

## Press Release

### EAA's first annual financial statements shaped by provisions

- To date achievements: portfolio reduction by €9.2 billion
- As expected, € 1.05 billion net loss shaped by loan loss provisions on structured securities
- € 12.5 million in result before loan loss provisions on structured credits

Düsseldorf, October 7, 2010. Today, Erste Abwicklungsanstalt (EAA) published its first annual report for the abridged financial year from December 11, 2009 to June 30, 2010. During its first months of operation, EAA reduced the nominal volume of its portfolio by €6.2 billion (adjusted for exchange rate effects) and by an additional €3 billion as of August 31, 2010. This combined figure of € 9.2 billion represents an 11.9 percent decrease in the overall portfolio: Since its formation in December 2009, EAA has assumed a nominal volume of € 77.5 billion in assets from WestLB AG. "This reduction in our portfolio shows that we have successfully taken up our work and are on the right path", says Markus Bolder, who together with Matthias Wargers forms EAA's Managing Board.

EAA's net loss for the year amounts to € 1.05 billion; this figure was shaped by provisions, in particular loan loss provisions for Phoenix notes (structured credit). Excluding loan loss provisions on the structured credit portfolio, EAA would have reported a marginal profit of € 12.5 million (including a € 0.4 billion loan loss provision on the remaining portfolio). "As expected, the result for our first financial year is shaped by provisioning measures. These measures are not paid for by taxpayers, instead they are absorbed by the equity assumed", explains Matthias Wargers.

"With € 2.1 billion in equity remaining at the close of the first financial year and € 52.5 billion in total assets, we are well equipped to face the future", says Markus Bolder. EAA has set the objective of reducing its total assets by half until 2014.

EAA has assumed business activities and assets which no longer strategically fit in WestLB's new business model. These are not just toxic assets: large parts of the assumed portfolio consist of performing assets, particularly international exposures.

Over the past months, EAA has laid the foundations on which it will be able to fulfil its mandate. EAA has recruited highly experienced and

committed employees. "The tremendous motivation of all parties involved has enabled us to make great strides in managing the task at hand. Hence, in a short period of time we build EAA's organization based on the complex contractual and regulatory framework", emphasizes Matthias Wargers.

**Enquiries**

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***About Erste Abwicklungsanstalt (EAA)***

*EAA took over certain risk exposures and non-strategic businesses/assets from WestLB AG with an initial nominal volume of € 77.5 billion. It manages this portfolio with the objective of minimising risk. EAA is a structurally and financially independent public law entity with partial legal capacity operating under the umbrella of the Financial Market Stabilisation Authority (Bundesanstalt für Finanzmarktstabilisierung - FMSA). The stakeholders of EAA are the stakeholders of WestLB – their share in EAA matches their share in WestLB.*