

# Press release

EAA annual results for 2015

## **Of the loans and securities originally in the wind-up portfolio, just barely a quarter is still left**

- **Fiscal year ends with a net profit of EUR 13 million**
- **Sale of WestImmo accelerated the wind-up permanently**
- **Significant reduction of risk in the derivatives portfolio too**

**Düsseldorf, 21 March 2016** In the previous fiscal year Erste Abwicklungsanstalt (EAA) once again accelerated the reduction of loans and securities. As of 31 December 2015, the exposures in the EAA's banking portfolio amounted to just EUR 36 billion<sup>1</sup>. This means the volume of the exposures decreased by EUR 16 billion in 2015 – a decline of more than 30 per cent within the space of a year.

Since its foundation the EAA has wound up around EUR 120 billion in loan and securities exposures – that is 77 per cent of the positions which had been transferred in several steps from the former WestLB to the EAA. “We made excellent progress in 2015. The sale of Westdeutsche Immobilienbank was a particularly important milestone for the wind-up process,” said Matthias Wargers, Spokesman of the EAA's Managing Board. Just this transaction alone resulted in a decrease of nearly EUR 8 billion in loan and securities exposures.

The reduction of derivative financial products in the trading portfolio has proceeded rapidly, too. Their notional volume fell by around EUR 124 billion to about EUR 340 billion, a decline of 27 per cent in 2015. The volume originally transferred amounted to more than EUR 1 trillion. This means more than two thirds of the total has been reduced since 2012 – and risks have decreased considerably as well. The EAA follows an active approach to managing its trading portfolio, focusing on reducing complex derivatives on loans and equities. At the same time, the number of counterparties in the trading portfolio was scaled back by around 350 parties or about 40 per cent. This is an effective way to mitigate the uncertainties that could arise due to potential declines in the creditworthiness of contractual partners.

---

<sup>1</sup> On the basis of constant exchange rates as per 31 December 2011.

### **Positive result despite accelerated wind-up**

The EAA was able to finish another fiscal year in the black thanks to the successful sale of Westdeutsche Immobilienbank and restructuring measures in the banking portfolio as well as rigorous cost management. Its net profit for 2015 amounts to around EUR 13 million.

In light of the advanced state of the portfolio reduction it has become fundamentally more difficult for the EAA to cover its expenses with current interest income as well as net fee and commission income from the wind-up portfolio. This development, however, has already been taken into account in the EAA's overall wind-up planning. "We are therefore pleased we were once again able to generate additional income through active portfolio management and thus report a net profit for the full year," stated Wargers. Part of this success was due to a reduction in the EAA's administrative expenses in 2015, which were reduced by about 14 percent to around EUR 300 million. According to the current wind-up plan for 2016, this expense will be reduced by more than half over the medium term.

Following the successes of recent fiscal years, the EAA's Managing Board now sees a chance that the wind-up of the WestLB portfolio might be finished before 2027 – the current target for the wind-up planning. "We are checking which organisational measures and sales options might be suitable to discharge our liable stakeholders even faster from the risks," stated Wargers.

### **Inquiries**

EAA Press Office: 0211 826-7900

---

**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. According to its statutes, its mission is to wind up risk positions taken over from the former WestLB in a risk-minimising manner.

The EAA has taken over positions totalling approximately EUR 200 billion. The acquisition was carried out 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 bankruptcy-remote structure 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 the statutes, the EAA can issue securities at favourable conditions. 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 (both approx. 0.9%).