

Press release

EAA: WestImmo's share purchase agreement signed

Wind-down portfolio reduced by approx. EUR 10 billion / sale will have a positive impact on the 2015 results as well as the wind-down success of the EAA

Düsseldorf, 22 February, 2015. Erste Abwicklungsanstalt (EAA) has successfully divested its entire share capital in Westdeutsche ImmobilienBank AG (WestImmo) which it took over from former WestLB in 2012: The share purchase agreement between EAA and Aareal group was signed today. The final transfer of the shares (closing) will take place as soon as all closing conditions have been fulfilled, e.g. regulatory approvals. "The WestImmo sale is a milestone for EAA's portfolio wind-down. I am particularly satisfied that we managed to sell WestImmo in its entirety as this provides a viable perspective for the institution's employees", stated Matthias Wargers, CEO of EAA headquartered in Düsseldorf.

The sale of the Mainz-based Real Estate lender will reduce the loans and securities in EAA's portfolio by approx. EUR 10 billion compared to year-end 2014. This amounts to approx. 20 percent of EAA's current banking book. The purchase price will have a positive effect on EAA's result in FY 2015 as well as its long-term wind-down plan. All upsides and risks remain with EAA until closing. Prior to the WestImmo sale, EAA undertook considerable restructuring measures. According to Mr. Wargers, EAA extracted an amount of significantly more than EUR 800 million since it took over WestImmo. "This sum by far exceeds WestImmo's book value at the time EAA took over the bank in 2012", stressed Mr. Wargers.

Furthermore, the sale will provide additional benefits: The complexity of the overall portfolio will decrease, thus reducing EAA's operational and economic risks in connection with winding-down its portfolio. The share purchase agreement stipulates that all of WestImmo's refinancing obligations vis-à-vis EAA will be repaid and all financial guarantees provided by EAA for WestImmo portfolios will be cancelled at closing. "The transaction considerably accelerates our de-risking. This is excellent news for our public sector guarantors and ultimately for the taxpayer", Mr. Wargers explained. Moreover, EAA considers the timing of the sale as ideal: Although WestImmo contributed considerable profits to EAA, WestImmo as an EAA subsidiary is still subject to new business restrictions imposed by the EU, such that a sale of WestImmo yields a positive effect for EAA as opposed to a wind down.

For questions:

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Westdeutsche ImmobilienBank AG (WestImmo) is a fully owned subsidiary of Erste Abwicklungsanstalt AöR (EAA), based in Düsseldorf. The EAA acquired the shares in WestImmo from Portigon AG (formerly WestLB AG) in 2012. **The EAA** is an economically and organisationally independent body incorporated under public law. It was incorporated in 2009 in order to contribute to the stabilisation of the financial markets. According to its articles its duty is to dismantle the risk positions taken by the former WestLB with minimal losses. It assumed commitments worth around EUR 200 billion. The transfer occurred in two stages: The so-called initial charging in 2009/2010 comprised loans and securities with a nominal value of EUR 77.5 billion. The second transfer, the so-called subsequent charging, took place in 2012 and comprised loans, securities (bank holdings) and derivatives (trading positions) worth EUR 124.4 billion. The EAA is incorporated as an insolvency-protected establishment under public law and refinances itself independently on the capital market. The loss compensation obligations laid down in their articles of the North-Rhine Westphalia (NRW) Land, the NRW savings banks and regional authorities and of the financial market stabilisation fund enable it to obtain favorable conditions when issuing securities. Its schedule, however, is aimed at ending 2027 at least at break-even, thereby avoiding financial accountability for loss compensation obligations. Stakeholders in the EAA are the Land of North Rhine-Westphalia (approx. 48.2%), both of the North Rhine-Westphalian savings banks and Giro associations (both approx. 25%) and both North-Rhine Westphalian regional authorities (both approx. 0.9%).