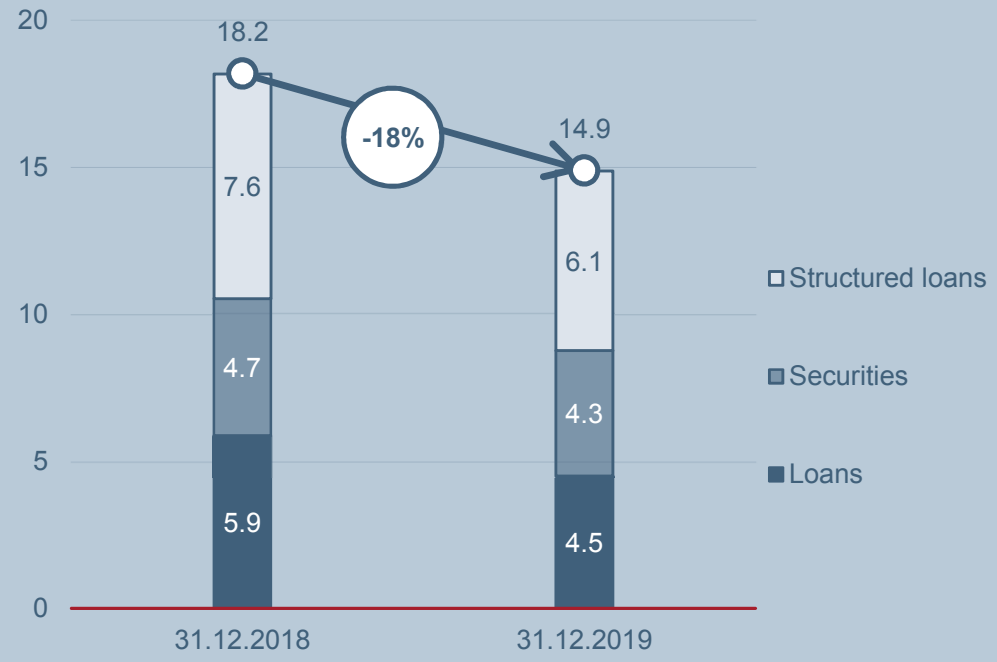
ERSTE ABWICKLUNGS ANSTALT

Attachment to Press Release of 27 April 2020 – Fiscal year 2019

Banking book balance 2019: rapid wind-up with stable portfolio quality

- The **loan portfolio** decreased by around EUR 1.4 billion (-23%).
- The **securities portfolio was reduced** by **around EUR 0.4 billion (-9%)**. Around 83% of the rest of the portfolio was attributable to public borrowers.
- **Structured loans decreased by about EUR 1.5 billion**. This segment was dominated by the **Phoenix portfolio** (59% share), with a volume of **around EUR 3.6 billion** (2018: EUR 4.9 billion).
- The **share of financial products** with **very good, good** and **medium ratings** (investment grade) in the banking book **held steady at 69%**.

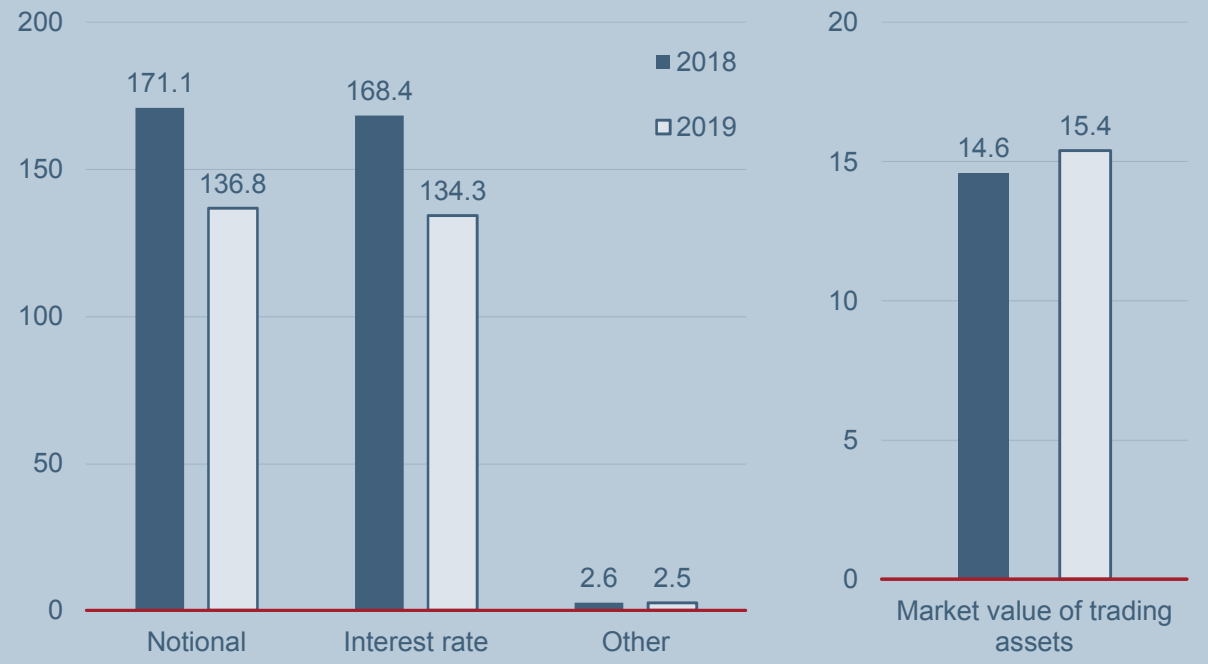


Nominal volume in EUR billion (exchange rates as of 31 December 2011)

Please note: rounding differences may occur.

Trading portfolio 2019: nominal volume reduced by 20%

- The **notional volume of the derivatives** held in the trading portfolio fell **by around EUR 34 billion (-20%)** to EUR 136.8 billion**.** The portfolio consists mainly of interest-based derivatives.
- In the balance sheet, the products are not recorded at their notional volume, but at market value. The **market value fluctuates with** changes in **interest rates.** As a result, **trading assets rose by around EUR 0.8 billion on the balance sheet** despite the substantial reduction in the notional volume.
- In 2019, the EAA's **active measures** were once again aimed at **reducing the risks and administrative costs** associated with the portfolio. **At the end of 2019**, the EAA **launched a project** in partnership with banks in order to **expedite** this process.



In EUR bn
(notional volume: exchange rates as of 30 June 2012)

Please note: rounding differences may occur.

Total assets 2019: valuation effects and liquidity provisions partly overshadow progress on portfolio reduction

Assets in EUR bn	12/2019	12/2018
Cash reserve	1.8	1.4
Loans and advances to banks	5.7	6.0
Loans and advances to customers	8.3	9.3
Bonds and other fixed-income securities	5.4	7.1
Trading portfolio	15.4	14.6
Long-term equity investments and shares in affiliates	1.1	1.3
Other assets/prepaid expenses/accrued income	0.2	0.1
Total assets	**37.8**	**39.7**

Liabilities in EUR bn	12/2019	12/2018
Deposits from banks	2.1	1.9
Deposits from customers	2.0	2.5
Debt securities in issue	17.9	20.2
Trading portfolio	15.0	14.3
Other liabilities/ Accruals/deferred income	0.0	0.0
Provisions	0.1	0.1
Equity	0.7	0.7
Total liabilities and equity	**37.8**	**39.7**
Contingent liabilities	1.8	2.5
Other obligations	0.2	2.0
Business volume	**39.8**	**44.2**

Please note: the presentation is abridged; rounding differences may occur.

Business volume 2019: decline of EUR 4.4 billion

- The EAA's **total assets fell** from EUR 39.7 billion **to EUR 37.8 billion**. The trend for total assets does not fully reflect the portfolio wind-up.
- The **balance sheet value of trading assets and liabilities** rose by around EUR 0.8 billion and EUR 0.7 billion respectively. This is mainly due to the **lower interest rate level and valuation effects.**
- The **increase in liabilities** to banks is mainly due to an increase in cash collateral.
- **Advances to customers fell** by around EUR 1.0 billion. This is due, among other things, to **repayments in the lending business** and the complete **spin-off of the EAA's residential construction credit portfolio**.
- The EAA **reduced** its **securitised liabilities** by around EUR 2.3 billion, mainly **through repayments**.
- The total **volume of business fell sharply** again in 2019. This is due to declining guarantee obligations and, in particular, to the fact that the EAA has for the most part been able to **terminate US contracts with loan commitments** following long and difficult negotiations.

2019 income statement: negative result due to advanced stage of portfolio reduction

- **Net interest result fell by EUR 33.5 million** (around -29%) to EUR 80.9 million, **largely as a result of the portfolio reduction**.
- The **negative net fee and commission result** mainly consisted of fees of EUR 19 million per annum for the EAA's **equity capital drawing limit**.
- **Net trading result** was **EUR 6 million lower** than in the previous year. The decrease was mainly due to the **change in valuation reserves.**
- **Administrative expenses fell by** almost EUR 25 million or around **15%** in comparison with the previous year. The **bulk** of the expenditure is **attributable** to portfolio management by external parties. The EAA's personnel costs in 2019 amounted to around 17% of general administrative expenses
- **Results from financial assets and shareholdings** were significantly influenced by **income from securities and from write-ups or disposals** of **equity investments.**

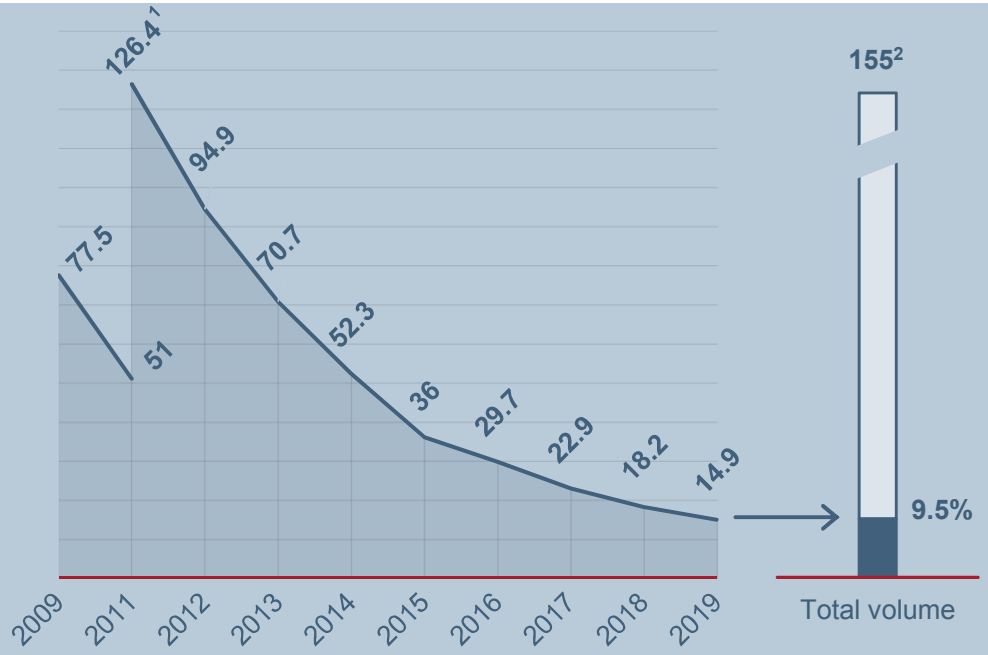
in EUR million	12/2019	12/2018
Net interest result	80.9	114.4
Net fee and commission result	-17.7	-18.3
Net trading result	6.5	12.5
Administrative expenses	-135.7	-160.5
Other operating income and expenses	-14.5	65.1
Results from financial assets and shareholdings	29.7	-13.5
Results prior to risk provisioning	-50.8	-0.3
Loan loss provisions	48.8	4.7
Result before taxes	-2.0	4.4
Taxes	-0.7	-1.8
Net result for the year	**-2.7**	**2.6**

Please note: the presentation is abridged; rounding differences may occur

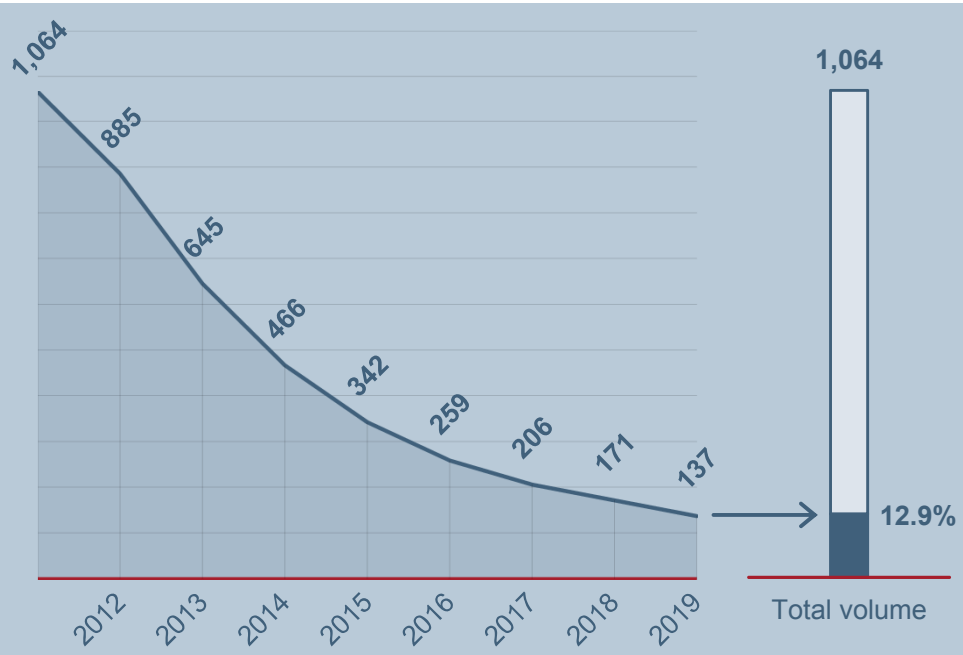
Wind up at a glance: portfolios reduced to around 10% or 13% of their former volume

ERSTE ABWICKLUNGS ANSTALT

Banking book



Trading portfolio

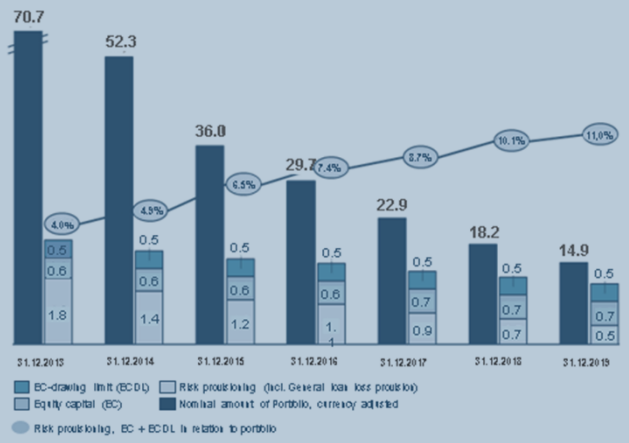


Notional volume in EUR billion
2009 to 2011: in exchange rates as of 31 December 2009, 2012 to 2019: in exchange rates as of 31 December 2011
[1]Banking book taken over as of 1 January 2012, trading portfolio taken over as of 1 July 2012, [2]First fill and refill, adjusted for exchange rates

Ten years of winding up WestLB: more achieved than expected

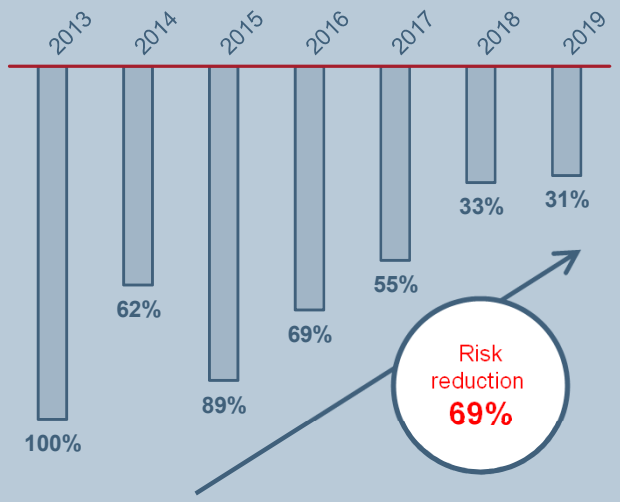
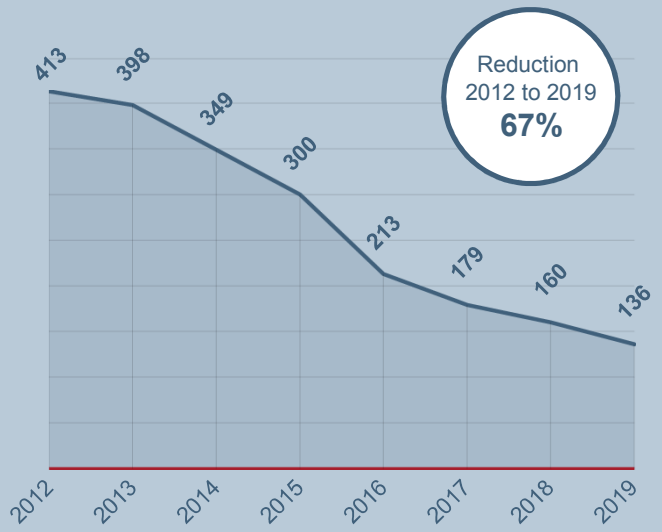
ERSTE ABWICKLUNGS ANSTALT

Risk cushion bolstered



Risks reduced

Development of crisis scenario in the winding-up plan
(relative change since 2013)



Costs reduced (in EUR million)