

Press release

Interim report as of 30 June 2018

EAA again with positive figures

Good progress in portfolio reduction / stable risk buffer for remaining wind-up tasks

Düsseldorf, 30 August 2018. In the first half of 2018, the EAA continued successfully to reduce its portfolio. It reduced the loans and securities of the former WestLB transferred for wind-up by around 12% compared to the end of last year. As of 30 June, the banking book portfolio amounted to around EUR 20 billion; this means that in total around 87% of the volume of positions transferred to the EAA has been wound up. The derivatives in the trading portfolio fell by more than 6% in notional terms compared to the end of last year; since being transferred the trading portfolio has been reduced by around 82% in total.

Net profit for the first half of the year remained positive at EUR 1.6 million after taxes. This was primarily generated by the write-back of provisions, net wind-up income and renewed cost reductions. Compared to the same period last year, general administrative expenses fell by around EUR 9 million (-10%). At the same time the EAA increased its risk provisioning in net terms by around EUR 44 million.

"Despite the advanced stage of portfolio reduction, the EAA continues to have a stable risk buffer," said Matthias Wargers, Spokesman of the EAA Managing Board. To cover potential losses from the winding up of the remaining portfolio, it currently still has access to around EUR 2 billion. As of the end of the first half of 2018 risk provisioning totalled around EUR 800 million and equity stood at around EUR 700 million. In addition, it has an equity capital drawing limit of EUR 480 million. The EAA's risk buffer has improved continuously relative to the portfolio.

Enquiries

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The EAA is a financially and organisationally independent public law institution. It was established in 2009 with a view to helping stabilise the financial markets. In accordance with its charter, its mission is to wind up risk positions taken over from the former WestLB in such a way as to minimise losses.

The EAA has taken over positions totalling approximately EUR 200 billion, which it accomplished in two stages: The "first fill" in 2009/2010 comprised loans and securities with a notional volume of EUR 77.5 billion. The second transfer, or "replenishment", took place in 2012 and comprised loans, securities (banking portfolio) and derivatives (trading portfolio) in the amount of EUR 124.4 billion.

Being a public-law institution, the EAA has a structure that protects it against insolvency and funds itself independently on the capital market. Thanks to the loss compensation duties of the State of NRW, the North Rhine-Westphalian savings bank and regional associations and the Financial Market Stabilisation Fund laid down in its charter, the EAA can issue securities on favourable terms. The EAA nevertheless plans to complete the wind-up activities in 2027 at least "with a black zero" - i.e. without taking advantage of the loss compensation duties. Stakeholders in the EAA are the state of North Rhine-Westphalia (approx. 48.2%), the two North Rhine-Westphalian savings banks and giro associations (both approx. 25%) and the two Regional Associations of North-Rhine Westphalia (each approx. 0.9%).