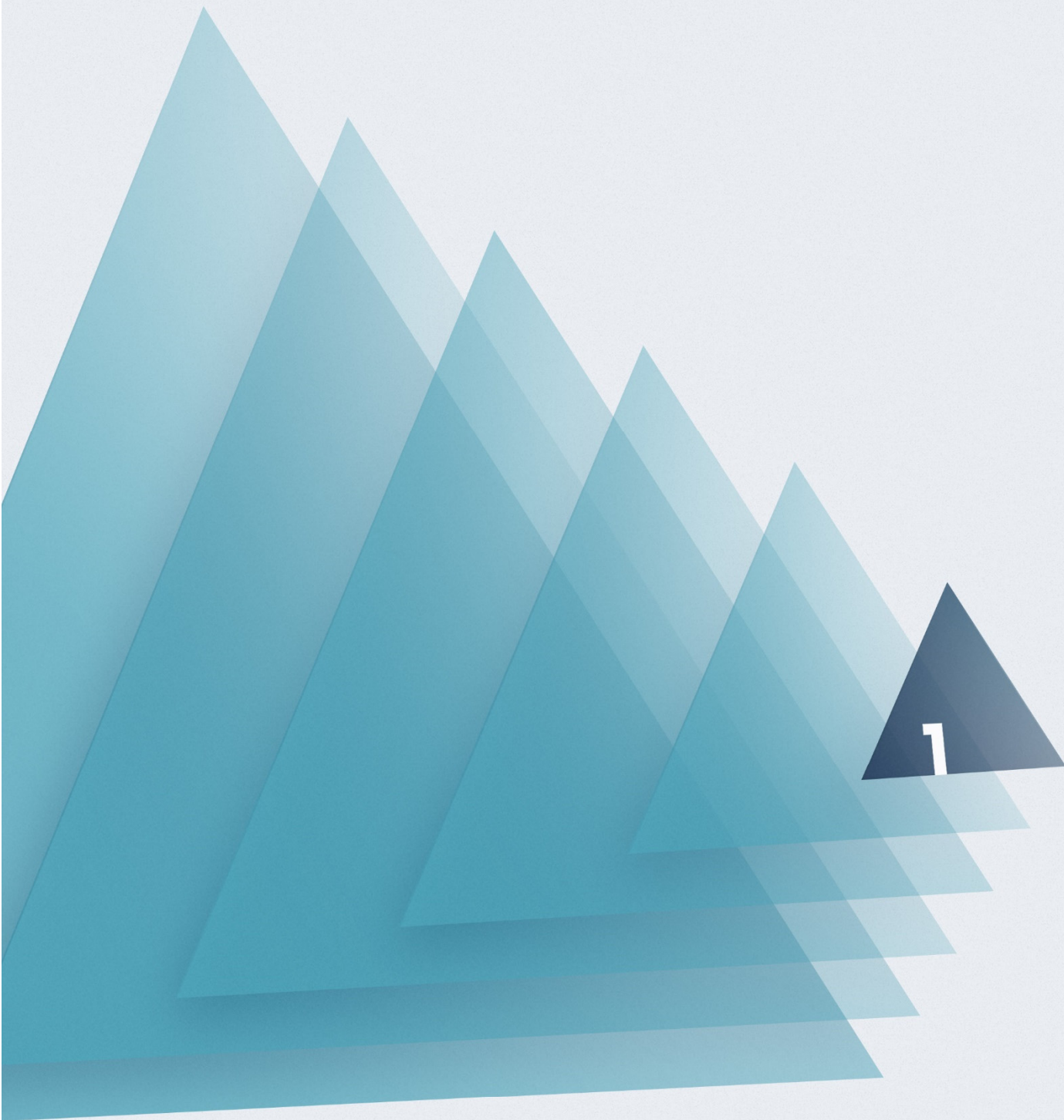




INTERIM REPORT
30 September 2023

CONTENTS

Contents

EAA key figures.....	2
Interim management report.....	3
Business and environment	3
Economic report.....	6
Risk, opportunities and forecast report	12
Balance sheet	29
Income statement	33
Cash flow statement	35
Statement of changes in equity.....	36
Condensed notes	37
General disclosures.....	37
Notes on the balance sheet and the income statement	38
Other disclosures.....	47
Subsequent events.....	53
Responsibility statement.....	54
List of abbreviations	55
Imprint.....	57

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	1/1-30/9/2023	1/1-30/9/2022
Net interest result	24.8	25.2
Net fee and commission result	-15.0	-14.3
Net trading result	0.8	8.0
Total other operating expenses/income	8.8	28.5
General administrative expenses	-75.4	-70.6
Results from financial assets and shareholdings	7.7	0.6
Results prior to risk provisioning	-48.3	-22.6
Loan loss provisions	45.4	19.5
Results before taxes	-2.9	-3.1
Taxes	-0.5	0.0
Net result for the year	-3.4	-3.1
Balance sheet in EUR billion	30/9/2023	31/12/2022
Total assets	14.0	15.7
Business volume	15.0	16.8
Lending business	6.9	5.5
Trading assets	3.5	3.6
Equity	0.7	0.7
Winding-up	30/9/2023	30/9/2022
Banking book		
Notional value (before FX effect) in EUR billion	7.0	8.2
Winding-up activities (compared with previous year-end) in EUR billion	-0.9	-2.4
Winding-up activities (compared with previous year-end) in %	-10.9	-22.5
Trading portfolio		
Notional value (before FX effect) in EUR billion	52.5	57.6
Winding-up activities (compared with previous year-end) in EUR billion	-4.1	-7.8
Winding-up activities (compared with previous year-end) in %	-7.2	-12.0
Employees	30/9/2023	31/12/2022
Number of employees	72	86
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

Interim management report

For the period from 1 January to 30 September 2023

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, investment services firm as defined by the German Securities Trading Act or 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, amending 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 repealing 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 and their respective committee(s), and 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 complete winding up of assets within an appropriate winding-up timeframe. 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 are made on the basis of prior resolution of the Supervisory Board upon the EAA's request and 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. 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 on a proposal from the respective representatives. 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 the institutions which hold a stake in the EAA's share capital. It is responsible for adopting the annual financial statements of the EAA, and for discharging the members of the Managing Board and the Supervisory Board, 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 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.

For this purpose, the EAA had largely outsourced the provision of portfolio, IT and operations services to third parties within the scope of its long-term service strategy, with the objective of maintaining continuity and stability on the one hand and enabling flexibility on the other.

Adjustment of organisational and cost structures is part of the EAA's mission in view of the ongoing portfolio wind-up. To rely on a flexible servicer landscape from the second quarter of 2023 onwards, the EAA issued invitations in several Europe-wide tender procedures in 2021 for the provision of key functions that are necessary to manage the portfolio. The tenders were awarded at the end of September 2021 and at the beginning of October 2021, therefore bringing the tender procedure to a close as scheduled. The EAA awarded the service contracts with a term of 14 years (including extension options).

The EAA had started the transition phase in the fourth quarter of 2021. The transition to the new service providers became effective with the "Change of Control" in May 2023. Since 15 May 2023, the portfolio management services are provided by BlackRock (Netherlands) B.V. - Frankfurt Branch, financial services by SKS Solutions GmbH and ITC services by matrix

INTERIM MANAGEMENT REPORT

technology GmbH. IBM remains the service provider for compliance services and BlackRock for the structured credit services.

Prior to the "Change of Control", IT and operations services were provided by EFS via IBM as an external service provider. Portfolio management services previously provided by MSPA were already transferred to the new portfolio service provider BlackRock (Netherlands) B.V. - Frankfurt Branch in the first quarter of 2023, and the service agreement between MSPA and the EAA was terminated as of 31 March 2023.

In addition to the service provider changes described above, the banking services still required by the EAA in the future will be consolidated in close coordination with the aforementioned transition project. These are mainly account management and payment transactions, which were previously handled by HSBC, and the administration and safekeeping of securities portfolios, which were previously provided by Clearstream Banking S.A., Luxembourg and Clearstream Banking AG, Eschborn. To further streamline and simplify the processes, these banking services are synchronised with the transition of the portfolio services, which are procured from a single source from J.P. Morgan SE - Frankfurt Branch since May 2023.

Due to the importance of the outsourced activities, the EAA has implemented a central function for an integrated service provider management. This means that the service relationships between the EAA and its service providers are systematically monitored and managed from a legal, substantive, processual and financial perspective.

Economic environment

The third quarter of 2023 had just ended, apparently with no key events of global political and economic significance, when the Hamas terror attack on civilians in Israel on 7 October 2023 shook the world. This will not only fuel the killing in the Gaza Strip and will not be confined to the conflicts in the Middle East. Rather, it will lead to violent confrontation in part in civil society, particularly in the western world. The other wars, including the war in Ukraine, are still ongoing. Inflation is down from the start of the year but continues to persist at a high level. European and German plans in connection with a reduction of carbon dioxide emissions (ban on burners and gas-fired heating, extension of carbon dioxide emission allowance obligations) are being pursued further in the political arena. As a result, the forecasts continue to point towards falling economic output. According to the Federal Statistical Office, company insolvencies rose by 37.4% in July 2023 compared to the same month of the previous year. Creditors' claims that were impacted by this increased from EUR 0.8 billion in the previous year to EUR 3.1 billion. The number of all ordinary insolvencies increased by 19.5% in September 2023 compared to the same month of the previous year.

In October 2023, the IMF stabilised its expectation for global economic development (January 2023 values in brackets). Global gross domestic product is expected to grow by 3.0% (2.9%) in 2023 and by 2.9% (3.1%) in 2024, after 3.5% in the previous year; inflation is estimated at 6.9% (6.6%) and 5.8% (4.3%) for these two years, after 8.7% in the previous year.

INTERIM MANAGEMENT REPORT

Other forecasts include similar expectations about developments in the coming years. According to its forecast of 20 September 2023 (values of 14 December 2022 in brackets), the Fed's Federal Open Market Committee expects gross domestic product in the US to grow by 2.1% (0.5%) in the current year and by 1.5% (1.6%) and 1.8% (1.8%), respectively, in the following two years. Inflation based on the Personal Consumption Expenditures Price Index is expected to rise by 3.3% (3.1%) in 2023, by 2.5% (2.5%) in 2024 and by 2.2% (2.1%) in 2025. This index was 3.4% in September 2023. The Consumer Price Index issued by the US Bureau of Labor Statistics was 3.7% at the end of September 2023.

The current IMF estimate expects gross domestic product growth of 0.7% for the eurozone in 2023 and of 1.2% for the following year. According to provisional data from Eurostat, gross domestic product actually rose by 0.1% in the third quarter of 2023 compared with the same quarter of the previous year. Based on the Harmonised Index of Consumer Prices, inflation amounted to 4.3% in September 2023 and 2.9% in October 2023, according to the ECB. On the basis of the ECB's expectations, which were updated on 27 October 2023, the projection for 2023 is 5.6%, or 2.7% for 2024 and 1.2% for 2025.

The IMF expects gross domestic product in Germany to decline by 0.5% in 2023, followed by an increase of 0.9% in 2024 – it predicts positive development in 2023 for all other countries and regions. The forecasts have therefore been downgraded by 0.2 percentage points for 2023 and by 0.4 percentage points for 2024. According to the Federal Statistical Office, gross domestic product in Germany declined by a price-adjusted 0.8% in the third quarter of 2023. The inflation rate was 4.5% in September 2023 and 3.8% (provisional) in October 2023.

Economic report

Overview of economic development

The EAA's economic situation in the first three quarters of 2023 was largely determined by its wind-up mission.

The notional volume of the banking book fell 10.9% to EUR 7.0 billion. The notional volume of the trading portfolio declined by 7.2% to EUR 52.5 billion during the same period.

The results after taxes of EUR -3.4 million are characterised in particular by general administrative expenses of EUR 75.4 million and the net fee and commission result of EUR -15.0 million. This is mainly offset by the results from financial assets and shareholdings and the income from the reversal of loan loss provisions, which together account for EUR 53.1 million, the net interest result of EUR 24.8 million, the positive balance of other expenses and income of EUR 8.8 million and the net trading result of EUR 0.8 million.

INTERIM MANAGEMENT REPORT

The EAA's total assets declined from EUR 15.7 billion in the previous year to EUR 14.0 billion. This is mainly due to the winding-up of the banking book. The business volume, which also includes off-balance-sheet components, fell 10.7% to EUR 15.0 billion (previous year: EUR 16.8 billion).

Wind-up report

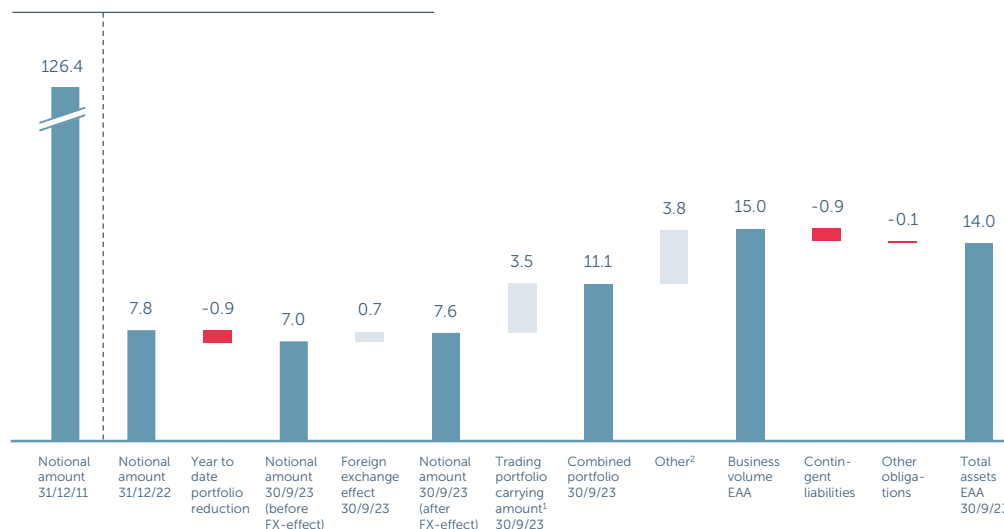
The figures and developments discussed in this section are regularly reported to the FMSA and to the EAA's governing bodies. They relate to the entire assets transferred to the EAA, regardless of whether these figures are recorded on or off-balance-sheet in the EAA's separate financial statements, or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

The following overview shows the changes in the portfolio's notional amounts since 1 January 2023 and the reconciliation to the EAA's total assets as of 30 September 2023.

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.
Note: The presentation of the previous year was adjusted.

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.

INTERIM MANAGEMENT REPORT

Wind-up success in the banking book

From 1 January to 30 September 2023, the notional volume of the banking book was reduced from EUR 7.8 billion to EUR 7.0 billion (at exchange rates as of 31 December 2011). That equates to a decline in notional volume of EUR 0.9 billion (10.9%). The volume at exchange rates as of 30 September 2023 is EUR 7.6 billion. The total banking book portfolio has decreased by EUR 119.4 billion or 94.5% since 1 January 2012.

Clusters	Notional volume (at exchange rates as of 31/12/2011)				Notional volume (at exchange rates as of 30/9/2023)	
	Notional 30/9/2023	Notional 31/12/2022	Change to 31/12/2022		Notional 30/9/2023	FX effect ¹
	EUR million	EUR million	EUR million	in %	EUR million	EUR million
Structured Securities	2,236.1	2,910.1	-674.0	-23.2	2,528.6	292.5
Public Finance / FI	2,152.6	2,185.5	-32.9	-1.5	2,226.9	74.4
Other Assets	1,466.2	1,604.2	-138.0	-8.6	1,532.2	66.0
Life Insurance	1,120.0	1,130.1	-10.1	-0.9	1,359.5	239.5
Total	6,974.9	7,829.8	-854.9	-10.9	7,647.3	672.3

¹ Change in notional volume due to exchange rate effects.

Note: The cluster structure was adjusted with effect from 1 January 2023 and the holdings were allocated to the new clusters. The Equity/Mezzanine cluster (31 December 2022: EUR 21.3 million) is no longer listed here. As of 30 September 2023, the total NPL portfolio amounted to EUR 2.1 billion at current exchange rates. The presentation of the previous year was adjusted.

The decline in the Structured Securities cluster is due in particular to non-scheduled partial repayments.

The portfolio reduction in the remaining clusters is due to repayments.

As of 30 September 2023, there was a EUR +0.2 million effect on the winding-up plan associated with sales and early repayments from the banking book portfolio. A winding-up plan effect of EUR +8.5 million was achieved from other measures. This effect is primarily attributable to the unscheduled capital repatriation on an equity investment and risk provisioning measures.

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 52.5 billion as of 30 September 2023. The notional volume of the trading portfolio decreased by a total of EUR 4.1 billion during the period from 1 January to 30 September 2023 (at exchange rates as of 30 June 2012). Since its transfer, the notional volume of the trading portfolio has been reduced by EUR 1,011.6 billion or 95.1%.

INTERIM MANAGEMENT REPORT

				Notional volume (at exchange rates as of 30/6/2012)		Notional volume (at exchange rates as of 30/9/2023)
	Notional 30/9/2023 EUR million	Notional 31/12/2022 EUR million		Change to 31/12/2022 in %	Notional 30/9/2023 EUR million	FX effect ¹ EUR million
Trading portfolio	52,458.4	56,555.2	-4,096.8	-7.2	53,633.4	1,175.0

¹ Change in notional volume due to exchange rate effects.

The reduction with a total notional decrease of EUR 4.1 billion resulted primarily from maturities of EUR 5.3 billion, from active wind-up measures of EUR 0.6 billion and from offsetting, portfolio-increasing hedging transactions in the amount of EUR 1.9 billion.

EAA's overall situation

Earnings situation

The EAA's earnings situation was impacted by the net interest result of EUR 24.8 million, the balance of other expenses and income of EUR 8.8 million, the results from financial assets and shareholdings and income from the reversal of loan loss provisions, which together account for EUR 53.1 million, as well as general administrative expenses of EUR 75.4 million and the net fee and commission result of EUR -15.0 million. Personnel expenses totalled EUR 10.7 million. Other administrative expenses of EUR 64.7 million were comprised mainly of expenses for services rendered by the different service providers and project expenses related to the change in service providers.

The decline in the net interest result is mainly due to the ongoing portfolio wind-up.

The net fee and commission result is mainly attributable to the expense resulting from the commitment fee for the equity capital drawing limit. The net trading result of EUR 0.8 million is down EUR 7.2 million on the result of the same period of the previous year.

Overall, the results after taxes amounted to EUR -3.4 million (previous year: EUR -3.1 million).

INTERIM MANAGEMENT REPORT

Income statement

	1/1-30/9/2023	1/1-30/9/2022	Change	
	EUR million	EUR million	EUR million	in %
Net interest result	24.8	25.2	-0.4	-1.6
Net fee and commission result	-15.0	-14.3	-0.7	-4.9
Net trading result	0.8	8.0	-7.2	-90.0
Total other operating expenses/income	8.8	28.5	-19.7	-69.1
Personnel expenses	-10.7	-12.2	1.5	12.3
Other administrative expenses	-64.7	-58.4	-6.3	-10.8
Results from financial assets and shareholdings	7.7	0.6	7.1	>100
Results prior to risk provisioning	-48.3	-22.6	-25.7	>-100
Loan loss provisions	45.4	19.5	25.9	>100
Results before taxes	-2.9	-3.1	0.2	6.5
Taxes	-0.5	0.0	-0.5	-
Net result for the year	-3.4	-3.1	-0.3	-9.7
Net retained losses brought forward	-2,362.5	-2,360.9	-1.6	-0.1
Net retained losses	-2,365.9	-2,364.0	-1.9	-0.1

Financial position and issuing activities

The total notional amount of the portfolio of issued bearer bonds, promissory note loans and commercial paper was EUR 9.1 billion as of the reporting date. This includes the global Commercial Paper Programme with a notional amount equivalent to EUR 4.1 billion.

In the reporting period, a new issue denominated in US dollars with a notional volume of USD 0.5 billion (EUR 0.5 billion) and a new issue denominated in euros with a notional volume of EUR 0.5 billion were issued for medium and long-term funding.

New issues were launched during the reporting period under the global Commercial Paper Programme, of which a notional amount equivalent to EUR 4.1 billion was outstanding at the reporting date. These consisted of USD 2.7 billion (EUR 2.6 billion), GBP 0.1 billion (EUR 0.1 billion) and EUR 1.4 billion.

As at the reporting date, the portfolio held no securities issued by the EAA.

During the reporting period, the EAA had sufficient liquidity at all times to meet all of its liabilities on time.

Asset position

The EAA's total assets as at the reporting date amount to EUR 14.0 billion (previous year: EUR 15.7 billion). Including off-balance sheet components, this results in a business volume of EUR 15.0 billion (previous year: EUR 16.8 billion).

INTERIM MANAGEMENT REPORT

Assets

	30/9/2023	31/12/2022	Change	
	EUR million	EUR million	EUR million	in %
Cash reserve	0.0	2,171.3	-2,171.3	-100.0
Loans and advances to banks	3,244.4	1,545.8	1,698.6	>100
Loans and advances to customers	2,664.4	2,898.8	-234.4	-8.1
Securities (no trading portfolio)	4,325.4	5,099.9	-774.5	-15.2
Trading portfolio	3,495.6	3,588.7	-93.1	-2.6
Long-term equity investments and shares in affiliates	29.1	28.9	0.2	0.7
Other assets	241.9	412.5	-170.6	-41.4
Total assets	14,000.8	15,745.9	-1,745.1	-11.1

Liabilities and equity

	30/9/2023	31/12/2022	Change	
	EUR million	EUR million	EUR million	in %
Deposits from banks	1,370.2	1,380.6	-10.4	-0.8
Deposits from customers	997.4	1,575.0	-577.6	-36.7
Debt securities in issue	8,039.6	8,996.9	-957.3	-10.6
Trading portfolio	2,843.3	3,011.0	-167.7	-5.6
Provisions	67.4	69.7	-2.3	-3.3
Other liabilities	32.7	59.0	-26.3	-44.6
Equity	650.2	653.7	-3.5	-0.5
Total liabilities and equity	14,000.8	15,745.9	-1,745.1	-11.1
Contingent liabilities	862.9	905.4	-42.5	-4.7
Other obligations/loan commitments	102.0	105.5	-3.5	-3.3
Business volume	14,965.7	16,756.8	-1,791.1	-10.7

The cash reserve declined by EUR 2.2 billion compared with the end of the previous year, while loans and advances to banks increased by EUR 1.7 billion as at the reporting date, largely due to the investment of the liquidity in short-term money market transactions.

The decline of EUR 0.2 billion in loans and advances to customers and of EUR 0.8 billion in the securities portfolio is mainly due to repayments.

The decline of EUR 0.1 billion and EUR 0.2 billion, respectively, in the balance sheet values of trading assets and liabilities is explained mainly by the winding up of the trading portfolio.

Long-term equity investments and shares in affiliates are almost unchanged.

The decline in deposits from customers is mainly due to time deposits.

INTERIM MANAGEMENT REPORT

The EUR 1.0 billion decline in debt securities in issue is due to repayments on the assets side and the short-term reduction in liquidity.

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

Lending business

The lending business comprises loans and advances, payment obligations arising from irrevocable loan commitments, sureties and other guarantees. These loans and advances also include non-marketable registered bonds and other non-marketable debt instruments.

Lending business

	30/9/2023	31/12/2022	Change	
	EUR million	EUR million	EUR million	in %
Loans and advances to banks	3,244.4	1,545.8	1,698.6	>100
Loans and advances to customers	2,664.4	2,898.8	-234.4	-8.1
Contingent liabilities	862.9	905.4	-42.5	-4.7
Other obligations/loan commitments	102.0	105.5	-3.5	-3.3
Lending business	6,873.7	5,455.5	1,418.2	26.0

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 are almost offset by the positive risk provision result and positive financial investment result, as well as by one-off effects in the other operating result. Overall, a loss was reported for the first three quarters of 2023.

The EAA's assets are in good order. As at the reporting date, the EAA's equity amounted to EUR 650.2 million. Adequate liquidity was available at all times.

No significant events have occurred after the reporting date. 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.

INTERIM MANAGEMENT REPORT

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 discusses 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, life insurance risks and operational risks (including reputational, legal and tax risks). The risk 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.

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.

INTERIM MANAGEMENT REPORT

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.

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.

The notional volume of the banking book portfolio (which primarily consists of loans and securities) declined by EUR 0.9 billion to EUR 7.0 billion in the first three quarters of 2023 (at constant exchange rates as of 31 December 2011). Please refer to the "Wind-up report" section for more detailed information on the progress of the winding-up.

The EAA aims for a portfolio reduction across all rating categories. The use of the new RSU GmbH & Co. KG rating scale must be taken into account. The EAA's previous rating categories were assigned to the new rating categories using the probability of default assigned to each category. The investment grade range is also determined by the respective probabilities of default based on the specifications of the external rating provider. The following table shows the reconciliation of the EAA's internal ratings to external ratings.

INTERIM MANAGEMENT REPORT

INTERNAL EAA new	EAA old	EXTERNAL Fitch	
1	A0-A2	AAA/AA+	
2	A3-A4	AA/AA-	
3	A5		
4		A+	
5	B1	A	
6	B2	A-	
7			Investment grade
8	B3	BBB+	
9	B4	BBB	
10	B5		
11	C1	BBB-	
12	C2	BB+	
13		BB	
14	C3		
15	C4	BB-	
16	C5	B+	
17	D1		
18	D2	B	Non-investment grade
19	D3		
20	D4	B-	
21	D5	CCC-C	
22-24	E		

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

	30/9/2023 EUR million	31/12/2022 EUR million
<= 5 Y	1,315.5	1,363.5
> 5 Y <= 10 Y	1,470.8	705.6
> 10 Y <= 20 Y	2,662.4	4,026.6
> 20 Y	1,526.2	1,734.2
Total	6,974.9	7,829.8

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 presentation of the previous year was adjusted.

INTERIM MANAGEMENT REPORT

The changes in the maturity ranges result largely from the maturity-related postponements over time. EUR 0.2 billion from the maturity range of more than 20 years shift into the maturity band of ten to 20 years. In contrast, a system-based transition of the maturity date for open-ended positions led to a EUR 0.1 billion increase in this maturity range. EUR 1.0 billion from the maturity range of ten to 20 years falls into the maturity range of five to ten years, which rises sharply accordingly. EUR 0.2 billion from the maturity range of five to ten years falls into the maturity band of up to five years. However, there is no increase in the maturity range up to five years due to the offsetting repayments.

The reduction in the maturity range of ten to 20 years is the result of the described postponement effects as well as repayments of EUR 0.6 billion in the Structured Securities cluster.

The other changes within the maturity ranges reflect the portfolio management measures undertaken and amortisation during the first three quarters of 2023.

Breakdown of notional volume by region¹

	30/9/2023 EUR million	31/12/2022 EUR million
Americas ²	3,385.9	4,097.9
EMEA	2,840.1	2,950.7
Germany	688.6	720.8
APAC	60.3	60.4
Total	6,974.9	7,829.8

¹ Excluding exchange rate effects (based on exchange rates as of 31 December 2011). Regional breakdown based on borrowers, or for securitisations from the main risk country of the asset pool. The presentation of the previous year was adjusted.

² Contains EUR 0.7 billion for the Phoenix B note guaranteed by the State of NRW.

The regional breakdown of the notional volume changed slightly compared to 31 December 2022, in particular due to the repayments of Phoenix notes. Approximately 48% of the notional volume was attributable to America (31 December 2022: 52%).

About 41% of the notional volume (31 December 2022: 38%) was attributable to the EMEA region (excluding Germany).

The share of German borrowers and guarantors (share of portfolio: about 10%; 31 December 2022: 9%) increased slightly in relative terms, due to the repayments of Phoenix notes.

The APAC region still represents 1% (31 December 2022: 1%).

INTERIM MANAGEMENT REPORT

Following the successful reduction of significant exposure to Russia and Ukraine in recent years, the EAA now only has one notable Russia credit risk. After deducting recoverable export insurance, it is in the low single-digit millions. This residual risk has now been fully written off. It is difficult to predict second-round effects of possible consequences of sanctions against Russia on the EAA's portfolio.

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 the 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. Deteriorating credit qualities are reflected in rating downgrades.

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	-5.1	43.7	38.6	2.9	41.5
Credit risk	-5.1	43.7	38.6	3.0	41.6
Other risk	-	-	-	-0.1	-0.1
Contingent counterparty default risk	-	3.9	3.9	-	3.9
Total	-5.1	47.6	42.5	2.9	45.4

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

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.

INTERIM MANAGEMENT REPORT

Phoenix notes capital structure

Tranche	Amount as of 30/9/2023 in million		Legal maturity
Class A4	201.0	USD	9/2/2091
Class B	664.8	EUR	9/2/2091

In the reporting period, repayments amounting to EUR 0.1 billion and guarantee drawings amounting to EUR 0.4 billion resulted in a decrease of the notional volume reported in euros to EUR 0.8 billion as of 30 September 2023 (at constant exchange rates as of 31 December 2011).

Taking into account the rating of the State of NRW, which acts as the guarantor, this results in an investment grade rating (rating categories 1-11) for the Phoenix B note. Some EUR 4.3 billion of this guarantee had been utilised up to 30 September 2023.

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.

Credit risks – trading transactions

The credit risks from trading transactions are divided into counterparty risk (pre-settlement risk and settlement risk) from derivatives and issuer risk from securities.

All securities are held in the banking book. The issuer risk from securities is determined on the basis of carrying amounts.

As the EAA concludes OTC derivatives from both the trading portfolio and 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.

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 VaR premium 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.

INTERIM MANAGEMENT REPORT

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 loss rate (LGD). The CVA in the trading portfolio amounted to EUR 0.6 million as of 30 September 2023 (31 December 2022: EUR 2.1 million). The change in CVA is attributable to LGD/rating changes and market fluctuations.

Counterparty risks

The following table shows the risks with active strategic counterparties.

	30/9/2023 Exposure EUR million	30/9/2023 Limit EUR million	31/12/2022 Exposure EUR million	31/12/2022 Limit EUR million
Credit risk – money market positions ¹	2,098.0	3,604.0	840.8	3,189.0
Counterparty risk – OTC derivatives (pre-settlement risk)	198.0	1,680.0	237.8	1,680.0
Counterparty risk – repos	-	75.0	-	75.0

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

Compared with year-end 2022, the changes in the credit risk for money market positions as of 30 September 2023 were driven primarily by active liquidity management. 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

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

	< 1 Y EUR million	1-4 Y EUR million	4-8 Y EUR million	8-15 Y EUR million	> 15 Y EUR million	Total exposure EUR million
Public Finance	119.7	236.4	102.7	1,075.8	393.3	1,927.9
Financial Institutions	-	-	11.3	1.5	15.7	28.5
Other securities	-	28.0	15.6	194.3	2,629.3	2,867.2
Total 30/9/2023	119.7	264.4	129.6	1,271.6	3,038.3	4,823.6
Total 31/12/2022	18.0	311.2	225.7	1,295.1	2,230.5	4,080.5

Other securities comprise mainly US student loans.

INTERIM MANAGEMENT REPORT

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 1.1 billion (15.5%) is held by subsidiaries, primarily Erste EAA Anstalt öffentlichen Rechts & Co. KG.

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.

In the course of restructurings, the EAA enters into new participations if this is advantageous for the preservation of assets (for example, in the case of debt-to-equity swaps).

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 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.

Interest rate risk

	30/9/2023 EUR thousand	31/12/2022 EUR thousand
< 1 Y	5.2	59.6
1-4 Y	8.2	16.8
4-8 Y	16.3	-4.0
8-15 Y	20.1	37.3
> 15 Y	47.6	32.1
Total	97.4	141.8

Note: The convention of measuring interest rate risk in the banking book was changed from "increase" to "decrease" of the yield by one basis point. The presentation of the previous year was adjusted.

INTERIM MANAGEMENT REPORT

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

The interest rate sensitivity PV01 was EUR 97.4 thousand (31 December 2022: EUR 141.8 thousand) due to management and maturity effects. The utilisation is within the limits.

Foreign exchange risk

	30/9/2023 EUR thousand	31/12/2022 EUR thousand
AUD	-370.0	194.9
CAD	1,075.3	334.8
CHF	299.5	65.5
GBP	1,216.3	274.1
HKD	63.5	62.7
HUF	-16.9	-5.6
JPY	3,115.1	1,255.3
PLN	50.4	50.5
USD	11,317.9	-1,351.0
Total	16,751.1	881.2

Note: The presentation of the previous year was adjusted.

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 winding-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.

Market price risks – trading portfolio

The trading portfolio is exposed to interest rate and foreign exchange risks. The trading portfolio only includes derivatives. 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 risk sensitivities to monitor and limit risks. A variety of stress scenarios is also used for risk management purposes. Historical and parametric stress tests are calculated on a daily basis.

INTERIM MANAGEMENT REPORT

Interest rate risk

	30/9/2023 EUR thousand	31/12/2022 EUR thousand
< 1 Y	-7.4	-6.0
1-4 Y	8.6	7.7
4-8 Y	-14.2	-37.4
8-15 Y	-6.8	10.0
> 15 Y	13.4	-11.9
Total	-6.6	-37.6

Note: The measurement of market price risks of the trading portfolio was changed. The presentation of the previous year was adjusted.

Interest rate risk in the trading portfolio is measured as the change in the present value when the yield declines by one basis point (interest rate sensitivity PV01).

The interest rate sensitivity PV01 was EUR -6.6 thousand (31 December 2022: EUR -37.6 thousand) due to management and maturity effects. The utilisation is within the limits.

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 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 in order to ensure optimal supply of 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 2023 (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 around EUR 2.1 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.

INTERIM MANAGEMENT REPORT

Life insurance risks

Life insurance risk is considered a separate type of risk. This includes all risks of Erste EAA Anstalt öffentlichen Rechts & Co. KG and West Life Markets GmbH & Co. KG.

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.

The so-called longevity risks that exist here are 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, among other things. The EAA believes the increases are legally inadmissible. Therefore, 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.

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, it 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.

West Life Markets GmbH & Co. KG holds and finances German endowment life insurance policies as well as annuity insurance policies (all with an exercised lump-sum option), the maturity benefits of which flow to West Life Markets GmbH & Co. KG upon reaching the maturity date or prematurely in the event of death. The main risk for West Life Markets GmbH & Co. KG is that the final surpluses of the policies are lower than planned. The risks are analysed and assessed annually as part of the winding-up plan preparation process.

Operational risks

The EAA differentiates between operational risks within the EAA Group (including its subsidiary) 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.

INTERIM MANAGEMENT REPORT

The EAA's last risk inventory from 2022 revealed eleven 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 78% low risk.

The aforementioned risk inventory of the EAA from 2022 was carried out together with its subsidiary EFS and at the time of the risk inventory the key service providers IBM, MSPA and BlackRock. Owing to the outsourcing of key functions to IBM at that time and the ongoing process of dismantling EFS, the risk at EFS continued to be assessed as low. All service providers reported a stable risk situation.

Since the "Change of Control" on 15 May 2023, portfolio management services were transferred to BlackRock (Netherlands) B.V. - Frankfurt Branch, financial services to SKS Solutions GmbH and ITC services to matrix technology GmbH. Portfolio management services previously provided by MSPA were already transferred to BlackRock (Netherlands) B.V. - Frankfurt Branch in the first quarter of 2023. IBM remains the service provider for compliance services and BlackRock for the structured credit services. The aforementioned service providers will be included in the risk inventory for 2023. The results of the overall 2023 risk inventory covering the EAA, the EFS and the EAA's relevant service providers will be made available in the fourth quarter of 2023.

The EAA has established a service provider management to monitor the interface between the subsidiary, the aforementioned 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.

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 2023. The change to the new service providers in May 2023 did not encounter any significant problems. The risk situation is stable in the EAA and with the service providers.

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.

INTERIM MANAGEMENT REPORT

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 the 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. 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, among other things; Portigon is taking legal action against this.

The EAA is currently in a legal dispute with Portigon, which 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, in each case from the date of assertion against the EAA.

According to the EAA, tax liabilities were not 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 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.

INTERIM MANAGEMENT REPORT

With the judgement dated 29 September 2021, the Frankfurt am Main Regional Court of first instance upheld Portigon's action against the EAA requesting reimbursement of or release from the aforementioned expenses for the assessment periods 2005 to 2011. With the judgement dated 21 December 2022, the Higher Regional Court of Frankfurt am Main allowed the EAA's appeal and dismissed Portigon's claim in its entirety. Furthermore, it did not admit an appeal to the Federal Court of Justice, which Portigon responded to with a complaint against non-admission. Given that the EAA believes it also has a very good chance of success in additional proceedings, it 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.

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 this 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 2023.

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.

INTERIM MANAGEMENT REPORT

Longevity risks as an essential part of life insurance risks consist in the fact that insured individuals live longer than originally calculated or the insurance companies increase the premiums. Life insurance risks also include the risk that the final surpluses of the policies are lower than planned. Life insurance risks are limited to the acquired portfolio and are analysed on a regular basis.

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 Fed left the US fed funds rate unchanged at 5.25% to 5.5% on 1 November 2023. On 26 October 2023, the ECB also left its key interest rates stable compared to the previous meeting at 4.5%, 4.75% and 4.0% respectively. The Asset Purchase Programme was reduced, as the redemptions are not reinvested. On the other hand, returns from the Pandemic Emergency Purchase Programme will be reinvested in full. The exchange rate of the Euro to the US dollar was 1.0594 USD/EUR as at 29 September 2023.

As a winding-up agency without the ability to enter into new business, the EAA has no opportunities to take advantage of interest rate increases and heightened market volatility. Due to the positions largely closed against market price risks, the overall impact, so also in a negative sense, should be limited.

Forecast report

Active measures and contractual maturities are expected to reduce the notional volume of the banking book by more than 13% compared with the previous year to around EUR 7 billion in fiscal year 2023.

INTERIM MANAGEMENT REPORT

The EAA's objective is to have wound up over 95% 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 2024. As in previous years, the winding-up activities will focus on advance portfolio-reducing measures and active participation management.

For fiscal year 2023, the notional volume of the trading portfolio is expected to decline by around 8% compared with the previous year, to around EUR 52 billion. Since the transfer in 2012, the EAA has continued to target a reduction in the notional volume of over 95% by the end of 2024. The EAA will continue to analyse how the trading portfolio can be effectively and cost efficiently reduced at an accelerated pace, using opportunities available to it where appropriate.

The EAA expects to generate a total of EUR +4 million (including dividend income) from the net interest result, net fee and commission result, and results from financial assets and share-holdings for 2023, and therefore above the previous year's level, as a profit and loss transfer agreement generated a clearly negative effect in the 2022 fiscal year. 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.

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 the 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.

Credit risk premiums are likely to benefit from the economic recovery on the one hand, but come under pressure from rising interest rates on the other. It is currently not possible to predict which effect will predominate. However, the EAA expects that the portfolio will essentially react robustly to these changes.

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	30/9/2023 EUR	31/12/2022 EUR
1. Cash reserve					
a) Balances with central banks			3,426		(2,171,315,848)
of which:					
with Deutsche Bundesbank					
EUR 3,426 (py: EUR 2,171,315,848)				3,426	2,171,315,848
2. Loans and advances to banks	4, 6, 26				
a) Payable on demand			1,037,941,225		(647,389,666)
b) Other loans and advances			2,206,458,562		(898,407,669)
				3,244,399,787	1,545,797,335
3. Loans and advances to customers	5, 6, 13, 26			2,664,369,140	2,898,818,988
of which:					
Public-sector loans					
EUR 274,954,755 (py: EUR 445,477,576)					
4. Bonds and other fixed-income securities	7, 13, 14, 26				
a) Bonds issued by					
aa) public issuers		1,648,325,573			(1,489,773,057)
of which:					
eligible as collateral with Deutsche Bundesbank					
EUR 1,076,169,811					
(py: EUR 936,904,501)					
ab) other issuers		2,677,046,489			(3,592,510,993)
of which:					
eligible as collateral with Deutsche Bundesbank					
EUR 0 (py: EUR 148,688,110)					
			4,325,372,062		(5,082,284,050)
b) Own bonds					
notional value:					
EUR 0 (py: EUR 17,000,000)			0		(17,578,466)
				4,325,372,063	5,099,862,516

ERSTE ABWICKLUNGSANSTALT
INTERIM REPORT 30 SEPTEMBER 2023

BALANCE SHEET

				30/9/2023	31/12/2022
	Notes	EUR	EUR	EUR	EUR
5. Equities and other non-fixed-income securities				0	5
6. Trading portfolio	8			3,495,571,195	3,588,684,456
7. Long-term equity investments	9			24,881,739	24,749,233
of which:					
in banks					
EUR 7,700,000 (py: EUR 7,700,000)					
8. Shares in affiliates	10			4,194,669	4,194,794
9. Other assets	11			170,259,501	401,202,501
10. Prepaid expenses/accrued income	12			71,797,539	11,245,208
Total assets				14,000,849,059	15,745,870,884

ERSTE ABWICKLUNGSANSTALT
INTERIM REPORT 30 SEPTEMBER 2023

BALANCE SHEET

Liabilities and equity

	Notes	EUR	EUR	30/9/2023 EUR	31/12/2022 EUR
1. Deposits from banks	15				
a) Payable on demand			1,000,644,959		(961,052,725)
b) With an agreed maturity or withdrawal notice			369,529,891		(419,574,744)
				1,370,174,850	1,380,627,469
2. Deposits from customers	16				
other deposits					
a) Payable on demand			6,528,536		(15,307,473)
b) With an agreed maturity or withdrawal notice			990,836,555		(1,559,708,915)
				997,365,091	1,575,016,388
3. Debt securities in issue	17				
a) Bonds issued			3,930,769,169		(6,490,813,386)
b) Other debt securities in issue			4,108,837,343		(2,506,091,928)
of which:					
money market instruments					
EUR 4,108,837,343 (py: EUR 2,506,091,928)					
				8,039,606,512	8,996,905,314
4. Trading portfolio	18			2,843,306,222	3,010,962,232
5. Other liabilities	19			14,240,226	34,966,333
6. Accrued expenses/deferred income	20			18,516,150	24,047,936
7. Provisions	21				
a) Tax provisions			0		(0)
b) Other provisions			67,395,633		(69,678,748)
				67,395,633	69,678,748

ERSTE ABWICKLUNGSANSTALT
INTERIM REPORT 30 SEPTEMBER 2023

BALANCE SHEET

	Notes	EUR	EUR	30/9/2023 EUR	31/12/2022 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			-2,365,924,247		(-2,362,502,158)
				650,244,375	653,666,464
Total liabilities and equity				14,000,849,059	15,745,870,884
1. Contingent liabilities	23				
a) Liabilities from guarantees and warranties			862,861,779		(905,406,952)
				862,861,779	905,406,952
2. Other obligations	23				
a) Irrevocable loan commitments			102,008,077		(105,494,109)
				102,008,077	105,494,109

INCOME STATEMENT

Income statement

	Notes	EUR	EUR	1/1-30/9/2023 EUR	1/1-30/9/2022 EUR
1. Interest income from	24				
a) Lending and money market transactions		198,586,501			(163,518,021)
b) Fixed-income securities and debt register claims		150,357,718			(51,405,072)
			348,944,219		(214,923,093)
2. Interest expenses			325,921,981		(190,171,282)
				23,022,238	24,751,811
3. Current income from	24				
a) Equities and other non-fixed-income securities			0		(0)
b) Long-term equity investments			1,741,660		(464,814)
c) Shares in affiliates			18		(18)
				1,741,678	464,832
4. Income from profit pooling, profit transfer or partial profit transfer agreements	24			0	0
5. Fee and commission income	24		8,373		(671,530)
6. Fee and commission expenses			14,992,115		(14,980,522)
				-14,983,742	-14,308,992
7. Net trading result	24			776,355	7,974,809
8. Other operating income	24, 25			22,693,705	28,797,875
9. General administrative expenses					
a) Personnel expenses					
aa) Wages and salaries		9,165,558			(10,434,466)
ab) Compulsory social security contributions and expenses for pensions and other employee benefits		1,534,399			(1,776,899)
of which:					
for pensions					
EUR 634,696 (py: EUR 730,389)					
			10,699,957		(12,211,365)
b) Other administrative expenses			64,701,870		(58,427,116)
				75,401,827	70,638,481

ERSTE ABWICKLUNGSANSTALT
INTERIM REPORT 30 SEPTEMBER 2023

INCOME STATEMENT

	Notes	EUR	EUR	1/1-30/9/2023 EUR	1/1-30/9/2022 EUR
10. Depreciation and write-offs on intangible assets and tangible fixed assets				0	1,570
11. Other operating expenses	25			13,880,074	164,472
12. Income from appreciations of loans and advances and certain securities and from reversals of loan loss provisions	21, 26			45,444,590	19,481,518
13. Income from appreciations of long-term equity investments, shares in affiliates and long-term securities	26			7,688,775	581,543
14. Expenses from loss assumption	26			0	0
15. Result from ordinary activities				-2,898,302	-3,061,127
16. Taxes on income and earnings	27			523,787	40,548
17. Other taxes not reported under item 11	27			0	0
18. Net result for the year				-3,422,089	-3,101,675
19. Net retained losses brought forward				-2,362,502,158	-2,360,852,215
20. Net retained losses				-2,365,924,247	-2,363,953,890

CASH FLOW STATEMENT

Cash flow statement

			1/1-30/9/2023 EUR	1/1-30/9/2022 EUR
1.	+/-	Result for the period	-3,422,089	-3,101,675
		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	-45,220,886	-20,473,167
3.	+/-	Increase/decrease in provisions	-2,283,115	-4,522,176
4.	+/-	Other non-cash income/expenses	-71,072,110	-36,686,770
5.	-/+	Gain/loss on disposal of long-term financial assets	0	-104,915
6.	=	Subtotal	-121,998,200	-64,888,702
		Change in operating assets and liabilities		
7.	-/+	Increase/decrease in loans and advances to banks (no trading portfolio)	-1,132,910,035	706,246,800
8.	-/+	Increase/decrease in loans and advances to customers (no trading portfolio)	307,101,945	174,075,681
9.	-/+	Increase/decrease in securities (no financial assets and no trading portfolio)	780,542,061	2,053,834,339
10.	+/-	Trading assets	-3,470,639	14,067,181
11.	-/+	Increase/decrease in other operating assets	211,115,375	-459,822,801
12.	+/-	Increase/decrease in deposits from banks (no trading portfolio)	-21,756,083	333,827,887
13.	+/-	Increase/decrease in deposits from customers (no trading portfolio)	-576,507,089	-99,590,811
14.	+/-	Increase/decrease in debt securities in issue	-957,298,801	-1,836,283,920
15.	+/-	Trading liabilities	0	-139,290
16.	+/-	Increase/decrease in other operating liabilities	-21,527,440	-26,362,688
17.	+/-	Interest expenses/interest income	-24,763,916	-25,216,642
18.	+/-	Tax expenses/tax income	523,787	40,548
19.	+	Interest payments and dividend payments received	292,240,405	251,804,641
20.	-	Interest paid	-356,562,478	-186,124,768
21.	-/+	Income tax payments	-523,787	-40,548
22.	=	Cash flows from operating activities (sum of 6 to 21)	-1,625,794,895	835,426,908
23.	+	Proceeds from disposal of long-term financial assets	-132,381	-106,476
24.	-	Purchase of long-term financial assets	69,523	0
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)	-62,858	-106,476
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)	-1,625,857,753	835,320,432
31.	+	Cash funds at beginning of period	2,183,477,230	3,745,002,692
32.	=	Cash funds at end of period (sum of 30 to 31)	557,619,477	4,580,323,124

The cash flow statement is prepared in accordance with DRS 21. The cash funds include the current accounts maintained at JPM 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 1/1/2023	Appropriation of the result	Balance as of 30/9/2023
	EUR	EUR	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	-2,362,502,158	-3,422,089	-2,365,924,247
Equity under HGB	653,666,464	-3,422,089	650,244,375

	Balance as of 1/1/2022	Appropriation of the result	Balance as of 30/9/2022
	EUR	EUR	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	-2,360,852,215	-3,101,675	-2,363,953,891
Equity under HGB	655,316,407	-3,101,675	652,214,731

CONDENSED NOTES

Condensed notes

For the period from 1 January to 30 September 2023

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 the meantime, the project for the legal and full transfer of the exposures that were initially synthetically transferred from Portigon to the EAA has been terminated. For further information on the transfer methods, please refer to the "Operating activities of the EAA" section in the Annual Report 2022.

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 2022. 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 2022.

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

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	3,244.4	1,545.8
Payable on demand	1,037.9	647.4
due		
- within 3 months	2,056.5	898.4
- 3 months to 1 year	150.0	-

5. Loans and advances to customers

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	2,664.4	2,898.8
of which:		
- to affiliates	1,106.5	1,228.8
due		
- within 3 months	279.4	1,314.6
- 3 months to 1 year	603.4	164.8
- 1 to 5 years	1,062.0	557.0
- after 5 years	719.6	862.4

CONDENSED NOTES

These loans and advances also include non-marketable registered bonds and other non-marketable debt instruments. As at 30 September 2023, loans and advances to affiliates are allocated to the corresponding residual maturities. As at 31 December 2022, these loans and advances were reported in the residual maturity range up to three months.

6. Loans and advances secured by mortgages

No loans and advances were secured by mortgages as of the reporting date and at the previous year-end.

7. Bonds and other fixed-income securities

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	4,325.4	5,099.9
of which:		
Amounts due in the following year	95.3	64.4
Breakdown		
- Bonds issued by public issuers	1,648.3	1,489.8
- Bonds issued by other issuers	2,677.1	3,592.5
- Own bonds	-	17.6
Breakdown by marketability		
- Marketable securities	4,325.4	5,099.9
of which:		
- listed	2,142.8	2,188.2
- unlisted	2,182.6	2,911.7
Breakdown by type		
- Liquidity reserve	-	17.6
- Financial assets portfolio	4,325.4	5,082.3

Bonds and other fixed-income securities in the amount of EUR 4.3 billion (previous year: EUR 5.1 billion) were included in the financial assets portfolio. As at the reporting date, financial assets with a carrying amount of EUR 1.7 billion (previous year: EUR 3.4 billion) were recognised at EUR 0.1 billion (previous year: EUR 0.2 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.

The financial assets are funded with financing that is congruous in terms of maturities and currencies. The EAA hedges them at the portfolio level against changes in value caused by fluctuations in interest rates and currencies.

CONDENSED NOTES

8. Trading portfolio

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	3,495.6	3,588.7
of which:		
- Derivative financial instruments	3,498.5	3,591.1
- Risk allowance pursuant to section 340e (3) sentence 1 HGB	-2.9	-2.4

9. Long-term equity investments

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	24.9	24.7
of which:		
- in banks	7.7	7.7
Breakdown by marketability		
- Marketable securities	7.7	7.7
of which:		
- unlisted	7.7	7.7

10. Shares in affiliates

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	4.2	4.2
Breakdown by marketability		
- Marketable securities	0.0	0.0
of which:		
- unlisted	0.0	0.0

CONDENSED NOTES

11. Other assets

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	170.3	401.2
of which:		
- Currency translation adjustments	159.9	389.5
- Tax refund claims	9.8	9.5
- Receivables from profit and loss pooling agreements	-	2.2

12. Prepaid expenses/accrued income

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	71.8	11.2
of which:		
- Discounts from issuing business	61.6	3.8
- Discounts from liabilities	8.4	2.5
- Non-recurring payments on swaps	0.9	4.7
- Other	0.9	0.2

13. Subordinated assets

Subordinated assets are included in:

	30/9/2023 EUR million	31/12/2022 EUR million
Loans and advances to customers and Bonds and other fixed-income securities	358.5	363.4

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

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	1,370.2	1,380.6
Payable on demand	1,000.6	961.1
due		
- within 3 months	154.0	140.2
- 3 months to 1 year	12.5	33.5
- 1 to 5 years	129.1	113.2
- after 5 years	74.0	132.6

16. Deposits from customers

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	997.4	1,575.0
of which:		
- Deposits from affiliates	0.6	0.8
Other deposits	997.4	1,575.0
of which:		
- payable on demand	6.5	15.3
due		
- within 3 months	139.3	518.9
- 3 months to 1 year	26.0	197.2
- 1 to 5 years	670.6	688.6
- after 5 years	155.0	155.0

CONDENSED NOTES

17. Debt securities in issue

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	8,039.6	8,996.9
Bonds issued	3,930.8	6,490.8
of which:		
Amounts due in the following year	1,954.9	4,538.7
Other debt securities in issue	4,108.8	2,506.1
of which due:		
- within 3 months	988.0	1,857.1
- 3 months to 1 year	3,120.8	649.0

18. Trading portfolio

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	2,843.3	3,011.0
of which:		
- Derivative financial instruments	2,843.3	3,011.0

19. Other liabilities

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	14.2	35.0
of which:		
- Deposits from loss assumptions	-	23.8
- Other	14.2	11.2

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

CONDENSED NOTES

20. Accrued expenses/deferred income

	30/9/2023 EUR million	31/12/2022 EUR million
Carrying amount	18.5	24.0
of which:		
- Non-recurring payments on swaps	18.0	19.5
- Premium on issuing business	0.5	4.5

21. Provisions

	Balance as of 31/12/2022 EUR million	Additions EUR million	Accumulation EUR million	Utilisation EUR million	Reversals EUR million	Other changes EUR million	Final balance 30/9/2023 EUR million
Taxes	-	-	-	-	-	-	-
Other provisions	69.7	29.8	-	26.0	5.7	-0.5	67.4
- Loans	3.4	-	-	-	1.9	-	1.4
- Shareholdings	2.0	-	-	-	1.6	-	0.3
- Legal actions	3.3	1.6	-	0.4	-	-	4.6
- Personnel	0.3	-	-	-	0.1	-	0.2
- Other	60.8	28.2	-	25.6	2.1	-0.5	60.8
Total	69.7	29.8	-	26.0	5.7	-0.5	67.4

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

22. Equity

As of the reporting date, 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.

The net result for the year as of 30 September 2023 amounted to EUR -3.4 million and increases net retained losses to EUR 2,365.9 million as of the reporting date.

CONDENSED NOTES

23. Contingencies

Contingent liabilities

The contingent liabilities of EUR 0.9 billion (previous year: EUR 0.9 billion) are mainly attributable to legacy liabilities of WestImmo and legacy liabilities of Hamburg Commercial Bank AG (formerly HSH Nordbank AG). As of the reporting date, the volume of WestImmo legacy liabilities stood at EUR 0.6 billion (previous year: EUR 0.6 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 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 reported volume of EUR 102.0 million (previous year: EUR 105.5 million) was due to 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	Net trading result	Other operating income
	1/1-30/9/2023 EUR million	1/1-30/9/2023 EUR million	1/1-30/9/2023 EUR million	1/1-30/9/2023 EUR million	1/1-30/9/2023 EUR million
Germany	56.5	0.5	0.0	0.8	22.7
UK	19.6	-	-	-	-
Rest of Europe	173.2	1.2	-	-	-
Far East and Australia	13.2	-	-	-	-
North America	86.4	-	-	-	-
IS amount	348.9	1.7	0.0	0.8	22.7

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.

CONDENSED NOTES

25. Other operating and prior-period expenses and income

As of 30 September 2023, net other operating expenses and income comprised EUR 13.9 million (previous year: EUR 0.2 million) in expenses and EUR 22.7 million (previous year: EUR 28.8 million) in income.

Income includes the result of EUR 0.2 million (previous year: EUR 7.6 million) from currency translation adjustment as well as EUR 3.8 million (previous year: EUR 0.7 million) from the reversal of provisions. In addition, one-off extraordinary effects are included in the income of EUR 18.4 million and in the expenses of EUR 13.8 million as of 30 September 2023.

26. Risk provision

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

	1/1-30/9/2023 EUR million	1/1-30/9/2022 EUR million
Risk provision and financial investment result including loss assumption (pursuant to RechKredV)	53.1	20.1
Loans and securities income/expense	45.4	19.5
of which: - Lending operations	45.4	19.5
Shareholdings and securities income/expenses	7.7	0.6
of which: - Shareholdings	8.0	0.9
- Securities	-0.3	-0.3
Expenses from loss assumption	-	-
Risk provision and financial investment result including loss assumption (pursuant to risk report)	53.1	20.1
Result of risk provisions – loans and advances/securities due to credit risk	45.4	19.5
of which: - Lending operations	45.4	19.5
Results from financial assets, shareholdings and loss assumption	7.7	0.6

The EAA always makes use of the options available under section 340f (3) HGB 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 45.4 million (previous year: net income EUR 19.5 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 shows net income of EUR 7.7 million (previous year: net income EUR 0.6 million) as the risk result for shareholdings and securities.

CONDENSED NOTES

27. Taxes

Taxes on income and earnings amounting to EUR 523.8 thousand (previous year: EUR 40.5 thousand) primarily related to foreign withholding taxes.

No other taxes were incurred in the current fiscal year or in the previous year.

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

The total volume of forward transactions and derivatives transactions as of the reporting date amounted to EUR 75.6 billion based on notional values (previous year: EUR 85.3 billion). The focus remains on interest rate-related products, whose share stands at 83.3% (previous year: 86.6%) of the total volume.

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

Derivative financial instruments – volume as of the reporting date

	Notional amount		Positive market values		Negative market values	
	30/9/2023 EUR million	31/12/2022 EUR million	30/9/2023 EUR million	31/12/2022 EUR million	30/9/2023 EUR million	31/12/2022 EUR million
Interest rate-related products	62,952.1	73,829.9	2,940.1	3,427.8	2,502.6	3,291.8
OTC products	62,952.1	73,829.9	2,940.1	3,427.8	2,502.6	3,291.8
Currency-related products	12,616.2	11,447.1	915.7	642.5	593.4	259.4
OTC products	12,616.2	11,447.1	915.7	642.5	593.4	259.4
Total	75,568.3	85,277.0	3,855.8	4,070.3	3,096.0	3,551.2
OTC products	75,568.3	85,277.0	3,855.8	4,070.3	3,096.0	3,551.2

CONDENSED NOTES

The average annual notional volume of forward contracts and derivatives transactions amounted to EUR 78.7 billion in fiscal year 2023 (previous year: EUR 96.3 billion).

Derivative financial instruments – average volumes

	Notional amount		Positive market values		Negative market values	
	30/9/2023 EUR million	31/12/2022 EUR million	30/9/2023 EUR million	31/12/2022 EUR million	30/9/2023 EUR million	31/12/2022 EUR million
Interest rate-related products	66,608.4	80,065.4	3,232.9	4,631.4	2,971.4	4,762.4
OTC products	66,608.4	80,065.4	3,232.9	4,631.4	2,971.4	4,762.4
Currency-related products	12,125.7	16,248.1	728.1	746.2	414.7	239.4
OTC products	12,125.7	16,248.1	728.1	746.2	414.7	239.4
Total	78,734.1	96,313.5	3,961.0	5,377.6	3,386.1	5,001.8
OTC products	78,734.1	96,313.5	3,961.0	5,377.6	3,386.1	5,001.8

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.

Derivative financial instruments – maturities

	Interest rate-related products		Currency-related products	
	30/9/2023 EUR million	31/12/2022 EUR million	30/9/2023 EUR million	31/12/2022 EUR million
Due				
- within 3 months	1,004.7	11,931.8	509.6	2,073.1
- 3 months to 1 year	10,840.0	7,560.9	2,938.7	2,767.7
- 1 to 5 years	16,479.5	13,811.3	5,227.0	4,075.4
- after 5 years	34,627.9	40,525.9	3,940.9	2,530.9
Total	62,952.1	73,829.9	12,616.2	11,447.1

CONDENSED NOTES

29. Number of employees

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

	Male	Female	Total 1/1-30/9/2023	Total 1/1-30/9/2022
Number of employees	49	31	80	97

As of 30 September 2023 the EAA employed 66 (30 September 2022: 85) full-time equivalents.

30. Stakeholders in the EAA

	30/9/2023 in %	31/12/2022 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

31. Memberships of other bodies held by Managing Board members

During the reporting period, no member of the Managing Board of the EAA exercised a mandate in a statutory supervisory body of large public companies pursuant to section 340a (4) No. 1 in conjunction with section 267 (3) HGB.

32. Memberships of other bodies held by employees

During the reporting period, no employee of the EAA exercised a mandate in a statutory supervisory body of large public companies pursuant to section 340a (4) No. 1 in conjunction with section 267 (3) HGB.

33. Executive bodies of the EAA

Members of the Managing Board of the EAA

Christian Doppstadt
Horst K pker

CONDENSED NOTES

Members of the Supervisory Board of the EAA

Dr Dirk Günnewig

Chairman

State Secretary in the Ministry of Finance of NRW

Susanne Elsässer

Vice Chairwoman

Senior Assistant Secretary (Leitende Ministerialrätin) 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.)

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 Burbach-Neunkirchen

Frank Hellwig

CEO,

Special representative of the BaFin of VTB Bank (Europe) SE i.L.

Dr Achim Kopf

Head of Risk Control of the Bundesrepublik Deutschland - Finanzagentur GmbH

Dr Georg Lunemann

Director of the Landschaftsverband Westfalen-Lippe

Klaus Rupprath

Former 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

Other shareholdings

Name and location	direct (d) / indirect (i)	PLTA yes (Y) / no (N)	As at	Capital share	Voting rights	CCY	Equity	Result
CBAL S.A., Brussels, Belgium	d / i	N	31/10/2022	100.00	100.00	EUR	687	-49
Corsair III Financial Services Capital Partners L.P., Wilmington, US	d	N	n. s.	1.84	0.00		n. s.	n. s.
Corsair III Financial Services Offshore Capital Partners L.P., George Town, Cayman Islands	d	N	n. s.	1.84	0.00		n. s.	n. s.
DALS Sparkassen-Neubau Teltow-Fläming Verwaltung GmbH, Düsseldorf	i	N	31/12/2022	100.00	100.00	EUR	24	-1
Deutsche Anlagen-Leasing Service Sparkassen- Neubau Teltow-Fläming GmbH & Co. KG, Aschheim	i	N	31/12/2022	78.49	78.60	EUR	1,885	777
EAA Charity LLP, Wilmington, US	i	N	31/12/2022	100.00	100.00	USD	25,816	599
EAA DLP I LLP, Wilmington, US	i	N	31/12/2022	100.00	100.00	USD	79,071	2,274
EAA DLP II LLP, Wilmington, US	i	N	31/12/2022	100.00	100.00	USD	71,473	697
EAA DLP III LLP, Wilmington, US	i	N	31/12/2022	100.00	100.00	USD	132,144	1,397
EAA do Brasil Participacoes, Representacoes e Negocios Ltda., Sao Paulo, Brazil	d	N	31/12/2022	100.00	100.00	BRL	630	13
EAA Europa Holding GmbH, Düsseldorf	d	J	31/12/2022	100.00	100.00	EUR	4,076	0
EAA Greenwich LLP, Wilmington, US	i	N	31/12/2022	100.00	100.00	USD	123,432	4,028
EAA LAT ABC LLP, Wilmington, US	i	N	31/12/2022	100.00	100.00	USD	160,158	5,723
EAA LAT II LLP, Wilmington, US	i	N	31/12/2022	100.00	100.00	USD	204,774	8,272
EAA LS Holdings LLC, Wilmington, US	i	N	31/12/2022	100.00	100.00	USD	0	0
EAA PF LLP, Wilmington, US	i	N	31/12/2022	100.00	100.00	USD	184,572	-708
EAA Triskele LLP, Wilmington, US	i	N	31/12/2022	100.00	100.00	USD	190,896	-3,368
EAA US Holdings Corporation, Wilmington, US	d	N	31/12/2022	100.00	100.00	USD	8,668	4,142
Erste EAA Anstalt öffentlichen Rechts & Co. KG, Düsseldorf	d / i	J	31/12/2022	100.00	100.00	EUR	49	0
Erste Financial Services GmbH, Düsseldorf	d	N	31/12/2022	100.00	100.00	EUR	15,184	4,961
Leasing Belgium N.V., Antwerp, Belgium	i	N	31/12/2022	100.00	100.00	EUR	203	-56
MCC SB Condo LLC, Wilmington, US	i	N	31/12/2022	100.00	100.00	USD	0	0
MCC SB Unit 144 LLC, Indianapolis, US	i	N	31/12/2022	100.00	100.00	USD	0	0
MCC SB Unit 145 LLC, Indianapolis, US	i	N	31/12/2022	100.00	100.00	USD	0	0
MCC SB Unit 146 LLC, Indianapolis, US	i	N	31/12/2022	100.00	100.00	USD	0	0

CONDENSED NOTES

Other shareholdings

Name and location	direct (d) / indirect (i)	PLTA	As at	Capital share	Voting rights	CCY	Equity	Result
MCC SB Unit 147 LLC, Indianapolis, US	i	N	31/12/2022	100.00	100.00	USD	0	0
MFC Holdco LLC, Dover, US	i	N	31/12/2022	100.00	100.00	USD	0	0
MFC Real Estate LLC, Dover, US	i	N	31/12/2022	100.00	100.00	USD	0	0
MFC SB BAR, LLC, Indianapolis, US	i	N	31/12/2022	100.00	100.00	USD	0	0
S-Chancen-Kapitalfonds NRW GmbH i.L., Haan	d	N	31/12/2022	50.00	50.00	EUR	1,961	0
Sechste EAA-Beteiligungs GmbH, Düsseldorf	d	N	31/12/2022	100.00	100.00	EUR	25	-7
thyssenkrupp Electrical Steel GmbH, Gelsenkirchen	d	N	30/09/2022	0.42	0.42	EUR	96,622	0
thyssenkrupp Materials Processing Europe GmbH, Krefeld	d	N	30/09/2022	0.42	0.42	EUR	61,880	0
thyssenkrupp Materials Services GmbH, Essen	d	N	30/09/2022	0.16	0.16	EUR	745,235	0
ThyssenKrupp Rasselstein GmbH, Andernach	d	N	30/09/2022	0.50	0.50	EUR	247,021	0
TK Aufzugswerke GmbH, Neuhausen auf den Fildern	d	N	30/09/2022	0.50	0.50	EUR	13,951	0
West Life Markets GmbH & Co. KG, Düsseldorf	d / i	J	31/12/2022	100.00	100.00	EUR	1,312	0
West Merchant Limited, London, UK	d	N	31/12/2022	100.00	100.00	GBP	43	-51
Westdeutsche ImmobilienHolding GmbH, Düsseldorf	d	J	31/12/2022	100.00	100.00	EUR	5,539	0
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf	i	N	31/12/2022	0.00	0.00	EUR	11,339	0
Windmill Investments Limited, George Town, Cayman Islands	d	N	31/12/2022	5.07	0.00	USD	39,330	-347
WIV GmbH & Co. Beteiligungs KG, Frankfurt am Main	d / i	N	31/12/2022	5.10	5.10	EUR	12,826	726

Interest greater than 5% (large corporations)

Name and location	direct (d) / indirect (i)	PLTA yes (Y) / no (N)	As at	Capital share	Voting rights	CCY	Equity	Result
Banco Finantia S.A., Lisbon, Portugal	d	N	31/12/2022	10.39	10.39	EUR	423,186	248

Other companies for which the EAA assumes unlimited liability

Name and location	direct (d) / indirect (i)	PLTA yes (Y) / no (N)	As at	Capital share	Voting rights	CCY	Equity	Result
GLB GmbH & Co. OHG, Frankfurt am Main	d / i	N	31/12/2021	15.47	15.47		n. s.	n. s.

CONDENSED NOTES

Subsequent events

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

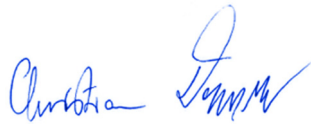
RESPONSIBILITY STATEMENT

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, 21 November 2023

Erste Abwicklungsanstalt



Christian Doppstadt
Member of the Managing Board



Horst Kúpker
Member of the Managing Board

LIST OF ABBREVIATIONS

List of abbreviations

APAC	Asia-Pacific economic area
AT	General part
AUD	Australian dollar
BaFin	German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
BilMoG	German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz)
BlackRock	BlackRock Financial Management Inc., Wilmington/US
BRL	Brazilian real
CAD	Canadian dollar
CCY	Currency code
CEO	Chief Executive Officer
CHF	Swiss franc
CVA	Credit valuation adjustments
DAC	Designated Activity Company
DRS	German Accounting Standard (Deutscher Rechnungslegungsstandard)
EAA	Erste Abwicklungsanstalt, Düsseldorf
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
EU	European Union
EUR	Euro
Eurostat	Statistical office of the European Union
Fed	US Federal Reserve
FI	Financial Institutions
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
HUF	Hungarian forint
HRA	Commercial register department A (Handelsregister Abteilung A)
HSBC	HSBC Continental Europe S.A., Germany, Düsseldorf
IBM	IBM Deutschland GmbH, Ehningen

LIST OF ABBREVIATIONS

IMF	International Monetary Fund
IS	Income statement
IT	Information technology
ITC	Office, IT and communication infrastructure
JPM	J.P. Morgan SE - Frankfurt Branch, Frankfurt am Main
JPY	Japanese yen
LGD	Loss Given Default
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)
n. s.	Not specified
No.	Number
NPL	Non-Performing Loans
NRW	North Rhine-Westphalia
OTC	Over the counter
PLN	Polish zloty
PLTA	Profit and loss transfer agreement
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
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