# SUPPLEMENT NO. 1

dated 28th September, 2012

to the

# DEBT ISSUANCE PROGRAMME PROSPECTUS

of

## Erste Abwicklungsanstalt

*(incorporated as a public law entity with partial legal capacity in the Federal Republic of Germany (**Germany**) and operating under the umbrella of the Financial Market Stabilisation Authority (Bundesanstalt für Finanzmarktstabilisierung))*

dated 16th May, 2012

**Euro 50,000,000,000**
**Debt Issuance Programme**
**(the Programme)**

This Supplement No. 1 (the **Supplement**) constitutes a supplement for the purposes of Article 16.1 of Directive 2003/71/EC of the European Parliament and of the Council of 4th November, 2003, as amended (the **Prospectus Directive**) and Article 13 of the Luxembourg Law on Prospectuses for Securities (*loi relative aux prospectus pour valeurs mobilières*) dated 10th July, 2005, as amended, (the **Prospectus Act**) to the debt issuance programme prospectus of Erste Abwicklungsanstalt dated 16th May, 2012 (the **Prospectus**), which has been prepared in connection with the Euro 50,000,000,000 Debt Issuance Programme established by Erste Abwicklungsanstalt (**EAA** or the **Issuer**). Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read and construed in conjunction with, the Prospectus and all documents incorporated by reference in the Prospectus.

Copies of the Prospectus, this Supplement and all documents incorporated by reference in the Prospectus and this Supplement can be obtained free of charge from (i) the registered office of Erste Abwicklungsanstalt (Elisabethstraße 65, 40217 Düsseldorf, Germany) or via the website of Erste Abwicklungsanstalt (www.aa1.de⇨Investor Relations⇨Treasury), and (ii) the specified office of the Fiscal Agent (Portigon AG (formerly: WestLB AG), Herzogstraße 15, 40217 Düsseldorf, Germany). In addition, copies of the Prospectus, this Supplement and all documents incorporated by reference in the Prospectus and this Supplement are obtainable from, and are viewable on, the website of the Luxembourg Stock Exchange (www.bourse.lu).

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statements incorporated by reference in the Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Prospectus, the statements in (a) above will prevail.

Erste Abwicklungsanstalt accepts sole responsibility for the information contained in this Supplement (including any information incorporated by reference in the Prospectus by this Supplement). Having taken all reasonable care to ensure that such is the case, Erste Abwicklungsanstalt confirms that the information contained in this Supplement (including any information incorporated by reference in the Prospectus by this

Supplement) is, to the best of its knowledge and belief, in accordance with the facts and does not omit anything likely to affect the import of such information.

## A. WestLB AG changed its name to Portigon AG

Effective as of 2nd July, 2012, WestLB AG has changed its name to Portigon AG. Following this name change, all references in the following (sub-)sections and pages of the Prospectus to "WestLB AG" in its capacities as Fiscal Agent, Paying Agent, Registrar and Luxembourg Listing Agent shall be replaced with "Portigon AG":

- "*Important Notice*" (commencing on page 1 of the Prospectus);
- "*General Description of the Programme*" (commencing on page 3 of the Prospectus);
- "*Overview – General Information relating to the Programme*" (commencing on page 5 of the Prospectus);
- "*Form of Final Terms/Muster der Endgültigen Bedingungen*" (commencing on page 26 of the Prospectus);
- "*Terms and Conditions of the Notes*" (commencing on page 46 of the Prospectus);
- "*General Information*" (commencing on page 117 of the Prospectus); and
- page 120 of the Prospectus.

## B. Termination of WestLB AG's assignments as Dealer and Arranger

Effective as of 26th September, 2012, WestLB AG's assignments as Dealer under and Arranger of the Programme were terminated. Following this termination, all references in the Prospectus to "WestLB AG" in its capacities as Dealer and Arranger shall be deleted.

## C. Changes to the section commencing on page 5 of the Prospectus entitled "*Overview*"

### 1. The subsection commencing on page 7 of the Prospectus entitled "*Information relating to Erste Abwicklungsanstalt - Description*" shall be replaced as follows:

**Description**

The Issuer is a structurally and financially independent public law entity with partial legal capacity (*teilrechtsfähige Anstalt des öffentlichen Rechts*) operating under the umbrella of the Financial Markets Stabilisation Authority (*Bundesanstalt für Finanzmarktstabilisierung*). The Issuer is a federal winding-up agency (*Abwicklungsanstalt*) within the meaning of section 8a (1) sentence 1 of the German Financial Market Stabilisation Fund Act (*Finanzmarktstabilisierungsfondsgesetz*).

EAA was established on 11th December, 2009. Pursuant to EAA's charter (*Statut*, the **Charter**), EAA has been set up for the time period which will be required to wind up the portfolio of risk assets and non-strategic businesses/assets acquired from WestLB AG (now: Portigon AG) and WestLB AG's (now: Portigon AG's) subsidiaries. Upon completion of such winding-up, EAA will be dissolved.

EAA is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf under HRA 20869. Its registered office is located at Elisabethstraße 65, 40217 Düsseldorf, Federal Republic of Germany.

Stakeholders of the Issuer are the State of North Rhine-Westphalia, the Westfälisch-Lippischer Sparkassen- und Giroverband (also known as Sparkassenverband Westfalen-Lippe), the Rheinischer Sparkassen- und Giroverband, the Landschaftsverband Rheinland and the

Landschaftsverband Westfalen-Lippe.

Pursuant to its Charter, the Issuer benefits from the Financial Market Stabilisation Fund's (the **Fund**) and its stakeholders' duty to offset losses (*Verlustausgleichspflicht*). **This duty does not constitute an explicit guarantee by the Fund or the stakeholders for the benefit of EAA's counterparties, i.e. the holders of any Notes to be issued by EAA under the Programme (the Holders) will not have a recourse right against the Fund or the stakeholders of EAA.**

EAA is not a credit institution within the meaning of the German Banking Act (*Kreditwesengesetz*), is not regulated accordingly and does not conduct business that requires licences pursuant to EU Directive 2006/48/EC of the European Parliament and of the Council of 14th June, 2006 or pursuant to EU Directive 2004/39/EC of the European Parliament and of the Council of 21st April, 2004.

**2. The subsection commencing on page 13 of the Prospectus entitled "*Information relating to Risk Factors – Risk factors relevant to Erste Abwicklungsanstalt*" shall be replaced as follows:**

**Risk factors relevant to Erste Abwickungsanstalt**

There are certain factors which may have a material adverse effect on the results of operations or the financial condition of the Issuer and which may, consequently, affect the Issuer's ability to fulfil its obligations under Notes to be issued under the Programme. These factors are set out in length in the subsection entitled "*Risk Factors – Factors which may affect the ability of Erste Abwicklungsanstalt to fulfil its obligations under Notes to be issued under the Programme*". The following aspects are discussed in that subsection:

- credit exposure and increased loss provisions;
- duty of the Financial Market Stabilisation Fund and of EAA's stakeholders to offset losses (*Verlustausgleichspflicht*) is not a guarantee;
- general market risks;
- Issuer's credit ratings, financial condition and results;
- soundness of other financial institutions;
- liquidity risks;
- operational risks;
- risks relating to disruptions in the global credit markets and economy;
- dependency on Portigon AG and other parties as service providers;
- transfer of assets to the Issuer;
- legal risks;
- the winding-up plan;
- reputational risks;
- regulatory risks; and
- tax risks.

**D. Changes to the section commencing on page 15 of the Prospectus entitled "*Risk Factors*"**

**1. The fifth paragraph on page 15 of the Prospectus shall be replaced as follows:**

*Words and expressions defined in this Prospectus and, in particular, the sections entitled "Terms and Conditions of the Notes" shall have the same meanings in this section "Risk Factors".*

**2. The following changes shall be made to the subsection commencing on page 15 of the Prospectus entitled "*Factors that may affect the ability of Erste Abwicklungsanstalt to fulfil its obligations under Notes to be issued under the Programme*":**

**a. The subsections commencing on page 15 of the Prospectus entitled "*Credit Exposure and Increased Loss Provisions*", "*Duty of the Financial Market Stabilisation Fund and of EAA's Stakeholders to Offset Losses (Verlustausgleichspflicht) Is not a Guarantee*", "*General Market Risks*" and "*Issuer's Credit Ratings, Financial Condition and Results*", respectively, shall be replaced as follows:**

*Credit Exposure and Increased Loss Provisions*

As the Issuer's business consists almost entirely in administering distressed and non-strategic financial assets acquired from Portigon AG (**Portigon**) (formerly: WestLB AG (**WestLB**)) and Portigon's subsidiaries with a view to releasing Portigon and Portigon's subsidiaries from, in particular, the credit risk attributable to such financial assets, it is subject to the risk that debtors of such assets and other contractual partners may become unable to meet their obligations to the Issuer. Defaults may arise from events or circumstances that are difficult to foresee or detect or have not yet been foreseen or detected. In addition, the Issuer may find that any collateral position is insufficient to cover the respective credit exposure due to, for example, market developments reducing the value of such collateral. Any default by a major counterparty of the Issuer could have a material adverse effect on the Issuer's business, results of operations and financial condition.
The Issuer may have to increase its loss provisions in the future as a result of a rise in the number or amount of non-performing financial assets in its portfolio or as a result of applying uniform provisioning policies to the entire asset portfolio of the Issuer, for example following the transfer of further assets of Portigon to EAA which took place after 30th June, 2012. Any such increases in loss provisions in excess of existing provisions could have a material adverse effect on the Issuer's business, results of operations and financial condition.

*Duty of the Financial Market Stabilisation Fund and of EAA's Stakeholders to Offset Losses (Verlustausgleichspflicht) is not a Guarantee*

While the Financial Market Stabilisation Fund (the Fund) (acting through FMSA) as well as the stakeholders of the Issuer, NRW, SVWL, RSGV, LVR and LWL (each as defined in the section entitled "Description of the Issuer", each an **Indemnifying Person**), are individually liable to EAA and the stakeholders NRW, SVWL, RSGV, LVR and LWL are also liable to the Fund (acting through FMSA) to offset losses incurred by EAA in accordance with section 7 of the Charter, investors should note that such duty of any Indemnifying Person to offset losses (*Verlustausgleichspflicht*) is limited as set out in the Charter and does not constitute an explicit guarantee by such Indemnifying Person for the benefit of EAA's counterparties. The holders of any Notes to be issued under the Programme do not have a recourse right against any of the Indemnifying Persons in respect of the obligations of the Issuer under the relevant Notes.

*General Market Risks*

Changes in interest rates, foreign exchange rates, stock prices, credit spreads, index levels, fund prices and commodity prices (without naming all potential market risks) may negatively affect the market value of the asset portfolio of the Issuer. This is in particular the case in respect of the derivative portfolio which has been transferred to EAA as part of the Follow-up Portfolio (as further described in the section "Description of the Issuer"). Although the Issuer has implemented risk management methods to mitigate and control these and other market risks to which the Issuer is exposed, and measures and monitors the exposures constantly, it is difficult to predict changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's business, results of operations and financial condition.

*Issuer's Credit Ratings, Financial Condition and Results*

The rating agencies Standard & Poor's Credit Market Services Europe Ltd., Moody's Deutschland GmbH and Fitch Ratings Ltd. assess whether the Issuer will be able to fulfil its obligations as set out in this Prospectus in future and rate its creditworthiness. The ratings applicable to debt securities issued by the Issuer directly depend on the ratings of the State of North Rhine-Westphalia. The rating of the Notes may (without prior warning) be lowered or withdrawn entirely at any time by the relevant rating agency. A downgrade or the mere possibility of a downgrade of the Issuer's ratings could have strong adverse effects on its refinancing costs and its relationship with investors and future funding activities. In addition, such downgrade or the mere possibility of a downgrade of the Issuer's ratings or actual or anticipated changes in its financial condition or results could negatively affect the market value of any outstanding Notes.

**b. The subsection on page 16 of the Prospectus entitled "*Liquidity Risks*" shall be replaced as follows:**

*Liquidity Risks*

The Issuer is constantly monitoring the cash flows in respect of its assets and its liabilities and has established a strategy to meet its payment obligations. In addition, the duty of the Indemnifying Persons to offset losses (*Verlustausgleichspflicht*) as set out in section 7 of the Charter (and in certain instruments agreed between each Indemnifying Person and the Issuer which – up to additional funding in the aggregate amount of Euro 480 million – together aim to prevent the Issuer's equity from falling below a minimum value of Euro 50 million) is aimed at ensuring the ability of the Issuer to meet its payment obligations at all times. However, if the already implemented and planned actions to manage liquidity do not lead to the planned funding success, the Issuer's liquidity position and, consequently, its timely payments under the Notes, could be adversely affected.

**c. The subsections commencing on page 16 of the Prospectus entitled "*Dependency on WestLB AG and other Parties as Service Providers*", "*Transfer of Assets to the Issuer*" and "*The Winding-up Plan*", respectively, shall be replaced as follows:**

*Dependency on Portigon and other Parties as Service Providers*

Due to the limited resources of the Issuer it is subject to the risk that service providers, advisors and other contractual partners do not meet their obligations to the Issuer. In particular, if Portigon resigns as servicer of all or some of the Issuer's assets or such function is terminated, the processing of payments received on the assets and information on collections relating to the assets could be delayed or not received at all. Furthermore, the European Commission ruled on 20th December, 2011 (the **EC Decision**) that WestLB (now: Portigon) is obliged to transfer the servicing relationship with the Issuer to a subsidiary which shall subsequently be sold; in case such subsidiary is not successfully sold by the end of 2016, it shall be dissolved by the end of 2017.

There is no guarantee that a substitute servicer can be found that is willing and able to administer the Issuer's assets on economically reasonable terms. Further, a substitute servicer may be less effective in this role than Portigon given Portigon's experience in administering the Issuer's assets.

*Transfer of Assets to the Issuer*

A large portion of the assets of the Issuer have been legally transferred to the Issuer from various branches and subsidiaries of Portigon worldwide. However, an even larger portion of these assets has not been legally transferred to the Issuer due to legal, tax, regulatory and/or economic concerns related to a transfer of legal title in such assets. Nevertheless, the Issuer has obtained an economic interest in such assets. The risks and, to the extent possible, the rewards related to such assets have been economically transferred to the Issuer. Consequently, the Issuer may not be able to fully dispose of such assets and fully depends on Portigon as the legal holder of such assets. As a consequence, the Issuer is exposed to the performance of Portigon's obligations in respect of any asset not legally transferred to EAA in full.

The assets transferred to the Issuer are and may be subject to general risks, including additional taxes or regulatory restrictions that are difficult to foresee or detect or have not yet been foreseen or detected. Furthermore, other risks (e.g. economic, financial or legal) may only be detected in the future which may negatively affect the Issuer's business, results of operations and financial condition.

*Legal Risks*

Following the transfer of the Follow-up Portfolio (as further described in the section "Description of the Issuer") the Issuer also assumed contingent liabilities related to potential legal disputes which have been brought or will be brought against WestLB (now: Portigon) and its affiliated companies. If such legal risks materialise, they may have a material adverse effect on the Issuer's business, results of operations and financial condition.

*The Winding-up Plan*

The risk assets and the non-strategic businesses/assets taken over by the Issuer must be wound up in accordance with the current winding-up plan (*Abwicklungsplan*) as updated following the transfer of the Follow-up Portfolio to the Issuer (the **Winding-up Plan**). However, there can be no assurance that the risk assets and the non-strategic businesses/assets taken over by the Issuer can successfully be wound up in accordance with the Winding-up Plan, within the intended winding-up period or at all, which may negatively affect the Issuer's business, results of operations and financial condition.

**d. The following subsection shall be added after the subsection on page 17 of the Prospectus entitled "*Regulatory Risks*":**

*Tax Risks*

The EAA Group is subject to risks associated with tax audits, changes to tax legislation or jurisprudence. EAA Group's business operations are assessed for tax purposes (by EAA and their tax advisors) on the basis of current tax legislation and in light of current case law and administrative practice. If any such tax law or practice changes or the tax positions in respect of the Portfolio and/or the Follow-up Portfolio (including EAA Group's subsidiaries and participations) changes significantly resulting in material additional tax charges, the Issuer's business, results of operations and financial condition may materially adversely be effected.

E. **Changes to the section commencing on page 98 of the Prospectus entitled "*Description of the Issuer*"**

**The following changes shall be made to the section commencing on page 98 of the Prospectus entitled "*Description of the Issuer*":**

1. **The first three paragraphs of the subsection on page 98 of the Prospectus entitled "*Introduction*" shall be replaced as follows:**

Erste Abwicklungsanstalt (**EAA** or the **Issuer**) was formed on 11th December, 2009 with the task of acquiring from WestLB AG (**WestLB**) (now renamed as: Portigon AG (**Portigon**)) and WestLB's (now: Portigon's) subsidiaries and winding up a portfolio of risk assets (*Risikopositionen*) and non-strategic businesses/assets (*nichtstrategienotwendige Geschäftsbereiche*).

The Issuer's legal and commercial name is Erste Abwicklungsanstalt; its formation was entered into the commercial register of the Local Court of Düsseldorf on 23rd December, 2009.
WestLB originally transferred its risk assets and non-strategic businesses/assets to the Issuer in two stages in 2009 and 2010:

2. **The following two paragraphs shall be added after the end of the subsection on page 98 of the Prospectus entitled "*Introduction*":**

With retroactive effect as of 1st January, 2012 (with respect to assets held in Portigon's banking book) and as of 1st July, 2012 (with respect to assets held in Portigon's trading book and assets acquired by Portigon after 31st December, 2011) Portigon transferred (economically and/or legally) further risk assets and non-strategic businesses/assets to the Issuer (also referred to as the **Follow-up Portfolio**) which in total comprise all assets held by Portigon, excluding certain assets which have been transferred to Landesbank Hessen-Thüringen Girozentrale (**Helaba**) via a newly established limited partnership, assets which Portigon has disposed of prior to 30th June 2012, and certain assets remaining at Portigon which Portigon requires for transforming its banking business to a financial servicing business (including all employee-related assets and liabilities to the extent not transferred to Helaba).

The aggregate nominal value of the Follow-up Portfolio amounts to approximately Euro 99 billion of assets and approximately Euro 60 billion of liabilities. The Follow-up Portfolio comprises credit business assets in an aggregate amount of approximately Euro 45 billion, securities in an aggregate amount of approximately Euro 7 billion and derivative contracts in an aggregate amount of approximately Euro 47 billion. The liabilities comprise approximately Euro 13 billion of funding liabilities and Euro 47 billion of trading book liabilities.

3. **The subsection commencing on page 98 of the Prospectus entitled "*Establishment and Domicile*" shall be replaced as follows:**

**Establishment and Domicile**

EAA was established on 11th December, 2009. Pursuant to EAA's charter (*Statut*; the **Charter**), EAA has been set up for the time period which will be required to wind up the portfolio of risk assets and non-strategic businesses/assets acquired from WestLB (now: Portigon) and WestLB's (now: Portigon's) subsidiaries. Upon completion of such winding-up, EAA will be dissolved. According to the current winding-up plan (*Abwicklungsplan*) as updated following the transfer of the Follow-up Portfolio to the Issuer (the **Winding-up Plan**), this is envisaged to occur in 2027.

EAA is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Düsseldorf under HRA 20869. Its registered office is located at Elisabethstraße 65, 40217 Düsseldorf, Federal Republic of Germany; its telephone number is +49 211 826 7871. The Issuer currently does not maintain any branches.

**4. The subsection on page 99 of the Prospectus entitled "*Object and Purpose*" shall be replaced as follows:**

**Object and Purpose**

According to its Charter, EAA's function is to take over and wind up a portfolio of WestLB's (now: Portigon) and WestLB's (now: Portigon's) subsidiaries' risk assets and non-strategic businesses/assets in order to stabilise WestLB (now: Portigon) and the financial market.

**5. The subsection on page 100 of the Prospectus entitled "*EAA's Role in the EAA Group*" shall be replaced as follows:**

**EAA's Role in the EAA Group**

The EAA Group consists of EAA and its subsidiaries, as set out in the list of subsidiaries in note 43 to the annual report 2011. Furthermore, EAA acquired (legally or economically) as part of the Follow-Up Portfolio 46 subsidiaries and participations. The book value of those subsidiaries and participations amounts to approximately Euro 664 million as at 31st December, 2011.

Such subsidiaries and participations are not consolidated in accordance with section 13 (3) of the Charter and sections 3a (4) and 8a (1) sentence 10 FMStFG. EAA is not dependent upon other entities within the EAA Group.

**6. The subsection on page 100 of the Prospectus entitled "*Supervisory Board*" shall be replaced as follows:**

**Supervisory Board**

The Supervisory Board must consult with and advise the Managing Board and supervise its management of operations. It is also responsible for deciding on deviations from the Winding-up Plan, resolutions concerning the annual wind-up report, appointing and removing members of the Managing Board, enacting rules of procedure for the Managing Board, appointing the auditors and adopting the final accounts.

In individual cases, the Supervisory Board may also reserve the right to adopt resolutions on matters of particular significance, even though it might usually be a matter for the Managing Board.

The Supervisory Board consists of 12 ordinary members, 11 of which are appointed by the Stakeholders' Meeting. NRW nominates five members, SVWL and RSGV each nominate two, and LVR, LWL each nominate one. The 12th ordinary member is appointed by the Fund, acting through FMSA. The Supervisory Board members vote on a chairman and a deputy chairman based on the candidates proposed by NRW. The FMSA has the additional right to participate in meetings of the Supervisory Board by sending an additional guest member. Such guest member does not have any right to vote on resolutions, but otherwise has the same rights as the other members of the Supervisory Board.

The following is a list of the current members of the Supervisory Board as at the date of this Prospectus:

| | | |
|---|---|---|
| 1. | Chairman: | Dr. Rüdiger Messal, State Secretary in North Rhine-Westphalia's Finance Ministry, Düsseldorf |
| 2. | Vice Chairman: | Joachim Stapf, Undersecretary (*Leitender Ministerialrat*) in North Rhine- |

Westphalia's Finance Ministry, Düsseldorf

3. Dr. Karlheinz Bentele, former President of the Rheinischer Sparkassen- und Giroverband and former member of the Steering Committee (*Leitungsausschuss*) of the Financial Market Stabilisation Authority (*Bundesanstalt für Finanzmarktstabilisierung*)

4. Ralf Fleischer, Managing Director of the Rheinischer Sparkassen- und Giroverband

5. Henning Giesecke, Managing Director of GSW Capital Management GmbH and former Chief Risk Management Officer of HypoVereinsbank AG and UniCredit Group

6. Wilfried Groos, Chairman of the Managing Board of the Sparkasse Siegen

7. Dr. Wolfgang Kirsch, Director of the Landschaftsverband Westfalen-Lippe

8. Hans Martz, Chairman of the Managing Board of the Sparkasse Essen

9. Michael Stölting, Member of the Managing Board of NRW.BANK

10. Jürgen Wannhoff, Chairman of the Managing Board of the Sparkasse Detmold

11. Dr. Uwe Zimpelmann, former Chairman of Landwirtschaftliche Rentenbank

12. To be appointed in due course.

There are no conflicts or potential conflicts of interest between the duties of any member of the Supervisory Board to the Issuer and such member's private interests or other duties.

**7. The third paragraph of the subsection on page 101 of the Prospectus entitled "*Regulatory Supervision of the Issuer*" shall be replaced as follows:**

FMSA is a public law agency with full legal capacity which is directly under governmental control of the Federal Ministry of Finance. FMSA's supervision of EAA ensures, in particular, that EAA, including its governing bodies and the stakeholders, complies with the relevant statutory requirements and its Charter. In order to perform its supervisory function, the FMSA has certain information rights, control rights, auditing rights and rights of instruction set forth in EAA's Charter as well as in contracts entered into by, *inter alia*, EAA and FMSA in the context of the portfolio transfers from WestLB (now: Portigon) in 2009, 2010 and 2012. FMSA monitors and checks compliance with EAA's accounting and disclosure duties. In addition, FMSA may reserve the right to carry out special audits, particularly audits to assess compliance with the requirements applicable to EAA's operations and implementation of the Winding-up Plan. FMSA may give instructions to EAA's Managing Board, Supervisory Board and Stakeholders' Meeting as well as to individual stakeholders in order to ensure that EAA's activities remain in compliance with the law and EAA's Charter.

**8. The subsections commencing on page 101 of the Prospectus entitled "*Duty of EAA's stakeholders to offset losses (Verlustausgleichspflicht)*", "*Principal Activities and Winding-up Plan*" and "*Funding Activities*" shall be replaced as follows:**

**Instruments Issued by the Fund and by EAA's Stakeholders to Ensure a Minimum Equity Level at EAA**

The Fund (acting through FMSA) as well as the stakeholders NRW, SVWL, RSGV, LVR and LWL have individually entered into so-called "instruments" with EAA in respect of EAA's capital level. Each instrument allows EAA to activate under certain circumstances (*inter alios*, after having submitted to the relevant instrument issuer a notice as set out in the respective instrument) – up to the maximum amounts set out below – an equity receivable against the respective instrument's issuer in EAA's balance sheet. The trigger for activation of such instruments is that in EAA's annual accounts, semi-annual or quarterly reports the level of equity would fall below an amount of Euro 50 million. In such case, EAA is entitled to activate that portion of the instruments which allows EAA to show an equity level of Euro 50 million in its respective annual accounts, semi-annual or quarterly reports. A deactivation automatically occurs when (and to the extent that) in EAA's following annual accounts, semi-annual or quarterly reports the level of equity exceeds Euro 50 million. Alternatively, EAA may under certain circumstances request the payment of the required equity amounts. A repayment of such equity funds only becomes due if the level of equity exceeds Euro 60 million (but then in the amount of equity exceeding the Euro 50 million equity level).

The instruments are arranged in two tiers. In tier one, the stakeholders make available the following amounts:

- NRW: up to EUR 72,500,000;
- RSGV: up to EUR 37,500,000;
- SVWL: up to EUR 37,500,000;
- LVR: up to EUR 1,250,000;
- LWL: up to EUR 1,250,000.

In tier two, the Fund makes available up to EUR 330,000,000, which can only be drawn if all tier one instruments have been utilised in full or the tier one instruments would be insufficient to preserve EAA's capital level. All instruments will cease to exist on 31st December, 2028, whereas any portions activated at the time of adoption of EEA's final account will permanently remain with EAA.

**Duty of the Fund and EAA's Stakeholders to Offset Losses (*Verlustausgleichspflicht*)**

The Fund (acting through FMSA) as well as the stakeholders NRW, SVWL, RSGV, LVR and LWL (each an **Indemnifying Person**) are individually liable to EAA and the stakeholders NRW, SVWL, RSGV, LVR and LWL are also individually liable to the Fund (acting through FMSA) to offset all losses incurred by EAA in accordance with section 7 of the Charter. This obligation to offset losses is arranged in four tiers as follows:
In the first tier, SVWL, RSGV, NRW, LVR and LWL are individually responsible for a portion of a total amount of EUR 850,000,000 as follows (each individually limited to the amount stated below):

| | | | |
|---|---|---|---|
| - | SVWL: | 25.0500 % | max. EUR 213,000,000 |
| - | RSGV: | 25.0500 % | max. EUR 213,000,000 |
| - | NRW: | 48.2000 % | max. EUR 409,500,000 |
| - | LVR: | 0.85000 % | max. EUR 7,250,000 |
| - | LWL: | 0.85000 % | max. EUR 7,250,000 |

In the second tier, SVWL, RSGV, NRW, LVR, LWL and the Fund are individually responsible for a portion of a total additional amount of EUR 2,670,000,000 as follows (each individually limited to the amount stated below):

| | | | |
|---|---|---|---|
| - | SVWL: | 18.72659 % | max. EUR 500,000,000 |
| - | RSGV: | 18.72659 % | max. EUR 500,000,000 |
| - | NRW: | 36.14981 % | max. EUR 965,200,000 |
| - | LVR: | 0.65169 % | max. EUR 17,400,000 |
| - | LWL: | 0.65169 % | max. EUR 17,400,000 |
| - | Fund: | 25.09363 | max. EUR 670,000,000 |

In the third tier, SVWL, RSGV and NRW are individually responsible for a portion of a total additional amount of EUR 6,000,000,000 as follows (each individually limited to the amount stated below):

| | | | |
|---|---|---|---|
| - | SVWL: | 24.99166 % | max. EUR 1,499,500,000 |
| - | RSGV: | 24.99166 % | max. EUR 1,499,500,000 |
| - | NRW: | 50.01668 % | max. EUR 3,001,000,000 |

In the fourth tier, NRW assumes 50 % of any excess amounts while the remaining 50 % will be shared between NRW and the Fund (internal allocation to be agreed based on FMStFG).

Also, in case SVWL or RSGV were to fail to fulfil their respective obligations, NRW will assume these obligations vis-à-vis EAA.

In order to satisfy its respective obligation to offset losses, each Indemnifying Person has an obligation to provide EAA with such amounts at such times as are necessary in order to ensure that EAA is always in a position to meet its liabilities upon first demand even after the liquid asset component of its equity has been used up. This obligation of each Indemnifying Person is subject to the liability quota and caps as set out in section 7 of the Charter. EAA must assert its claim against any Indemnifying Person to have its losses offset in the amount necessary and at a time sufficiently prior to any imminent insolvency so as to ensure that EAA is always in a position to pay its debts as and when they fall due.

The obligation of an Indemnifying Person to offset losses pursuant to the provisions of EAA's Charter falls due when it receives a request for funds from EAA's Managing Board (**payment request**). The payment request must detail the total amount requested, the amount apportioned to each Indemnifying Person, and include a statement by EAA's Managing Board that, based on its best judgment, the Managing Board deems the payment request to be necessary in order to ensure EAA's ability to meet its existing liabilities at all times. Each Indemnifying Person must pay to EAA the amount apportioned to it upon first demand without undue delay, however no later than seven banking days after receipt of the payment request.

The Indemnifying Persons may only offset counter-claims against EAA's claim to have its losses offset to the extent that such counter-claims have been confirmed in a final and binding judgment or explicitly acknowledged by EAA. This principle also applies to the assertion of any right to withhold performance/right of retention.

The Indemnifying Persons have no right to claim repayment of the funds paid by them in order to offset losses.

The duty to offset losses on the part of SVWL and RSGV is capped at a total amount of Euro 4.5 billion. This cap may not be increased at any time, nor may any obligation to increase the cap be imposed, regardless of the legal grounds. The above cap will be reduced by all payments made by SVWL/RSGV under their duty to offset losses.

The duty to offset losses on the part of LVR and LWL is capped at a total amount of Euro 51,800,000. This cap may not be increased at any time, nor may any obligation to increase the cap be imposed, regardless of the legal grounds. The above cap will be reduced by all payments made by LVR/LWL under their duty to offset losses.

**The duty of the Indemnifying Persons to offset losses (*Verlustausgleichspflicht*) does not constitute an explicit guarantee by the Indemnifying Persons for the benefit of EAA's counterparties, i.e. the holders of any Notes to be issued under the Programme will not have a recourse right against the Indemnifying Persons.**

**Principal Activities and Winding-up Plan**

EAA's principal activity is to wind up a portfolio of risk assets and non-strategic businesses/assets that have been transferred to it from WestLB (now: Portigon) and WestLB's (now: Portigon's) subsidiaries. EAA conducts its transactions in accordance with economic principles having regard to its winding-up objectives and the principle of risk minimisation.

In connection with the transfer of assets and pursuant to a cooperation agreement entered into by Portigon and EAA in the course of the transfer of the Follow-up Portfolio with an initial term until at least 31st December, 2016, Portigon and EAA have agreed that Portigon will continue to service the transferred assets as portfolio manager for EAA (see section "Material Contracts"). To the extent assets are effectively transferred to EAA, Portigon on EAA's behalf will service these assets. To the extent such assets are not legally but only economically transferred to EAA, Portigon will collect or dispose of such assets in its own name but for the account of EAA. Accordingly, Portigon remains the relevant debtors' primary contact even if it is acting in EAA's name and/or account.

The risk assets and the non-strategic businesses/assets taken over by EAA must be wound up in accordance with the Winding-up Plan. The Winding-up Plan is a special form of business plan with a view to minimising losses. The Managing Board, the Supervisory Board, the Stakeholders' Meeting and EAA's stakeholders are bound by the Winding-up Plan. The Winding-up Plan describes the winding-up measures intended to be taken by EAA and includes a timeline for full liquidation of EAA's risk assets and non-strategic businesses/assets within a reasonable winding-up period. The Winding-up Plan shall ensure the solvency of EAA at all times during the entire winding-up period, notwithstanding the stakeholders' duty to offset losses. The Winding-up Plan also honours the principle of minimising losses. The FMSA has the right to instruct EAA and EAA's stakeholders as to the specific information to be included in any update of the Winding-up Plan.

**Funding Activities**

As part of the transfer of the Portfolio and the Follow-up Portfolio EAA has also assumed the instruments by which WestLB (now: Portigon) has managed its funding activities. In addition, securities eligible for repo transactions (securities which may be deposited to raise liquid funds) are refinanced by way of bilateral repo and securities lending transactions. Derivatives transactions are employed to hedge against, in particular, interest and exchange rate risks. EAA will also issue, among other instruments, unsecured bonds and raise short-term funds on the financial market.

The funding of EAA will have to be periodically refinanced as instruments expire. To replace expiring funding for the risk assets and non-strategic businesses/assets acquired, EAA will, in particular, issue debt securities and/or take out bank loans. Due to regulatory restrictions, however, EAA is not entitled to engage in deposit taking towards the general public, accordingly it is not able, among other things, to issue debt securities to the general public. Rather, EAA is allowed to issue debt securities to the European Central Bank, any other central bank or certain institutional investors (such as banks, insurers or other entities or persons which are regularly engaged in or established for the purposes of making, purchasing or investing in loans, securities or other financial assets) only. Following the transfer of the Follow-up Portfolio from Portigon and Portigon's subsidiaries to EAA the need for obtaining funding will increase due to any mismatch between aforementioned assets and the simultaneously transferred liabilities and may only decrease in accordance with the continuing winding-up process of the Portfolio and the Follow-up Portfolio.

**9. The subsection on page 103 of the Prospectus entitled "*Employees*" shall be replaced as follows:**

**Employees**

As at 1st September, 2012, the number of employees of EAA was 89.

10. **The subsections commencing on page 103 of the Prospectus entitled "*Legal and Arbitration Proceedings*", "*No Significant or Material Adverse Change*", "*Material Contracts*" and "*Recent Developments and Outlook*" shall be replaced as follows:**

**Legal and Arbitration Proceedings**

EAA and its affiliated companies are involved in a number of legal disputes which are being dealt with either in court or out-of-court in Germany and abroad concerning certain risk assets and non-strategic businesses/assets which WestLB (now: Portigon) and WestLB's (now: Portigon's) subsidiaries have transferred to EAA.

Following the transfer of the Follow-up Portfolio the Issuer also assumed contingent liabilities related to potential legal disputes which have been brought or will be brought against WestLB (now: Portigon) and its affiliated companies.

WestLB (now: Portigon) has been a party (until the end of 2011) of the so-called LIBOR panel of the British Bankers Association (**BBA**). As are other banks of such panel, WestLB (now: Portigon) is also subject to investigations by the U.S Commodity Futures Trading Commission (**CFTC**), the British Financial Services Authority (**FSA**), the U.S. Department of Justice, the European Commission and the BaFin with respect to potential manipulations in connection with the determination of the LIBOR interest reference rates. WestLB (now: Portigon) is (similar to other BBA LIBOR panel banks) further subject to subpoenas issued by the Attorney Generals of the State of New York, Florida and Connecticut. As at 20th September, 2012, WestLB (now: Portigon) is involved in 20 civil litigations, which are combined in three U.S. class actions against all or almost all banks which had, as part of the BBA LIBOR panel, provided daily quotations to the BBA for the determination of the reference rates, i.e. LIBOR. The investigations and the civil proceedings are likely to last for several years. It is currently not possible to predict the outcome of the described proceedings.

In addition, WestLB (now: Portigon) is exposed to the risk of claims for damages by investors in respect of various swap transactions especially with municipalities. In a decision of the German Federal Supreme Court (*Bundesgerichtshof*; **BGH**) on spread ladder swaps dated 22nd March, 2011 (the **Spread Ladder Swap Judgment**), the BGH ruled that banks are obliged, under certain circumstances, to disclose an initial negative market value of a transaction (on the basis of reflected costs and the bank's margin). If such disclosure is not made, the bank can be held liable for any damages resulting from such lack of disclosure in respect of its investment advice to its investors. This precedent Spread Ladder Swap Judgment has since led to numerous legal proceedings against banks active in the German market (including WestLB, now: Portigon), with very inconsistent decisions by the courts of first instance. It can therefore not be excluded that the principles set out in the Spread Ladder Swap Judgment could be transferable to other types of derivatives transactions. The outcome of these legal proceedings with regard to swap transactions on the basis of the Spread Ladder Swap Judgement can hardly be predicted and is open.

Other than the proceedings described in this section, so far as the Issuer is aware, there have been no governmental, legal or arbitration proceedings (including any pending proceedings) during the last twelve months which may have, or have had, in the recent past, a material adverse effect on the Issuer's business or financial conditions.

**Changes to the Financial Position after 30th June, 2012**

Since 30th June, 2012, the date of EAA's interim report, the Follow-up Portfolio has been transferred to the Issuer resulting in a significant change in the financial or trading position of EAA and the EAA Group. However, the prospects of EAA should not be materially adversely effected as a result thereof.

## Material Contracts

EAA has entered into the following material contracts which could have an impact on the Issuer's ability to meet its obligations to Holders in respect of the Notes to be issued by EAA pursuant to the Programme:

EAA has entered into a total of six spin-off agreements pursuant to which it has acquired risk assets and non-strategic businesses/assets from WestLB (now: Portigon)and certain of WestLB's (now: Portigon's) subsidiaries. The first spin-off agreement was entered into by EAA and WestLB in December 2009 with regard to the § 8 Portfolio. In connection with the transfer of the Main Portfolio, EAA and WestLB entered into two additional spin-off agreements. The fourth spin-off agreement was made between EAA and Westdeutsche ImmobilienBank AG (**WIB**), one of WestLB's subsidiaries, pursuant to which WIB transferred loans and other liabilities to EAA. The fifth and sixth spin-off agreements were made between EAA and Portigon in 2012 in respect of the Follow-up Portfolio. Under each of the six spin-off agreements entered into in connection with the transfer of the § 8 Portfolio, the Main Portfolio and the Follow-up Portfolio, EAA is obliged to make a compensation payment (*Ausgleichszahlung*) to the relevant transferor.

In connection with the transfer of the Main Portfolio and the Follow-up Portfolio and due to legal implications in certain foreign jurisdictions which impose restrictions on the transfer of assets by way of spin-off, EAA also entered into five sub-participation agreements with WestLB, WIB and WestLB Europa Holding GmbH (**WEH**). Under such sub-participation agreements, EAA, in return for a certain consideration payment, acquired the economic but not the legal title to certain assets belonging to the Main Portfolio as well as the Follow-up Portfolio. Portigon, WIB and WEH remain the holder of title to all rights and obligations in connection with the assets which are the subject of such sub-participation agreements but will hold the assets on trust for EAA pursuant to section 16 (3) of the German Financial Market Stabilisation Acceleration Act (*Finanzmarktstabilisierungs-beschleunigungsgesetz*). EAA bears the economic risk of such assets.

Pursuant to a transfer agreement entered into by EAA and WestLB International SA, EAA also acquired assets of the Main Portfolio from WestLB International SA by way of an asset deal for a certain purchase price.

In connection with the transfer of the Follow-up Portfolio and due to legal implications in certain foreign jurisdictions which impose restrictions on the transfer of assets by way of spin-off, EAA also entered into two risk transfer agreements with Portigon. Under the risk transfer agreements, EAA assumes the economic benefits and risks but legal title remains with WestLB in respect of two derivatives portfolios. One derivative portfolio consists of exchange traded derivatives and the other comprises over-the-counter (OTC) derivatives. Portigon remains the holder of title of all rights and obligations in connection with the derivatives which are the subject of the risk transfer agreements but will hold such rights and obligations in trust for EAA pursuant to section 16 (3) of the German Financial Market Stabilisation Acceleration Act. EAA bears the economic risk of such assets.

In relation to those assets of the Main Portfolio and the Follow-up Portfolio for which neither a transfer by way of spin-off nor by way of sub-participation nor by way of a risk transfer was possible or opportune, EAA granted various guarantees in favour of Portigon. Under such guarantees, EAA is obliged to compensate Portigon for any losses incurred in connection with the underlying assets. In return, EAA is entitled to receive guarantee fees under such guarantee agreements.

In connection with the transfer of the Follow-up Portfolio, EAA entered into a new cooperation agreement with Portigon replacing the existing cooperation agreement. Under this new cooperation agreement, Portigon services as portfolio manager the assets acquired by EAA as part of the Portfolio and the Follow-up Portfolio. The overall objectives of Portigon's services are: (i) to follow the Winding-up Plan, (ii) to always ensure EAA's solvency, and (iii) to maximise the assets' revenue and minimise any loss. Although Portigon is generally authorised to act on behalf of EAA, Portigon has to follow predefined rules of responsibility and

EAA's instructions. The cooperation agreement has an indefinite term and can be terminated by each of the parties at the earliest with effect as of 31st December, 2016.

**Recent Developments and Outlook**

The Issuer's earnings situation in the 2011 financial year was marked by further expenses for risk allowances of Euro 935.9 million (net). This was primarily marked by an addition to the risk provisions for the Greek portfolio of Euro 818.2 million. These were offset by net interest income totalling Euro 188.6 million and net fee and commission income of Euro 26.4 million. General and administrative expenses were Euro 127.2 million. In total, EAA reported a net loss for the 2011 financial year of Euro 878.2 million as at 31st December, 2011.

As of the end of the first six months of 2012, EAA reduced the § 8 Portfolio and the Main Portfolio transferred to it by almost 42 percent. EAA thus reduced the risk positions taken over from WestLB (now: Portigon) from Euro 77.5 billion to Euro 45.3 billion in exchange rate-adjusted terms[1]. At the end of the first six months of 2012, EAA posted a positive result of about Euro 10 million and reduced the risk provisions by Euro 41 million. At just under Euro 45 million, net interest income was below the prior year level.

The aforementioned transfers relating to the Follow-up Portfolio will be technically implemented during the second half of 2012.

## F. Interim Report 1 January 2012 to 30 June 2012 of Erste Abwicklungsanstalt

On 31st August, 2012, EAA published its "Interim Report 1 January 2012 to 30 June 2012" (the **Interim Report June 2012**), containing, *inter alia*, the unaudited but reviewed interim financial statements of EAA as of and for the six months period ended 30th June, 2012. A copy of the Interim Report June 2012 has been filed with the *Commission de surveillance du secteur financier*.

By virtue of this Supplement, the Interim Report June 2012 shall be incorporated by reference in the Prospectus to the extent set out below. In this context, the following amendments shall be made to the section commencing on page 106 of the Prospectus which is entitled "*Table of Documents Incorporated by Reference*".

**1. The following shall be added as subsection F. to the end of the table commencing on page 106 of the Prospectus which is entitled "*Table of Documents Incorporated by Reference*":**

| Document | Section Incorporated |
|---|---|
| F. Interim Report 1 January 2012 to 30 June 2012 of Erste Abwicklungsanstalt (containing, *inter alia*, its unaudited but reviewed interim non-consolidated financial statements prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*), including | |
| – Balance sheet as of 30 June 2012 | Pages 21 – 22 |
| – Income statement for the period from 1 January to 30 June 2012 | Page 23 |
| – Cash flow statement for the period from 1 January to 30 June 2012 | Page 24 |
| – Statement of changes in equity for the period from 1 January to 30 June 2012 | Page 25 |
| – Condensed notes for the period from 1 January to 30 June 2012 | Pages 26 – 37 |
| – Review report | Page 39 |

[1] Calculated on the basis of exchange rates as at 31st December, 2009

**2. The first two paragraphs below the table entitled "*Table of Documents Incorporated by Reference*" set out on page 106 of the Prospectus shall be replaced as follows:**

The documents set out in (A), (B), (C) and (F) above and the information contained in such documents and incorporated by reference in this Prospectus are English language translations of their respective binding German language counterparts.

The documents set out above and the information contained in such documents and incorporated by reference in this Prospectus will be available (together with the binding German language counterparts of the documents set out in (A), (B), (C) and (F) above) for inspection at and will be obtainable free of charge from (i) the registered office of the Issuer (Erste Abwicklungsanstalt, Elisabethstraße 65, 40217 Düsseldorf, Germany or via the website of Erste Abwicklungsanstalt (www.aa1.de⇨Investor Relations⇨Treasury)), and (ii) the specified office of the Fiscal Agent (Portigon AG, Herzogstraße 15, 40217 Düsseldorf, Germany). In addition, the documents set out above will be obtainable from, and viewable on, the website of the Luxembourg Stock Exchange (www.bourse.lu).

## G. Withdrawal Right

Any investor who may wish to exercise any withdrawal right arising pursuant to Article 16.2 of the Prospectus Directive or Article 13.2 of the Prospectus Act, respectively, as a result of the publication of this Supplement must exercise that right on or before 2nd October, 2012. Such withdrawal, if any, is not required to contain any reasons for the withdrawal and is to be addressed in writing to Erste Abwicklungsanstalt, Elisabethstraße 65, 40217 Düsseldorf, Germany. In order to comply with the time limit set out above, punctual dispatch of the withdrawal is sufficient.