statement of changes in equity, the unaudited condensed statement of financial position, the unaudited condensed statement of cash flows and related notes 1 to 31 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

(b) the interim management discussion includes a fair review of the information required by:

(i) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(ii) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

Mr. K.L. Walsh	**Dr. J. Bourke**
Director	**Director**

9 August 2010

Independent Review Report to DEPFA ACS BANK (“the Bank”)

Introduction

We have been engaged by the Bank to review the unaudited condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 which comprises the Unaudited Condensed Income Statement, Unaudited Condensed Statement of Comprehensive Income, Unaudited Condensed Statement of Financial Position, Unaudited Condensed Statement of Changes In Equity, Unaudited Condensed Cash Flow Statement and the related explanatory notes (Notes 1 - 31). We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited condensed interim financial statements.

This report is made solely to the Bank in accordance with the terms of our engagement to assist the Bank in meeting the requirements of the Transparency (Directive 2004/109/EC) Regulations 2007 (“the TD Regulations”) and the Transparency Rules of the Republic of Ireland’s Financial Regulator. Our review has been undertaken so that we might state to the Bank those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank for our review work, for this report, or for the conclusions we have reached.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the TD Regulations and the Transparency Rules of the Republic of Ireland’s Financial Regulator.

As disclosed on page 16, the annual financial statements of the Bank are prepared in accordance with IFRS as adopted by the EU. The directors are responsible for ensuring that the unaudited condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the Bank a conclusion on the unaudited condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the unaudited condensed set of financial statements in the half-yearly report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU, the TD Regulations and the Transparency Rules of the Republic of Ireland’s Financial Regulator.

Emphasis of matter – Going Concern Basis of Accounting

In forming our conclusion, which is not qualified, we have considered the adequacy of the disclosures in Note 2 concerning the appropriateness of the going concern basis of accounting in the preparation of the unaudited condensed consolidated interim financial statements of the Bank for the period ended 30 June 2010.

The unaudited condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Bank will continue in operation and meet its debts as they fall due for a minimum period of 12 months from the date of this report. Given its significance, we wish to draw the readers' attention to the underlying assumptions underpinning the application of the going concern basis of accounting to the Bank's unaudited condensed consolidated interim financial statements for the period ended 30 June 2010. Set-out below in our view are the key assumptions.

The future existence of the Hypo Real Estate Group ("HREG") is contingent on the provision of equity to HREG and its significant subsidiaries, even in the event of defaults and impairments of receivables and securities arising from the financial crisis of certain countries and municipalities, sufficient to fulfil the supervisory regulations for own funds and sufficient to avoid a situation of insolvency. External liquidity support is necessary to avert insolvency due to illiquidity of the significant subsidiaries of the HREG or Hypo Real Estate Holding AG ("HRE AG") itself. These liquidity supports must be available until the HREG and its significant subsidiaries raise sufficient liquidity on the money and capital market by themselves and the agreed restructuring arrangements are implemented and until the equity capital increase is performed as scheduled.

To ensure the future existence of the HREG and its significant subsidiaries it is particularly necessary that:

- the Financial Markets Stabilisation Fund ("SoFFin") provides sufficient equity capital.
- SoFFin and the Deutsche Bundesbank maintain their liquidity support and, if necessary, provide further liquidity assistance until such time as HREG and principal subsidiaries raise liquidity in the capital markets themselves.
- increased refinancing with sustainable conditions in the money and capital markets is possible.
- the restructuring arrangements are implemented as scheduled.
- the appropriate authorities do not take supervisory actions which are unforeseen and which would not permit the HREG to fully implement its recovery plan, as well as,
- no legal reservations (especially EU-action) will be successfully enforced.

If some of the above criteria are not met, in particular if a crisis situation should occur, whose occurrence based on present information is currently not probable, there will be a negative effect on the net assets, financial position and results of the HREG and there will be doubt as to whether some or all companies in the HREG will be able to continue in operation as going concerns.

Access to the liquidity support and to additional capital by the Bank can only be made through the Bank's ultimate parent company, HRE Holding AG. In the absence of this continuing support from the parent company for both current and future funding requirements the Bank would not be in a position to continue in operational existence as a going concern. The unaudited condensed consolidated interim financial statements do not include the adjustments that would result if the Bank was unable to continue as a going concern.

KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1

9 August 2010

Condensed income statement – unaudited

For the period 1 Jan to 30 Jun 2010

		1 Jan – 30 June 2010 €m	1 Jan – 30 June 2009 €m
Interest and similar income		999	1,362
Interest expense and similar expenses		-982	-1,304
Net interest income	3	**17**	**58**
Commission expense		-23	-1
Net fee and commission expense	4	**-23**	**-1**
Net trading income/expense	5	1	-7
Net expense from financial investments	6	-1	-
Net expense from hedge relationships	7	-1	-6
Other operating income	8	1	1
Total operating revenues		**-6**	**45**
Provision for losses on loans and advances	13	-10	-2
General administrative expenses	9	-4	-3
Pre-tax Loss/Profit		**-20**	**40**
Taxes on income		-	-5
Net Loss/Profit		**-20**	**35**
Attributable to:			
Equity holders of the parent		-20	35

The results above all relate to continuing operations.

Condensed statement of comprehensive income for the period from 1 January to 30 June – unaudited

	1 Jan – 30 June 2010			1 Jan – 30 June 2009		
	Before tax	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Net loss/income for the period	-20	-	-20	40	-5	35
AFS reserve	8	-1	7	7	-1	6
Total comprehensive income	**-12**	**-1**	**-13**	**47**	**-6**	**41**
Attributable to the equity holders	-12	-1	-13	47	-6	41

Disclosure of components of comprehensive income – unaudited

	1 Jan – 30 June 2010	**1 Jan – 30 June 2009**
Net loss/income for the period	-20	35
AFS reserve	7	6
Gains arising in the period	7	6
Cash flow hedge reserve	-	-
Gains arising in the period	52	15
Reclassification adjustments for gains/losses included in profit or loss	-52	-15
Total comprehensive income	**-13**	**41**

Condensed statement of financial position – unaudited

As at 30 June 2010

	Note	Unaudited 30/06/2010 € m	Audited 31/12/2009 € m
ASSETS			
Cash reserves		23	22
Trading assets	10	1,193	1,163
Loans and advances to other banks	11	16,712	21,675
Loans and advances to customers	12	26,544	53,806
Allowances for losses on loans and advances	13	-15	-10
Financial investments	15	4,061	7,555
Other assets	16	4,396	2,739
Disposal group	25	36,153	-
Deferred tax assets	17	8	9
Total assets		**89,075**	**86,959**
LIABILITIES			
Liabilities to other banks	18	27,250	29,642
Liabilities evidenced by certificates	19	53,328	50,842
Trading liabilities	20	925	1,041
Other liabilities	21	6,373	4,230
Current tax liabilities	22	1	1
Subordinated capital	23	640	632
Total liabilities		**88,517**	**86,388**
EQUITY			
Equity attributable to equity holders			
Share capital		510	510
Retained earnings		107	127
Other reserves		-26	-66
AfS		*-26*	*-66*
Amount recognised in equity relating to disposal group - AfS	25	-33	-
Total equity		**558**	**571**
Total equity and liabilities		**89,075**	**86,959**

Condensed cash flow statement – unaudited

For the period 1 Jan to 30 Jun 2010

	1 Jan – 30 June	
	2010 € m	**2009 € m**
Cash and cash equivalents as of 1 January	**-**	**-**
Cash flow from operating activities	-148	380
Cash flow from investing activities	148	-380
Cash flow from financing activities	-	-
Cash and cash equivalents as of 30 June	**-**	**-**

Cash and cash equivalents comprise of cash reserves including balances with central banks other than mandatory reserve deposits.

Condensed statement of changes in equity - unaudited

For the period 1 Jan to 30 Jun 2010

€ m	**Share capital**	**Retained earnings**	**Available-for-sale reserve**	**Equity**
Balance at 1 January 2009	510	280	-75	715
Total comprehensive income	-	35	6	41
Balance at 30 June 2009	**510**	**315**	**-69**	**756**

€ m	**Share capital**	**Retained earnings**	**Available-for-sale reserve**	**Equity**
Balance at 1 January 2010	510	127	-66	571
Total comprehensive income	-	-20	7	-13
Balance at 30 June 2010	**510**	**107**	**-59**	**558**

Notes to the condensed interim financial statements – unaudited

1. General Information

The condensed interim financial statements for the six months ended 30 June 2010 are unaudited but have been reviewed by the auditor whose report is set out on pages 10 and 11. The financial information presented herein does not amount to statutory financial statements that are required by Section 7 of the Companies (Amendment) Act, 1986 to be annexed to the annual return of DEPFA ACS BANK ("the Bank"). The statutory financial statements for the financial year ended 31 December 2009 were annexed to the annual return and filed with the Registrar of Companies. The audit report under section 163 of the Companies Act 1990 on those statutory financial statements was unqualified but did contain an emphasis of matter relating to the going concern basis of accounting.

The annual financial statements of the Bank are prepared in accordance with International Financial Reporting Standards ('IFRS').

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The financial information contained in the condensed interim financial statements has been prepared in accordance with the accounting policies set out in the last annual financial statements except for the adoption of:

- IFRS 2 (Share-based Payment: Group Cash-settled Share-based Payment Transactions)
- IFRS 3 (Business Combinations, revised 2008)
- IAS 27 (Consolidated and Separate Financial Statements)
- IAS 39 (Financial Instruments: Recognition and Measurement: Eligible Hedged Items)
- IFRIC 17 (distributions of Non-Cash Assets to Owners)

The amendment to IFRS 2 has clarified the accounting treatment for share-based payments with a cash settlement within the Group. Because DEPFA ACS BANK has currently not provided any commitment with regard to share-based payments, this accordingly does not have any effect on DEPFA ACS BANK.

IFRS 3 (revised) has revised the way in which the way the acquisition method is applied in the case of business combinations. Major changes relate to the measurement of non-controlling interests, the accounting of business combinations achieved in stages and the treatment of contingent considerations and acquisition-related costs. The standard is applicable prospectively. There have so far not been any effects for DEPFA ACS BANK, and any such effects will depend in future on potential business combinations.

Major changes to IAS 27 comprise the recognition of transactions in which a company continues to retain control as well as transactions in which control is lost. The standard is applicable prospectively. There have so far not been any effects for DEPFA ACS BANK, and any such effects will depend in future on potential transactions.

The amendment to IAS 39 specifies how the existing principles for presenting hedges have to be applied. The changes address the designation of unilateral risks in an underlying and the designation of inflation as a separately identifiable risk. There have not been any effects on the hedge accounting of DEPFA ACS BANK.

The interpretation IFRIC 17 specifies how a company has to measure non-cash assets which it distributes as dividend to its owners. IFRIC 17 does not apply to distributions of a non-cash asset which in the final analysis is controlled by the same party or the same parties before and after the distributions. There have so far not been any effects for DEPFA ACS BANK.

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" has also been amended in connection with IFRIC 17. The regulations of recognition, measurement and disclosure are applicable as well in relation to assets which satisfy the criteria for being classified as "held for sale". In this interim report, DEPFA ACS BANK has classified all assets and liabilities which are to be transferred to the deconsolidated environment as "disposal group" (for further details please refer to note 25).

Going concern

The financial statements are prepared on a going concern basis as the directors have assumed that the DEPFA Group ("the Group") will continue in operation under the conditions described as external and internal factors below. This assumption is predicated on the fact that based on present information, Hypo Real Estate Group ("the HRE Group") Management Board considers it predominantly probable that these conditions are in existence or will occur. The forecast of the future development of the HRE Group is based on the strategic refocusing and restructuring adopted by the HRE Group Management Board in December 2008 which is described on pages 4 to 7.

Notes to the condensed interim financial statements – unaudited (cont.)

External factors:

- The HRE Group will receive further essential liquidity support from the German Financial Markets Stabilisation Fund/German Finanzmarktstabilisierungsfonds ("SoFFin") in respect of terms and total volume. Moreover, the HRE Group will receive necessary capital support from SoFFin to strengthen its capital base. These supports will be granted under reasonable conditions. No legal reservations, especially EU legal actions, will be successfully enforced.
- The capital markets environment will begin to stabilise from 2010 to 2012, particularly if there is no further serious deterioration of the financial market crisis from unforeseeable consequences, for instance triggered by external shocks such as the collapse of numerous major states or major banks, and the crisis of the real estate markets does not result in defaults of loans and securities to an extent which would pose a threat to the existence of the HRE Group.
- The interbank market and other short-term unsecured refinancing markets as well as the long-term secured and unsecured refinancing markets will start to recover from 2010. The ratings of the companies in the HRE Group will stabilise or slightly increase. The support can be covered by own funding in the following years.

Internal factors:

- The HRE Group further succeeds in regaining the confidence of customers and successfully writes new business subject to adequate volumes and adequate margins.
- There are no significant delays or obstructions of the implementation of the restructuring of the HRE Group that aims to improve efficiency, profitability and streamlining of business processes.
- Work-out or restructuring of non-performing loans throughout the HRE Group can be implemented as currently scheduled.
- The HRE Group has been given the possibility of streamlining assets without a severe impact on value and of transferring balance sheet items by way of establishing a deconsolidated environment.
- The HRE Group is able to hire and keep staff in key positions despite specific restrictions, for example, on compensation.

On 28 March 2009, SoFFin confirmed in writing to HRE Holding and to Deutsche Pfandbriefbank AG (formerly Hypo Real Estate Bank AG) that it intended to stabilise HRE Holding in a sustainable manner by way of adequate recapitalisation and Deutsche Pfandbriefbank AG by further sufficient extensions of guarantees. SoFFin renewed its statement of intent on 6 November 2009. In particular, SoFFin has confirmed that it will provide adequate capital to ensure at least the continued existence of HRE Holding and its main subsidiaries as going concerns as well as the necessary viable business model, particularly that of Deutsche Pfandbriefbank AG. The support which the HRE Group overall receives from the German Federal Government depends on the result of a final review as to whether a deconsolidated environment will be established for non-strategic or non-performing assets of the HRE Group. In addition, SoFFin will provide further guarantees to assure the liquidity of HRE Holding and its main subsidiaries. These and possible further measures are conditional on meeting the aid law requirements of the EU Commission.

As the first step towards recapitalising the HRE Group, SoFFin took up 20 million HRE Holding shares on 28 March 2009 for a legal minimum price of € 3.00 per share, with shareholders' subscription rights excluded. As the second step of recapitalisation of the HRE Group, the shareholders adopted a resolution regarding a capital increase of around € 2.96 billion in return for a cash contribution at the Extraordinary General Meeting held on 2 June 2009. 986.5 million shares were issued at the nominal value and legal minimum price of € 3.00 specified in the articles of incorporation.

Only SoFFin was permitted to take up the new shares out of the capital increase, and the statutory shareholders' subscription rights were excluded. After the registration of the capital increase on 8 June 2009, SoFFin held 90% of HRE Holding share capital. On 5 October 2009, a resolution for transferring the shares of the minority shareholder to SoFFin was adopted at an Extraordinary General Meeting. The Amtsgericht (local court) in Munich entered the transfer resolution on the commercial register on 13 October 2009, so that SoFFin became the only shareholder of HRE Holding. As a third step in the recapitalisation process, the HRE Group received a further capital contribution of a total of € 3.0 billion from SoFFin in November 2009. This tranche consists of a silent participation of € 1.0 billion to Deutsche Pfandbriefbank AG, a contribution of € 1.3 billion to the reserve of Deutsche Pfandbriefbank AG and a contribution of € 0.7 billion to the reserve of HRE Holding.

As the fourth step of recapitalisation, the HRE Group received the commitment from the SoFFin for the next recapitalisation tranches of up to € 1.85 billion on 30 April 2010. The capital will be paid in at least in two tranches into the additional paid-in capital of the HRE Group as required. The capital measure still has to be approved by the EU Commission. In the initial tranche, a figure of € 1.4 billion was paid into the additional paid-in capital of HRE Holding on 20 May 2010.

HRE Holding and Deutsche Pfandbriefbank AG have provided a commitment to SoFFin that they will take the steps necessary for implementing the recapitalisation process.

Notes to the condensed interim financial statements – unaudited (cont.)

Risks threatening the future existence of the HRE Group

The future existence of HRE Holding as a going concern is dependent on the assumption that sufficient equity will be provided to HRE Holding and its significant subsidiaries even in the event of defaults and impairments recognised in relation to receivables and securities as a result of the financial crisis affecting individual states and corporations, to fulfil regulatory capital requirements as well as to avoid a situation of sustained over-indebtedness. External liquidity support is necessary to avert insolvency due to illiquidity of the significant subsidiaries of the HRE Group Holding or HRE Holding itself. These liquidity supports must be available until HRE Holding and its significant subsidiaries raise sufficient liquidity on the money and capital market by themselves, the agreed restructuring arrangements are implemented as scheduled and the equity capital increase is performed as scheduled.

To ensure the future existence of HRE Holding and its significant subsidiaries as a going concern it is particularly necessary that:

- SoFFin continues to provide sufficient equity capital;
- SoFFin and the Deutsche Bundesbank maintain their liquidity support and, if necessary, provide further liquidity assistance until such time as HRE Holding and it's principal subsidiaries raise liquidity in the capital markets themselves;
- increased refinancing with sustainable conditions on the money and capital markets is possible;
- the restructuring arrangements will be implemented as scheduled;
- the appropriate authorities do not take regulatory actions which are unforeseen and which would not permit the HRE Group to fully implement its recovery plan; as well as
- no legal reservations (especially EU legal actions) will be successfully enforced.

If some of the above criteria are not met, in particular if a crisis situation should occur, whose occurrence based on present information is currently not probable, there will be a negative effect on the net assets, financial position and results of the HRE Group and there will be doubt as to whether some or all companies in the HRE Group will be able to continue in operation as going concerns.

Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual may differ from these estimates.

In preparing the condensed interim financial statements, the significant judgements made by management in applying the Bank's accounting policies and key sources of estimating uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2009.

3. Net interest income

	1 Jan – 30 June	
	2010	**2009**
	€ m	**€ m**
Interest and similar income		
Lending and money-market business	878	1,219
Fixed-income securities	121	143
	999	**1,362**
Interest expense and similar expenses		
Liabilities to other banks	-152	-494
Liabilities evidenced by certificates	-781	-785
Derivatives	-41	-14
Subordinated capital	-8	-11
	-982	**-1,304**
Net interest income	**17**	**58**

4. Net fee and commission expense

	1 Jan – 30 June	
	2010	**2009**
	€ m	**€ m**
Fee and commission expense		
From lending operations	-23	-1
Net fee and commission expense	**-23**	**-1**

Net fee and commission expense totalled € -23 million in the period, mostly a result of commission costs incurred for the guarantees related to the liquidity support measures (2009: € -1 million).

None of the above fees arose on either trust or fiduciary activities that result in the holding or investing of assets on behalf of individuals, trusts, retirement benefit plans, and other institutions.

5. Net trading income/expense

	1 Jan – 30 June 2010 € m	1 Jan – 30 June 2009 € m
From interest rate instruments and related derivatives	1	-7
	1	**-7**

6. Net expense from financial investments

	1 Jan – 30 June 2010 € m	1 Jan – 30 June 2009 € m
Loss on sale of financial investments	-1	-
	-1	**-**

7. Net expense from hedge relationships

	1 Jan – 30 June 2010 € m	1 Jan – 30 June 2009 € m
Result from fair value hedge accounting	-1	-6
Result from hedged items	423	-1,159
Result from hedging instruments	-424	1,153
	-1	**-6**

8. Other operating income

	1 Jan – 30 June 2010 € m	1 Jan – 30 June 2009 € m
Net foreign exchange gains	1	1
Total other operating income/expense	**1**	**1**

9. General administrative expenses

	1 Jan – 30 June 2010 € m	1 Jan – 30 June 2009 € m
Personnel expenses		
Wages and salaries	-1	-1
Social security costs	-	-
Pension expenses and related employee benefit costs	-	-
Other general administrative expenses	-3	-2
	-4	**-3**

Notes to the condensed interim financial statements – unaudited (cont.)

10. Trading assets

	30/06/2010 € m	31/12/2009 € m
Standalone derivatives (non-trading book)	1,193	1,163
	1,193	**1,163**
Of which due from group companies	974	988

Standalone derivatives include mainly derivatives which are economically hedging but which do not meet the detailed hedge accounting criteria under IFRSs.

11. Loans and advances to other banks

Loans and advances to other banks are broken down by type of business as follows:

	30/06/2010 € m	31/12/2009 € m
Public sector loans	3,977	4,794
Other loans and advances	12,735	16,881
	16,712	**21,675**
Of which due from group companies	11,927	14,508

Loans and advances to banks are broken down by maturity as follows:

	30/06/2010 € m	31/12/2009 € m
Repayable on demand	8	44
With agreed maturities		
Up to 3 months	7,873	10,130
from 3 months to 1 year	306	2,152
from 1 year to 5 years	4,855	4,077
from 5 years and over	3,670	5,272
	16,712	**21,675**

The book value of these loans represents the maximum exposure to credit risk on these assets.

12. Loans and advances to customers

Loans and advances to customers are broken down by type of business as follows:

	30/06/2010 € m	31/12/2009 € m
Public sector loans	26,544	53,806
	26,544	**53,806**
Of which due from group companies	-	-

Loans and advances to customers are broken down by maturity as follows:

	30/06/2010 € m	31/12/2009 € m
With agreed maturities		
Up to 3 months	212	554
from 3 months to 1 year	833	792
from 1 year to 5 years	6,013	9,050
from 5 years and over	19,486	43,410
	26,544	**53,806**

13. Allowance for losses on loans and advances

Movement in allowance for losses on loans and advances:

	30/06/2010 € m	31/12/2009 € m
Collective provision for losses on loans and advances		
Balance at 1 January	-10	-
Additions to collective provision	-10	-10
Transfer to disposal group	5	-
Total collective provision for losses on loans and advances	**-15**	**-10**

The total allowance for losses on loans and advances is made up of public sector loans only.

14. Loans and advances past due but not impaired

At 30 June 2010, the following amounts were noted as being past due. However, no impairment provision was made against these past due amounts as the Bank does not consider that there is any issue regarding their recoverability. Such timing issues in receipts of payments due occur frequently in the normal course of business and do not, by themselves impair the quality of the receivable. The total book value in relation to the amounts has also been disclosed to put the size of the amounts in question into context.

Loans past due

Assets: past due but not impaired (due amounts)

	30/06/2010 € m	31/12/2009 € m
Up to 3 months	-	-
From 3 months to 6 months	-	-
From 6 months to 1 year	-	96
From 1 year and over	-	-
Total	**-**	**96**

Assets: past due but not impaired (total investment)

	30/06/2010 € m	31/12/2009 € m
Up to 3 months	15	13
From 3 months to 6 months	5	-
From 6 months to 1 year	-	96
From 1 year and over	-	-
Total	**20**	**109**

Carrying amount of the individually assessed impaired financial assets

	30/06/2010 € m	31/12/2009 € m
Loans	-	-
Total	**-**	**-**

Carrying amount of loans and receivables

	30/06/2010 € m	31/12/2009 € m
Carrying amount of loans and receivables that are neither impaired nor past due	43,236	75,372
Carrying amount of loans and receivables that are past due but not impaired	20	109
Carrying amount of individually assessed impaired financial loans and receivables	-	-
Total	**43,256**	**75,481**
Of which loans and advances to other banks	16,712	21,675
Of which loans and advances to customers	26,544	53,806

15. Financial investments

	30/06/2010 € m	31/12/2009 € m
Available-for-sale financial investments	**49**	**48**
Debt securities and other fixed-income securities	49	48
Loans and Receivables financial investments	**4,012**	**7,507**
Debt securities and other fixed-income securities	4,012	7,507
	4,061	**7,555**

Financial investments, broken down by maturities

	30/06/2010 € m	31/12/2009 € m
With agreed maturities		
Up to 3 months	-	16
from 3 months to 1 year	135	182
from 1 year to 5 years	1,131	1,019
from 5 years and over	2,795	6,338
	4,061	**7,555**

16. Other assets

	30/06/2010 € m	31/12/2009 € m
Positive fair values from derivative financial investments		
Hedging derivatives (fair value hedges)	4,390	2,733
Other assets	6	6
	4,396	**2,739**
Of which due from group companies	3,223	1,953

17. Deferred tax assets

	30/06/2010 € m	31/12/2009 € m
Deferred tax assets	8	9
	8	**9**

18. Liabilities to other banks

	30/06/2010 € m	31/12/2009 € m
Liabilities to other banks	27,250	29,642
	27,250	**29,642**
Of which due to group companies	23,518	24,637

Liabilities to other banks by maturities

	30/06/2010 € m	31/12/2009 € m
With agreed maturities		
Up to 3 months	20,402	18,135
from 3 months to 1 year	5,716	10,033
from 1 year to 5 years	2	3
from 5 years and over	1,130	1,471
	27,250	**29,642**

19. Liabilities evidenced by certificates

By type of business:	30/06/2010 € m	31/12/2009 € m
Public sector covered bonds	53,328	50,842
	53,328	**50,842**

By maturities:

	30/06/2010 € m	31/12/2009 € m
With agreed maturities		
up to 3 months	1,213	796
from 3 months to 1 year	5,607	3,585
from 1 year to 5 years	17,244	15,567
from 5 years and over	29,264	30,894
	53,328	**50,842**

20. Trading liabilities

	30/06/2010 € m	31/12/2009 € m
Standalone derivatives (non-trading book)	925	1,041
	925	**1,041**
Of which due to group companies	571	803

Standalone derivatives include mainly derivatives which are economically hedging but which do not meet the detailed hedge accounting criteria under IFRS.

21. Other liabilities

	30/06/2010 € m	31/12/2009 € m
Negative fair values from derivative financial investments		
Hedging derivatives	6,330	4,206
Other liabilities	43	24
	6,373	**4,230**
Of which due to group companies	4,326	2,946

22. Current tax liabilities

	30/06/2010 € m	31/12/2009 € m
Current tax liabilities	1	1
	1	**1**

23. Subordinated capital

	30/06/2010 € m	31/12/2009 € m
Subordinated liabilities	640	632
	640	**632**
Of which due to group companies	640	632

The Bank has not had any defaults of principal, interest or redemption amounts during the period on its borrowed funds (2009: € nil).

Subordinated capital, broken down by maturities	30/06/2010 € m	31/12/2009 € m
With agreed maturities		
from 5 years and over	640	632
	640	**632**

24. Assets and liabilities according to measurement categories (Including disposal group)

	30/06/2010 € m	31/12/2009 € m
Loans and receivables	83,414	82,987
Available-for-sale	49	48
Cash reserves	23	22
Derivatives	5,583	3,896
Other assets	6	6
Total assets	**89,075**	**86,959**
Financial liabilities at amortised cost	81,219	81,117
Derivatives	7,255	5,247
Other liabilities	43	24
Total liabilities	**88,517**	**86,388**

The recognised fair values of financial instruments according to IFRS 7 correspond to the amounts at which, in the opinion of the Bank, an asset could be exchanged on the statement of financial position date between willing, competent business partners or the amount at which a liability could be settled between such business partners. The fair values were determined as of the statement of financial position date based on the market information available and on valuation methods described in note “Financial instruments”.

As per the amendment to IFRS 7 "Financial Instruments: Disclosures" issued in March 2009 all financial assets and liabilities of the Bank that are measured at fair value should be grouped into the fair value hierarchies. The three-level hierarchy is based on the degree to which the input for the fair value measurement is observable.

Level 1 – quoted priced (unadjusted) in active markets for identical financial assets or financial liabilities.

Level 2 – inputs that are observable either directly or indirectly, other than quoted prices included within Level 1.

Level 3 – valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

The following tables shows financial assets and financial liabilities measured at fair value grouped into the fair value hierarchy:

Fair value hierarchy in € million	**30 June 2010**			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Trading assets	1,193	-	1,193	-
Hedging derivatives	4,390	-	4,387	3
Financial investments	49	49	-	-
Total	**5,632**	**49**	**5,580**	**3**
Liabilities				
Trading liabilities	-925	-	-925	-
Hedging derivatives	-6,330	-	-6,298	-32
Total	**-7,255**	**-**	**-7,223**	**-32**

Fair value hierarchy in € million	**31 December 2009**			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Trading assets	1,163	-	1,163	-
Hedging derivatives	2,733	-	2,733	-
Financial investments	48	48	-	-
Total	**3,944**	**48**	**3,896**	**-**
Liabilities				
Trading liabilities	-1,041	-	-1,041	-
Hedging derivatives	-4,206	-	-4,199	-7
Total	**-5,247**	**-**	**-5,240**	**-7**

In 2009 AfS-investments with a carrying amount of € 48 million were transferred from Level 2 to Level 1 because quoted prices in active markets for identical financial assets became regularly available.

There have been no transfers from Level 1 to Level 2 in the period.

The following tables present the changes in Level 3 instruments:

Changes in Level 3 instruments in € million	**Financial assets – Hedging derivatives**	**Total**
Balance at 1 January 2010	**-**	**-**
Comprehensive income		
Income statement	-	-
Purchases	3	3
Balance at 30 June 2010	**3**	**3**

Changes in Level 3 instruments in € million

	Financial assets – Hedging derivatives	Total
Balance at 1 January 2009	**2**	**2**
Comprehensive income		
Income statement	-2	-2
Balance at 31 December 2009	**-**	**-**

Changes in Level 3 instruments in € million

	Financial liabilities – Hedging derivatives	Total
Balance at 1 January 2010	**-7**	**-7**
Comprehensive income		
Income statement	-1	-1
Purchases	-	-
Settlements	-	-
Transfers into Level 3	-24	-24
Balance at 30 June 2010	**-32**	**-32**

Changes in Level 3 instruments in € million

	Financial liabilities – Hedging derivatives	Total
Balance at 1 January 2009	**-5**	**-5**
Comprehensive income		
Income statement	-1	-1
Purchases	-1	-1
Balance at 31 December 2009	**-7**	**-7**

25. Financial instruments classified as disposal group

In January 2010, HRE Holding as parent ultimate company of the Bank submitted an application to the German Federal Agency for Financial Market Stabilisation (“FMSA”) for the establishment of a deconsolidated environment. FMSA established deconsolidated environment “FMS Wertmanagement AöR“ On 8 July 2010. HRE Group including the Bank wish to transfer non-strategic or non-performing assets to this deconsolidated environment. The assets and liabilities which have been identified for this transfer consist exclusively of financial instruments, but, notwithstanding the fact that the deconsolidated environment has already been established, the transfer has yet to be approved by the FMSA and the European Commission.

Assuming that approval of the FMSA and the European Commission is forthcoming, it is intended that all identified financial instruments will be transferred in the second half of 2010 by technical as well as accounting means, so that the deconsolidated environment will become the (beneficial) owner of the assets at that time.

In general, the financial instruments will be transferred to the deconsolidated environment in the form of a demerger or singular succession (both herein after referred to as “true sale”). If a true sale is not possible as a result of legal or operational restrictions, the financial instruments will be transferred by way of granting sub-participations. Whereas title is transferred directly in the event of a true sale, beneficial ownership is normally transferred in the event of a sub-participation. If a transfer of beneficial ownership either by true sale or sub-participation cannot be carried out as a result of legal or technical restrictions, offsetting transactions will be concluded with the deconsolidated environment in exceptional cases in order to transfer the market risks and/or liquidity risks. Such offsetting transactions do not qualify for derecognition in accordance with IAS 39.17 et seq.

Notes to the condensed interim financial statements – unaudited (cont.)

In return for transferring the financial instruments to the deconsolidated environment, the HRE Group will acquire a claim for compensation from the deconsolidated environment. In addition, the FMSA in its capacity as the indirect sole shareholder of the Bank will obtain shares in the deconsolidated environment.

In addition to the business segment Infrastructure Finance, the group also intends to transfer financial instruments from other business segments but without transferring any other business segments completely. These financial instruments intended to be transferred to the deconsolidated environment are classified as "disposal group".

Disposal group

	30/06/2010 € m
ASSETS	
Loans and advances to other banks	1,450
Loans and advances to customers	29,970
Allowances for losses on loans and advances	-5
Financial investments	4,738
	36,153
EQUITY	
Amount recognised in equity relating to disposal group - AfS	-33
	-33

All financial instruments are measured in accordance with IAS 39. Any cumulative income or expenses recognised in the AfS revaluation reserve, related to the transferred disposal group, are also disclosed separately within statement of financial position.

26. Commitments

	30/06/2010 € m	31/12/2009 € m
Irrevocable loan commitments	121	154

27. Primary sales and repayments of debt securities including loans

	30/06/2010 € m	31/12/2009 € m
Primary sales		
Public sector covered bonds	494	3,100
Loans	-	1,520
	494	**4,620**
Repayments		
Public sector covered bonds	1,856	4,173
Total	**1,856**	**4,173**

28. Related party transactions

Balances due to and from group companies are disclosed in the notes to the balance sheet. The largest group into which the results of the Bank are consolidated is that headed by HRE Holding. Transactions with group companies (including disposal group) consisted of:

	30/06/2010	30/06/2009
	€ m	€ m
Interest and similar income	75	109
Interest expense and similar expenses	-124	-237
Net fee and commission expense	-22	-
Net expense from financial investments	-	-
Other operating income	-	-
General administrative expenses	-3	-1

The amounts above arise on intercompany borrowings and lending, and transfers of assets between the Bank and other group entities, as well as recharges for certain services provided. All related party transactions are entered into at an arm's length basis.

Key management compensation

Key management consists solely of directors of the Bank. Key management compensation consists of short term benefits and post employment benefits.

29. Segmental reporting

The Bank's income and assets are entirely attributable to public sector financing. The Bank is solely located in Ireland. Therefore no segmental report is presented.

30. Regulatory Capital and Capital Adequacy Ratios in accordance with BIS

	30/06/2010	31/12/2009
	€ m	€ m
Tier I Capital	617	637
Tier II Supplementary capital	519	519
Total Regulatory Capital	**1,136**	**1,156**

	30/06/2010	31/12/2009
BIS Risk Weighted Assets (€ million)	10,343	9,421
Core capital ratio (Tier I)	5.97%	6.8%
Total capital ratio (Tier I +II)	**10.98%**	**12.3%**

The regulatory capital and capital adequacy ratios were produced in accordance with the Bank for International Settlements' (BIS), Basel II Accord regulations to facilitate International comparisons (standardized approach).

With a Core Capital Ratio of 5.97% and a Total Capital Ratio of 10.98% the Bank exceed the minimum required ratios.

31. Events after the Balance sheet date

On 9 July 2010 DEPFA BANK plc, the parent of the Bank, received a non refundable capital contribution from HRE Holding of €100 million. This non-refundable contribution qualifies as Regulatory Tier I Capital.

On 30 July 2010 DEPFA BANK plc, the parent of the Bank, received a non refundable capital contribution from HRE Holding of €100 million. This non-refundable contribution qualifies as Regulatory Tier I Capital.

Apart from the above, there have been no other notable events after 30 June 2010.