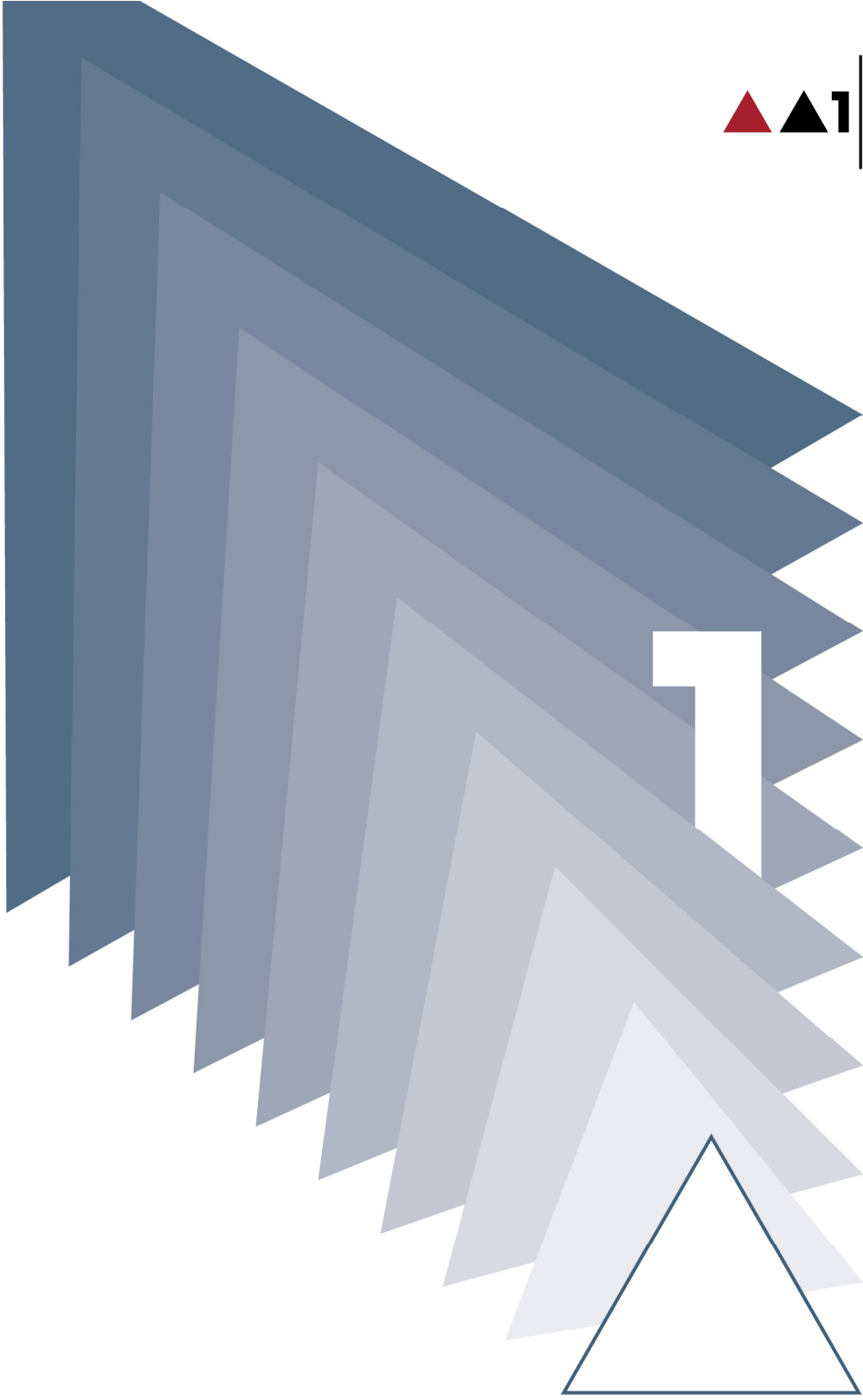




1



INTERIM REPORT

30/9/2021

CONTENTS

Contents

EAA key figures.....	2
Foreword	3
Interim management report.....	4
Business and environment	4
Economic report.....	8
Risk, opportunities and forecast report	15
Balance sheet	38
Income statement	42
Cash flow statement	44
Statement of changes in equity.....	45
Condensed notes	46
General disclosures	46
Notes on the balance sheet and the income statement	47
Other disclosures.....	57
Subsequent events	64
Responsibility statement	65
List of abbreviations	66
Imprint.....	68

Rounding may result in minor deviations in the totals and percentages relative to the computed values.

Individual balance sheet and earnings items may increase within the scope of the winding-up activities.

The generic masculine form will be used in the interests of readability and ease of comprehension. All genders are hereby implied equally.

EAA KEY FIGURES

EAA key figures

Income statement in EUR million	1/1-30/9/2021	1/1-30/9/2020
Net interest result	33.2	42.7
Net fee and commission result	-13.6	-13.8
Net trading result	-3.7	-3.8
Total other operating expenses/income	-1.1	-19.7
General administrative expenses	-76.3	-88.9
Results from financial assets and shareholdings	49.4	1.8
Results prior to risk provisioning	-12.1	-81.7
Loan loss provisions	27.1	55.0
Results before taxes	15.0	-26.7
Taxes	-0.1	-0.2
Net result for the year	14.9	-26.9
Balance sheet in EUR billion	30/9/2021	31/12/2020
Total assets	30.3	32.2
Business volume	32.0	34.1
Lending business	10.9	12.3
Trading assets	7.9	11.9
Equity	0.7	0.7
Winding-up	30/9/2021	30/9/2020
Banking book		
Notional value (before FX effect) in EUR billion	10.9	13.5
Winding-up activities (compared with previous year-end) in EUR billion	-1.8	-1.4
Winding-up activities (compared with previous year-end) in %	-14.2	-9.4
Trading portfolio		
Notional value (before FX effect) in EUR billion	72.5	101.6
Winding-up activities (compared with previous year-end) in EUR billion	-22.1	-35.2
Winding-up activities (compared with previous year-end) in %	-23.4	-25.8
Employees	30/9/2021	31/12/2020
Number of employees	107	130
Issuer credit ratings	Short-term rating	Long-term rating
Moody's Investors Service	P-1	Aa1
Standard & Poor's	A-1+	AA
Fitch Ratings	F1+	AAA

FOREWORD

Foreword

Dear Ladies and Gentlemen,

The first nine months of fiscal year 2021 went well for the EAA in operational terms. The portfolio of loans and securities was reduced by EUR 1.8 billion to EUR 10.9 billion as of 30 September 2021 and the notional volume in the trading portfolio was reduced by EUR 22.1 billion to EUR 72.5 billion. Thanks to the sale of a further Italian bond in the third quarter of 2021, the EAA has now significantly reduced the concentration risk.

Together with the income from the reversal of loan loss provisions and the net interest result, the results from financial assets and shareholdings led to a result after taxes of EUR 14.9 million. The lion's share continues to be attributable to the capital repatriation of Erste EAA Ireland plc, formerly EAA CBB, in the first quarter of 2021.

The EAA can draw on a solid risk buffer to wind up the remaining portfolio. Its equity as of 30 September 2021 amounted to EUR 668.5 million. The buffer of equity, equity capital drawing limit and risk provision in relation to the remaining portfolio as of 30 September 2021 has further increased by 1.1 percentage points to 13.4% compared to year-end 2020. The portfolio's investment grade rating share is 74%.

In the reporting period, the judgement, which was covered by various media, was delivered by the Regional Court of Frankfurt/Main, whereby Portigon's claim against the EAA in connection with WestLB's dividend arbitrage trades was granted by the court of first instance. The EAA considers this decision to be wrong and has lodged an appeal against the judgement within the prescribed time. Given that no new facts or new or developed legal considerations were raised either in the course of the hearings before the Regional Court or in its judgement that could change the EAA's previous evaluation of the prospect of a successful outcome, the EAA continues to adhere to its legal assessment of not having to make any payments to Portigon. Accordingly, the EAA believes it has a very good chance of success in connection with the appeal lodged. In light of this, the EAA continues to see no need to create provisions for the event of ultimate defeat in this legal dispute.

The EAA continues to optimise and variabilise administrative expenses as part of its efficient further development. This also means that the EAA will rely on a flexible servicer landscape in the medium term. The awards for four new servicers were made at the end of September 2021 and at the start of October 2021. The transfer to the new service structure is scheduled for the first quarter of 2023.

Yours sincerely

Christian Doppstadt
Member of the Managing Board

Horst K pker
Member of the Managing Board

Interim management report

For the period from 1 January to 30 September 2021

Business and environment

Operating activities of the EAA

The EAA operates as an asset manager pursuing a clear, public mandate that is enshrined in its charter: it is winding up the risk exposures and non-strategic business units (transferred assets) transferred from the former WestLB AG (now Portigon AG) and its domestic and foreign subsidiaries in a value-preserving and risk-minimising manner. This serves to stabilise the financial market.

It manages its business according to commercial and economic principles, in consideration of its winding-up objectives and the principle of minimising its losses. The EAA is not a credit or financial services institution within the meaning of the German Banking Act, an investment services firm as defined by the German Securities Trading Act or an insurance company pursuant to the German Insurance Supervision Act. In accordance with its charter, it does not conduct any transactions that require approval pursuant to Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 or Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004, the amendment to Directives 85/611/EEC and 93/6/EEC of the Council and Directive 2000/12/EC of the European Parliament and of the Council and for the repeal of Directive 93/22/EEC of the Council, as amended.

The EAA is subject to regulation by the FMSA. The EAA is supervised by BaFin with regard to those provisions of banking law that are applicable to the EAA.

The EAA's work is principally carried out on the basis of section 8a StFG, its charter, the rules of procedure for the Supervisory Board and the Managing Board plus their committees, as well as its risk strategy and winding-up plan.

The winding-up plan describes the intended winding-up activities of the EAA by classifying its assets into sub-portfolios (clusters) and contains a schedule for the winding up of assets. From fiscal year 2021 onwards, the risk positions of the banking book will no longer be broken down by wind-up strategies. The EAA reviews the winding-up plan at least once a quarter and makes adjustments when necessary, mainly in order to take account of changes in circumstances, for example current market developments. Changes or adjustments to the winding-up plan must be approved by the FMSA. The EAA regularly submits wind-up reports to inform the FMSA, its Supervisory Board and the EAA stakeholders about the progress of the winding-up and the implementation of the winding-up plan, and documents the wind-up success. The annual wind-up report must be adopted by a resolution of the Supervisory Board before being submitted to the FMSA.

INTERIM MANAGEMENT REPORT

The following stakeholders participate in the EAA's share capital: the State of NRW, with a stake of around 48.2%; the Rheinische Sparkassen- und Giroverband and the Sparkassenverband Westfalen-Lippe, each with around 25.0%; and the Landschaftsverband Rheinland and the Landschaftsverband Westfalen-Lippe, each with around 0.9%.

The governing bodies of the EAA are the Managing Board, the Supervisory Board and the Stakeholders' Meeting.

The Managing Board of the EAA consists of at least two members. They are appointed by the Supervisory Board with the FMSA's approval for a maximum term of five years. Members of the Managing Board may be reappointed. The Managing Board manages the operations of the EAA and represents the EAA in and out of court.

The Supervisory Board consists of twelve members. Eleven members are appointed by the Stakeholders' Meeting. One member is delegated by the Bundesrepublik Deutschland - Finanzagentur GmbH, acting on behalf of the FMS. The members elect a Chairman and a Vice Chairman on the recommendation of the State of NRW. The Supervisory Board advises and consults with the EAA's Managing Board, monitors its activities and carries out additional duties set forth in the charter.

The Stakeholders' Meeting is composed of representatives who hold a stake in the EAA's share capital. It is responsible for adopting the annual financial statements of the EAA, among other things.

Since it began its operating activities, the EAA has repeatedly adjusted its organisational structure to manage changes and challenges in the corporate environment. The gradual takeover of multi-billion portfolios presented it with enormous challenges in developing an adequate organisation and recruiting the required experts. The gradual reduction of the portfolio required capacity and costs to be reduced, without compromising the expertise required to successfully complete the wind-up.

Ongoing optimisation of organisational and cost structures is part of the EAA's mission in view of the ongoing portfolio wind-up. To take this into account and to have recourse to a flexible service landscape from the first quarter of 2023 onwards, the EAA issued invitations in four Europe-wide tender procedures for the provision of portfolio services, financial data services, compliance services, and office/IT and communication infrastructure services (ITK services). These were awarded at the end of September 2021 and at the beginning of October 2021. To ensure long-term servicing and a stable business relationship, the respective service agreements were awarded with a term of 14 years (including extension options).

The portfolio services put out to tender comprise the products on the asset side (loans, securities and derivatives) as well as on the liability side. They can be divided into the three core blocks of portfolio management/credit risk management, treasury and risk management and administration (back office). The EAA awarded the tender to BlackRock (Netherlands) B.V. - Frankfurt Branch.

INTERIM MANAGEMENT REPORT

The financial data services put out to tender can be divided into the two core blocks of IT platform services and regulatory reporting services. In this tender procedure, the contract was awarded to SKS Solutions GmbH.

The compliance services put out to tender can be divided into the two core blocks of KYC services and monitoring services. The EAA awarded the tender to Accenture GmbH.

The ITK services put out to tender can be divided into the four core blocks of workplace service, infrastructure, service & support and security & emergency planning. In this tender procedure, the contract was awarded to matrix technology GmbH.

Within the scope of its long-term service strategy, the EAA had previously largely outsourced the provision of portfolio services to third parties, with the objective of maintaining continuity and stability on the one hand and enabling flexibility on the other. Until the transition phase is concluded and the services transfer to the new four service providers is completed, EFS will continue to provide the IT and operations services via IBM as external service provider. MSPA, a former subsidiary of the EAA, will provide the portfolio management services, while BlackRock will provide services as part of the engagement assessments.

Due to the importance of the outsourced activities, the EAA has implemented a central function for an integrated service provider management system. Under this system, the service relationships between the EAA, EFS and MSPA, as well as the other external service providers, are systematically managed and monitored from a legal, substantive, processual and financial perspective.

Economic environment

The situation this autumn is more favourable compared with autumn 2020. Even though vaccinations and recoveries have not achieved herd immunity in any of the world's economies, the vaccination quotas reached and the difficult economic consequences of a lockdown, such as that imposed in late autumn 2020, mean that these measures are less likely to be repeated. That is good news for the economic recovery. The economic recovery has lagged behind the targeted expectations, with rising energy prices and supply bottlenecks having a negative impact on economic growth and fuelling inflation. Nonetheless, the recovery from the corona pandemic is likely to continue in the second half of 2021 and in 2022.

INTERIM MANAGEMENT REPORT

US economy: Continued recovery and high inflation are alarming the Fed

US economic output in the second quarter of 2021 increased by 1.6% to 1.7% compared with the previous quarter. The decline in US gross domestic product as a result of the corona pandemic and the containment measures was offset completely. As in previous recovery phases, the upturn was driven by the US consumers. Following several quarters defined by consumption restraint, US consumers had pent-up demand. Consumer spending rose by 3% in the second quarter of 2021, compared to the previous quarter. The Biden government's economic programmes – Congress passed two fiscal packages of USD 900 billion and USD 1.9 trillion respectively in the first half of 2021 – supported the buying mood of US consumers, in the same way as the positive wealth effects from rising equity and property prices.

Despite this positive development, the damage caused by the corona pandemic has not yet been recouped entirely. Talk on the labour market is only of recovery at present, but not of a complete rebound. While the unemployment rate of 5.9% in the second quarter of 2021 has fallen significantly, it remains significantly higher than before the outbreak of the corona pandemic (for example, it was 3.5% in the fourth quarter of 2019). At 147.6 million, the number of jobs is also down significantly on the high of 152.5 million in February 2020.

The EAA expects real economic output in the US to rise by 5.8% in 2021, with an increase of 4% expected for 2022. This growth forecast takes into account the likelihood that the Fed will start tapering the extraordinary measures it had taken during the corona pandemic to support the US economy. This process is expected to start in the fourth quarter of 2021. The Fed will presumably reduce its USD 80 billion monthly US government bond purchases by USD 10 billion every month and cease these purchases as of August 2022. Purchases of mortgage-backed securities recently amounted to USD 45 billion per month. It can be assumed here that the purchase volume will be reduced by USD 5 billion per month from November 2021, so that no new bonds will be purchased by the end of September 2022 at the latest. Nonetheless, US monetary policy will remain very expansive over the coming 12 to 24 months. Despite the high inflation rate, which the Fed describes as a temporary phenomenon that was triggered by the distortions of the corona pandemic, it is opposed to rapid interest rate increases. All of this means that the EAA does not expect US yields to rise rapidly. Ten-year US government bonds should yield between 1.6% and 1.7% at year-end 2021, and 2% at the end of 2022. The EAA expects the yield at the short end to be 0.4% at the end of 2021 and 0.8% at year-end 2022.

Eurozone: On the road to recovery

The eurozone economy started to recover with the easing of the containment measures from early summer 2021 onwards. With gross domestic product in the eurozone having contracted slightly by 0.3% in the first quarter compared with the previous quarter, economic output rose by 2.1% in the second quarter of 2021. As in the US, the rebound in economic output was driven by a backlog in consumer demand among the households. Companies also reported that some deferred investments were undertaken (+18.2% in the second quarter of 2021 compared with the previous year).

INTERIM MANAGEMENT REPORT

Following a 1.6% rise in gross domestic product in the second quarter of 2021, Germany's economic output is expected to rise by 2.2% in the third quarter of 2021 compared with the previous quarter. Consumption and increased demand for corporate investments are currently the main growth drivers. German gross domestic product is expected to rise by 2.8% for the year 2021 as a whole and by 4.3% in 2022.

A similar recovery scenario can be seen in most EU countries. Given the vaccination progress in France, Italy and Spain, something close to normality returned too to the tourist regions. Sentiment among companies has noticeably improved following the EU agreement on providing aid under the Recovery Fund. The EAA expects economic output for the eurozone as a whole to rise by 5% in 2021 and by 4.3% in 2022.

The crises of recent years and lower inflation expectations have prompted the ECB to review its monetary policy, leading to a recalibration of its strategy. Longer periods of very low inflation rates below 2% coupled with very low (key) interest rates at the same time are now likely to be offset by periods during which the inflation rate climbs moderately above target. This has significantly increased the conditions for interest rate hikes by the ECB.

Even before the end of this year, the ECB must decide on the approach to take with regard to the ending the Pandemic Emergency Purchase Programme (PEPP). Given that the PEPP allows the ECB greater freedom on the allocation of purchases and purchasable residual maturities, the EAA expects the ECB will transfer some of this flexibility to the regular purchase programme. The EAA expects the ECB's monetary policy to remain extremely loose and therefore predicts a ten-year Bund yield of -0.2% by the end of 2021 and of 0% by the end of 2022.

Economic report

Overview of economic development

The EAA's economic situation in the first three quarters of 2021 was largely determined by its wind-up mission.

The notional volume of the banking book fell 14.2% to EUR 10.9 billion. The notional volume of the trading portfolio declined by 23.4% to EUR 72.5 billion during the same period.

The results after tax of EUR 14.9 million are characterised in particular by the result from financial assets and shareholdings and the income from the reversal of loan loss provisions, which together account for EUR 76.5 million and the positive net interest result of EUR 33.2 million. This is mainly offset by general administrative expenses of EUR 76.3 million, the negative net fee and commission result of EUR -13.6 million and the negative net trading result of EUR -3.7 million.

INTERIM MANAGEMENT REPORT

The EAA's total assets declined from EUR 32.2 billion in the previous year to EUR 30.3 billion. This is mainly due to the reduction in the trading portfolio and the associated reduction in cash collateral provided, as well as the wind-up of the banking book. This was mainly offset by the increase in the cash reserve to reduce liquidity risks and smooth the liquidity outflow profile as part of active liquidity management. The business volume, which also includes off-balance-sheet components, fell 6.3% to EUR 32.0 billion (previous year: EUR 34.1 billion).

Wind-up report

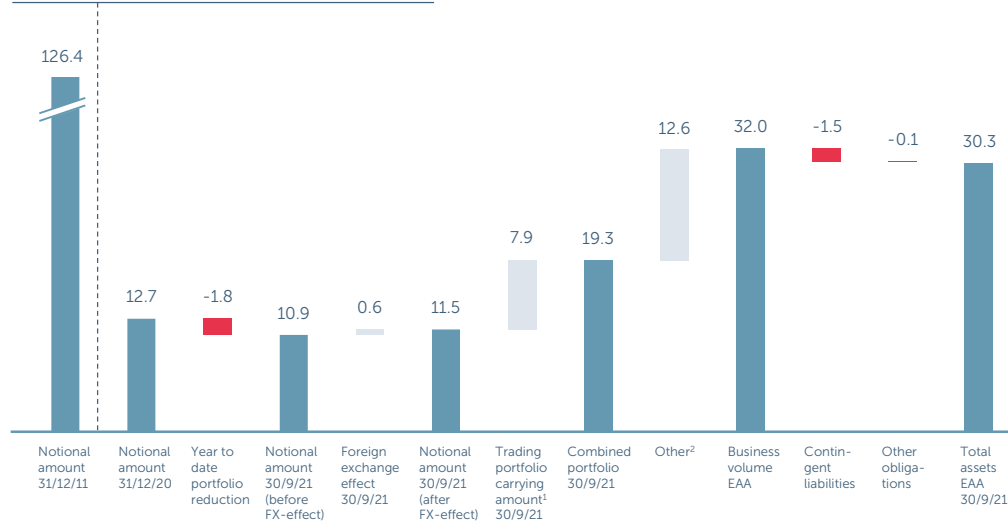
The figures and developments discussed in this section are regularly reported to the FMSA and to the EAA's governing bodies. They relate to the entire risk portfolio transferred to the EAA, regardless of whether these figures are recorded on- or off-balance-sheet in the EAA's separate financial statements or whether they are held via subsidiaries (look-through approach).

The following overview shows the changes in the portfolio's notional amounts since 1 January 2021 and the reconciliation to the EAA's total assets as of 30 September 2021.

Reconciliation of the transferred notional volume to the balance sheet

in EUR billion

Notional values banking book



¹ Equates to the carrying amounts for trading portfolio assets.

² Contains the cash reserve, money market transactions, cash collateral and other assets not relevant for the wind-up portfolio.

INTERIM MANAGEMENT REPORT

Under the EAA's management strategy, the success of the winding-up plan is assessed on the basis of both the reduction in the notional volume before exchange rate effects (at constant exchange rates as of 31 December 2011 for the banking book and as of 30 June 2012 for the trading portfolio) as well as in terms of the effects on the winding-up plan. The latter takes into consideration the impact of sales proceeds, carrying amounts, expected losses, interest income and funding costs for the respective risk exposures, as well as transaction costs.

Wind-up success in the banking book

From 1 January to 30 September 2021, the notional volume of the banking book was reduced from EUR 12.7 billion to EUR 10.9 billion (at exchange rates as of 31 December 2011, including the notional amounts of the guaranteed risk exposures and the risk exposures held by EAA's subsidiaries). That equates to a decline in notional volume of EUR 1.8 billion (14.2%). The volume at exchange rates as of 30 September 2021 is EUR 11.5 billion. The total banking book portfolio has decreased by EUR 115.5 billion or 91.4% since 1 January 2012.

Clusters	Notional volume (at exchange rates as of 31/12/2011)				Notional volume (at exchange rates as of 30/9/2021)	
	Notional 30/9/2021	Notional 31/12/2020	Change to 31/12/2020		Notional 30/9/2021	FX effect ¹
	EUR million	EUR million	EUR million	in %	EUR million	EUR million
Structured Securities	5,065.1	5,531.7	-466.6	-8.4	5,402.4	337.3
Public Finance & Financial Institutions	2,740.6	3,324.6	-584.0	-17.6	2,775.2	34.6
Real Assets	1,322.3	1,995.9	-673.6	-33.7	1,353.0	30.7
Structured Products	1,213.7	1,213.6	0.1	0.0	1,356.2	142.5
Corporates	525.6	571.6	-46.0	-8.0	538.2	12.6
Equity/Mezzanine	29.7	61.4	-31.7	-51.6	30.5	0.8
Total	10,897.0	12,698.7	-1,801.7	-14.2	11,455.5	558.5

¹ Change in notional volume due to exchange rate effects.

Note: As of 30 September 2021, the total NPL portfolio amounted to EUR 2.1 billion at current exchange rates.

The portfolio reduction in the Real Assets cluster is due to sales and repayments.

The notional volume in the Public Finance & Financial Institutions cluster was mainly reduced by sales of securities.

The reduction in the Structured Securities cluster is due in particular to partial repayments of the Phoenix A notes (USD/EUR).

The nominal decline in the other clusters is spread across the rest of the portfolio.

There was a EUR +6.7 million effect on the winding-up plan in the first three quarters of 2021 associated with sales and early repayments in the banking book portfolio. A winding-up plan effect of EUR +0.3 million was achieved from other measures. This effect arose mainly from the decrease in risk provisions.

INTERIM MANAGEMENT REPORT

Wind-up success in the trading portfolio

The notional volume of the trading portfolio represents the business volume underlying the derivatives and not the exposure at risk.

The notional volume of the trading portfolio amounted to EUR 72.5 billion as of 30 September 2021. The notional volume of the trading portfolio decreased by a total of EUR 22.1 billion during the period from 1 January to 30 September 2021 (at exchange rates as of 30 June 2012). Since its transfer, the notional volume of the trading portfolio has been reduced by EUR 991.6 billion or 93.2%.

Clusters	Notional volume (at exchange rates as of 30/6/2012)				Notional volume (at exchange rates as of 30/9/2021)	
	Notional 30/9/2021	Notional 31/12/2020	Change to 31/12/2020		Notional 30/9/2021	FX effect ¹
	EUR million	EUR million	EUR million	in %	EUR million	EUR million
Rates	72,471.6	92,647.9	-20,176.3	-21.8	72,809.8	338.2
Other	0.0	1,917.5	-1,917.5	-100.0	0.0	0.0
Total	72,471.6	94,565.4	-22,093.8	-23.4	72,809.8	338.2

¹ Change in notional volume due to exchange rate effects.

The reduction in the Rates cluster with a total notional decrease of EUR 20.2 billion resulted primarily from active wind-up measures of EUR 18.5 billion, maturities totalling EUR 6.4 billion and contrary, portfolio-increasing hedging transactions in the amount of EUR 4.7 billion.

The notional volume of the Other cluster fell significantly by EUR 1.9 billion due to maturities. The Other cluster was thus almost completely reduced.

EAA's overall situation

Earnings situation

The EAA's earnings situation has been impacted by the net interest result of EUR 33.2 million, the results from financial assets and shareholdings and the income from the reversal of loan loss provisions, which together account for EUR 76.5 million, as well as general administrative expenses of EUR 76.3 million, the negative balance of other expenses and income of EUR 1.1 million and the net fee and commission result of EUR -13.6 million. Personnel expenses totalled EUR 14.2 million. Other administrative expenses of EUR 62.1 million were comprised mainly of expenses for services rendered by EFS, as well as by IBM and MSPA.

The decline in the net interest result is mainly due to the ongoing portfolio wind-up. The results from financial assets and shareholdings are defined by a profit from the capital repatriation of Erste EAA Ireland plc, the former EAA CBB. Due to the improved economic environment, it was possible to reduce the risk provisions compared with when the corresponding assets were taken over.

INTERIM MANAGEMENT REPORT

Fee and commission expenses as part of the net fee and commission result are attributable mainly to the commitment fee for the equity capital drawing limit. At EUR -3.7 million, the net trading result was EUR 0.1 million higher than in the same period of the previous year.

Overall, the results after taxes amounted to EUR 14.9 million (previous year: EUR -26.9 million).

Income statement

	1/1-30/9/2021	1/1-30/9/2020	Change	
	EUR million	EUR million	EUR million	in %
Net interest result	33.2	42.7	-9.5	-22.2
Net fee and commission result	-13.6	-13.8	0.2	1.4
Net trading result	-3.7	-3.8	0.1	2.6
Total other operating expenses/income	-1.1	-19.7	18.6	94.4
Personnel expenses	-14.2	-16.6	2.4	14.5
Other administrative expenses	-62.1	-72.3	10.2	14.1
Results from financial assets and shareholdings	49.4	1.8	47.6	>100
Results prior to risk provisioning	-12.1	-81.7	69.6	85.2
Loan loss provisions	27.1	55.0	-27.9	-50.7
Results before taxes	15.0	-26.7	41.7	>100
Taxes	-0.1	-0.2	0.1	50.0
Net result for the year	14.9	-26.9	41.8	>100
Net retained losses brought forward	-2,362.6	-2,360.6	-2.0	-0.1
Net retained losses	-2,347.7	-2,387.5	39.8	1.7

Financial position and issuing activity

The total notional amount of the portfolio of issued bearer bonds, promissory note loans and commercial paper was EUR 20.4 billion as of the reporting date. It includes the global Commercial Paper Programme with a notional amount equivalent to EUR 10.6 billion.

During the reporting period, the notional volume of new issues for medium and long-term funding amounted to EUR 1.7 billion in two bonds denominated in US dollars (USD 2.0 billion).

New issues were launched during the reporting period under the global Commercial Paper Programme, of which a notional amount equivalent to EUR 10.6 billion was outstanding at the reporting date. These consisted of USD 11.2 billion (EUR 9.7 billion), GBP 0.3 billion (EUR 0.3 billion) and EUR 0.6 billion.

As of the reporting date, the portfolio contained securities issued by the EAA with a notional volume of EUR 30 million that were repurchased from the market for liquidity management purposes.

INTERIM MANAGEMENT REPORT

In the liquidity stress test, the EAA had net liquidity above the internal established threshold value at all times during the reporting period.

Asset position

The EAA's total assets as of the reporting date amounted to EUR 30.3 billion (previous year: EUR 32.2 billion), which, with the inclusion of off-balance-sheet components, amounted to a business volume of EUR 32.0 billion (previous year: EUR 34.1 billion).

Assets

	30/9/2021 EUR million	31/12/2020 EUR million	Change EUR million	in %
Cash reserve	7,986.6	3,450.7	4,535.9	>100
Loans and advances to banks	3,034.2	3,188.4	-154.2	-4.8
Loans and advances to customers	6,171.9	7,172.9	-1,001.0	-14.0
Securities (no trading portfolio)	4,612.6	5,439.7	-827.1	-15.2
Trading portfolio	7,884.0	11,858.6	-3,974.6	-33.5
Long-term equity investments and shares in affiliates	398.2	970.6	-572.4	-59.0
Other assets	241.7	85.2	156.5	>100
Total assets	30,329.2	32,166.1	-1,836.9	-5.7

Liabilities and equity

	30/9/2021 EUR million	31/12/2020 EUR million	Change EUR million	in %
Deposits from banks	1,325.0	1,733.1	-408.1	-23.5
Deposits from customers	2,142.1	1,720.2	421.9	24.5
Debt securities in issue	18,880.0	16,259.1	2,620.9	16.1
Trading portfolio	7,161.7	11,350.6	-4,188.9	-36.9
Provisions	100.4	114.5	-14.1	-12.3
Other liabilities	51.5	335.0	-283.5	-84.6
Equity	668.5	653.6	14.9	2.3
Total liabilities and equity	30,329.2	32,166.1	-1,836.9	-5.7
Contingent liabilities	1,507.1	1,812.6	-305.5	-16.9
Other obligations/loan commitments	139.6	137.4	2.2	1.6
Business volume	31,975.9	34,116.1	-2,140.2	-6.3

The cash reserve increased by EUR 4.5 billion compared with the end of the previous year, due to an increased holding of balance held with the Bundesbank to reduce liquidity risks and smooth the liquidity outflow profile as part of active liquidity management.

Loans and advances to banks declined by EUR 0.2 billion as of the reporting date compared with the end of the previous year, largely due to the decrease in cash collateral provided (EUR 0.6 billion) and a opposite increase in short-term liquidity investments (EUR 0.5 billion).

INTERIM MANAGEMENT REPORT

Loans and advances to customers declined by EUR 1.0 billion, with the majority being attributable to lower cash collateral provided.

The securities portfolio declined by EUR 0.8 billion compared with the end of the previous year as a result of portfolio measures and repayments.

The decline of EUR 4.0 billion and EUR 4.2 billion in trading assets and liabilities respectively was mainly the result of the portfolio reduction. To this end, an agreement was reached for example at the end of 2019 to reduce substantial portions of the derivatives portfolio. Since then, implementation has taken place in several steps.

The change in long-term equity investments and shares in affiliates (EUR -0.6 billion) is mainly due to the capital repatriation of Erste EAA Ireland plc, the former EAA CBB, which took place in March 2021.

The change in deposits from banks is mainly due to lower time deposits (EUR 0.5 billion) and an opposite increase in cash collateral received (EUR 0.1 billion).

The change in deposits from customers is primarily due to the settlement of deposits from EAA subsidiaries.

For further information about these changes, please refer to the section "Wind-up report".

Lending business

The lending business comprises loans and advances, payment obligations arising from irrevocable loan commitments, sureties and other guarantees. Contingent liabilities also include Portigon risk exposures that were transferred using the "guarantee" alternative. Loans and advances also contain registered and other non-marketable debt instruments.

Lending business

	30/9/2021	31/12/2020	Change	
	EUR million	EUR million	EUR million	in %
Loans and advances to banks	3,034.2	3,188.4	-154.2	-4.8
Loans and advances to customers	6,171.9	7,172.9	-1,001.0	-14.0
Contingent liabilities	1,507.1	1,812.6	-305.5	-16.9
Other obligations/loan commitments	139.6	137.4	2.2	1.6
Lending business	10,852.8	12,311.3	-1,458.5	-11.8

INTERIM MANAGEMENT REPORT

Summary of the business situation

As planned, the EAA achieved a lower net interest result due to the portfolio reduction. The fee and commission expenses and the administrative expenses were more than offset by the positive financial investment result and the income from the reversal of risk provisions. A profit is therefore reported for the first three quarters of 2021.

The EAA's assets are in good order. As at the reporting date, the EAA's equity amounted to EUR 668.5 million. Adequate liquidity was available at all times.

No significant events requiring disclosure occurred after the reporting date and a statement to this effect is contained in the notes to the financial statements ("Subsequent events" section).

Risk, opportunities and forecast report

Risk report

A common objective of the liable stakeholders, the FMS and the EAA is to minimise its strategic wind-up risk, that is to say, the risk of a negative deviation from the economic targets in the winding-up plan and suffering higher-than-planned losses from winding up the portfolio. The EAA made further progress during the reporting period towards realising its wind-up mandate.

The figures and developments discussed in this section are regularly reported to the FMSA as part of its supervision of the EAA. They relate to the entire assets transferred to the EAA, regardless of whether these figures are recorded on- or off-balance-sheet in the EAA's separate financial statements, or whether they are held via subsidiaries (look-through approach).

Risk management organisation

The Managing Board determines the risk strategy. The Audit and Risk Committee of the Supervisory Board discuss the risk strategy and the risk policy principles set down therein with the Managing Board. On the recommendation of the Audit and Risk Committee, the Supervisory Board will decide on the principles relating to risk assumption contained in the risk strategy.

The general risk management strategy forms the basis for the risk management framework. It contains the basic principles for risk management, defines the key risk categories and identifies the core elements of the risk management process. It is substantiated by specific strategies for managing individual risk. The key individual strategies relate to the risk categories of credit risks, market price risks, liquidity risks, longevity risks and operational risks (including reputational, legal and tax risks). The risk management strategies are reviewed at least once a year.

The Managing Board has implemented a structure of various interdisciplinary committees throughout the institution and its departments to aid it in fulfilling its responsibility to manage risk. As Managing Board committees, these committees are permanent institutions of the EAA. They serve as central decision-making, management and information-gathering bodies which assist in dealing with strategic issues related to portfolio management and the winding-up plan.

INTERIM MANAGEMENT REPORT

The Risk Controlling department is responsible for the independent monitoring and communication of the EAA's risks. Its tasks include in particular the following:

- △ Supporting management in connection with all risk policy issues, especially in the development and implementation of the risk strategy as well as in the organisation of a system for mitigating risks,
- △ Conducting a risk inventory and preparing the overall risk profile, and
- △ Assisting management with the establishment and development of risk management and risk controlling processes.

The Risk Controlling department is responsible for monitoring market price, counterparty, liquidity and operational risks. The Credit Risk Management department comprises the back-office function in the lending business as defined by MaRisk. In particular, this department functions as the lending authority. It is also responsible for credit risk steering and credit risk controlling. The Risk Controlling and Credit Risk Management departments monitor and analyse risk exposures as well as the utilisation of the limits. They also take measures to reduce risks if necessary.

The risk management system is regularly reviewed by the EAA's Internal Audit department.

Risk reporting

Risks can be controlled and monitored in a sustainable manner only if they are transparent, and the underlying analysis results are prepared and communicated in a manner that is conducive to decision-making processes. For this reason, risk reporting is among the key tasks of the Risk Controlling department. The FMSA, the responsible committees, the Managing Board as well as the Supervisory Board and its Audit and Risk Committee are informed on a regular basis of all developments that might have an impact on the institution's risk or earnings situation. Risk reporting is a component of the monthly wind-up report and the quarterly risk report.

The Managing Board keeps the Supervisory Board and its Audit and Risk Committee regularly informed of the EAA's current wind-up status and the general risk situation, with wind-up reports and a separate risk report that is adapted to fulfil the information requirements of the governing bodies.

Risks from the corona pandemic

Financial risks

The corona pandemic had no serious negative financial impact for the EAA so far.

Liquidity was raised to the extent required, and market risk positions continued to be held within the tight limits.

INTERIM MANAGEMENT REPORT

Due to the structure of the EAA's remaining portfolio, the coronavirus has had little impact on credit risk to date. The EAA has reviewed all exposures for potential impact of the corona pandemic. Rating downgrades reflect the deteriorating credit quality due to the corona crisis.

Non-financial risks

Due to the corona pandemic, the EAA has established a task force that meets once a week under the direction of the Managing Board. The task force informs the EAA's crisis unit of its decisions to protect the EAA's employees. Employees are given timely and practical guidance on conduct and hygiene. For this purpose, a webpage containing all the important information has been set up on the intranet, which is continuously adapted and supplemented. External employees and visitors receive information about the rules to be observed. Opportunities for working-from-home capabilities, including teleconferencing and web conferencing, have been put in place since March 2020. One of the measures taken in the corona pandemic is an on-site presence of around 50% until the end of November 2021. The situation's development is reassessed regularly and the approach adjusted accordingly. The existing teleworking agreements remain valid. In addition, since 25 March 2021 – as a further element of protection – a maximum of two personal self-quick tests per week has been offered to EAA employees and for external persons working on site at the EAA. These are to be used immediately upon arrival at the EAA in order to achieve the highest possible level of protection for the staff and external persons working on site at the EAA on that day. This offer also applies to fully-vaccinated people or those recovered from the coronavirus. Furthermore, all registered EAA employees interested in a corona vaccination were offered appointments, so that the vaccination offer via the external company doctor was successfully completed. In accordance with the Corona Protection Ordinance of the State of NRW, as of 1 July 2021, all employees and external employees who have not worked for at least five working days due to vacation or similar absences must present proof of a negative corona test, full vaccination, or recovery from the coronavirus prior to starting work on site at the EAA.

In addition, IBM and MSPA, and BlackRock since the first quarter of 2021, as the EAA's primary service providers, have provided their services without being impaired in any way by the corona pandemic.

The success of the measures can be seen by the fact that the EAA's operations were stable throughout the entire pandemic period.

Credit risks

Credit risks – banking book

The credit risk of the EAA and its subsidiaries is regularly analysed so as to identify, analyse, evaluate and manage all default risks within the portfolio. The EAA uses a variety of parameters – such as risk type, rating categories, maturities and regions – to identify risk concentrations.

INTERIM MANAGEMENT REPORT

The notional volume of the banking book portfolio (which primarily consists of loans and securities) declined by EUR 1.8 billion to EUR 10.9 billion during the first three quarters of 2021 (at constant exchange rates as of 31 December 2011). Please refer to the section "Wind-up report" for more detailed information on the wind-up success.

Breakdown of notional volume by internal rating category¹

	30/9/2021 EUR billion	31/12/2020 EUR billion
A0-A2	0.2	0.3
A3-A5	1.9	1.9
B1-B3	0.4	0.5
B4-B5	3.7	4.1
C1-C2	1.9	2.4
C3-C5	0.3	1.2
D1-D3	0.9	0.3
D4-E	0.3	0.5
S.R.	1.2	1.3
N.R.	0.1	0.2
Total	10.9	12.7

¹ Excluding exchange rate effects (based on exchange rates as of 31 December 2011).
Note: Where possible, the internal rating categories are based on the guarantor's rating.

The quality of the banking book portfolio is reflected in an investment grade rating share (rating categories A0-C2) of around 74% (31 December 2020: 72%). About 19% (31 December 2020: 17%) of the notional volume has a very good rating (A0-A5) and around 55% (31 December 2020: 55%) is assigned to the mid-rating categories B1-C2. The rating category S.R. includes the opening clauses of the rating process and has a share of around 11% of the total portfolio (31 December 2020: 10%).

The decrease in rating class C1-C2 in the amount of EUR 0.5 billion is mainly due to the sale of securities.

The EUR 0.6 billion increase in rating category D1-D3 is related to a rating downgrade of a borrower from rating category C3-C5.

The other rating changes are based on rating migrations and repayments. The EAA continues to aim for a portfolio reduction across all rating categories.

INTERIM MANAGEMENT REPORT

The following table shows the reconciliation of the EAA's internal ratings to external ratings.

INTERNAL EAA	EXTERNAL			
	Moody's	S&P	Fitch	
A0	Aaa	AAA	AAA	Investment grade
A1	Aaa	AAA	AAA	
A2	Aa1	AA+	AA+	
A3	Aa2	AA	AA	
A4	Aa3	AA-	AA-	
A5	Aa3	AA-	AA-	
B1	A1	A+	A+	
B2	A2	A	A	
B3	A3	A-	A-	
B4	Baa1	BBB+	BBB+	
B5	Baa2	BBB	BBB	Non-investment grade
C1	Baa2	BBB	BBB	
C2	Baa3	BBB-	BBB-	
C3	Ba1	BB+	BB+	
C4	Ba2	BB	BB	
C5	Ba3	BB-	BB-	
D1	B1	B+	B+	
D2	B2	B	B	
D3	B3	B-	B-	
D4	B3	B-	B-	
D5	Caa1 to C	CCC+ to C	CCC+ to C	
E	C	C	C	

INTERIM MANAGEMENT REPORT

Breakdown of notional volume by clusters^{1,2}

	30/9/2021 in %	31/12/2020 in %
Structured Securities	46.5	43.6
Public Finance & Financial Institutions	25.2	26.2
Real Assets	12.1	15.7
Structured Products	11.1	9.5
Corporates	4.8	4.5
Equity/Mezzanine	0.3	0.5
Total	100.0	100.0

¹ 30 September 2021 = EUR 10.9 billion; 31 December 2020 = EUR 12.7 billion.

² Excluding exchange rate effects (based on exchange rates as of 31 December 2011).

The EAA's banking book portfolio consists of six clusters. The largest cluster, Structured Securities, with a total share of 46.5%, consists of three sub-portfolios: Phoenix (60.4% – please refer to the section "Phoenix" for further details), ABS (31.5%) and Dritte EAA (8.1%).

Breakdown of notional volume by maturities^{1,2}

	30/9/2021 EUR billion	31/12/2020 EUR billion
<= 6 M	0.1	0.2
> 6 M <= 1 Y	0.0	0.1
> 1 Y <= 5 Y	2.7	1.3
> 5 Y <= 10 Y	1.0	2.9
> 10 Y <= 20 Y	4.7	5.1
> 20 Y	2.4	3.1
Total	10.9	12.7

¹ For assets with no fixed or with very long maturities: expected repayment profile.

² Excluding exchange rate effects (based on exchange rates as of 31 December 2011).

The reduction in the maturity range of five to ten years and the increase in the maturity range of one to five years results in particular from the maturity-related postponement of the Phoenix A4 USD note (EUR 1.3 billion).

The other changes within the maturity ranges reflect the portfolio management measures undertaken and amortisation during the first three quarters of 2021.

INTERIM MANAGEMENT REPORT

Breakdown of notional volume by region¹

	30/9/2021 EUR billion	31/12/2020 EUR billion
Americas ²	6.3	6.8
EMEA	3.7	4.6
Germany	0.9	1.1
APAC	0.1	0.2
Total	10.9	12.7

¹ Excluding exchange rate effects (based on exchange rates as of 31 December 2011). The regional breakdown by borrowers or for securitisations is based on the main risk country of the asset pool.

² Contains EUR 1.8 billion for the Phoenix B note guaranteed by the State of NRW.

The regional breakdown of the notional volume hardly changed compared with 31 December 2020. Approximately 58% of the notional volume was attributable to America (31 December 2020: 53%).

About 34% of the notional volume (31 December 2020: 37%) was attributable to the EMEA region.

The share of German borrowers and guarantors (share of portfolio: about 8%; 31 December 2020: 9%) is almost unchanged.

The APAC region represents around 1% (31 December 2020: 1%) and is also almost unchanged.

Problem loans and risk provision

Problem loan exposures are subject to special risk monitoring pursuant to MaRisk. The recoverability of loans and advances is reviewed by ad hoc and regular performances of an impairment test (a test to determine whether a loan or advance is non-performing or at risk of non-performance, therefore resulting in a risk provisioning requirement). The assessment of a possible need for a risk provision takes into account collateral values, company valuations, discounted cash flow analysis or observable market prices. It is reviewed on a regular basis.

The EAA forms general loan loss provisions based on the expected one-year loss for the deferred credit risk in the portfolio of receivables and contingent assets. This method is also being maintained in view of the corona crisis. Deteriorating credit qualities are reflected in rating downgrades.

INTERIM MANAGEMENT REPORT

Result of risk provisions

	Provisions for loan losses EUR million	Charge-offs EUR million	Net change in loan loss provision EUR million	Other exp./inc. due to risk EUR million	Total allow. losses EUR million
Acute counterparty default risk	-0.2	25.1	24.9	-5.3	19.6
Credit risk	-0.2	25.1	24.9	-4.8	20.1
Other risk	-	-	-	-0.5	-0.5
Contingent counterparty default risk	-	7.5	7.5	-	7.5
Total	-0.2	32.6	32.4	-5.3	27.1

Other risk expenditure/income primarily include recoveries from written-off receivables.

Special banking book issues

Phoenix

The tranches of the Phoenix Light SF DAC securitisation constitute a major portion of the EAA's structured loan portfolio.

The majority of the securitised Phoenix portfolio is denominated in US dollars and represents US risks, primarily in the property market there.

Phoenix notes capital structure

Tranche	Amount as of 30/9/2021 in million		S&P rating	Legal maturity
Class A4	1,528.4	USD	B-	9/2/2091
	103.7	EUR	B-	9/2/2091
Class B	1,770.4	EUR	N.R.	9/2/2091

Repayments in the reporting period amounting to EUR 0.2 billion resulted in a decrease of the notional volume reported in euros to EUR 3.1 billion as of 30 September 2021 (at constant exchange rates as of 31 December 2011).

INTERIM MANAGEMENT REPORT

Rating breakdown by internal rating category for Phoenix notes¹

	30/9/2021 EUR billion	31/12/2020 EUR billion
A0-A2	-	-
A3-A5	1.8	1.8
B1-B3	-	-
B4-B5	1.3	1.5
C1-C2	-	-
C3-C5	-	-
D1-D3	-	-
D4-E	-	-
S.R./N.R.	-	-
Total	3.1	3.3

¹ Excluding exchange rate effects (based on exchange rates as of 31 December 2011).

Note: The presentation by internal rating category considers the rating (A3) of the guarantor, the State of NRW, for the Phoenix B note.

All of the Phoenix notes have an investment grade rating (rating categories A0-C2), taking into account the rating of the State of NRW (the guarantor for the Phoenix B note). Some EUR 3.2 billion of this guarantee had been utilised up to 30 September 2021.

In addition to the ongoing sale of parts of the portfolio by taking advantage of market opportunities, the EAA continues to work with the parties involved in Phoenix to optimise the portfolio. These measures include both legal measures in relation to individual portfolio securities and the restructuring of non-performing securities.

Public Finance

The exposure to the public sector (including the liquidity portfolio) as of 30 September 2021 totals a notional amount of EUR 2.6 billion (excluding exchange rate effects, based on exchange rates as of 31 December 2011). EUR 1.8 billion of this amount was attributable to the UK, Italy, Portugal and Spain. Further information can be found in the section "Exposures to selected EU member states and the UK".

Securities account for 74% of the total public-sector exposure (including regional and municipal borrowers). Lending transactions involving federal, municipal or other public-law institutions account for a share of 26%.

The largest part of the overall exposure, at 73%, is attributable to borrowers or issuers from the eurozone, with the remaining volume coming from EMEA countries outside the eurozone (15%), America (10%) and APAC countries (2%).

INTERIM MANAGEMENT REPORT

Credit risks – trading portfolio

Trading portfolio credit risks are divided into counterparty risk (pre-settlement risk and settlement risk) from derivatives and issuer risk from securities.

Issuer risks from securities in the trading portfolio are calculated using market values, while those in the banking book are determined on the basis of carrying amounts. A distinction is drawn between collateralised and non-collateralised counterparties in order to determine the replacement risks (pre-settlement risks) from derivatives. The market value plus a regulatory premium is used as the replacement risk for non-collateralised counterparties. For collateralised counterparties, the market value, collateral and a premium based on VaR are calculated as the replacement risk. Settlement risks are determined using the payment due per value date. Credit risks from trading transactions are compared with the corresponding credit limits on a daily basis. Risk-mitigating measures, such as close-out netting (offsetting) and collateral in the OTC derivatives business, are used whenever possible. Active hedging of risk exposures takes place only with counterparties with whom corresponding master agreements are in place.

OTC derivative counterparty default risks are assessed independently from the front office using CVA. When doing so, externally traded credit spreads, where available, are used to determine the probability of default. The expected loss can be calculated as CVA based on expected future exposures and a statistically determined recovery rate. The CVA in the trading portfolio amounted to EUR 3.7 million as of 30 September 2021 (31 December 2020: EUR 3.8 million).

Counterparty and issuer risks

Direct counterparty risks

As the EAA concludes OTC derivatives both from the trading portfolio as well as the banking book, and as counterparty risks are measured and controlled per counterparty, the explanations and figures below relate to both the trading portfolio and the banking book. In accordance with an established management process, risks are managed by the Treasury/Capital Markets department, a front-office function, and the Credit Risk Management and Risk Controlling departments, which are back-office functions.

The following table shows direct risks with active strategic counterparties. Direct risks are counterparty risks from those transactions which the EAA accounts for directly in its balance sheet and not those that have been transferred to it synthetically.

	30/9/2021	30/9/2021	31/12/2020	31/12/2020
	Exposure	Limit	Exposure	Limit
	EUR million	EUR million	EUR million	EUR million
Credit risk – money market positions ¹	439.9	3,419.0	199.9	4,151.5
Counterparty risk – OTC derivatives (pre-settlement risk)	297.1	1,830.0	348.1	2,310.0
Counterparty risk – repos	-	130.0	-	224.0

¹ All money market transactions with counterparties outside the EAA Group have a maximum maturity of up to six months.

INTERIM MANAGEMENT REPORT

Compared with year-end 2020, the changes in the credit risk for money market positions as of 30 September 2021 were driven primarily by active liquidity management for the purpose of reducing liquidity risks. Counterparty risks from OTC derivatives are driven by transactions for liquidity steering (foreign exchange swaps) and interest rate hedging instruments (interest rate swaps).

Issuer risks

Issuer risks are managed by the Treasury/Capital Markets department, a front-office function, and the Credit Risk Management and Risk Controlling departments, which are back-office functions.

The following table shows the issuer risks of the banking book, broken down by sub-portfolios.

	< 1 Y	1-4 Y	4-8 Y	8-15 Y	> 15 Y	Total exposure
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Public Finance	8.3	266.8	584.4	932.7	559.7	2,351.9
Financial Institutions	-	-	15.7	-	-	15.7
Other securities	1.4	29.5	59.4	266.7	2,044.6	2,401.6
Total 30/9/2021	9.7	296.3	659.5	1,199.4	2,604.3	4,769.2
Total 31/12/2020	142.3	388.8	946.9	1,139.6	2,906.7	5,524.3

Other securities comprise mainly US student loans.

Participation risks

Participation risks result from the provision of equity. Managing participations is mainly the responsibility of the participation management in the Legal & Compliance department and the Credit Risk Management department. The Finance & Tax department supports the participation controlling process.

Of the total portfolio of the EAA Group, a notional volume of EUR 1.5 billion (13.7%) was held by subsidiaries, mainly consisting of Erste EAA Anstalt öffentlichen Rechts & Co. KG with EUR 1.1 billion (72.5%) and Dritte EAA Anstalt & Co. KG with EUR 0.4 billion (27.5%).

Erste EAA Anstalt öffentlichen Rechts & Co. KG holds a portfolio of US life insurance contracts through partnerships under US law. This company is fully funded by the EAA (EUR 1.1 billion).

Dritte EAA Anstalt & Co. KG holds a portfolio of structured securities. The EAA manages the transactions of Dritte EAA Anstalt & Co. KG as its general partner. As the securities continue to fall within the EAA's scope of risk management, on the basis of the look-through approach, the internal reporting has remained virtually unchanged.

INTERIM MANAGEMENT REPORT

The EAA CBB, which has been operating as Erste EAA Ireland plc since 15 March 2021, is in liquidation (Members Voluntary Liquidation) since 29 June 2021. The return of the full banking licence and the licence as a so-called designated credit institution – comparable to a covered bond bank licence – which was applied for in October 2020, was approved in March 2021. Following the transfer of assets to the EAA in the second half of 2020 and capital repatriations in March 2021 and in September 2021, the company largely reports only bank balances, provisions and equity.

In some situations, the EAA will enter into new participations via restructuring if such an approach is deemed beneficial to preserve the value of the assets (for example with debt-to-equity swaps).

Exposures to selected EU member states and the UK

The banking book exposure of the EAA and its subsidiaries to the UK, Ireland, Italy, Portugal, Spain and Cyprus of around EUR 2.4 billion as of 30 September 2021 is shown in the table below.

Country ¹	Debtor group	30/9/2021 Notional in EUR million ²	31/12/2020 Notional in EUR million ²
UK	Corporates	346.1	406.2
	Public Finance	136.0	130.1
UK		482.0	536.4
Ireland	Corporates	13.3	12.5
	Financial Institutions	-	0.0
Ireland		13.3	12.5
Italy	Corporates	72.2	138.5
	Public Finance	923.9	1,457.5
Italy		996.1	1,596.1
Portugal	Financial Institutions	15.4	15.4
	Public Finance	500.7	502.9
Portugal		516.1	518.2
Spain	Corporates	128.6	273.9
	Public Finance	213.0	213.0
Spain		341.6	486.9
Cyprus	Corporates	37.3	45.0
Cyprus		37.3	45.0
Total³		2,386.3	3,195.0
of which	Corporates	597.4	876.1
of which	Financial Institutions	15.4	15.4
of which	Public Finance	1,773.6	2,303.5

¹ Economic view; may differ from the borrower's legal country of residence (for Corporates and Financial Institutions).

² Based on current exchange rates. Presentation of the notional volume, including hedges (net).

³ Of which EAA subsidiaries: EUR 218.4 million (31 December 2020: EUR 291.8 million).

INTERIM MANAGEMENT REPORT

This exposure has fallen by EUR 808.7 million from the beginning of 2021. The change is mainly attributable to Italy (EUR -600.0 million), Spain (EUR -145.3 million) and the UK (EUR -54.4 million).

The total trading portfolio and ALM exposure of the EAA and its subsidiaries to banks, companies and governments in the UK, Ireland, Italy and Spain is shown in the table below.

Product¹	Value	Country²	30/9/2021 EUR million³	31/12/2020 EUR million³
Other derivatives and ALM	MtM	UK	126.6	183.2
		Ireland	9.0	-
		Italy	8.9	14.3
		Spain	2.7	5.6
Other derivatives and ALM			147.3	203.1
Other	Notional	UK	235.7	12.7
		Ireland	-	18.5
Other⁴			235.7	31.2

¹ ALM = cluster ALM as part of the banking book is identified here as in the internal view and not as a banking book exposure; derivatives = replacement risks from OTC derivatives.

² Economic view; may differ from the borrower's legal country of residence (for Corporates and Financial Institutions).

³ Based on current exchange rates. Presentation of the notional volume, including hedges (net).

⁴ Includes mainly the HSBC nostro balances.

Market price risks

The EAA pursues a strategy of lowering market price risks to the greatest extent possible. Market price risk is controlled via a system of limits. Market price risks in the trading portfolio and the banking book are limited separately. Market price risk exposures are controlled on a daily basis by the Treasury/Capital Markets department and are monitored and analysed by the Risk Controlling department.

Market price risks – banking book

As a result of the portfolio structure, there are interest rate and foreign exchange risks (particularly in relation to the US dollar) that are largely hedged. In accordance with the risk profile, the EAA's hedging activities are mainly focused on the hedging of interest rate and foreign exchange risks.

These risks are hedged by refinancing with analogous currencies and matching maturities or by concluding derivatives transactions.

INTERIM MANAGEMENT REPORT

Interest rate risk (EAA Group)

	30/9/2021 EUR thousand	31/12/2020 EUR thousand
< 1 Y	-32.4	-24.2
1-4 Y	-19.7	-16.1
4-8 Y	32.4	83.9
8-15 Y	0.5	-16.6
> 15 Y	-26.0	-53.3
Total	-45.2	-26.3

Interest rate risk in the banking book is measured as the change in the present value when the yield rises by one basis point (interest rate sensitivity PV01).

The interest rate sensitivity PV01 was EUR -45.2 thousand (31 December 2020: EUR -26.3 thousand) due to management and maturity effects. The utilisation is within the limits.

Foreign exchange risk (EAA Group)

	30/9/2021 EUR thousand	31/12/2020 EUR thousand
AUD	203.7	1,257.4
CAD	282.5	884.3
CHF	161.7	91.1
GBP	442.2	679.1
HKD	58.4	55.3
JPY	948.4	1,131.9
PLN	225.3	667.3
SGD	-	461.7
USD	2,243.6	-3,234.9
Other	-0.5	-44.1
Total	4,565.3	1,949.1

Note: The presentation of the previous year's currencies has been restated.

The EAA's currency position is determined based on the principle of special cover in accordance with section 340h HGB. The positions in the various currencies are within the limits. They change as a result of market fluctuations and in the course of normal business operations.

The wind-up strategy aims to realise the intrinsic value of the exposure. The EAA does not take into account short-term capital market fluctuations and associated credit-spread changes when managing its exposures. The exposures are monitored and, if required, decisions are made to exit specific exposures. Therefore, no limits for credit spread risks are in place.

INTERIM MANAGEMENT REPORT

Market price risks – trading portfolio

The trading portfolio is exposed not only to interest rate and foreign exchange risks but also to a limited amount of credit spread risks. The trading portfolio predominantly includes derivatives as well as non-linear option risks. In line with market practice, risks in the trading portfolio are hedged at the portfolio level. This entails residual risks which change due to market movements and developments in the portfolio, and are hedged dynamically (dynamic hedging strategy).

The EAA applies both a VaR model and risk sensitivities to monitor and limit risks. A variety of stress scenarios is also used for risk management purposes. The VaR model calculates interest rate risks, equity risks and foreign exchange risks for the trading portfolio, including the respective volatility risks, on a daily basis. A confidence level of 99% and a one-day holding period are assumed when calculating the VaR.

Historical and parametric stress tests are calculated on a daily basis. These also simulate the effects of market price risks not covered by the VaR, independently of statistically observed probabilities of occurrence.

The relevant market price risk exposures are continuously subjected to backtesting. This involves comparing the actual market value changes (hypothetical income statement) with the potential market value changes forecast by the VaR model on a daily basis. For the periods from the fourth quarter of 2020 to the third quarter of 2021, there were four backtesting breaches at the highest level of the portfolio structure of the trading portfolio. From a statistical perspective, two to three instances of exceeded limits must be expected per year for a VaR with a holding period of one trading day and a confidence level of 99%. The EAA believes that the backtesting process continues to confirm the VaR model. VaR plays only a minor role in EAA's management. Its effective risk management is based on risk sensitivities.

Value at Risk by clusters

	30/9/2021 EUR thousand	31/12/2020 EUR thousand
EAA Trading	315.6	647.6
Rates	315.6	647.6
Other	0.0	0.1

The VaR for the trading portfolio as of 30 September 2021 fell to EUR 315.6 thousand (31 December 2020: EUR 647.6 thousand). The changes in the Rates cluster were due to market movements and hedging activities.

INTERIM MANAGEMENT REPORT

Liquidity risks

The EAA distinguishes between tactical and strategic liquidity risks.

- △ Tactical liquidity risk is the risk of not being able to generate sufficient liquidity over the short term (time horizon of up to one year) to meet contractual payment obligations.
- △ Strategic liquidity risk is the risk of not being able to implement the necessary funding measures set out in the funding plan on the market, in whole or in part.

The EAA's affiliates are included in the liquidity planning and management process so as to ensure optimal access to liquidity. Due to the duty of the liable stakeholders and the FMS to offset losses incurred, as well as because of their creditworthiness, the EAA is perceived positively in the capital markets. As a result, there is less risk concerning the EAA's specific funding options than there is with regard to systemic market illiquidity.

The stress scenarios ("liquidity crisis and downgrade", "liquidity crisis and downgrade USD") demonstrated a viable net liquidity situation as of 30 September 2021 (defined as the total of cumulated cash flows and the liquidity reserve). The liquidity reserve comprises highly liquid securities that are very likely to be eligible for repo transactions to generate new liquidity. The liquidity reserve was a good EUR 0.7 billion when the stress test was performed.

Owing to the good ratings of its liable stakeholders and the FMS, the EAA does not consider it necessary to limit the strategic liquidity risk.

Longevity risks

The EAA funds premium payments for US life insurance policies, which are known as life settlement engagements. The payouts from these policies flow to the EAA when the insured individual dies. These policies are bundled in subsidiaries of Erste EAA Anstalt öffentlichen Rechts & Co. KG.

Longevity risk is the risk that insured individuals live longer than originally calculated. In this respect, the insurance premiums must be paid longer than forecast. Changes to the assessment of the expenses to be borne by the EAA from longevity risks are due to higher premiums demanded by the insurance companies. The EAA believes the increases are legally inadmissible. Several lawsuits are currently pending against insurance groups.

Longevity risk is limited to the acquired portfolio. Due to the large number of policies, coupled with a correspondingly high financing volume and long maturities, longevity risk is a major risk for the EAA.

INTERIM MANAGEMENT REPORT

The actuaries and service providers engaged by the EAA provide monthly analyses on the life settlement exposure. Based on these analyses, the EAA constantly monitors the relevant cash flows and thus the longevity risk, so that deviations from the original forecast can be identified and taken into account in the valuation.

The EAA regularly monitors not only the present value of the expected cash flows (premiums, death benefits and service fees) from the policies but also the net present value of Erste EAA Anstalt öffentlichen Rechts & Co. KG. Besides the present value of the expected cash flows, this indicator takes into account the outstanding funding and cash on hand, making it possible to measure the performance over time of the entire life settlement portfolio.

Operational risks

The EAA differentiates between operational risks within the EAA Group (including its subsidiaries) and risks from the outsourcing of activities to service providers.

Operational risks within the EAA are determined using a risk inventory, which is performed on a regular basis.

The EAA's last risk inventory from 2021 revealed six assessment objects with high risks in the personnel category due to the progressive reduction in employee numbers and increased workload due to projects. This risk will be absorbed by using external employees if required. Of the assessment objects, 18% are medium risks and 80% low risk. The overall risk situation remains largely unchanged.

The aforementioned risk inventory of the EAA from 2021 was carried out together with subsidiaries EFS and EAA CBB, which has been operating as Erste EAA Ireland plc since March 2021, and the key service providers IBM, MSPA and BlackRock. Due to the change in service provider from MSPA to BlackRock for servicing the structured credit portfolio, this service provider was included for the first time in the analysis. Owing to the outsourcing of key functions to IBM and the ongoing process of dismantling EFS, the risk at EFS continues to be assessed as low. IBM reported an unchanged risk situation. MSPA's risk situation improved slightly compared to 2020. Blackrock demonstrates consistently good valuations and therefore low risks.

The EAA has established a service provider management to monitor the interface between the subsidiaries and other service providers and the EAA, as the recipient of services, in terms of the content, form and quality of the services. Using a continuous and timely monitoring process, the EAA accordingly ensures that its requirements, which are defined in service level agreements, are fulfilled by the service providers in the agreed form. In this process, the EAA records the outsourcing risks and assesses them by applying a traffic light system. The monitoring and assessment process is supported by an online assessment system. Any necessary service and process adjustments are additionally taken into account in a process of continuous improvements.

INTERIM MANAGEMENT REPORT

The EAA has agreed protective measures for data and IT security, including the data centres, with its service providers. These measures are continuously reviewed and adjusted if necessary.

There were no elevated risks during the first three quarters of 2021, and the quality of the services rendered during the period was fundamentally stable in accordance with the service agreement.

Other risks

Reputational risks

Given the public interest in the EAA, reputational risks are especially relevant. The EAA also attaches special importance to its public image, since it impacts its funding options on the capital market.

The EAA has established behavioural rules for its employees in its "Code of Conduct". The EAA monitors all public media coverage intensely to further minimise reputational risks. This also includes public media coverage about its subsidiaries in the wind-up portfolio. Coordinated and active communication and public relations activities support the EAA's reputation.

Legal risks

The EAA is subject to legal supervision by the FMSA, which, in turn, is subject to legal and technical supervision by the German Ministry of Finance. The FMSA ensures in particular that the EAA complies with the requirements of statutory provisions and its charter.

Since April 2010 the authorities in the US and in the EU (particularly BaFin) had been investigating possible misconduct in the trading departments of several banks. In connection with the quotations of reference interest rates, the results of the investigation have not produced any evidence of wrongdoing at the former WestLB; the investigations by BaFin and the US supervisory authorities were terminated without any measures being undertaken against Portigon. In addition, Portigon, together with a large number of banks also active in the US, was sued in this context in various class action lawsuits in the US for alleged manipulative actions with regard to reference interest rates. Certain aspects of these class actions were repeatedly rejected in the court of first instance also with respect to Portigon. Some plaintiffs launched an appeal against this, which led in part to a referral back to the court of first instance and in part to an uncertain outcome as things currently stand. It is currently impossible to predict when an appeal decision will be issued and whether it will confirm the previous first-instance decisions. The court of first instance has yet to make a final ruling. However, Portigon remains convinced that, in line with the results of the investigations by the supervisory authorities, it cannot be accused of misconduct. The EAA has no reason to doubt Portigon's claims. Furthermore, the authorities have accused Portigon of misconduct in the trading departments by the authorities, among other things; Portigon is taking legal action against this.

INTERIM MANAGEMENT REPORT

The EAA is currently in a legal dispute with Portigon, who is the legal successor of WestLB. In connection with dividend arbitrage transactions in the years 2005 to 2008, WestLB may have been unjustifiably credited with capital gains tax, which the competent tax authorities have been trying to reclaim with interest from Portigon since 2019. Portigon has made payments to the tax authorities in relation to this, but appealed against the underlying recovery orders. In addition, it has requested the EAA to reimburse or release it from these expenses totalling around EUR 1 billion plus statutory default interest.

According to the EAA, tax liabilities were never a part of the transfer of the portfolio to the EAA in the course of the restructuring of WestLB. The transfer of tax liabilities did not comply with the party's wishes that only certain risk exposures would be assessed and transferred at risk-adjusted carrying amounts. Similarly, a transfer of tax liabilities contradicts the legal purpose of the Financial Market Stabilisation Fund Act (FMStFG), on whose basis the risks were transferred from WestLB to the EAA. According to this, the bank to be stabilised should be relieved of (bank-typical) risks subject to capital adequacy rules, which did not include recoveries of evaded taxes.

Portigon filed an action against the EAA with the Frankfurt am Main Regional Court requesting reimbursement of or release from the aforementioned expenses for the assessment periods 2005 to 2011. With judgement dated 29 September 2021, the Regional Court of First Instance upheld Portigon's action against the EAA. The EAA considers this decision to be wrong and has lodged an appeal against the judgement within the prescribed time. According to the EAA, the Regional Court did not take sufficient consideration of the EAA's legal position that the tax liabilities were not transferred at all.

Furthermore, within the scope of the refill at the expense of the EAA, Portigon wilfully violated the pre-contractual duty to inform the EAA about the risk of cum-ex tax liabilities. This is recognised by the Regional Court. According to the EAA, this already results in a counter-claim for damages in the full amount of the sum claimed.

Given that no new facts or new or developed legal considerations were raised either in the course of the hearings before the Regional Court or in its judgement that could change the EAA's previous evaluation of the prospect of a successful outcome, the EAA continues to adhere to its legal assessment of not having to make any payments to Portigon. Accordingly, the EAA believes it has a very good chance of success in connection with the appeal lodged. In light of this, the EAA continues to see no need to create provisions for the event of ultimate defeat in this legal dispute.

When necessary, the EAA has established sufficient financial reserves and initiated other measures to cover judicial and extra-judicial disputes.

INTERIM MANAGEMENT REPORT

Tax risks

Tax risks may arise from changes in tax legislation, case law or errors in the application of the law as well as the special tax regulations for winding-up agencies.

The EAA uses clearly defined governance structures and processes to analyse and manage tax risks. Tax risks are clarified through active communication with tax authorities and other government institutions. Where necessary, external specialists are engaged to consult on legal and tax issues.

Summary of the risk situation

The EAA was established to assume the risk exposures and non-strategic business units of the former WestLB and its domestic and foreign subsidiaries, and to wind these up in a value-preserving and risk-minimising manner, pursuant to a winding-up plan. Value fluctuations in the interim are of less significance.

For that purpose, in particular, winding-up agencies in accordance with section 8a StFG are exempt from capital requirements, the obligation to prepare consolidated financial statements and other statutory provisions that apply to commercial banks.

The EAA strives in its risk management activities to reduce the risks resulting from the winding-up of the portfolio. To that end, the wind-up success and any deviations from the winding-up plan are continually monitored and compared against the plan (please refer to the section "Wind-up report" for more detailed information).

Due to its good rating, the EAA has a stable funding situation. The stress scenarios demonstrated reasonable net liquidity as of 30 September 2021.

Market price risks are largely limited.

The EAA has a tight service provider management and an internal control system in order to manage operational risks.

Longevity risk is the risk that insured individuals live longer than originally calculated or the insurance companies increase the premiums. They are limited to the acquired portfolio. The longevity risks in the portfolio are regularly analysed.

Risks resulting from the sovereign debt crisis, particularly for exposures in periphery euro-zone countries, and equally the risks resulting from the corona pandemic, are being monitored closely and in a timely fashion.

INTERIM MANAGEMENT REPORT

The EAA has made sufficient provision for all known risks. Its equity – before the equity instruments and the loss-offset obligation – is initially available as aggregate risk cover for risks that are not yet foreseeable at present.

The requirements for risk-bearing capacity pursuant to section AT 4.1 MaRisk are not relevant for the EAA. Instead, the EAA performs a quarterly analysis of the development of its equity to the end of the planning period using the winding-up plan as well as updated variables and market parameters. The winding-up plan shows positive equity capital as of the end of the planning period. This means that the only possibility of a loss occurring that would require the EAA's liability mechanism to be utilised in the period to the end of the planning horizon for the winding-up plan would be if adverse scenarios were to materialise which, from today's perspective, are unlikely to occur.

In summary, the EAA perceives the risks it has assumed to be adequately covered, given its capital resources as well as the existing guarantee, equity instruments and loss-offset obligations of the liable stakeholders and the FMS.

The EAA will continue to place a special focus on sustainable and consistent risk management.

Opportunities report

The economic recovery in the eurozone tipped into a recession in the first half of 2020 as a result of the corona crisis. Economic performance in the currency area shrank by 6.4% in 2020. The progress made by the vaccination campaign in many euro states allowed the containment measures to be eased again this year, with economic activity returning largely to normal. Former crisis-hit countries such as Italy and Spain could therefore benefit again from their location as tourist destination and report significant growth in their respective gross domestic product figures. The EU's corona support package (NextGenerationEU) should benefit Italy and Spain in particular and support valuations of securities and loans.

A similar contribution could be expected from the ECB's monetary policy in 2020 and 2021. The purchase programme for euro government bonds (Public Sector Purchase Programme) and the Pandemic Emergency Purchase Programme (PEPP) will support the valuations of euro government bonds. The ECB is expected to compensate for the cessation of the PEPP in March 2022 by increasingly purchasing bonds in the other purchase programmes.

INTERIM MANAGEMENT REPORT

The combination of very loose monetary policy and fiscal stimulus from the EU reconstruction assistance, together with the green shoots of economic recovery, is allowing the eurozone states and the companies and project finance based there to service their debt on much better terms. This benefits the valuations of euro government bonds and other financial products that are valued on the basis of their country's respective bonds. This process will not be limited to listed products only; it will also affect other segments of the euro credit market such as promissory note loans, traditional loans and project financing.

Besides exposures to the euro periphery, the EAA also has significant commitments in the US. The corona crisis had no negative impact on US property prices; only the rise in prices slowed somewhat. As of May 2021, property prices are again increasing at a rate of 17% per year and are nearly 27% above the last peak of July 2006. This was already taken into account in the valuation of the exposures, so the positive effect of the continued economic recovery in the US should be limited.

The EAA anticipates these developments will have a fundamentally beneficial effect on the portfolio (see also the "Forecast report" section).

Forecast report

Active measures and contractual maturities are expected to reduce the notional volume of the banking book by around 17% compared with the previous year to around EUR 10.6 billion in fiscal year 2021.

The EAA's objective is to have wound up around 94% of the banking book as of 31 December 2011 (including the exposures held by subsidiaries and the exposures from the refill) by the end of 2022. As in previous years, the winding-up activities will focus on advance portfolio-reducing measures and active participation management.

For fiscal year 2021, the notional volume of the trading portfolio is expected to decline significantly by more than 30% compared with the previous year, to a mid-double-digit billion range. Since the transfer in 2012, the EAA has continued to target a reduction in the notional volume of around 95% by the end of 2022. The EAA will continue to analyse how the trading portfolio can be effectively and cost efficiently reduced at an accelerated pace.

The EAA expects to generate a total of EUR 75 million (including dividend income) from the net interest result, net fee and commission result, and the results from financial assets and shareholdings for 2021, which is therefore below the previous year's level. A forecast for the net trading and risk provision result is difficult due to the imponderables with respect to developments on the global financial markets and other markets. The EAA is sticking with its strategy of winding up in a value-preserving manner. Losses cannot be ruled out in the next few fiscal years either because of the now substantial reduction of the portfolio and the associated decline in income from ongoing operations. This possibility is taken into account in the EAA's winding-up planning.

INTERIM MANAGEMENT REPORT

Further forecasts regarding earnings in the next few fiscal years on the basis of the indicators described are subject to uncertainty and are reliable only to a limited extent. Based on its winding-up planning, however, the EAA does not currently foresee the need to utilise the equity capital drawing limit or the assumed loss-offset obligations.

The EAA fundamentally pursues an opportunistic approach by conducting regular analyses of market conditions and exit opportunities in order to assess early and profitable wind-up opportunities for the portfolio. To this end, an agreement was reached for example at the end of 2019 to reduce substantial portions of the derivatives portfolio. Since then, implementation has taken place in several steps.

The recession triggered by the corona crisis has only triggered temporary increases in the risk premiums so far. The ECB's euro government bond buying programme and the new pandemic programme have impacted positively on the EAA's portfolios. The expiry of the PEPP in March 2022 should not pose a problem, as it is assumed that the ECB will compensate, at least in part, for the ceased bond purchases via other purchase programmes. These ECB measures and the EU's reconstruction aid of EUR 750 billion appear to be reassuring market participants. The ECB will therefore continue to exert a significant influence on the market performance of euro government bonds in the years ahead. Because of the low interest rate environment, investors' will remain hungry for yield, which should support the EAA's sales activities and encourage investors to redeem holdings ahead of schedule.

The tasks of the EAA include securing the acquired expertise for the ongoing successful winding-up activities. However, in parallel with winding up the portfolio, the EAA must also reduce costs and save on staff. It is a challenge for the management to deal with these conflicting priorities while retaining specialists for the work that remains. The EAA will optimise its structures on an ongoing basis in the coming years.

BALANCE SHEET

Balance sheet

Assets

	Notes	EUR	EUR	30/9/2021 EUR	31/12/2020 EUR
1. Cash reserve					
a) Balances with central banks			7,986,619,566		(3,450,702,273)
of which:					
with Deutsche Bundesbank					
EUR 7,986,619,566 (py: EUR 3,450,702,273)					
				7,986,619,566	3,450,702,273
2. Loans and advances to banks	4, 26				
a) Payable on demand			2,986,013,809		(2,919,409,258)
b) Other loans and advances			48,166,928		(269,024,574)
				3,034,180,737	3,188,433,832
3. Loans and advances to customers	5, 6, 13, 26			6,171,932,906	7,172,892,618
of which:					
secured by mortgage charges					
EUR 87,682,278 (py: EUR 81,643,155)					
Public-sector loans					
EUR 958,473,668 (py: EUR 1,075,871,226)					
4. Bonds and other fixed-income securities	7, 14, 26				
a) Money market instruments issued by					
aa) public issuers		0			(95,148,324)
of which:					
eligible as collateral with Deutsche Bundesbank					
EUR 0 (py: EUR 95,148,324)					
			0		(95,148,324)
b) Bonds issued by					
ba) public issuers		1,123,501,288			(1,692,727,982)
of which:					
eligible as collateral with Deutsche Bundesbank					
EUR 1,112,465,398					
(py: EUR 1,679,974,196)					
bb) other issuers		3,458,462,512			(3,620,821,596)
of which:					
eligible as collateral with Deutsche Bundesbank					
EUR 259,176,712 (py: EUR 251,323,288)					
			4,581,963,800		(5,313,549,578)

ERSTE ABWICKLUNGSANSTALT
INTERIM REPORT 30 SEPTEMBER 2021

BALANCE SHEET

	Notes	EUR	EUR	30/9/2021 EUR	31/12/2020 EUR
c) Own bonds notional value: EUR 30,000,000 (py: EUR 30,000,000)			30,680,548		(31,020,822)
				4,612,644,348	5,439,718,724
5. Equities and other non-fixed-income securities				1	1
6. Trading portfolio	8			7,883,996,273	11,858,641,119
7. Long-term equity investments	9			32,070,660	35,957,608
of which:					
in banks EUR 15,358,686 (py: EUR 15,358,686)					
8. Shares in affiliates	10			366,133,317	934,601,853
of which:					
in banks EUR 0 (py: EUR 434,297,095)					
9. Intangible assets					
a) Paid concessions, trademarks and similar rights and values such as licences in such rights			0		(1,849,077)
				0	1,849,077
10. Tangible fixed assets				2,125	3,027
11. Other assets	11			214,326,595	51,943,018
12. Prepaid expenses/accrued income	12			27,275,567	31,372,400
Total assets				30,329,182,095	32,166,115,550

BALANCE SHEET

Liabilities and equity

	Notes	EUR	EUR	30/9/2021 EUR	31/12/2020 EUR
1. Deposits from banks	15				
a) Payable on demand			956,864,131		(1,361,548,174)
b) With an agreed maturity or withdrawal notice			368,100,710		(371,529,585)
				1,324,964,841	1,733,077,759
2. Deposits from customers	16				
other deposits					
a) Payable on demand			390,052,819		(154,808,504)
b) With an agreed maturity or withdrawal notice			1,752,013,014		(1,565,439,926)
				2,142,065,833	1,720,248,430
3. Debt securities in issue	17				
a) Bonds issued			8,335,532,855		(8,408,217,951)
b) Other debt securities in issue			10,544,495,209		(7,850,930,737)
of which:					
money market instruments					
EUR 10,544,495,209 (py: EUR 7,850,930,737)					
				18,880,028,064	16,259,148,688
4. Trading portfolio	18			7,161,735,026	11,350,634,246
5. Other liabilities	19			11,760,870	310,321,784
6. Accrued expenses/deferred income	20			39,720,521	24,545,437
7. Provisions	21				
a) Tax provisions			1,975,853		(2,001,853)
b) Other provisions			98,436,154		(112,524,542)
				100,412,007	114,526,395

ERSTE ABWICKLUNGSANSTALT
INTERIM REPORT 30 SEPTEMBER 2021

BALANCE SHEET

	Notes	EUR	EUR	30/9/2021 EUR	31/12/2020 EUR
8. Equity	22				
a) Called capital					
Subscribed capital		500,000			(500,000)
less uncalled outstanding capital		0			(0)
			500,000		(500,000)
b) Capital reserves			3,013,237,214		(3,013,237,214)
c) Revenue reserves					
other revenue reserves		2,431,408			(2,431,408)
			2,431,408		(2,431,408)
d) Net retained losses			-2,347,673,689		(-2,362,555,811)
				668,494,933	653,612,811
Total liabilities and equity				30,329,182,095	32,166,115,550
1. Contingent liabilities	23				
a) Liabilities from guarantees and warranties			1,507,072,881		(1,812,592,296)
				1,507,072,881	1,812,592,296
2. Other obligations	23				
a) Irrevocable loan commitments			139,569,578		(137,379,232)
				139,569,578	137,379,232

INCOME STATEMENT

Income statement

	Notes	EUR	EUR	1/1-30/9/2021 EUR	1/1-30/9/2020 EUR
1. Interest income from	24				
a) Lending and money market transactions		148,916,786			(241,671,476)
b) Fixed-income securities and debt register claims		59,569,135			(73,929,073)
			208,485,921		(315,600,549)
2. Interest expenses			175,374,196		(273,337,933)
				33,111,725	42,262,616
3. Current income from	24				
a) Equities and other non-fixed-income securities			0		(0)
b) Long-term equity investments			53,084		(466,188)
c) Shares in affiliates			0		(2,575)
				53,084	468,763
4. Income from profit pooling, profit transfer or partial profit transfer agreements	24			0	0
5. Fee and commission income	24		1,429,597		(1,461,171)
6. Fee and commission expenses			14,998,161		(15,216,757)
				-13,568,564	-13,755,586
7. Net trading result				-3,684,079	-3,760,594
8. Other operating income	24, 25			1,070,591	1,898,820
9. General administrative expenses					
a) Personnel expenses					
aa) Wages and salaries		12,184,700			(14,594,185)
ab) Compulsory social security contributions and expenses for pensions and other employee benefits		2,058,031			(2,003,389)
of which:					
for pensions EUR 802,822 (py: EUR 508,924)					
			14,242,731		(16,597,574)
b) Other administrative expenses			60,280,896		(71,910,002)
				74,523,627	88,507,576

INCOME STATEMENT

	Notes	EUR	EUR	1/1-30/9/2021 EUR	1/1-30/9/2020 EUR
10. Depreciation and write-offs on intangible assets and tangible fixed assets				1,849,979	434,987
11. Other operating expenses	25			2,035,241	21,708,892
12. Income from appreciations of loans and advances and certain securities and from reversals of loan loss provisions	21, 26			27,084,258	55,000,088
13. Income from appreciations of long-term equity investments, shares in affiliates and long-term securities	26			49,371,320	1,815,023
14. Expenses from loss assumption	26			0	0
15. Result from ordinary activities				15,029,488	-26,722,325
16. Taxes on income and earnings	27			134,438	158,049
17. Other taxes not reported under item 11	27			12,928	1,317
18. Net result for the year				14,882,122	-26,881,691
19. Net retained losses brought forward				-2,362,555,811	-2,360,652,807
20. Net retained losses				-2,347,673,689	-2,387,534,498

CASH FLOW STATEMENT

Cash flow statement

			1/1-30/9/2021 EUR	1/1-30/9/2020 EUR
1.	+/-	Result for the period	14,882,122	-26,881,691
		Non-cash items included in net loss for the period and reconciliation to cash flows from operating activities		
2.	+/-	Allowances for losses on loans and advances and write-offs on certain securities, depreciation, amortisation on tangible fixed assets and long-term financial assets as well as the reversal thereof	-20,242,201	-52,177,479
3.	+/-	Increase/decrease in provisions	-14,114,388	7,000,220
4.	+/-	Other non-cash income/expenses	-229,680,727	-216,451,244
5.	-/+	Gain/loss on disposal of long-term financial assets	-49,581,806	-1,367,503
6.	=	Subtotal	-298,737,000	-289,877,697
		Change in operating assets and liabilities		
7.	-/+	Increase/decrease in loans and advances to banks (no trading portfolio)	417,068,462	619,549,924
8.	-/+	Increase/decrease in loans and advances to customers (no trading portfolio)	1,043,120,411	788,418,145
9.	-/+	Increase/decrease in securities (no financial assets and no trading portfolio)	792,078,380	416,456,416
10.	+/-	Trading assets	50,386,771	305,730,386
11.	-/+	Increase/decrease in other operating assets	-153,579,456	177,268,673
12.	+/-	Increase/decrease in deposits from banks (no trading portfolio)	-419,078,342	-538,509,934
13.	+/-	Increase/decrease in deposits from customers (no trading portfolio)	285,929,508	-17,107,946
14.	+/-	Increase/decrease in debt securities in issue	2,630,671,906	3,199,204,217
15.	+/-	Trading liabilities	-34,960,418	-348,903,192
16.	+/-	Increase/decrease in other operating liabilities	-286,029,341	197,690,394
17.	+/-	Interest expenses/interest income	-33,164,811	-42,731,379
18.	+/-	Tax expenses/tax income	134,438	158,049
19.	+	Interest payments and dividend payments received	198,142,619	313,680,541
20.	-	Interest paid	-150,735,966	-301,252,756
21.	-/+	Income tax payments	-134,438	-158,049
22.	=	Cash flows from operating activities (sum of 6 to 21)	4,041,112,723	4,479,615,792
23.	+	Proceeds from disposal of long-term financial assets	753,973,316	2,123,659
24.	-	Purchase of long-term financial assets	-192,951	-136,102
25.	-	Purchase of tangible fixed assets	0	0
26.	-	Purchase of intangible assets	0	0
27.	=	Cash flows from investing activities (sum of 23 to 26)	753,780,365	1,987,557
28.	+/-	Changes in other capital (net)	0	0
29.	=	Cash flows from financing activities (sum of 28)	0	0
30.		Net change in cash funds (sum of 22, 27, 29)	4,794,893,088	4,481,603,349
31.	+	Cash funds at beginning of period	3,458,278,298	2,174,178,842
32.	=	Cash funds at end of period (sum of 30 to 31)	8,253,171,386	6,655,782,191

The cash flow statement is prepared in accordance with DRS 21. The cash funds include the current accounts maintained at HSBC and Deutsche Bundesbank (demand deposits). Further cash funds as defined by DRS 21 do not exist at the present time.

STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity

	Balance as of 1/1/2021 EUR	Appropriation of the result EUR	Balance as of 30/9/2021 EUR
Called capital	500,000	0	500,000
Capital reserves	3,013,237,214	0	3,013,237,214
Other revenue reserves	2,431,408	0	2,431,408
Net retained losses	-2,362,555,811	14,882,122	-2,347,673,689
Equity under HGB	653,612,811	14,882,122	668,494,933

	Balance as of 1/1/2020 EUR	Appropriation of the result EUR	Balance as of 30/9/2020 EUR
Called capital	500,000	0	500,000
Capital reserves	3,013,237,214	0	3,013,237,214
Other revenue reserves	2,431,408	0	2,431,408
Net retained losses	-2,360,652,807	-26,881,691	-2,387,534,498
Equity under HGB	655,515,815	-26,881,691	628,634,124

CONDENSED NOTES

Condensed notes

For the period from 1 January to 30 September 2021

General disclosures

1. Legal framework of the EAA

The EAA is a structurally and commercially independent public law entity with partial legal capacity operating under the umbrella of the FMSA. Its registered office is in Düsseldorf. The EAA was set up by the FMSA on 11 December 2009, and entered into the commercial register of the District Court of Düsseldorf (HRA 20869) on 23 December 2009.

The EAA is winding up the risk exposures and non-strategic business units (transferred assets) transferred from the former WestLB and its domestic and foreign subsidiaries. In doing so, it proceeds in a value-preserving and risk-minimising manner. This serves to stabilise the financial market. The risk exposures and non-strategic business units of the former WestLB were transferred to the EAA in the years 2009 and 2010 (first fill) as well as in 2012 (refill) using several different transfer methods. In an ongoing process, transactions that were initially synthetically transferred will be transferred legally and fully from Portigon to the EAA. For further information on the transfer methods, please refer to the section "Operating activities of the EAA" in the Annual Report 2020.

The EAA manages its business according to commercial and economic principles, in consideration of its winding-up objectives and the principle of minimising loss. It is not classified as a credit institution for the purposes of the German Banking Act, nor does it carry out activities requiring a permit for the purposes of EU Directive 2006/48/EC dated 14 June 2006. It is subject to regulation by the FMSA. The EAA is supervised by BaFin with regard to those provisions of banking law that are applicable to the EAA.

2. Basis of accounting

In accordance with section 8a (1a) StFG in conjunction with the additional guidance of the EAA's charter, the EAA's interim report has been prepared under the provisions of the HGB for large public companies and RechKredV. In particular, the condensed financial statements comply with the requirements of DRS 16 (half-year interim reporting).

The information contained in this interim report should be read in conjunction with the disclosures contained in the published and audited financial statements for the fiscal year from 1 January to 31 December 2020. All facts were considered up to the time these interim financial statements were prepared.

CONDENSED NOTES

3. Accounting and valuation principles

The same accounting and valuation principles were applied to the interim financial statements as to the financial statements for the fiscal year from 1 January to 31 December 2020.

The assumptions and estimates required, in particular in connection with illiquid portfolios, are based on the subjective judgement of the management and are subject to forecasting uncertainties. Even if the available information, historical experience and other evaluation factors have been relied upon to prepare the estimates, actual future events may differ from the estimates. This may also have a material impact on the asset position, financial position and earnings situation. In the EAA's opinion, the parameters used are appropriate and acceptable.

Notes on the balance sheet and the income statement

4. Loans and advances to banks

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	3,034.2	3,188.4
of which:		
- to affiliates	-	0.4
Payable on demand	2,986.0	2,919.4
due		
- within 3 months	48.2	251.5
- 3 months to 1 year	-	1.1
- 1 to 5 years	-	6.2
- after 5 years	-	10.2

CONDENSED NOTES

5. Loans and advances to customers

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	6,171.9	7,172.9
of which:		
- to affiliates	1,203.2	1,175.9
due		
- within 3 months	1,537.2	1,201.9
- 3 months to 1 year	175.0	1,268.9
- 1 to 5 years	936.4	1,079.6
- after 5 years	3,523.3	3,622.5

These loans and advances also include registered and other non-marketable bonds.

6. Loans and advances secured by mortgages

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	87.8	81.7
Loans and advances to customers due		
- within 3 months	1.3	0.0
- 3 months to 1 year	0.1	0.1
- 1 to 5 years	-	0.1
- after 5 years	86.4	81.5

CONDENSED NOTES

7. Bonds and other fixed-income securities

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	4,612.6	5,439.7
of which:		
Amounts due in the following year	142.3	169.1
Breakdown		
- Money market instruments	-	95.1
- Bonds issued by public issuers	1,123.5	1,692.7
- Bonds issued by other issuers	3,458.4	3,620.9
- Own bonds	30.7	31.0
Breakdown by marketability		
- Marketable securities	4,612.6	5,439.7
of which:		
- listed	1,402.3	1,962.3
- unlisted	3,210.3	3,477.4
Breakdown by type		
- Liquidity reserve	30.7	31.0
- Financial assets portfolio	4,581.9	5,408.7

Bonds and other fixed-income securities in the amount of EUR 4.6 billion (previous year: EUR 5.4 billion) were included in the financial assets portfolio. As of the reporting date, financial assets with a carrying amount of EUR 1.4 billion (previous year: EUR 1.6 billion) were recognised at a rounded EUR 0.0 billion (previous year: EUR 0.1 billion) above their fair value as the EAA expects to receive repayments totalling at least the carrying amount. This judgement is based on the EAA's long-term wind-up strategy and the expected performance of the financial assets. The difference is primarily attributable to structured credit products.

As in the previous year, none of the aforementioned financial assets with a carrying amount of EUR 1.4 billion relate to bonds that were acquired in connection with asset swaps. The EAA funds the portion of the investment portfolio that was not hedged with asset swaps (EUR 3.2 billion) either with financing that is congruous in terms of maturities and currencies, or it hedges the balance at the portfolio level against changes in value caused by fluctuations in interest rates and currencies.

CONDENSED NOTES

8. Trading portfolio

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	7,884.0	11,858.6
of which:		
- Derivative financial instruments	7,885.0	11,860.6
- Risk allowance pursuant to section 340e (3) sentence 1 HGB	-1.0	-2.0

9. Long-term equity investments

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	32.1	36.0
of which:		
- in banks	15.4	15.4
Breakdown by marketability		
- Marketable securities	15.4	15.4
of which:		
- unlisted	15.4	15.4

10. Shares in affiliates

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	366.1	934.6
of which:		
- in banks	-	434.3
Breakdown by marketability		
- Marketable securities	0.0	434.3
of which:		
- unlisted	0.0	434.3

The change in shares in affiliated banks results from the return of the full banking licence and the licence as a so-called designated credit institution – comparable to a covered bond bank licence – of the EAA CBB, which was approved in March 2021. Since then, it has been operating as Erste EAA Ireland plc and is reported as an Other Company. In March 2021, the company repatriated a large part of its equity capital that had been required for regulatory purposes until then. This capital repatriation exceeded the carrying amount of the company.

CONDENSED NOTES

11. Other assets

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	214.3	51.9
of which:		
- Currency translation adjustments	205.4	-
- Tax refund claims	8.9	10.1
- Receivables from profit and loss pooling agreements	-	41.8

12. Prepaid expenses/accrued income

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	27.3	31.4
of which:		
- Non-recurring payments on swaps	15.9	22.7
- Discounts from issuing business	7.1	4.7
- Discounts from liabilities	3.3	3.7
- Other	1.0	0.3

13. Subordinated assets

Subordinated assets are included in:

	30/9/2021 EUR million	31/12/2020 EUR million
Loans and advances to customers	365.4	632.7
of which:		
- to affiliates	-	266.7

The reduction in affiliates relates to Erste EAA Anstalt öffentlichen Rechts & Co. KG.

14. Assets sold under repurchase agreements

No assets were sold under repurchase agreements as of the reporting date and at the previous year-end.

CONDENSED NOTES

15. Deposits from banks

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	1,325.0	1,733.1
of which:		
- Deposits from affiliates	-	493.0
Payable on demand	956.9	1,361.5
due		
- within 3 months	86.4	57.0
- 3 months to 1 year	19.9	89.3
- 1 to 5 years	110.0	120.2
- after 5 years	151.8	105.1

The decrease in deposits from affiliates relates to EAA CBB, which has been operating as Erste EAA Ireland plc since March 2021.

16. Deposits from customers

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	2,142.1	1,720.2
of which:		
- Deposits from affiliates	87.3	154.5
Other deposits	2,142.1	1,720.2
of which:		
- payable on demand	390.1	154.8
due		
- within 3 months	512.5	80.9
- 3 months to 1 year	70.5	237.4
- 1 to 5 years	358.0	399.5
- after 5 years	811.0	847.6

The deposits from affiliates mainly relate to the interest and principal payments received by the EAA that are attributable to a subsidiary.

CONDENSED NOTES

17. Debt securities in issue

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	18,880.0	16,259.1
Bonds issued	8,335.5	8,408.2
of which:		
Amounts due in the following year	3,133.3	2,878.5
Other debt securities in issue	10,544.5	7,850.9
of which due:		
- within 3 months	4,762.9	7,233.6
- 3 months to 1 year	5,781.6	617.3

18. Trading portfolio

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	7,161.7	11,350.6
of which:		
- Derivative financial instruments	7,161.7	11,350.6

19. Other liabilities

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	11.8	310.3
of which:		
- Currency translation adjustments	-	299.3
- Deposits from loss assumptions	-	0.4
- Other	11.8	10.6

The "Other" item mostly included liabilities from invoices that are not yet paid and deposits from subsidiaries due to tax unities.

CONDENSED NOTES

20. Accrued expenses/deferred income

	30/9/2021 EUR million	31/12/2020 EUR million
Carrying amount	39.7	24.5
of which:		
- Non-recurring payments on swaps	24.5	2.3
- Premium on issuing business	15.1	21.9
- Premiums for sold interest rate caps and floors	0.1	0.3

21. Provisions

	Balance as of 31/12/2020 EUR million	Additions EUR million	Accumulation EUR million	Utilisation EUR million	Reversals EUR million	Other changes EUR million	Final balance 30/9/2021 EUR million
Taxes	2.0	-	-	-	-	-	2.0
Other provisions	112.5	3.2	0.3	12.7	5.6	0.7	98.4
- Loans	4.8	-	-	0.1	1.5	0.2	3.4
- Shareholdings	2.2	-	-	-	0.2	-	2.0
- Legal actions	11.2	0.7	-	4.0	-	-	7.9
- Personnel	0.3	-	-	-	-	-	0.3
- Other	94.2	2.5	0.3	8.6	3.9	0.5	84.9
Total	114.5	3.2	0.3	12.7	5.6	0.7	100.4

When loans previously guaranteed were transferred to the EAA, the provisions that had been recognised for the guaranteed exposures had to be converted into allowances. This effect is included in the category "Other changes" in provisions for loans in the table shown above.

"Other" provisions primarily include amounts for risks that cannot be classified under any other type of provision.

22. Equity

As of 30 September 2021, the EAA's subscribed capital amounted to EUR 500,000.

The capital reserve totalling EUR 3,013.2 million arose from the transfer of risk exposures and non-strategic business units of the former WestLB.

Other reserves amounted to EUR 2.4 million and originate from the reversal of provisions for which the reported amounts were reduced as a result of the change in the valuation of obligations under BilMoG.

CONDENSED NOTES

The net result for the year for the first three quarters of 2021 amounted to EUR 14.9 million and reduces net retained losses to EUR 2,347.7 million as of 30 September 2021.

23. Contingencies

Contingent liabilities

The contingent liabilities of EUR 1.5 billion (previous year: EUR 1.8 billion) are mainly attributable to the legacy liabilities of WestImmo and legacy liabilities of Hamburg Commercial Bank AG (formerly HSH Nordbank AG). As of the reporting date, the volume of legacy liabilities of WestImmo stood at EUR 1.2 billion (previous year: EUR 1.4 billion).

This volume of legacy liabilities is constantly decreasing as a result of repayments. All material bank-related assets and liabilities of WestImmo were transferred to Aareal Bank AG as of 30 June 2017 by way of a spin-off and takeover agreement concluded between Aareal Bank AG and WestImmo.

The EAA has no detailed knowledge of whether, when or to what extent any contingencies will materialise. Provisions will be made as soon as there are sufficient concrete indications of probable losses resulting from a materialisation.

Other obligations

The volume of EUR 139.6 million (previous year: EUR 137.4 million) results from the lending business.

The EAA constantly reviews whether losses from other obligations are to be expected and if a provision needs to be made for impending losses from pending transactions.

24. Geographical breakdown of income components

The key income components of the EAA's income statement were generated in the following geographical markets.

	Interest income	Current income	Fees and commission income	Other operating income
	1/1-30/9/2021 EUR million	1/1-30/9/2021 EUR million	1/1-30/9/2021 EUR million	1/1-30/9/2021 EUR million
Germany	48.7	0.1	0.7	1.1
UK	-	-	-	-
Rest of Europe	130.9	-	0.6	-
Far East and Australia	5.9	-	-	-
North America	23.0	-	0.1	-
IS amount	208.5	0.1	1.4	1.1

CONDENSED NOTES

The geographic split of income is generally based on where the business partner is domiciled. Current income also includes the income from profit and loss transfer and partial profit and loss transfer agreements if such income accrues.

25. Other operating and prior-period expenses and income

As of 30 September 2021, the balance of other operating expenses and income comprised EUR 2.0 million (previous year: EUR 21.7 million) in expenses and EUR 1.1 million (previous year: EUR 1.9 million) in income.

The expenses include EUR 1.1 million (previous year: EUR 0.0 million) from the foreign exchange result. The essential parts of the remaining expenses and income relate to additions to and reversals of provisions.

26. Risk provision

Write-downs and allowances in accordance with section 340f (3) and section 340c (2) HGB

	1/1-30/9/2021 EUR million	1/1-30/9/2020 EUR million
Risk provision and financial investment result including loss assumption (pursuant to RechKredV)	76.5	56.8
Loans and securities income/expense	27.1	55.0
of which: - Lending operations	27.1	54.9
- Securities	-	0.1
Shareholdings and securities income/expenses	49.4	1.8
of which: - Shareholdings	73.7	0.6
- Securities	-24.3	1.2
Expenses from loss assumption	-	-
Risk provision and financial investment result including loss assumption (pursuant to risk report)	76.5	56.8
Result of risk provisions – loans and advances/securities due to credit risk	27.1	55.0
of which: - Lending operations	27.1	55.0
Results from financial assets, shareholdings and loss assumption	49.4	1.8

CONDENSED NOTES

The EAA always makes use of the options available under section 340f (3) and section 340c (2) HGB. Under section 340f (3) HGB, income and expenses resulting from the valuation in the lending business may be reported on a net basis with risk provisions for securities and income from the reversal of risk provisions on securities of the liquidity reserve. Net income amounted to EUR 27.1 million (previous year: net income EUR 55.0 million). According to section 340c (2) HGB, the expenses for long-term equity investments, shares in affiliates and long-term investment securities may be offset against the corresponding income. Overall, the EAA posted income of EUR 49.4 million (previous year: income EUR 1.8 million) as the risk result for shareholdings and securities.

27. Taxes

Taxes on income and earnings amounting to EUR 134.4 thousand (previous year: EUR 158.0 thousand) primarily related to foreign taxes.

In the current fiscal year, other taxes of EUR 12.9 thousand (previous year: EUR 1.3 thousand) were incurred.

Other disclosures

28. Forward contracts/derivative financial instruments

The EAA enters into the following types of forward contracts and derivative financial instruments:

△ Interest rate-related products

Interest rate swaps, interest rate futures, forward rate agreements, interest rate caps, interest rate floors, interest rate collars, swaptions and interest rate options

△ Currency-related products

Interest rate/cross-currency swaps, forward interest rate/cross-currency swaps, forward exchange contracts and currency option contracts

△ Equity- and other price-related products

Share options, index options, share and index warrants in issue

The total volume of forward transactions and derivatives transactions as of the reporting date amounted to EUR 114.0 billion based on notional values (previous year: EUR 123.7 billion). The focus remained on interest-rate-related products, whose share stood at 81.7% (previous year: 85.1%) of the total volume.

For non-exchange-traded derivatives, market values were determined on the basis of actuarial measurement models as well as valuation parameters available on the market (including interest rates, interest rate volatilities and exchange rates).

CONDENSED NOTES

Derivative financial instruments – volume as of the balance sheet date

	Notional amount		Positive market values		Negative market values	
	30/9/2021 EUR million	31/12/2020 EUR million	30/9/2021 EUR million	31/12/2020 EUR million	30/9/2021 EUR million	31/12/2020 EUR million
Interest rate-related products	93,115.4	105,255.8	7,699.1	11,356.6	8,006.9	12,277.9
OTC products	93,115.4	105,255.8	7,699.1	11,356.6	8,006.9	12,277.9
Currency-related products	20,920.4	18,397.5	559.0	477.6	263.3	676.4
OTC products	20,920.4	18,397.5	559.0	477.6	263.3	676.4
Equity- and other price-related products	-	-	-	-	-	-
OTC products	-	-	-	-	-	-
Total	114,035.8	123,653.3	8,258.1	11,834.2	8,270.2	12,954.3
OTC products	114,035.8	123,653.3	8,258.1	11,834.2	8,270.2	12,954.3

The average annual notional volume of forward contracts and derivatives transactions amounted to EUR 123.5 billion in fiscal year 2021 (previous year: EUR 150.1 billion).

Derivative financial instruments – average volumes

	Notional amount		Positive market values		Negative market values	
	30/9/2021 EUR million	31/12/2020 EUR million	30/9/2021 EUR million	31/12/2020 EUR million	30/9/2021 EUR million	31/12/2020 EUR million
Interest rate-related products	102,773.7	124,781.8	9,427.7	13,797.3	9,922.3	14,579.0
OTC products	102,773.7	124,781.8	9,427.7	13,797.3	9,922.3	14,579.0
Currency-related products	20,720.1	23,825.9	542.0	485.8	441.2	479.9
OTC products	20,720.1	23,825.9	542.0	485.8	441.2	479.9
Equity- and other price-related products	-	1,467.7	-	20.0	-	19.7
OTC products	-	1,467.7	-	20.0	-	19.7
Total	123,493.8	150,075.4	9,969.7	14,303.1	10,363.5	15,078.6
OTC products	123,493.8	150,075.4	9,969.7	14,303.1	10,363.5	15,078.6

Without exception, forward contracts and derivatives transactions are concluded for hedging purposes.

The received and paid option premiums for derivative financial instruments of the non-trading portfolio are reported in other assets or other liabilities.

CONDENSED NOTES

Derivative financial instruments – maturities

	Interest rate-related products		Currency-related products		Equity- and other price-related products	
	30/9/2021 EUR million	31/12/2020 EUR million	30/9/2021 EUR million	31/12/2020 EUR million	30/9/2021 EUR million	31/12/2020 EUR million
Due						
- within 3 months	11,678.5	11,238.6	4,433.6	5,201.1	-	-
- 3 months to 1 year	11,534.2	9,099.3	6,749.8	2,351.3	-	-
- 1 to 5 years	21,576.4	30,068.3	6,505.4	6,211.4	-	-
- after 5 years	48,326.3	54,849.6	3,231.6	4,633.7	-	-
Total	93,115.4	105,255.8	20,920.4	18,397.5	-	-

29. Number of employees

The average number of employees during the reporting period was as follows:

	Male	Female	Total 1/1-30/9/2021	Total 1/1-30/9/2020
Number of employees	71	47	118	146

As of 30 September 2021 the EAA employed 99 (30 September 2020: 125) full-time equivalents.

30. Stakeholders in the EAA

	30/9/2021 in %	31/12/2020 in %
State of NRW	48.202	48.202
Rheinischer Sparkassen- und Giroverband	25.032	25.032
Sparkassenverband Westfalen-Lippe	25.032	25.032
Landschaftsverband Rheinland	0.867	0.867
Landschaftsverband Westfalen-Lippe	0.867	0.867
Total	100.000	100.000

CONDENSED NOTES

31. Memberships of other bodies held by Managing Board members

The following members of the Managing Board of the EAA are members of a supervisory board or other supervisory bodies of large public companies pursuant to section 340a (4) No. 1 in conjunction with section 267 (3) HGB. Details of the memberships of other bodies marked with * are provided on a voluntary basis as the companies are not classed as large public companies pursuant to section 340a (4) No. 1 in conjunction with section 267 (3) HGB.

Horst K pker

EDD AG i.L. * (until 20 January 2021)

Westdeutsche Spielbanken GmbH * (until 31 August 2021)

32. Memberships of other bodies held by employees

The following employees of the EAA are members of a supervisory board or other supervisory bodies of large public companies pursuant to section 340a (4) No. 1 in conjunction with section 267 (3) HGB.

Dr Hartmut Schott (until 31 May 2021)

Erste EAA Ireland plc (until 11 May 2021)

33. Executive bodies of the EAA

Members of the Managing Board of the EAA

Christian Doppstadt

Horst K pker

Members of the Supervisory Board of the EAA

Dr Patrick Opdenh vel

Chairman

State Secretary in the Ministry of Finance of NRW

Joachim Stapf

Vice Chairman

Senior Assistant Secretary (Leitender Ministerialrat) in the Ministry of Finance of NRW

Michael Breuer

President of the Rheinischer Sparkassen- und Giroverband

Hans Buschmann

Deputy Association Director of the Rheinischer Sparkassen- und Giroverband (ret.)

CONDENSED NOTES

Rolf Einmahl

Lawyer,

Member of the Landschaftsversammlung of the Landschaftsverband Rheinland

Henning Giesecke

Managing Director of GSW Capital Management GmbH,

Former Chief Risk Officer of HypoVereinsbank AG and UniCredit Group

Wilfried Groos

Chairman of the Managing Board of the Sparkasse Siegen

Frank Hellwig

Chairman of the Executive Board of Wirecard Bank AG

Dr Achim Kopf

Head of Risk Control of the Bundesrepublik Deutschland - Finanzagentur GmbH

Matthias Löb

Director of the Landschaftsverband Westfalen-Lippe

Klaus Rupprath

Senior Managing Director,

Head of Capital Markets of the NRW.BANK

Jürgen Wannhoff

Vice-President and Member of the Managing Board of the Sparkassenverband Westfalen-Lippe

Stakeholders' Meeting of the EAA

The Stakeholders' Meeting is made up of representatives of the stakeholders (see Note 30).

CONDENSED NOTES

34. Information on shareholdings

Supplementary disclosures pursuant to section 285 (11) and (11a) and section 340a (4)
No. 2 HGB

Shareholdings in a foreign currency converted into EUR using the balance sheet rate

Disclosure of capital share and voting rights in %, amounts in EUR thousand

Disclosure of voting rights only if the percentage share differs from the share of capital

Other shareholdings

No.	Name	Location	Capital share	Voting rights	CCY	Equity	Result
1	ANC Handels GmbH & Co. KG ¹⁾	Mörfelden-Walldorf	1.00			n. s.	n. s.
2	CBAL S.A. ^{2) 6)}	Brussels, Belgium	100.00		EUR	1,237	-98
3	COREplus Private Equity Partners GmbH & Co. KG ^{1) 4)}	Frankfurt am Main	36.52	0.00	EUR	868	-159
4	Corsair III Financial Services Capital Partners L.P.	Wilmington, US	1.84	0.00		n. s.	n. s.
5	Corsair III Financial Services Offshore Capital Partners L.P.	George Town, Cayman Islands	1.84	0.00		n. s.	n. s.
6	Deutsche Anlagen-Leasing Service & Co. Objekt ILB Potsdam KG i.L. ^{1) 7)}	Aschheim	92.20	91.82	EUR	2	-62
7	Deutsche Anlagen-Leasing Service & Co. Sparkassenneubau Teltow-Fläming KG ^{1) 7)}	Aschheim	78.49	77.70	EUR	1,007	1,159
8	Dritte EAA Anstalt & Co. KG ^{2) 7)}	Düsseldorf	100.00		EUR	488,341	1,827
9	EAA Charity LLP ^{1) 7)}	Wilmington, US	100.00		USD	21,124	244
10	EAA DLP I LLP ^{1) 7)}	Wilmington, US	100.00		USD	115,579	8,128
11	EAA DLP II LLP ^{1) 7)}	Wilmington, US	100.00		USD	90,093	-1,011
12	EAA DLP III LLP ^{1) 7)}	Wilmington, US	100.00		USD	145,522	15,296
13	EAA do Brasil Participacoes, Representacoes e Negocios Ltda. ⁷⁾	Sao Paulo, Brazil	100.00		BRL	538	-64
14	EAA Europa Holding GmbH ^{3) 7)}	Düsseldorf	100.00		EUR	231	0
15	EAA Greenwich LLP ^{1) 7)}	Wilmington, US	100.00		USD	109,484	7,185
16	EAA LAT ABC LLP ^{1) 7)}	Wilmington, US	100.00		USD	156,627	19,268
17	EAA LAT II LLP ^{1) 7)}	Wilmington, US	100.00		USD	197,979	9,479
18	EAA LS Holdings LLC ^{1) 7)}	Wilmington, US	100.00		USD	0	k. A.
19	EAA PF LLP ^{1) 7)}	Wilmington, US	100.00		USD	155,734	9,102
20	EAA Triskele LLP ^{1) 7)}	Wilmington, US	100.00		USD	181,621	18,837
21	EAA US Holdings Corporation ⁷⁾	Wilmington, US	100.00		USD	5,757	-1,873
22	ECP Funding LLC ^{1) 7)}	Dover, US	100.00		USD	0	0
23	EMG Projekt Gewerbepark Ludwigsfelde/Löwenbruch GmbH i.L. ⁷⁾	Potsdam	47.50		EUR	1,058	-30
24	Erste EAA Anstalt öffentlichen Rechts & Co. KG ^{2) 3) 7)}	Düsseldorf	100.00		EUR	49	0
25	Erste EAA Ireland plc ^{7) 8)}	Dublin 2, Ireland	100.00		EUR	515,238	-14,230
26	Erste Financial Services GmbH ⁷⁾	Düsseldorf	100.00		EUR	32,712	8,729
27	Indigo Holdco LLC ^{1) 7)}	Dover, US	100.00		USD	2,604	0

CONDENSED NOTES

Other shareholdings

No.	Name	Location	Capital share	Voting rights	CCY	Equity	Result
28	Indigo Land Groveland LLC ¹⁾	Wilmington, US	100.00			n. s.	n. s.
29	Leasing Belgium N.V. ^{1) 7)}	Antwerp, Belgium	100.00		EUR	278	-38
30	MCC SB Condo LLC ^{1) 7)}	Wilmington, US	100.00		USD	0	0
31	MCC SB Unit 144 LLC ^{1) 7)}	South Bend, US	100.00		USD	0	0
32	MCC SB Unit 145 LLC ^{1) 7)}	South Bend, US	100.00		USD	0	0
33	MCC SB Unit 146 LLC ^{1) 7)}	South Bend, US	100.00		USD	0	0
34	MCC SB Unit 147 LLC ^{1) 7)}	South Bend, US	100.00		USD	0	0
35	MFC Holdco LLC ^{1) 7)}	Dover, US	100.00		USD	1,036	0
36	MFC Real Estate LLC ^{1) 7)}	Dover, US	100.00		USD	0	0
37	MFC SB BAR, LLC ^{1) 7)}	South Bend, US	100.00		USD	0	0
38	New NIB Partners LP ⁷⁾	New York, US	0.94	0.00	EUR	497,520	-6,695
39	S-Chancen-Kapitalfonds NRW GmbH i.L. ⁷⁾	Haan	50.00		EUR	1,985	-26
40	Sechste EAA-Beteiligungs GmbH ⁷⁾	Düsseldorf	100.00		EUR	38	-7
41	thyssenkrupp Electrical Steel GmbH ⁵⁾	Gelsenkirchen	0.42		EUR	96,922	0
42	thyssenkrupp Materials Processing Europe GmbH ⁵⁾	Krefeld	0.42		EUR	57,903	0
43	thyssenkrupp Materials Services GmbH ⁵⁾	Essen	0.16		EUR	745,235	0
44	ThyssenKrupp Rasselstein GmbH ⁵⁾	Andernach	0.50		EUR	247,021	0
45	TK Aufzugswerke GmbH ⁵⁾	Neuhausen auf den Fildern	0.50		EUR	13,951	0
46	West Life Markets GmbH & Co. KG ^{3) 7)}	Düsseldorf	100.00		EUR	1,312	0
47	West Merchant Limited ⁴⁾	London, UK	100.00		GBP	45	-45
48	West Zwanzig GmbH ^{3) 7)}	Düsseldorf	100.00		EUR	25	0
49	Westdeutsche ImmobilienHolding GmbH ^{3) 7)}	Düsseldorf	100.00		EUR	5,539	0
50	WestInvest Gesellschaft für Investmentfonds mbH ^{1) 7)}	Düsseldorf	0.00		EUR	11,339	0
51	WestLeasing International GmbH ^{1) 7)}	Düsseldorf	100.00		EUR	228	-7
52	WestLeasing Westdeutsche Leasing Holding GmbH ^{3) 7)}	Düsseldorf	100.00		EUR	3,625	0
53	Windmill Investments Limited ⁷⁾	George Town, Cayman Islands	5.07	0.00	USD	36,712	-284
54	WIV GmbH & Co. Beteiligungs KG ⁷⁾	Frankfurt am Main	5.10		EUR	12,830	730

CONDENSED NOTES

Interest greater than 5% (large corporations)

No.	Name	Location	Capital share	Voting rights	CCY	Equity	Result
55	Banco Finantia S.A. ⁷⁾	Lisbon, Portugal	8.93		EUR	478,578	23,695

Other companies for which the EAA assumes unlimited liability

No.	Name	Location	Capital share	Voting rights	CCY	Equity	Result
56	GLB GmbH & Co. OHG	Frankfurt am Main	15.47			n. s.	n. s.

¹ Indirect shareholdings.

² Including indirectly held shares.

³ A profit and loss transfer agreement is in place with this company.

⁴ Data as of 31 December 2019.

⁵ Data as of 30 September 2020.

⁶ Data as of 31 October 2020.

⁷ Data as of 31 December 2020.

⁸ A global guarantee exists.

Subsequent events

No significant events requiring disclosure have occurred after the reporting date.

RESPONSIBILITY STATEMENT

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for the interim report, the interim financial statements give a true and fair view of the asset position, financial position and earnings situation of the institution, and the interim management report includes a true and fair review of the development and performance of the business and the position of the institution, together with a description of the material opportunities and risks associated with the expected development of the institution for the remainder of the fiscal year.

Düsseldorf, 16 November 2021

Erste Abwicklungsanstalt



Christian Doppstadt
Member of the Managing Board



Horst Kúpker
Member of the Managing Board

LIST OF ABBREVIATIONS

List of abbreviations

ABS	Asset backed securities
ALM	Asset liability management
APAC	Asia-Pacific economic area
AT	General part
AUD	Australian dollar
BaFin	German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
BlackRock	BlackRock Financial Inc., Wilmington/US
BilMoG	German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz)
BRL	Brazilian real
CAD	Canadian dollar
CCY	Currency code
CHF	Swiss franc
CVA	Credit valuation adjustments
DAC	Designated activity company
DRS	German Accounting Standard (Deutscher Rechnungslegungsstandard)
EAA	Erste Abwicklungsanstalt, Düsseldorf
EAA CBB	EAA Covered Bond Bank Plc, Dublin/Ireland (Erste EAA Ireland plc since 15 March 2021)
EC	European Community
ECB	European Central Bank
EEC	European Economic Community
EFS	Erste Financial Services GmbH, Düsseldorf (Portigon Financial Services GmbH until 28 June 2016)
EMEA	Europe, Middle East and Africa economic area
ESM	European Stability Mechanism
EU	European Union
EUR	Euro
Fed	US Federal Reserve
Fitch	Fitch Ratings
FMS	German Financial Market Stabilisation Fund (Finanzmarktstabilisierungsfonds)
FMSA	German Federal Agency for Financial Market Stabilisation (Bundesanstalt für Finanzmarktstabilisierung)
FX effect	Foreign exchange effect
GBP	Pound sterling
HGB	German Commercial Code (Handelsgesetzbuch)
HKD	Hong Kong dollar
HRA	Commercial register department A (Handelsregister Abteilung A)
HSBC	HSBC Trinkaus & Burkhardt AG, Düsseldorf
IBM	IBM Deutschland GmbH, Ehningen

LIST OF ABBREVIATIONS

IS	Income statement
IT	Information technology
ITK	Office, IT and communication infrastructure
JPY	Japanese yen
KYC	Know your customer
MaRisk	German Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement)
Moody's	Moody's Investors Service
MSPA	Mount Street Portfolio Advisers GmbH, Düsseldorf (EAA Portfolio Advisers GmbH until 15 November 2017)
MtM	Mark to market
n. s.	Not specified
N.R.	Not rated
No.	Number
NPL	Non-performing loans
NRW	North Rhine-Westphalia
OTC	Over the counter
PEPP	Pandemic Emergency Purchase Programme (Pandemie-Notfallankaufprogramm)
PLN	Polish zloty
Portigon	Portigon AG, Düsseldorf (WestLB AG until 2 July 2012)
py	Previous year
RechKredV	German Ordinance on Accounting for Banks and Financial Service Providers (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute)
Repo	Repurchase operation
ret.	Retired
S&P	Standard and Poor's Corporation
S.R.	Special rating
SGD	Singapore dollar
StFG	German Financial Market and Economic Stabilisation Fund Act – Stabilisation Fund Act (Stabilisierungsfondsgesetz) (until 17 July 2020 abbreviated as FMStFG)
UK	United Kingdom
US	United States
USD	US dollar
VaR	Value at Risk
WestImmo	Westdeutsche ImmobilienBank AG, Mainz (Westdeutsche Immobilien Servicing AG since 30 June 2017)
WestLB	WestLB AG, Düsseldorf (Portigon AG since 2 July 2012)

Imprint

Erste Abwicklungsanstalt

Friedrichstraße 84
40217 Düsseldorf
+49 211 91345 780
info@aa1.de
www.aa1.de

Concept and design

Instinctif Deutschland GmbH
Im Zollhafen 6
50678 Köln
www.instinctif.de