



SUPPLEMENT NO. 1

dated 02 August 2007

to the

DEBT ISSUANCE PROGRAMME PROSPECTUS

of

DEPFA BANK PLC

(incorporated with limited liability under the laws of the Republic of Ireland)

DEPFA DEUTSCHE PFANDBRIEFBANK AG

(incorporated with limited liability under the laws of the Federal Republic of Germany)

dated 14 May 2007

Euro 15,000,000,000 Debt Issuance Programme

This Supplement (the **Supplement**) to the debt issuance programme prospectus of DEPFA BANK plc (**DEPFA BANK**) and DEPFA Deutsche Pfandbriefbank AG (the **Pfandbriefbank**) dated 14 May 2007 (the **DIP Prospectus**) constitutes a supplement for the purposes of Article 16.1 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 and Article 13.1 of the Luxembourg Law on Prospectuses for Securities dated 10 July 2005 (the **Prospectus Act**) and is prepared in connection with the Euro 15,000,000,000 Debt Issuance Programme established by DEPFA BANK and the Pfandbriefbank. Terms defined in the DIP Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read and construed in conjunction with, the DIP Prospectus and all documents incorporated by reference in the DIP Prospectus and this Supplement.

Each of DEPFA BANK and the Pfandbriefbank accepts sole responsibility for the information contained in this Supplement. Having taken all reasonable care to ensure that such is the case, each of DEPFA BANK and the Pfandbriefbank confirms that the information contained in this Supplement is, to the best of its knowledge and belief, in accordance with the facts and does not omit anything likely to affect the import of such information.

A. Proposed merger of DEPFA BANK with Hypo Real Estate Holding AG

One of the purposes of this Supplement is to give information in relation to the proposed merger of DEPFA BANK with Hypo Real Estate Holding AG (**HRE**).

The Boards of HRE and DEPFA BANK have reached agreement on the terms of a merger of the two businesses by way of a recommended acquisition by HRE of the entire issued share capital of DEPFA BANK by means of a scheme of arrangement under Section 201 of the Irish Companies Act, 1963 (the **Scheme of Arrangement**). As a result of these arrangements, DEPFA BANK will become a wholly-owned subsidiary of HRE.

If the Scheme of Arrangement becomes effective, DEPFA BANK shareholders will receive Euro 6.80 in cash and 0.189 new HRE share for every DEPFA BANK share held by them.

Based on the closing price on 20 July 2007 (being the last business day prior to the public announcement made by HRE and DEPFA BANK in relation to the proposed merger) of Euro 49.17 for an HRE share the merger values each DEPFA BANK share at Euro 16.14, and values the entire issued share capital of DEPFA BANK at approximately Euro 5,696 million.

The consideration offered to the DEPFA BANK shareholders in the course of the merger represents:

- a premium of approximately 17 per cent. to the closing price of Euro 13.80 per DEPFA BANK share on 20 July 2007 (being the last business day prior to the public announcements made by HRE and DEPFA BANK in relation to the proposed merger);
- a premium of approximately 19 per cent. to the three month (to 20 July 2007) average closing price of Euro 13.57 per DEPFA BANK share; and
- a multiple of 11.2 times underlying earnings of Euro 507 million for the twelve months to 31 December 2006.

The Scheme of Arrangement is subject to the approval of the Irish High Court. To become effective, the Scheme of Arrangement requires, amongst other things, the approval at a shareholder meeting convened by the Irish High Court of a majority in number of holders of DEPFA BANK shares representing 75 per cent. or more in value of the DEPFA BANK shares held by such holders present and voting either in person or by proxy, as well as the approval by DEPFA BANK shareholders of resolutions relating to the implementation of the Scheme of Arrangement at an extraordinary general meeting. In addition, the implementation of the Scheme of Arrangement is subject to clearance by competent antitrust and banking regulatory authorities and other conditions customary for a transaction of this nature.

B. Impact on the ratings of DEPFA BANK and the Pfandbriefbank

Following the public announcement made by HRE and DEPFA BANK in relation to the proposed merger:

- Fitch Ratings Ltd. (**Fitch**) affirmed its **AA-** rating of the senior long-term debt of DEPFA BANK. Fitch has placed the **AA-** rating of the senior long-term debt of the Pfandbriefbank on Rating Watch Negative;
- Moodys Investors Service (**Moody's**) affirmed its **Aa3** rating of the senior-long term debt of each of DEPFA BANK and the Pfandbriefbank; and
- Standard & Poor's Rating Services, a division of The McGraw Hill Companies Inc. (**Standard & Poor's**) lowered its rating of the senior long-term debt of DEPFA BANK to **A+**. Standard & Poor's lowered its rating of the senior long-term debt of the Pfandbriefbank to **A**.

C. Additional rating by Moody's of Public Sector Pfandbriefe to be issued by the Pfandbriefbank

Moody's has rated Public Sector Pfandbriefe to be issued by the Pfandbriefbank **Aaa**.

As a result of the above, the following amendments shall be made to the DIP Prospectus:

1. Changes to the section "*Summary*"

The subsection on page 6 of the DIP Prospectus entitled "*Ratings of Instruments to Be Issued by DEPFA BANK*" shall be amended to read as follows:

"Senior long-term debt of DEPFA BANK is rated **AA-** by Fitch Ratings Ltd. (**Fitch**), **A+** by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. (**Standard & Poor's**) and **Aa3** by Moody's Investors Service (**Moody's**)."

The subsection on page 6 of the DIP Prospectus entitled "*Ratings of Instruments to Be Issued by the Pfandbriefbank*" shall be amended to read as follows:

"Senior long-term debt of the Pfandbriefbank is rated **AA-**, but has been placed on Rating Watch Negative, by Fitch, **Aa3** by Moody's and **A** by Standard & Poor's.

Each of Fitch and Standard & Poor's has rated Public Sector Pfandbriefe to be issued by the Pfandbriefbank pursuant to the Programme **AAA**. Moody's has rated Public Sector Pfandbriefe to be issued by the Pfandbriefbank pursuant to the Programme **Aaa**."

2. Changes to the section "*Description of DEPFA BANK plc*"

The first and fourth paragraph in the subsection "*Ratings*" on page 162 of the DIP Prospectus shall be amended to as follows:

"Ratings

Senior long-term debt of DEPFA BANK is rated **AA-** by Fitch Ratings Ltd. (**Fitch**), **A+** by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. (**Standard & Poor's**) and **Aa3** by Moody's Investors Service (**Moody's**). These ratings reflect DEPFA BANK's strong credit profile.

[...]

For the purposes of Standard & Poor's ratings, **AAA** means that the obligor's capacity to meet its financial commitment on the obligations is extremely strong. **AA** differs from the highest-rated obligations only to a small degree and means that the obligor's capacity to meet its financial commitment on the obligation is very strong. An obligor rated **A** has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories. The ratings from **AA** to **CCC** may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

[...]"

3. Changes to the section "*Description of DEPFA Deutsche Pfandbriefbank AG*"

The first four paragraphs of the subsection "*Ratings*" on page 171 of the DIP Prospectus shall be replaced by the following wording:

"Each of Fitch Ratings Ltd. (**Fitch**) and Standard & Poor's Rating Services, a division of the McGraw-Hill Companies (**Standard & Poor's**) has rated Public Sector Pfandbriefe to be issued by

the Pfandbriefbank pursuant to the Programme **AAA**. Moody's Investors Service (**Moody's**) has rated Public Sector Pfandbriefe to be issued by the Pfandbriefbank pursuant to the Programme **Aaa**."

Senior long-term debt of the Pfandbriefbank is rated **AA-**, but has been placed on Rating Watch Negative, by Fitch, **Aa3** by Moody's Investors Service (**Moody's**) and **A** by Standard & Poor's.

For the purpose of Fitch ratings, **AAA** means highest credit quality. **AAA** ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events. **AA** means very high credit quality. **AA** ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. A + or – may be appended to a rating to denote relative status within major rating categories. Ratings are placed on Rating Watch to notify investors that there is a reasonable probability of a rating change and the likely direction of such change. These are designated as "Positive", indicating a potential upgrade, "Negative", for a potential downgrade, or "Evolving", if ratings may be raised, lowered or maintained. Rating Watch is typically resolved over a relatively short period.

For the purpose of Moody's ratings, **Aaa** means obligations are judged to be of the highest quality, with minimal credit risk, and **Aa** means obligations are judged to be of high quality and are subject to very low credit risk. Moody's appends numerical modifiers **1**, **2** and **3** to each generic rating classification from **Aa** through **Caa**. The modifier **1** indicates that the obligation ranks in the higher end of its generic rating category; the modifier **2** indicates a mid-range ranking; and the modifier **3** indicates a ranking in the lower end of that generic rating category. "

4. Changes to the section "Zusammenfassung" (Summary in the German language)

The following section is in the German language and deals with the changes to be made to the section "*German Language Translation of Summary – Zusammenfassung*" of the DIP Prospectus.

Änderungen im Abschnitt "Zusammenfassung"

Auf Seite 21 des DIP-Prospekts wird der Unterabschnitt "*Ratings der von DEPFA BANK zu begebenden Schuldtitel*" wie folgt geändert:

"Die nicht nachrangigen langfristigen Verbindlichkeiten der DEPFA BANK werden von Fitch Ratings Ltd. (**Fitch**) mit **AA-**, von Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. (**Standard & Poor's**) mit **A+** und von Moody's Investors Service (**Moody's**) mit **Aa3** bewertet."

Auf Seite 21 des DIP-Prospekts wird der Unterabschnitt "*Ratings der von der Pfandbriefbank zu begebenden Schuldtitel*" wie folgt geändert:

"Die nicht nachrangigen langfristigen Verbindlichkeiten der Pfandbriefbank werden von Fitch mit **AA-**, von Moody's mit **Aa3** und von Standard & Poor's mit **A** bewertet, wobei Fitch die nicht nachrangigen langfristigen Verbindlichkeiten der Pfandbriefbank auf die Rating Watch Negative Liste gesetzt hat..

Fitch und Standard & Poor's haben die von der Pfandbriefbank unter dem Programm zu begebenden Öffentlichen Pfandbriefe mit **AAA** bewertet. Moody's hat die von der Pfandbriefbank unter dem Programm zu begebenden Öffentlichen Pfandbriefe mit **Aaa** bewertet."

Copies of all documents incorporated by reference in the DIP Prospectus and this Supplement can be obtained free of charge from the registered offices of DEPFA BANK and the Pfandbriefbank and the specified offices of the Fiscal Agent and the Paying Agent, all as described on pages 191 and 192 of the DIP Prospectus. In addition, copies of all documents incorporated by reference in the DIP Prospectus and this Supplement are obtainable from, and are viewable on, the website of the Luxembourg Stock Exchange (being www.bourse.lu).

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into this Supplement and (b) any other statement in or incorporated by reference in the DIP Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the DIP Prospectus since the publication of the DIP Prospectus.

Withdrawal Right

Any investor who may wish to exercise any withdrawal right arising pursuant to Article 13.2 of the Prospectus Act as a result of the publication of this Supplement must exercise that right on or before 5.30 p.m. (Luxembourg time) on 06 August 2007.