



Foreword -  
Extract from the ANNUAL REPORT 2020

**FOREWORD**

# Foreword

Dear Ladies and Gentlemen,

The corona pandemic dominated 2020 both economically and socially. However, it did not have any material effect on the EAA's operating business. At this very advanced stage of the wind-up, the EAA will again end fiscal year 2020 with a negative result of EUR 1.9 million after taxes, compared with a net loss of EUR 2.7 million in fiscal year 2019.

The winding up of the assets transferred from the former WestLB AG continued successfully in fiscal year 2020, despite the conditions presented by the corona pandemic, and exceeded the previous year's forecasts. The portfolio of loans and securities declined in notional terms by EUR 2.2 billion (14.7%) to EUR 12.7 billion. A decline to EUR 13 billion was forecast. The reduction of derivatives in the trading portfolio was also consistently pursued. The notional volume fell by EUR 42.2 billion (30.9%) to EUR 94.6 billion during the same period. The EAA had assumed the volume would decline to below EUR 100 billion.

The EAA can continue to draw on a solid risk buffer to wind up the remaining portfolio. Its equity as of 31 December 2020 amounted to over EUR 650 million. The buffer of equity, equity capital drawing limit and risk provisions has improved steadily relative to the remaining portfolio to 12.3% as of 31 December 2020. This underlines the fact that the rapid pace of reduction did not impair the substance of the portfolio.

To keep losses as low as possible as a result of the inevitable decline in income due to the significant winding up of the portfolio, the EAA is continuously striving to reduce general administrative expenses. These amounted to EUR 125 million in the past fiscal year, compared with EUR 135.7 million in the previous year.

In fiscal year 2020, the EAA's projects focused on optimising and variabilising administrative expenses as part of its efficient further development. This objective should be achieved by optimising the banking book, the trading portfolio and the servicing in the short to medium term, and will continue to be driven forward in fiscal year 2021. The notional volume of the trading portfolio and banking book is expected to decline significantly. Losses cannot be ruled out in the next few fiscal years either, given the significant 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.

**FOREWORD**

The Managing Board would like to thank the EAA's employees for their commitment and performance in the past fiscal year.

Yours sincerely



**Christian Doppstadt**  
Member  
of the Managing Board



**Horst Küpker**  
Member  
of the Managing Board